

# LIBRA

GROUP LIMITED

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

## RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Board of Directors (“**Board**”) of Libra Group Limited (“**Company**” and together with its subsidiaries, “**Group**”) wishes to refer to the announcement made on 31 January 2020 in relation to the response to queries received from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 29 January 2019. Following further queries from the SGX-ST on 3 February 2020, the Board wishes to provide the Company’s responses to the questions raised.

No.	Queries	Company’s Response
1.	<p>Mr Calvin Tan was the ID of Qingmei Holdings Ltd (“<b>Qingmei</b>”) till its delisting in August 2019.</p> <p>Qingmei was unable to announce financial statements from 2015 to 2019, due to various reasons such as the departure of the financial controller and the executive directors being uncontactable.</p> <p>No exit offer was given to Qingmei’s shareholders prior its delisting.</p> <p>In view of the adverse developments in Qingmei, how did Mr Tan discharge his ID duties effectively in protecting the shareholders’ interest?</p>	<p>From Mr Tan’s perspective, and in compliance with the Code of Corporate Governance 2018, Mr Tan’s primary role as an independent director of Qingmei, an S-Chip company, is to act in the best interests of the company as a whole and safeguard the interest of all shareholders (including minority shareholders). In discharging his obligations in light of developments in the company, his role would include facilitating the communication channels between the executive directors, the minority shareholders and the relevant authorities such as the SGX-ST.</p> <p>However, as an independent director of Qingmei, whilst he is familiar and informed of the business and operations of the company, Mr Tan had limited avenues to assert his influence and dictate Qingmei’s operations, as he had no direct access to the accounting records, the day-to-day operations of the subsidiaries of Qingmei which are all located in the People’s Republic of China (“<b>PRC</b>”). As such, there were no means or financial resources to compile, audit and announce the required financial statements for the relevant years.</p> <p>In addition, the departure of the financial controller, compounded with the fact that the executive directors were for most times, uncontactable, severely impeded his ability to address and resolve matters at the board level.</p> <p>As updated through Qingmei’s various announcements on the SGXNet, the board of Qingmei had attempted to work on the release of the financial statements, such as the appointment of a PRC accounting firm to assist in the preparation of the Qingmei and its subsidiaries’ financials. The board of Qingmei also constantly sourced for a financial controller but was not successful.</p>

	<p>The board of Qingmei had also attempted to appoint liquidators, and/or to look for external investors. However, they were impeded by a lack of funds to appoint a liquidator and no investors expressed interest.</p> <p>Qingmei was subsequently directed by the SGX-ST pursuant to Listing Rule 1018(2) to be delisted.</p> <p>Notwithstanding the above circumstances, Mr Tan, together with the other independent directors, had attempted to reach out to the executive directors and/or controlling shareholders of Qingmei to facilitate the delisting with an exit offer. However, no decision was reached at a board telephone conference call and no monies were made available by the executive directors and/or the controlling shareholders to launch an exit offer as they were in no financial position to do so. The executive directors then became uncontactable.</p> <p>Based on the publicly available information on the SGXNet, no regulatory actions were taken against Qingmei, its board of directors or Mr Tan personally. Mr Tan also confirms that no private regulatory actions were taken against him.</p> <p>As mentioned in the previous set of queries, Mr Tan was also a director and chairman of the audit committee of two other companies, namely Li Heng Chemical Fibre Technologies Ltd and Changtian Plastic and Chemical Limited, both of which were successfully privatised and delisted from the SGX-ST respectively, giving the shareholders of these companies an avenue to exit their investments at a premium to the then market trading prices. Based on publicly available information, there were no disciplinary action were taken against these two companies.</p> <p>Lastly, Mr Tan is still currently an independent director of two other SGX-ST listed companies, Dukang Distillers Holdings Limited and EuroSports Global Limited (since its initial public offering). To the best knowledge of Mr Tan, there are no disciplinary actions taken in relation to these two companies nor against him as an independent director of these companies.</p> <p>Notwithstanding the “adverse developments” in Qingmei, Mr Tan is of the view that the Company’s situation is not similar to Qingmei, for the following reasons:</p> <ol style="list-style-type: none"> <li>1. The Company is a Singapore incorporated listed company and is governed by, <i>inter alia</i>, the Singapore Companies Act and the SGX-ST Catalist Rules.</li> </ol>
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		<p>2. Specifically, its main operating subsidiary, Kin Xin Engineering Pte. Ltd. ("<b>Kin Xin</b>"), has been in operations for twenty years and has a good reputation in the mechanical and electrical industry in Singapore.</p> <p>3. The Company's Chief Executive Director and Executive Director as well as senior management are all Singaporeans and are predominantly based in Singapore. In addition, all members of the Board are also based in Singapore.</p> <p>4. The Company has engaged experienced financial and legal professionals to assist in its restructuring, and the Board is taking active steps to revive the operations of the Group, specifically Kin Xin.</p> <p>5. The Company is actively searching for a financial controller to strengthen its finance team.</p> <p>6. The Sponsor is taking an active role in ensuring that the Group is in compliance with all the applicable Catalist Rules and the relevant regulations; and</p> <p>7. The Board is united in its mission to derive the best value for all stakeholders of the Group.</p> <p>Mr Tan believes that with his expertise and experience, especially in the equity markets and in accounting and finance as well as his past experience as the chairman of the audit committees of listed companies, he will be able to assist in the financial governance of the Group.</p>
2.	<p>How is the Sponsor and Libra's NC satisfied that Mr Tan is suitable as Libra's ID given that Libra is currently undergoing a restructuring phase and winding down most of its operations.</p>	<p>The Board wishes to clarify that the Company is currently undergoing a debt restructuring exercise. Kin Xin, the Company's main operating subsidiary, remains in operation and has a staff strength of approximately 300.</p> <p>Through its interactions with Mr Tan, prior to his appointment as an Independent Director of the Company, the Sponsor noted that nothing came to its attention to indicate that Mr Tan is unsuitable to be a director of an SGX-ST listed company.</p> <p>In addition, nothing adverse has surfaced through the Sponsor's review of his resume, declaration form and conducting due diligence checks, including any public reprimand or regulatory actions from regulators for any breach of directors' duties.</p>

		<p>The Sponsor further notes that Mr Tan was the independent director for Li Heng Chemical Fibre Technologies Ltd, Changtian Plastic and Chemical Limited, and Qingmei, since their initial public offerings until their eventual privatisation or directed delisting, as the case may be, and stayed throughout all developments in these companies.</p> <p>Save for all the public announcements of Qingmei on the SGXNet as well as its due diligence checks, the Sponsor is not aware of any public or private events or developments in relation to Qingmei that would render Mr Tan's suitability to be a director of the Company.</p> <p>Taking into consideration the above, the current situation of the Company and Mr Tan's representation, the Sponsor looks forward to working closely with the SGX-ST, the Company, the Board (including Mr Tan), to derive the best value for all stakeholders of the Company going forward.</p> <p>The nominating committee of the Company ("NC") noted the Sponsor's view and after taking into consideration all of the above, is of the view that nothing came to its attention to indicate that Mr Tan is unsuitable to be a director of the Company.</p> <p>The Board looks forward to working with all parties, including the Sponsor and the SGX-ST, and endeavours to derive the best value for all stakeholders of the Company.</p>
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By Order of the Board  
**LIBRA GROUP LIMITED**

Christine Liu Yang  
Chief Executive Officer and Executive Director

5 February 2020

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*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 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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