



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

**DISCLAIMER OF OPINION BY THE AUDITORS ON THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2018**

Pursuant to Rule 704(4) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited, the Board of Directors (the "**Board**") of Libra Group Limited (the "**Company**") and together with its subsidiaries (the "**Group**") wishes to announce that the independent auditors of the Company, Ernst & Young LLP ("**EY**"), have issued a disclaimer of opinion in the independent auditors' report ("**Independent Auditors' Report**") in respect of the Company's consolidated financial statements for the financial year ended 31 December 2018 ("**FY2018**") (the "**Published Financial Statements**").

The Independent Auditors' Report is appended to this announcement.

The Published Financial Statements and the Independent Auditors' Report can also be found in the Company's annual report for FY2018, which will be released via the SGXNET and despatched to the Company's shareholders in due course.

The Board and the Management of the Company wish to provide their comments and views in relation to certain matters raised in the Independent Auditors' Report which formed the basis of the disclaimer of opinion:

(a) Accounting for the acquisition and consolidation of YC Capital Consolidated Sdn Bhd and its subsidiaries ("YC Group")

In the Independent Auditor's Report, EY noted that:

"In March 2018, the Group acquired 51% equity interest in YC Group, a material subsidiary to the Group. The Group has consolidated the results of YC Group using the statutory audited accounts. However, we have not been able to obtain all the necessary information and explanation in respect of the audit of YC Group for the year ended 31 December 2018. We were also unable to perform alternative audit procedures to satisfy ourselves on the reliability of the financial statements of YC Group as at 28 March 2018 (date of acquisition) and 31 December 2018 used by the Group to prepare the consolidated financial statements.

Consequently, we were not able to determine the appropriateness of the financial information of YC Group as at 31 December 2018 and the profit or loss and cash flows for the post-acquisition period included in the Group's consolidated financial statements. We were also unable to assess the appropriateness of the fair value of assets and liabilities of YC Group recorded by the Group as at the date of acquisition, and the recognition and recoverability of the resulting goodwill as disclosed in Note 13 to the financial statements. Similarly, we are also unable to determine the recoverability of the cost of investment in YC Group recorded on the balance sheet of the Company as at 31 December 2018.

Due to the above circumstances, we were also not able to complete our review of the events after the balance sheet date of YC Group".

Board and Management Response:

Notwithstanding the opinion of EY in relation to the reliability of the financial statements of the YC Group as at 28 March 2018 and 31 December 2018, the Board had received audit clearance from Baker Tilly Monterio Heng PLT ("**Baker Tilly**"), the independent auditors of the YC Group, on 5 April 2019 on the consolidated financial statements of the YC Group as at 31 December 2018. The Company had also

commissioned a special audit for Baker Tilly to perform an audit on the YC Group's consolidated financial statements as at date of acquisition by the Company of the YC Group, and had received audit clearance from Baker Tilly on 14 March 2019 on the consolidated financial statements for financial period ended 31 March 2018.

In the audit clearance provided by Baker Tilly to the Board, Baker Tilly had opined that the financial information gives a true and fair view of the financial position of the YC Group as at 31 March 2018 and 31 December 2018 and of its financial performance for the financial year then ended in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards respectively.

In addition, the Company had announced on 15 April 2019 that the Company had entered into a memorandum of understanding with Mr Chu Sau Ben in relation to the proposed disposal of the YC Group (the **"Proposed Disposal"**). For further details on the Proposed Disposal, please refer to the announcement of the Company dated 15 April 2019.

(b) Accounting for financing transactions

In the Independent Auditor's Report, EY noted that:

"The details of the financing transactions are disclosed in Note 5 and Note 17 to the financial statements.

We were unable to ascertain the completeness of such financing transactions as there was lack of internal process to separately identify, monitor and appropriately record and present the financing transactions in the financial statements.

As at 31 December 2018, the other receivables of the Group included \$2,576,000 arising from financing transactions. We were unable to assess the recoverability of the receivable due to lack of financial information of the debtor. We were also unable to assess if the financing transactions breached contractual obligations to determine if there are any further adjustments or consequential effect."

Board and Management Response:

The Board is of the view that EY's opinion relating to the sale and purchase transactions recorded that should be instead be presented and disclosed as financing transactions arose because of the differences between the management and EY in classifying certain transactions. After due deliberation, the Board decided to defer to EY's classification in relation for those certain transactions.

Having conducted a thorough internal review on the sale and purchase transactions, the management has represented to the Board that the financing transactions have been properly classified as set out in Note 5 and Note 17 to the financial statements are the only transactions of such nature. The management has been made aware of the consequences of the misclassification, and has undertaken to the Board that such transactions will not be undertaken in future and shall procure Internal Auditors to recommend further internal controls to ensure this.

The audit committee of the Company (**"Audit Committee"**) and the sponsor, RHT Capital Pte. Ltd. (**"Sponsor"**) shall continue to engage the company's auditor to complete the review of financing transactions and to provide their findings to the Board to ascertain the completeness of the financing transactions.

In relation to the recoverability of the receivables, the Company has subsequent to year end, received an amount of approximately S\$1.8 million. The remaining balances of the receivables arising from financing transactions, being an amount of approximately S\$0.77 million, has been secured against an asset of the debtor. The Board had also commissioned an independent valuation on the asset over which security had been taken, and the Board is comfortable on the security of the collateral/asset with an interim valuation of at \$0.84 million.

Finally, the Board is of the view that the receivables from the financing transactions amounting to S\$2,576,000, of which approximately S\$1.8 million has been fully received, does not breach any contractual obligations.

By Order of the Board
LIBRA GROUP LIMITED

Chu Sau Ben
Executive Chairman and Chief Executive Officer

15 May 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**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, at 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619, telephone (+65) 6381 6757.