

CIRCULAR DATED 8 APRIL 2014

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about the contents of this Circular or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Libra Group Limited (the “**Company**”), you should forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.



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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (1) PROPOSED ACQUISITION OF A NEW FACTORY;**
- (2) PROPOSED AMENDMENTS TO THE LIBRA PERFORMANCE SHARE PLAN; AND**
- (3) PROPOSED PARTICIPATION OF MR CHU SAU BEN, A CONTROLLING SHAREHOLDER, IN THE LIBRA PERFORMANCE SHARE PLAN**

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form : 21 April 2014 at 10 a.m.

Date and time of Extraordinary General Meeting : 23 April 2014 at 11.00 a.m. or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting at 10 a.m.

Place of Extraordinary General Meeting : Orchid Country Club,
1 Orchid Club Road,
Singapore 769162

CONTENTS

DEFINITIONS.....	3
1. INTRODUCTION.....	6
2. THE PROPOSED ACQUISITION OF A NEW FACTORY	6
3. PROPOSED AMENDMENTS TO THE LIBRA PERFORMANCE SHARE PLAN.....	9
4. PROPOSED PARTICIPATION OF MR CHU SAU BEN, A CONTROLLING SHAREHOLDER IN THE LIBRA PERFORMANCE SHARE PLAN	11
5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	11
6. ABSTENTION FROM VOTING	11
7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS	12
8. EXTRAORDINARY GENERAL MEETING	12
9. ACTION TO BE TAKEN BY SHAREHOLDERS.....	12
10. DIRECTORS' RECOMMENDATION	12
11. DIRECTORS' RESPONSIBILITY STATEMENT	13
12. DOCUMENTS AVAILABLE FOR INSPECTION	13
APPENDIX	14
NOTICE OF EXTRAORDINARY GENERAL MEETING.....	18
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

“Act”	:	Companies Act (Chapter 50) of Singapore, as amended or modified from time to time.
“AGM”	:	Annual General Meeting of the Company.
“Articles”	:	The Articles of Association of the Company, as amended or modified from time to time.
“Associate”	:	Shall have the meaning ascribed to it in the Catalist Rules.
“Award”	:	A contingent award of Shares granted pursuant to the rules of the Plan.
“Board of Directors” or “Board”	:	The board of Directors of the Company as at the date of this Circular.
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST.
“Catalist Rules”	:	The rules in Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended or modified from time to time.
“CDP”	:	The Central Depository (Pte) Limited.
“Circular”	:	This circular to Shareholders dated 8 April 2014.
“Committee”	:	The committee comprising Directors duly authorized and appointed by the Board of Directors to administer the Plan.
“Company”	:	Libra Group Limited.
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of the total number of Shares (excluding treasury shares) in the Company; or (b) in fact exercises control over the Company.
“Consideration”	:	The purchase price of the Factory.
“Directors”	:	The directors of the Company as at the date of this Circular.
“EGM”	:	The extraordinary general meeting of the Company to be held on 23 April 2014, notice of which is set out on pages 18 and 19 of this Circular.
“EPS”	:	Earnings per Share.
“Executive Director”	:	An executive director of the Company.
“Factory”	:	The factory located at 53 Loyang Drive Singapore 508957.

DEFINITIONS

“FY”	:	Financial year ended or ending 31 December.
“Group”	:	The Company and its subsidiaries.
“Group Executive”	:	Any employee of the Group (including any Executive Director) selected by the Committee to participate in the Plan in accordance with the provisions thereof.
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 4 April 2014.
“Memorandum”	:	The Memorandum of Association of the Company.
“New Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards granted under the Plan.
“Non-Executive Director”	:	A person who is: <ul style="list-style-type: none"> (a) an Independent Director; or (b) a director of the Company and/or any of its subsidiaries, as the case may be, other than an Executive Director.
“NTA”	:	Net tangible assets.
“Option Money”	:	The amount of S\$171,200 (equivalent to 1% of the Consideration, including Goods and Services Tax) paid by the Company on 26 February 2014 to the Vendor
“Plan” or “Libra Performance Share Plan”	:	The Libra Performance Share Plan, which is proposed to be amended by the Shareholders in the upcoming EGM
“Plan Participants” or “Participant”	:	Any eligible person selected by the Committee to participate in the Plan in accordance with the rules of the Plan.
“Plan Rules”	:	The rules of Libra Performance Share Plan
“Proposed Acquisition”	:	The proposed acquisition of the Factory
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Shares”	:	Ordinary shares in the capital of the Company.
“Shareholders”	:	Registered holders for the time being of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register.
“Substantial Shareholders”	:	Persons who each hold directly and/or indirectly 5% or more of the total issued share capital of the Company.
“OTP”	:	Offer to Purchase the Factory

DEFINITIONS

“Vendor” : Cellini Design Center Pte Ltd, the seller of the Factory.

Currencies, Units and Others

“S\$” and “cents” : Singapore dollars and cents respectively.

“%” or “per cent.” : Per centum or percentage.

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*, and words importing persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the said Act or any modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day in this Circular shall be a reference to Singapore time.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be the arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

LIBRA GROUP LIMITED

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

Directors:

Chu Sau Ben - Executive Chairman and Chief Executive Officer
Chua Siong Kiat, Alex - Executive Director and Chief Financial Officer
Yuen Sou Wai - Lead Independent Director
Eng Meng Leong - Independent Director
Kong Chee Keong - Independent Director

Registered Office:

101 Defu Lane 10, 3rd floor
Singapore 539222

8 April 2014

To: The Shareholders of Libra Group Limited

Dear Sir/Madam,

1. INTRODUCTION

1.1. Circular and EGM

The purpose of this Circular is to provide Shareholders with information relating to, and to seek the approval of Shareholders for the same, at the EGM to be held on 23 April 2014 after the Annual General Meeting of the Company at 10 a.m. for the following matters:

- (i) The Proposed Acquisition;
- (ii) The proposed amendments to the Libra Performance Share Plan; and
- (iii) The proposed participation of Mr Chu Sau Ben, a Controlling Shareholder, in the Libra Performance Share Plan

2. PROPOSED ACQUISITION OF A NEW FACTORY

2.1. Introduction

As announced by the Board in the Company's announcement dated 17 March 2014, the Company had on 26 February 2014 provided an OTP to the Vendor for the Proposed Acquisition together with the Option Money of S\$171,200 (equivalent to 1% of the Consideration), including Goods and Services Tax. The Vendor had accepted the Company's OTP on 26 February 2014 and had on 14 March 2014 provided an Option To Purchase to the Company.

2.2. Information on the Factory

The factory is located at 53 Loyang Drive, Singapore 508957 for B2 business use with a land area of approximately 65,061 sq ft and build-in area of approximately 86,021 sq ft. Its 30 years lease with Jurong Town Corporation ("JTC") commenced on 1 December 1992 with an option to renew the lease for another 30 years. The option to renew the lease had been exercised by the Vendor in 1997.

2.3. Rationale for the Proposed Acquisition

The Company believes that the Proposed Acquisition will allow the Group to expand its business operations and obtain greater economies of scale. The Company also believes that the Proposed Acquisition will allow the Group to vacate its current premises and consolidate its different divisions under one roof. This will substantially reduce the Group's operating costs, promote efficiency, eliminate uncertainty (for example, rent hikes or periodic moving) and provide a stable working environment for the staff. In the event that there is an extra space in the Factory, the Company may

LETTER TO SHAREHOLDERS

consider renting out the extra space to generate additional income. Rental of any extra space in the factory will be carried out strategically and judiciously by the Company taking into consideration its future expansion plan.

2.4. Factory Sale Price and Terms of the Proposed Acquisition

2.4.1. Consideration

The Consideration is S\$16 million (excluding Goods and Services Tax) and shall be satisfied by the Company in cash. The Consideration was arrived at arm's length and on a willing buyer, willing seller basis after taking into account the banks' indicative valuation of the Factory of approximately S\$16 million to S\$17.5 million. Subsequently, the Company has commissioned an independent valuation of the Factory dated 27 March 2014 which valued the Factory at S\$17 million. The Company shall pay the Consideration to the Vendor in the following manner:

- (a) 1% option money together with the OTP. This has been paid on 26 February 2014;
- (b) 4% deposit and stamp duty upon approval from JTC and the Shareholders and exercise of the Option To Purchase; and
- (c) The balance of S\$15,200,000 to be paid upon legal completion of the Proposed Acquisition.

2.4.2. Expected Completion

The completion of the Proposed Acquisition is scheduled to take place on or before 30 June 2014.

The completion of the Proposed Acquisition is subject to, *inter alia*, the following:

- (i) approval by the JTC; and
- (ii) approval by the Company's shareholders at the EGM.

In the event that the above are not fulfilled by 30 April 2014, the Vendor shall refund immediately the Option Money in full without interest to the Company and neither party shall have any claims against each other whatsoever.

2.4.3. Other Key Terms

Other key terms and conditions of the Proposed Acquisition include:

- (a) there are no unauthorised additions or alterations made to the Factory;
- (b) the Factory is sold on an "as is where is" basis in its present state and condition;
- (c) the Factory is sold with vacant possession to be given on completion together with fittings and fixtures; and
- (d) the Vendor has obtained all requisite clearance and approval from its directors and any financial institution and/or authorities.

2.5. Funding for the Proposed Acquisition

The Proposed Acquisition will be funded by internal resources, bank borrowings and/or other fund-raising activities arranged with other financial institutions and/or individuals.

2.6. Shareholders' Approval for the Proposed Acquisition

The Board is of the opinion that the Proposed Acquisition is in the ordinary business of the Company. Notwithstanding this, the Board is of the view that the Proposed Acquisition will change the risk profile of the Company as (a) pursuant to the requirements of Practice Note 10A of the Catalist Rules, the scale of the Company's operations would be deemed to have increased significantly as the relative figure under Rule 1006(c) of the Catalist Rules (illustrated in the

LETTER TO SHAREHOLDERS

paragraph below) is 193 per cent (193%); and (b) the gearing of the Group will increase from 0.45 times to approximately 0.70 times after the Proposed Acquisition. Accordingly, the Board is of the view that Shareholders should have the opportunity to vote on the Proposed Acquisition.

The calculation for the relative figure under Rule 1006(c) of the Catalist Rules at 193% was arrived based on the consideration of S\$16 million and the market capitalisation of the Company of approximately S\$8.28 million as at 25 February 2014. The market capitalisation of the Company was determined by multiplying the number of shares in issue excluding treasury shares, being 99,724,000 ordinary shares, and the volume weighted average price of S\$0.083 per share on 25 February 2014 (being the full market day immediately preceding the date of the OTP).

2.7. Financial Effects of the Proposed Acquisition

The pro forma financial effects below have been prepared based on the audited financial statements of the Group for FY2013 and are strictly for illustration purposes.

(A) NTA per share

Assuming that the Proposed Acquisition had been completed on 31 December 2013 and based on the audited financial statements of the Group for FY2013, the pro forma financial effects which the Proposed Acquisition would have on the NTA per share are as follows:

	Before Proposed Acquisition	After Proposed Acquisition
NTA (S\$'000)	10,857	10,857
Number of Shares ('000)	99,724	99,724
NTA per Share (S\$)	0.109	0.109

(B) EPS

Assuming that the Proposed Acquisition had been completed on 1 January 2013 and based on the audited consolidated financial statements of the Group for FY2013, the pro forma financial effects which the Proposed Acquisition would have on the EPS are as follows:

	Before Proposed Acquisition	After Proposed Acquisition ⁽¹⁾
Profit attributable to Shareholders (S\$'000)	521	678
Number of Shares ('000)	99,724	99,724
Earnings per Share (S\$ cents)	0.52	0.68

NOTE:

- (1) Taking into account net savings from current rentals and does not include any potential additional revenue from the rental of any extra space within the factory less any operational costs of the factory (for example utilities, security, etc.)

LETTER TO SHAREHOLDERS

(C) Gearing

Assuming that the Proposed Acquisition had been completed on 31 December 2013 and based on the audited consolidated financial statements of the Group for FY2013, the pro forma financial effects which the Proposed Acquisition would have on the gearing ratio are as follows:

	Before Proposed Acquisition	After Proposed Acquisition ⁽¹⁾
Total bank loans and finance lease (S\$'000)	4,247	19,947
Net debt (S\$'000)	8,830	25,830
Capital and net debt (S\$'000)	19,687	36,687
Gearing ratio	0.45	0.70

NOTE:

- (1) Based on the assumption that the Company will secure up to S\$15.7 million from bank borrowings and/or other fund-raising activities arranged with other financial institutions and/or individuals.

The Group uses a gearing ratio which is net debt divided by total capital plus net debt. Trade and other payables, other liabilities and loans and borrowings, less cash and cash equivalents are included within net debt. Capital includes equity attributable to the owners of the Company.

Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Acquisition. No representation is made as to the actual financial position and/or results of the Group after completion of the Proposed Acquisition.

3. PROPOSED AMENDMENTS TO THE LIBRA PERFORMANCE SHARE PLAN

3.1. Introduction

The Company has proposed that the Libra Performance Share Plan be amended to better reflect the current market practice for similar share plans, and that the EGM be convened accordingly to seek Shareholders' approval for, *inter alia*, the proposed amendments to the Plan.

The current Plan Rules were first introduced by the Company in its Offer Document dated 2 November 2011.

The objective of the Plan was to provide an opportunity for Group Executives (including Group Executive Directors) and the employees of the Group to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standard of performance. The Plan was proposed and adopted on the basis that it is important to acknowledge the contribution, which is essential to the well-being and prosperity of the Group, made by the Group Executives and its employees. The Company aims to, through the Plan, give the Group Executives and its employees a tangible and meaningful stake in the Company and will help to achieve the following objectives:-

- (a) foster a culture of ownership within our Group which aligns the interests of Group Executives with the interests of Shareholders;
- (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to our Group and to achieve key financial and operational goals of our Company and/or our respective business units; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff whose contributions are important to the long-term growth and profitability of our Group.

LETTER TO SHAREHOLDERS

3.2. Proposed Plan Amendments

The following is a summary of the proposed amendments to the Plan. Capitalised terms and phrases in this section, unless otherwise defined in this Circular, have the same meaning as when used in the Plan Rules.

The Plan may be modified and/or altered from time to time by a resolution of the Committee, subject to the prior approval of the Shareholders and the SGX-ST and such other regulatory authorities as may be necessary.

The proposed amendments to the Plan Rules are set out below and in the Appendix of this Circular and are subject to Shareholders' approval.

3.2.1. Proposed Modification to Plan Rules 4.1, 4.2, 5.1 and 5.2

It is proposed that Plan Rules 4.1, 4.2, 5.1 and 5.2 be amended to allow Group Executives who are Controlling Shareholders to be eligible to participate in the Plan. It is also proposed that the definition of "Participant" in the Plan be appropriately amended to reflect this as well.

3.2.2. Rationale for including the Controlling Shareholders in the Plan

The key objective of the Plan is to motivate Group Executives to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that the Plan may be effective in motivating employees to work towards pre-determined targets and/or put in their best efforts whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with multinational companies.

To this end, Group Executives who are Controlling Shareholders shall be treated equally, as these Controlling Shareholders are important to the development and success of the Group. As such, regardless of whether they are Controlling Shareholders, the Company's view is that all deserving and eligible Plan Participants should be equally entitled to take part and benefit from the Company's fair and equitable system of remuneration.

Although the Controlling Shareholders already have shareholding interests in the Company, the extension of the Plan to include them ensures that they are equally entitled, with the other eligible employees of the Group who are not Controlling Shareholders, to take part and benefit from this system of remuneration.

The Directors are of the view that the Company should have a fair and equitable system to reward the eligible employees who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or their Associates.

The terms of the Plan should not differentiate between the Controlling Shareholders and their Associates from other key executives in determining the eligibility of such persons to be granted Award(s). Controlling Shareholders should not be excluded from participating in the Plan solely for the reason that they are Controlling Shareholders. In addition, to deny participation by the Controlling Shareholders may serve to de-motivate them and undermine the objectives of the Plan. Therefore, the proposed amendments to the Plan will ensure that Group Executives who are also a Controlling Shareholder will be eligible to participate in the Plan.

As at the date of this Circular, the Controlling Shareholder who is an employee of the Group and who will be eligible to participate in the Plan (contingent on the passing of the resolution by the Shareholders to amend the Plan) is Mr Chu Sau Ben.

In accordance with the provision of the Catalist Rules, the participation in the Plan by a Controlling Shareholder will be subject to the approval of independent Shareholders in a general meeting. As such, the participation in the Plan by a Controlling Shareholder, Mr Chu Sau Ben is subject to the independent Shareholders' approval at the EGM as set out in Resolution 3 of the Notice of EGM on page 19 of this Circular.

LETTER TO SHAREHOLDERS

As a safeguard against abuse, the Plan Rules provide that no member of the Committee shall be involved in any deliberation and decision in respect of Awards to be granted to him or her. The Company is of the view that the aforementioned safeguard against abuse resulting from the participation of the Controlling Shareholders in the Plan is sufficient.

4. PROPOSED PARTICIPATION OF MR CHU SAU BEN, A CONTROLLING SHAREHOLDER, IN THE LIBRA PERFORMANCE SHARE PLAN

Mr Chu Sau Ben is the Company's Executive Chairman and a Board member since 2010. He is also the Chief Executive Officer of the Company, primarily responsible for the operations and performance of the Group; charting of corporate directions and strategies; enhancing shareholder value, and reporting to the Board on the Group's operations and performance.

Participation in the Plan would enable the Company to acknowledge Mr Chu Sau Ben's valuable contribution and give recognition to his services. By investing further in the equity interests of the Company through the Plan, Mr Chu Sau Ben will be incentivised to help the Group achieve better performance, thus enhancing shareholder value.

The Company recognises that Mr Chu Sau Ben will continue to play an integral role in driving the strategic development and success of the Group and therefore wishes to allow Mr Chu Sau Ben to participate in the Plan.

As at Latest Practicable Date, Mr Chu Sau Ben holds 54,400,000 Shares, representing approximately 54.55% of the total number of issued Shares.

Subject to the independent Shareholders' approval at the EGM for the proposed amendments to the Plan and for Mr Chu Sau Ben's participation in the Plan, in the event that the Company decides to grant Awards under the Plan to Mr Chu Sau Ben, it will make a full disclosure of the rationale and justification for, and the terms of, such grant of Awards to its independent Shareholders and also seek the approval of its independent Shareholders at a general meeting.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and Register of Members respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors						
Chu Sau Ben	48,680,000	48.81	5,720,000 ⁽²⁾	5.74	54,400,000	54.55
Chua Siong Kiat, Alex	150,000	0.15	-	-	150,000	0.15
Substantial Shareholder (other than Directors)						
William Lee Kay Choon	5,900,000	5.92	-	-	5,900,000	5.92

Notes:

(1) Based on the Company's issued and paid-up share capital of 99,724,000 Shares.

(2) Mr Chu Sau Ben is the beneficial owner of 5,720,000 issued ordinary shares pledged to and registered in the name of Hong Leong Finance Nominees Pte Ltd.

6. ABSTENTION FROM VOTING

The Company will procure Controlling Shareholders and their associates who are entitled to participate in the Plan to abstain from voting at the EGM in respect of Resolutions 2 and 3 and to not accept appointments as proxies for voting at the EGM in respect of the aforesaid Resolutions 2 and 3 unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for each of the Resolutions 2 and 3.

LETTER TO SHAREHOLDERS

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed in this Circular, none of the Directors and Controlling Shareholders has any interest, direct or indirect, in (i) the Proposed Acquisition; (ii) the proposed amendments to the Libra Performance Share Plan; and (iii) the proposed participation of Mr Chu Sau Ben, a Controlling Shareholder, in the Libra Performance Share Plan, other than through their respective shareholdings in the Company.

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 18 and 19 of this Circular, will be held at Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on 23 April 2014, after the Annual General Meeting at 10 a.m. for the purpose of considering and, if thought fit, passing, with or without any modification, the Ordinary Resolutions set out in the notice of EGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 101 Defu Lane 10, 3rd floor, Singapore 539222, not later than 48 hours before the time fixed for holding the EGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the EGM.

Any Controlling Shareholder who is eligible to participate in the Plan must abstain and will also procure his/her associates to abstain from voting at the EGM in respect of Resolutions 2 and 3. Such Shareholders should also not accept nominations to act as proxy, corporate representative or attorney to vote in respect of Resolutions 2 and 3 unless that Shareholder appointing him indicates clearly how votes are to be cast in respect of Resolutions 2 and 3.

10. DIRECTORS' RECOMMENDATION

10.1. The Proposed Acquisition

The Directors, having considered, *inter alia*, the rationale for the Proposed Acquisition, are of the opinion that the Proposed Acquisition is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution in relation to the Proposed Acquisition to be proposed at the EGM set out as Resolution 1 in the Notice of EGM on page 18 of this Circular.

10.2. The proposed amendments to the Libra Performance Share Plan

Save for Mr Chu Sau Ben, who is required to abstain from recommending Shareholders to vote in favour of the proposed amendments to the Plan, the Directors, having carefully considered, *inter alia*, the rationale for the proposed amendments to the Plan are of the opinion that the proposed amendments to the Plan is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution in relation to the proposed amendments to the Plan to be proposed at the EGM set out as Resolution 2 in the Notice of EGM on page 18 of this Circular.

10.3. The proposed participation of Mr Chu Sau Ben in the Libra Performance Share Plan

Save for Mr Chu Sau Ben, who is required to abstain from recommending Shareholders to vote in favour of his participation in the Plan, the Directors, having carefully considered, *inter alia*, the rationale for the proposed participation of Mr Chu Sau Ben in the Plan, are of the opinion that the proposed participation of Mr Chu Sau Ben in the Plan is in the best interests of the Company and

LETTER TO SHAREHOLDERS

accordingly recommend that Shareholders vote in favour of the Ordinary Resolution in relation to the proposed participation of Mr Chu Sau Ben to be proposed at the EGM set out as Resolution 3 in the Notice of EGM on page 19 of this Circular.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) collectively and individually accept full responsibility for the accuracy of the information given and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate and there are no material facts, the omission of which would make any statement in this Circular misleading.

Where information contained in this Circular has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 101 Defu Lane 10, 3rd floor, Singapore 539222 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (i) the OTP;
- (ii) the Option to Purchase;
- (iii) Valuation Report by DTZ Debenham Tie Leung (SEA) Pte Ltd dated 27 March 2014;
- (iv) the Libra Performance Share Plan;
- (v) the Memorandum and the Articles; and
- (vi) the annual report of the Company for FY2013.

Yours faithfully

For and on behalf of the Board of Directors

Mr Chu Sau Ben
Executive Chairman and Chief Executive Officer

APPENDIX

PROPOSED AMENDMENTS TO THE LIBRA PERFORMANCE SHARE PLAN

The proposed amendments to the Plan Rules are set out below. For ease of reference and where appropriate, the full text of the relevant rules of the Plan which are proposed to be modified have been reproduced.

Existing Definition of “Participant”

2.1 In the Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

...
“Participant” : A Group Executive who has been granted an Award.
...

Proposed Amendments to the Definition of “Participant”

The definition of “Participant” is proposed to be amended by deleting the existing definition of “Participant” in its entirety and the following new definition is proposed to be substituted accordingly:

...
“Participant” : Any eligible person selected by the Committee to participate in the Plan in accordance with the rules of the Plan.
...

Existing Plan Rule 4.1

4.1 The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:

(a) Group Executives

Employees of the Group and Group Executive Directors who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who have, as of the Award Date, been in full time employment of the Group for a period of at least 12 months.

Controlling Shareholders of the Company and their Associates are not eligible to participate in the Plan.

(b) Group Independent Directors

Group Independent Directors who have attained the age of 21 and hold such rank as may be designated by the Committee from time to time.

(c) Associates of Controlling Shareholders

Subject to Rule 4.2, persons who are qualified under 4.1(a) above and who are also Associates of Controlling Shareholders.

APPENDIX

Proposed Amendments to Plan Rule 4.1

Plan Rule 4.1 is proposed to be amended by deleting the existing content of the Rule in its entirety and the following new content is proposed to be substituted accordingly:

4.1 The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:

(a) Group Executives

Employees of the Group and Group Executive Directors who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who have, as of the Award Date, been in full time employment of the Group for a period of at least 12 months.

(b) Group Independent Directors

Group Independent Directors who have attained the age of 21 and hold such rank as may be designated by the Committee from time to time.

(c) Controlling Shareholders

Controlling Shareholders who are qualified under 4.1(a) above and who have attained the age of 21.

(d) Associates of Controlling Shareholders

Subject to Rule 4.2, persons who are qualified under 4.1(a) above and who are also Associates of Controlling Shareholders.

Existing Plan Rule 4.2

4.2 *Employees who are Associates of Controlling Shareholders shall (notwithstanding that they meet the eligibility criteria in Rule 4.1(a) above) not participate in the Plan unless:*

(a) *their participation; and*

(b) *the Awards to be granted to them,*

have been approved by the independent Shareholders in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholders of our Company for the participation in the Plan of an Associate of a Controlling Shareholder who is, at the relevant time already a Participant. For the purposes of obtaining such approval from the independent Shareholders, our Company shall procure that the circular, letter or notice to the Shareholder in connection therewith shall set out the following:

(a) *clear justifications for the participation of such Associates of Controlling Shareholders; and*

(b) *clear rationale for the terms of the Awards to be granted to such Associates of Controlling Shareholders.*

Proposed Amendments to Plan Rule 4.2

Plan Rule 4.2 is proposed to be amended by deleting the existing content of the Rule in its entirety and the following new content is proposed to be substituted accordingly:

4.2 Employees who are Controlling Shareholders or their Associates shall (notwithstanding that they meet the eligibility criteria in Rule 4.1(a) above) not participate in the Plan unless:

(b) their participation; and

APPENDIX

- (b) the Awards to be granted to them,

have been approved by the independent Shareholders in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholders of our Company for the participation in the Plan of a Controlling Shareholder or an Associate of a Controlling Shareholder who is, at the relevant time already a Participant. For the purposes of obtaining such approval from the independent Shareholders, our Company shall procure that the circular, letter or notice to the Shareholder in connection therewith shall set out the following:

- (c) clear justifications for the participation of such Controlling Shareholders or their Associates; and
- (d) clear rationale for the terms of the Awards to be granted to such Controlling Shareholders or their Associates.

Existing Plan Rule 5.1

5.1 *Except as provided in Rule 8, the Committee may grant Awards to Group Executives and Group Independent Directors as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force, provided that no Participant who is a member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.*

Proposed Amendments to Plan Rule 5.1

Plan Rule 5.1 is proposed to be amended by deleting the existing content of the Rule in its entirety and the following new content is proposed to be substituted accordingly:

5.1 Except as provided in Rule 8, the Committee may grant Awards to Group Executives, Group Independent Directors, Controlling Shareholders and their Associates as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force, provided that no Participant who is a member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

Existing Plan Rule 5.2

5.2 *The number of Shares (which are the subject of each Award) to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and, if applicable the extent of effort and resourcefulness required with which the Performance Condition may be achieved within the Performance Period, provided that in relation to Associates of Controlling Shareholders:*

- (a) *the aggregate number of Shares which may be offered by way of grant of Awards to Participants who are Associates of Controlling Shareholders under this Plan shall not exceed 25.0% of the total number of Shares available under this Plan, and such aggregate number of Shares which may be offered to such Participants under this Plan has been approved by the independent Shareholders of the Company in a separate resolution. For the purposes of obtaining such approval of the independent Shareholders, the Remuneration Committee shall procure that the circular, letter or notice to the shareholders in connection therewith shall set out clear rationale for the participation of and grant of Awards to Participants who are Associates of Controlling Shareholders, provided always that it shall not be necessary to obtain the approval of the independent Shareholders for the participation in this Plan of Associates of Controlling Shareholders who at the relevant time were already Participants; and*
- (b) *the number of Shares available to each Associate of a Controlling Shareholder shall not exceed 10.0% of the Shares available under this Plan.*

APPENDIX

Proposed Amendments to Plan Rule 5.2

Plan Rule 5.2 is proposed to be amended by deleting the existing content of the Rule in its entirety and the following new content is proposed to be substituted accordingly:

- 5.2 The number of Shares (which are the subject of each Award) to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and, if applicable the extent of effort and resourcefulness required with which the Performance Condition may be achieved within the Performance Period, provided that in relation to the Controlling Shareholders and their Associates:
- (a) the aggregate number of Shares which may be offered by way of grant of Awards to Participants who are Controlling Shareholders and their Associates under this Plan shall not exceed 25.0% of the total number of Shares available under this Plan, and such aggregate number of Shares which may be offered to such Participants under this Plan has been approved by the independent Shareholders of the Company in a separate resolution. For the purposes of obtaining such approval of the independent Shareholders, the Remuneration Committee shall procure that the circular, letter or notice to the shareholders in connection therewith shall set out clear rationale for the participation of and grant of Awards to Participants who are Controlling Shareholders and their Associates, provided always that it shall not be necessary to obtain the approval of the independent Shareholders for the participation in this Plan of Controlling Shareholders and their Associates who at the relevant time were already Participants; and
 - (b) the number of Shares available to each Controlling Shareholder and their Associate shall not exceed 10.0% of the Shares available under this Plan.

NOTICE OF EXTRAORDINARY GENERAL MEETING

LIBRA GROUP LIMITED

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of LIBRA GROUP LIMITED (the "**Company**") will be held at Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on Wednesday, 23 April 2014 at 11.00 a.m. or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting at 10 a.m. on the same day and at the same place for the purpose of considering and, if thought fit, passing with or without modifications, the following Ordinary Resolutions:

ORDINARY RESOLUTIONS

RESOLUTION 1:

PROPOSED ACQUISITION OF A NEW FACTORY

THAT:

- (a) approval be and is hereby given for the Company to (i) acquire a factory at 53 Loyang Drive Singapore 508957 from Cellini Design Center Pte Ltd (the "**Vendor**") for a consideration of S\$16 million, on the terms and subject to the conditions of the offer to purchase entered into between the Company and the Vendor dated 26 February 2014 ("**OTP**"), and the transactions related thereto under the OTP ("**Proposed Acquisition**"); and (ii) to rent out any extra space in the factory, if any, to generate additional income; and
- (b) the Directors and any of them be and are hereby authorised and empowered to approve and complete and do all such acts and things (including to approve, modify, ratify, sign, seal, execute and deliver all such documents as may be required) as he or they may consider expedient, desirable or necessary or in the interests of the Company to give effect to the Proposed Acquisition and this Resolution and the transactions contemplated by the Proposed Acquisition and/or authorised by this Resolution.

RESOLUTION 2:

PROPOSED AMENDMENTS TO THE LIBRA PERFORMANCE SHARE PLAN

THAT:

- (a) the proposed amendments to the Rules of the Libra Performance Share Plan ("**Plan Rules**") as set out in the Appendix to the Circular to Shareholders dated 8 April 2014, be and are hereby adopted and approved by the Company;
- (b) the Directors be and are hereby authorized to offer and grant Awards in accordance with the provisions of the Plan (amended in accordance with paragraph (a) above ("**Modified Plan Rules**") and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the Awards under the Modified Plan Rules, provided that the aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted under the Plan; and (ii) all Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed fifteen per cent. (15%) of the total Shares (excluding treasury shares) on the day preceding the date on which the Award shall be granted; and
- (c) the Directors and/or any one of them be and is/are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental to or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Note: Mr Chu Sau Ben will, and will procure his associates to, abstain from voting on this Resolution 2 in respect of his shareholding, and will not accept nominations as proxies unless specific instructions have been given in the proxy instrument by the Shareholders appointing him on how they wish their votes to be cast.

RESOLUTION 3:

PROPOSED PARTICIPATION OF MR CHU SAU BEN, A CONTROLLING SHAREHOLDER, IN THE PLAN

THAT subject to and contingent upon the passing of the Ordinary Resolution 2, approval be and is hereby given for the participation in the Plan by Mr Chu Sau Ben, a Controlling Shareholder.

Note: Mr Chu Sau Ben will, and will procure his associates to, abstain from voting on this Resolution 3 in respect of his shareholding, and will not accept nominations as proxies unless specific instructions have been given in the proxy instrument by the Shareholders appointing him on how they wish their votes to be cast.

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 8 April 2014

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy, duly executed, must be deposited at the registered office of the Company at 101 Defu Lane 10, 3rd floor, Singapore 539222 not less than forty-eight (48) hours before the time appointed for holding the EGM.

This page has been intentionally left blank.

LIBRA GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company registration no. 201022364R)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. For investors who have used their CPF monies to buy LIBRA GROUP LIMITED shares, this Circular to Shareholders dated 8 April 2014 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____ (name)

of _____ (address)

being a member/members of Libra Group limited (the “**Company**”), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the “**Meeting**”) of the Company to be held at Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on 23 April 2014 at 11.00 a.m. or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting at 10 a.m.. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote “**For**” or “**Against**” with a tick [✓] within the box provided.)

No.	Ordinary Resolutions	For	Against
1	To approve the proposed acquisition of a new factory		
2	To approve the proposed amendments to the Libra Performance Share Plan		
3	To approve the participation of Mr. Chu Sau Ben in the Libra Performance Share Plan		

Dated this _____ day of _____ 2014

Total number of Shares in:	No. of Shares
CDP Register	
Register of Members	

Signature of Shareholder(s) or
Common Seal of Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of Shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 101 Defu Lane 10, 3rd floor, Singapore 539222 not less than forty-eight (48) hours before the time appointed for the EGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

This page has been intentionally left blank.

