

LIBRA

GROUP LIMITED

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

ENTRY INTO A LEGALLY-BINDING MEMORANDUM OF UNDERSTANDING

1. Introduction

- 1.1 The Board of Directors (the “**Board**”) of Libra Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 31 December 2019, entered into a legally-binding memorandum of understanding (“**MOU**”) with Cascade Metals Pte. Ltd. (the “**Buyer**”) in relation to a disposal (the “**Proposed Disposal**”) of the Company’s 100% shareholding interest in Libra Engineering Pte. Ltd. (the “**Target**”).
- 1.2 The Group is currently in discussions with the Sponsor with regards to the classification of the Proposed Disposal under the Catalist Rules. The relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules would be set out in the announcement in relation to the signing of the Definitive Agreements (as hereinafter defined), should the Proposed Disposal proceed to fruition.

2. Information on the Buyer

The information on the Buyer provided below was provided to the Company by the Buyer and its representatives. The Board has not conducted an independent review or verification of the accuracy of the statements and information below.

- 2.1 The Buyer is an investment holding company incorporated in Singapore. The Buyer is an independent third party and its directors and sole shareholder are not related to any of the directors and controlling shareholders of the Company or any of their associates.

3. Information on the Target

- 3.1 The Target, Libra Engineering Pte. Ltd. (Company Registration Number 200514501D), is a private company incorporated in Singapore and is principally in the business of manufacturing air-conditioning and mechanical ventilation ducts.
- 3.2 The Target has several subsidiaries incorporated in Singapore and Malaysia. As at the date of this announcement, none of these subsidiaries are in operation.

4. Rationale for the Proposed Disposal

- 4.1 The Group is currently undergoing a restructuring phase and is in the midst of rationalising its operations. The Target, as at the date of this announcement, had wound down most of its operations and currently has no more substantial operations. As such, the Proposed Disposal would allow the Group to dispose of non-operational assets for cash and allow the Group to streamline its corporate structure.

5. Principal Terms of the MOU

- 5.1 The Company and the Buyer (collectively, the “**Parties**” and each a “**Party**”) shall negotiate in good faith, and use reasonable endeavours to agree on the terms and conditions of the sale and purchase agreement and any other agreements to be entered into with respect to the Proposed Disposal (collectively, the “**Definitive Agreements**”) on or prior to 31 January 2020 or such other date as the Parties may agree in writing (the “**Long Stop Date**”) as well as all related matters to enable the consummation of the Proposed Disposal.
- 5.2 The MOU shall terminate and the Parties will have no further obligations to each other, except with respect to certain provisions in the MOU, on the date on which the earliest of the following events occurs:
- (a) the Parties agree in writing to terminate the MOU;
 - (b) the entry by the Parties into the Definitive Agreements;
 - (c) the Parties have not entered into the Definitive Agreements by the Long Stop Date; or
 - (d) any Party is in material breach of its obligations under the MOU. Termination in such case will be at the option of the Party not in breach.
- 5.3 The consideration for the sale and purchase of all the ordinary shares in the issued and paid-up of the Target will be S\$100,000 (the “**Sale Consideration**”) and will be paid by the Buyer to the Company in cash. The Sale Consideration was arrived at on a willing-buyer-willing-seller basis. The Group will also be commissioning a valuation of the Target and its subsidiaries.
- 5.4 The signing of the Definitive Agreements shall be conditional upon the following conditions:
- (a) the Buyer obtaining such approval(s) from its board of directors and/or shareholders in connection with the Definitive Agreements and the transactions contemplated therein as may be necessary;
 - (b) the Company obtaining such approval(s) from the Board and/or its shareholders in connection with the Definitive Agreements and the transactions contemplated therein as may be necessary;
 - (c) the Company obtaining such approval(s), confirmation(s) and/or waiver(s) from its Sponsor in connection with the Definitive Agreements and the transactions contemplated therein as may be necessary;
 - (d) the novation of all debts of the Target that are guaranteed by the Company from the Target to the Company;
 - (e) the cancellation or termination of all guarantees provided by the Target to any lenders in favour of the Company and/or its subsidiaries and/or its shareholders;
 - (f) the cancellation or termination of all intra-group debts owing by the Target to the Company and/or its subsidiaries and/or its shareholders; and
 - (g) such other customary conditions.

In the event that the Company's Sponsor issues a formal notification that the approval(s), confirmation(s) and/or waiver(s) is not granted, the Parties agree that they shall use reasonable endeavours to restructure the transactions contemplated under the MOU. In the event that the Parties fail to restructure the transactions contemplated under the MOU and obtain the approval(s), confirmation(s) and/or waiver(s) from the Company's Sponsor 3 months after the said notification, the MOU shall *ipso facto* cease and determine. In that event, the Parties shall be released and discharged from their respective obligations under the MOU save for certain provisions in the MOU, and no Party shall have any claim against the other Party for costs, damages, compensation or otherwise under the MOU, save for any claim by any Party against the other Party in respect of any antecedent breach of the MOU.

6. Interests of Directors and Controlling Shareholders

- 6.1 Mr Goh Keng Haw is the managing director of Foxwood LLC, the legal advisers to the Buyer for the Proposed Disposal. Accordingly, Mr Goh Keng Haw has recused himself from all discussions in relation to the entry into the MOU.
- 6.2 Save as disclosed above, none of the directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company, if any.

7. Further Announcements

- 7.1 The Company will make further announcements to update its shareholders, including but not limited to the financial information on the Target, the intended use of net proceeds, the rationale for the Proposed Disposal, the factors taken into account at arriving at the Sale Consideration, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules for the Proposed Disposal, the financial effects of the Proposed Disposal, and the interests of directors and controlling shareholders of the Company, when there are material updates as may be necessary or appropriate.

8. Cautionary Statement

- 8.1 **Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed.**
- 8.2 **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

Chu Sau Ben
Executive Chairman and Executive Director

2 January 2020

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, RHT Capital Pte. Ltd. at 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619, telephone (+65) 6381 6757.