

LIBRA

GROUP LIMITED

(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**”), along with its subsidiaries and associated companies (the “**Group**”), wishes to announce that the Company has on 30 November 2020 entered into a legally-binding letter of intent (“**Letter of Intent**”) with SMTM Investment 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 and its wholly-owned subsidiary, Kin Xin Engineering Pte Ltd (“**Kin Xin**”), to be pursued by way of a scheme of arrangement under section 210 of the Companies Act (Cap.50) (“**Scheme**”).
- 1.2 The Potential Investor is an investment holding company that has been incorporated for the purpose of the Proposed Investment. The Potential Investor is an unrelated third party of the Company, its directors and substantial shareholders. The Potential Investor does not hold any shares in the Company at the date of this announcement.
- 1.3 The Letter of Intent sets out the mutually agreed key terms of the Proposed Investment and financial restructuring of the Company and Kin Xin (“**Restructuring Group**”) between the Company and the Potential Investor. Although, the Letter of Intent forms the basis for entry into definitive agreements for the Proposed Investment (“**Definitive Agreements**”), it does not set forth all the material business terms and conditions for the Proposed Investment or the financial restructuring of the Restructuring Group, and the Proposed Investment is subject to customary due diligence, final agreement and documentation.
- 1.4 None of the directors or 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

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

Investment Amount	The aggregate investment amount is S\$6,000,000, which shall comprise a S\$3,000,000 tranche to subscribe for new ordinary shares in the capital of the Company (the “ Equity Tranche ”) and a S\$3,000,000 tranche of working capital loan (the “ Debt Tranche ”, together with the Equity Tranche, the “ Investment Amount ”).
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	<p>The Equity Tranche shall be utilised for the following purposes:</p> <ul style="list-style-type: none"> (i) S\$1,000,000 to be utilised to fund the scheme of arrangement of arrangement to be proposed by the Company and its creditors ("Company's Scheme"); (ii) S\$1,300,000 to be utilised to fund the scheme of arrangement of arrangement to be proposed by Kin Xin and its creditors ("Kin Xin's Scheme"); and (iii) S\$700,000 to be retained as working capital for the Restructuring Group. <p>The Debt Tranche shall be utilised for following purposes:</p> <ul style="list-style-type: none"> (i) an amount up to S\$1,300,000 to be extended as rescue financing to Kin Xin ("Rescue Financing") to be utilised for the following purposes: <ul style="list-style-type: none"> (a) to repay the outstanding amount under the Temporary Financing (as defined below); (b) to fund its operations and costs, including the rectification of defects during the defect liability period for completed projects; (c) to fund the costs and expenses of preparation and finalisation of the Definitive Agreements; and (d) to fund the costs and expenses in connection with the renewal of Kin Xin's L6 licence with the Building and Construction Authority of Singapore ("BCA"); and (e) to fund the costs and expenses of the Company and Kin Xin in pursuing and implementing the transactions contemplated under the Proposed Investment and satisfying the conditions precedent under the Definitive Agreements; and (ii) an amount up to S\$1,700,000 to be extended as working capital loan to the Company and/or Kin Xin after the completion of the Company's Scheme and Kin Xin's Scheme. For avoidance of doubt, the Potential Investor may procure another party to provide the working capital loan.
Temporary Financing	<p>Pending the signing of the Definitive Agreements, the Potential Investor will provide temporary interest-free financing up to S\$200,000 to Kin Xin ("Temporary Financing") to fund (a) its legal fees in connection with the application to be made by Kin Xin to the High Court of the Republic of Singapore ("Court") for super priority financing under sections 67(1)a) and 67(1)(c)(i) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) ("Super Priority Financing Application"); (b) its operations and costs; (c) the costs and expenses of preparation and finalization of the Definitive Agreements; (d) the costs and expenses in connection with the renewal of Kin Xin's L6 licence with the BCA.</p>

	The Temporary Financing shall be waived, released and discharged by the Potential Investor if the Super Priority Financing Application is not approved, and Kin Xin shall not be required to repay the same.
Subscription	<p>In consideration of the Equity Tranche, the Potential Investor shall be issued such number of new ordinary shares in the capital of the Company such that it holds at least 75.0% of the enlarged share capital of the Company ("Subscription Transaction").</p> <p>The balance of the 25.0% of the enlarged share capital of the Company shall be held by creditors of the Company and Kin Xin as well as the existing shareholders of the Company.</p>
Board representation and Management Team	<p>The Potential Investor shall be entitled to appoint two directors to the board of directors of the Company and Kin Xin, respectively.</p> <p>The Potential Investor, together with the existing management team, will continue to operate Kin Xin in its current business.</p>
Conditions Precedent	<p>The signing of the Definitive Agreements are subject to the following conditions precedent ("Pre-Signing Conditions"):</p> <ul style="list-style-type: none"> (i) the renewal of Kin Xin's L6 licence by the BCA or the grant of in-principle approval for the renewal of Kin Xin's L6 licence by the BCA; and (ii) the Court approving the Super Priority Financing Application and the satisfaction of the condition(s), if any, to the order of the Court granting the Super Priority Financing Application is satisfied. <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 and Kin Xin; (ii) the Company obtaining all required regulatory approval(s) for the allotment and issuance of new shares in the Company pursuant to the Subscription Transaction (the "New Shares") and the listing of such shares on 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 approval of the Company's Scheme by the requisite majority of creditors of the Company; (v) the approval of Kin Xin's Scheme by the requisite majority of creditors of Kin Xin; and

	<p>(vi) the sanction of the Company's Scheme and Kin Xin's Scheme by the Court.</p> <p>The implementation of the Company's Scheme and Kin Xin's Scheme are conditional upon the following conditions having been fulfilled and/or waived by the Company and Kin Xin respectively:</p> <p>(i) the completion of the Subscription Transaction;</p> <p>(ii) the approval of Company's Scheme by the requisite majority of creditors of the Company;</p> <p>(iii) the approval of Kin Xin's Scheme by the requisite majority of creditors of the Kin Xin;</p> <p>(iv) the sanction of the Company's Scheme and Kin Xin's Scheme by the Court; and</p> <p>(v) the Company's Scheme and Kin Xin's Scheme becoming effective.</p>
<p>Termination</p>	<p>The Letter of Intent shall lapse and cease after the Specified Period (defined below) unless extended by the Parties in writing.</p> <p>The Company and/or Kin Xin may terminate the Letter of Intent by written notice to the Potential Investor if the Super Priority Financing Application is not granted by the Court or if the funds received from the Potential Investor under the Temporary Financing or the Rescue Financing is insufficient (i) for Kin Xin to obtain an order in respect of the Super Priority Financing Application, (ii) to fund Kin Xin's and the Company's operations or (iii) to fund Kin Xin's and the Company's costs and expenses of pursuing and implementation of the transactions contemplated under the Proposed Investment.</p>

2.2 The Parties intend to finalise the Definitive Agreements within the period commencing on the date of the Letter of Intent up to **15 January 2021** (both dates inclusive) or such later date as Parties may agree in writing (the "**Specified Period**").

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

1 December 2020

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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