



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

RESPONSE TO SGX-ST QUERIES

The Board of Directors ("**Board**") of Libra Group Limited (the "**Company**"), along with its subsidiaries (the "**Group**"), refers to the queries received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 29 October 2021 in relation to the Company's announcement dated 28 October 2021 ("**Previous Announcement**") regarding the Company's entry into the Master Restructuring Agreement and a Convertible Loan Agreement with Tianci International Pte. Ltd. ("**Investor**"). Unless otherwise defined, all capitalized terms used herein shall have the same meanings as the Previous Announcement.

1. SGX-ST's Query 1:

On 27 April 2021, the Company announced that the General Division of the High Court of the Republic of Singapore ("**High Court**") has extended the Moratoria in respect of the Company and Kin Xin Engineering until 30 June 2021.

- a. Please clarify whether the Company has obtained an extension for the Moratoria from the High Court. Please provide details.
- b. If not, does this effect the ongoing Scheme?
- c. Please elaborate on how the Moratoria, Investment, Scheme, Master Restructuring and Convertible Loan interact with one another, and what would be the outcome if all are successfully implemented.

Company's Response

- (a) The Company has not obtained an extension for the Moratoria from the High Court and the Moratoria has lapsed since 30 June 2021.
- (b) At present, the lack of a Moratoria does not affect the ongoing Scheme. However, if there is a need for the Company or the Group to apply for a Moratoria to facilitate the Scheme, the Company will consider such application at the appropriate juncture. The Company will make the appropriate announcements should there be updates in this regard.
- (c) The primary objective of the Moratoria is to restrain all creditor actions against the Company or the Group to facilitate the completion of the Scheme. The material terms of the Investment are set out in the Master Restructuring Agreement, including the terms that would form the basis of the Scheme to be proposed to the Company's creditors.

The Master Restructuring Agreement envisages the provision of Temporary Financing to the Company to facilitate the implementation of the Scheme. The terms and conditions of the Temporary Financing are contained within the Convertible Loan Agreement.

The Scheme to be proposed to the Company's creditors envisages a compromise and total resolution of all outstanding debts owed by the Company, save for certain excluded debts. Following the implementation of the Scheme and the resolution of the outstanding debts, and taking into account the Group's internal resources, the estimated proceeds from the Temporary Financing and the potential new business that will be carried out by the newly

incorporated subsidiary of the Company in Singapore, the Company will have a viable business going forward and is able to operate as a going concern.

2. SGX-ST's Query 2:

In response to SGX's queries on 13 September 2021, it was stated that as at 31 May 2021, the debts owed by the Group were approximately S\$109.5 million.

- a. Please provide an update amount of the Group's existing debts.**
- b. Is the S\$2.0 million Investment sufficient to settle all the Group's debts?**
- c. Has the Company concluded a settlement amount with all its Scheme Creditors?**
- d. Please provide details on the Company's plans to settle all the Group's outstanding debts.**

Company's Response

- (a) Based on the Company's records, as at 30 September 2021, the debts owed by the Company and Kin Xin Engineering Pte Ltd ("**Kin Xin**") were approximately S\$62.8 million and S\$47.1 million, respectively.
- (b) The Scheme to be proposed to the Company's creditors envisage a compromise and total resolution of all outstanding debts owed by the Company, save for certain excluded debts. Following the implementation of the Scheme and the resolution of the outstanding debts, the Company will be able to operate as a going concern. Kin Xin is currently experiencing financial difficulties. Without an investment from a potential investor or the resolution of its debts, Kin Xin will not be able to continue as a going concern.
- (c) The Company is intending to utilize the proceeds of the Investment to compromise the debts owing to its Scheme Creditors. The Company has not proposed the Scheme to its Scheme Creditors yet and will circulate the Scheme Document in due course.
- (d) The S\$2.0 million Investment is only in respect of the Company and will not include the Company's subsidiaries. The Subscription Consideration shall be utilized to pay the Company's unsecured creditors on a *pari passu* basis in full. Kin Xin is currently experiencing financial difficulties and its management is seeking investors and/or potential purchasers for Kin Xin. The management will consider all options in relation to Kin Xin, including liquidation.

3. SGX-ST's Query 3:

Under the Scheme, S\$1.0 million will be paid to any person, other than any person who has or who purports to have a claim against the Company that is expressly excluded from the Scheme, who has or who purports to have a claim against the Company arising out of or having its origin in any matter occurring on or prior to 31 July 2021 ("Cut-Off Date").

- a. Please clarify why it is only S\$1.0 million and the intended use for the remaining S\$1.0 million from the Investment. Would this \$1.0 million come from part of the Investment of \$2.0m?**
- b. Please clarify who can claim against the Company under the Scheme and in what circumstances.**

Company's Response

- (a) The amount of S\$1.0 million to be paid to the Scheme Creditors under the Scheme was arrived at based on the discussions between the Company and the Investor on the utilization of the Subscription Consideration, which was arrived as part of the terms of the Investment. The

remaining S\$1 million forms part of the Investment of S\$2 million. The remaining S\$1 million will be used to discharge and settle (i) debts owed to the Preferential Creditors, (ii) the restructuring expenses involved in implementing the Scheme, (iii) debts excluded from the Scheme and (iv) the Temporary Financing.

- (b) The Scheme Creditors will include all of the Company's creditors, including the Preferential Creditors and other creditors who have or who purports to have a claim against the Company occurring on or prior to the Cut-Off Date whether the claim be present, future, or contingent or whether liquidated or sounding only in damages and whether in contract or tort howsoever arising, save that they do not include excluded creditors.

4. SGX-ST's Query 4:

In response to SGX's queries on 13 September 2021, it was stated that the director and shareholder of the Investor is Mr Wu Yongqiang. He had approached the CEO of the Company directly without any third-party intermediary through their business networks. The Investor will also appoint 2 directors to the Company's Board.

- a. Please provide the background of Mr Wu Yongqiang, his experience and track record.**
- b. How did Mr Wu get to know about the Company and what is his plans for the Company going forward?**
- c. Will the Company's remaining M&E business under Kin Xin Engineering Pte Ltd continue? Is the Investor injecting new business into the Company?**
- d. Who are the 2 directors to be appointed to the Company's Board?**

Company's Response

- (a) The following information is provided by the Investor, which has not been independently verified by the Company and/or its Advisors: Mr Wu Yongqiang is a seasoned businessman with extensive experiences, expertise and connections in various industries, such as food, construction and real estate, and has a track record in owning, running, advising and ultimately growing, varied businesses and companies, both in Singapore and the People's Republic of China. More recently, Mr Wu has also been appointed as an advisor to a company listed on the Mainboard of the SGX-ST. Mr Wu Yongqiang also invests in the Singapore equity market in his personal capacity.
- (b) Mr Wu, had approached the Chief Executive Officer of the Company directly without any third-party intermediary through their business networks. The Investor plans to leverage on its pre-existing network and connections within the construction industry to assist the objective of the Company to become a reliable supplier of building materials and supplies for the Singapore construction industry. It is envisaged that the Investor will introduce to the Company opportunities and/or leads to contract for the supply of building materials and supplies. The Investor is merely an introducer and not a party to such potential transactions and no fees will be paid to the Investor in respect of any introductions made by the Investor to the Company. The new business would be carried out by a newly incorporated subsidiary in Singapore, and in furtherance of the Group's current principal line of business as a service provider in the Singapore construction industry.
- (c) The Investor will not be injecting new businesses into the Company. In relation to the Investor's plans for the Company, please refer to response 4(b) above. Kin Xin is currently experiencing financial difficulties and its management is seeking investors and/or potential purchasers for Kin Xin. The management will consider all options in relation to Kin Xin, including liquidation.

- (d) The Investor is entitled to appoint two directors to the Board after the Completion of the Investment. The Investor has not made his nomination at this juncture and such nominations will be subject to the necessary due diligence checks conducted by the Sponsor and the Company.

5. SGX-ST's Query 5:

The Investor has confirmed that it has provided an amount of S\$400,000 by way of a cashier's order(s), which is held in escrow with irrevocable instructions from the Investor to release the same to the Company on Completion.

- a. **How is this S\$400K determined? Would the remaining investment amount also be placed in an escrow account?**
- b. **Any due diligence done by the Company and Sponsor on the Investor's ability to fulfill its obligations under the Master Restructuring Agreement and Convertible Loan Agreement?**

Company's Response

- (a) The sum of the S\$400K is determined based on discussions between the Company and the Investor taking into account, inter alia, the Company's request for commitment by the Investor to complete the Investment and the pre-ascertained damages of the Company in the event of the termination of the Master Restructuring Agreement arising from the Investor's material breach of the agreement. As the Subscription Consideration shall be utilized for the purposes set out at paragraph 3(a) above ("**Purposes**"), the remaining investment amount shall be paid directly to such party as the Company may direct for effecting such Purposes. In the event the Company is unable to determine the relevant parties for the purpose of effecting such payments, the remaining investment amount shall be placed into an escrow account.

The Company has not conducted due diligence searches on the investor's ability to fulfill its obligations under the Master Restructuring Agreement and Convertible Loan Agreement. However, the Company has requested for, and the Investor has provided, the S\$400K cashier's order (which amount to 20% of the Subscription Consideration) as indication of the Investor's commitment and ability to fulfill its obligations. Besides the S\$400K cashier's order, the Investor has also agreed to provide the Temporary Financing to the Company (which shall not be repayable by the Company if the Investment is not completed) as evidence of its financial ability.

- (b) The Sponsor had, based on the information provided to them, conducted the customary AML, KYC and ACRA searches on the Investor and Mr. Wu Yongqiang as part of their routine onboarding procedure. The Sponsor also notes that Mr. Wu Yongqiang is also a substantial shareholder of a company listed on the Catalist of the SGX-ST and an advisor to a company listed on the Mainboard of the SGX-ST. However, no due diligence was conducted by the Sponsor on the Investor's ability to fulfill its obligations under the agreements. The Sponsor further notes the Company's views on the show of commitment and financial ability by the Investor via the S\$400K cashier's order, which amount to 20.0% of the Subscription Consideration, as well as the commitment to provide the Temporary Financing via the Convertible Loan, which is not repayable by the Company if the Investment is not completed.

6. SGX-ST's Query 6:

The indicative timeline stated in the announcement states that the Company intends to submit a trading resumption proposal to the Exchange before obtaining the Court's and Scheme Creditors' approval for the Scheme and before obtaining shareholders' approval for the issue of new shares.

- a. **How does the Company intend to substantiate its application to resume the trading of the Company's shares when the Scheme is not completed, and how will the Group demonstrate its ability to operate as a going concern and whether it has a viable business going forward?**

Company's Response

- (a) The Company's application to resume the trading of its shares will be premised on the assumptions that the Company's Scheme Creditors approve the Scheme and the Scheme is successfully implemented such that the Company's liabilities will be totally resolved. Based on these assumptions, and taking into account the Group's internal resources, the estimated proceeds from the Temporary Financing and the Scheme, and the potential new business that will be carried out by the newly incorporated subsidiary of the Company in Singapore (as referred to in response 4(b) above), the Company will seek to demonstrate in its trading resumption proposal that it has a viable business going forward and is able to operate as a going concern.

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

2 November 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 Listing Manual Section B: Rules of Catalist 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.

The contact person for the Sponsor is Mr Lay Shi Wei – Registered Professional, 6 Raffles Quay, #24-02, Singapore 048580, sponsor@rhtgoc.com