

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant or other independent professional advisers immediately.

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ECM LIBRA FINANCIAL GROUP BERHAD (713570-K)
(Incorporated in Malaysia)

NOTICE TO SHAREHOLDERS IN RELATION TO THE

- **SUSPENSION OF TRADING OF ORDINARY SHARES OF ECM LIBRA FINANCIAL GROUP BERHAD (“ECMLFG”) [“ECM SHARES”];**
- **THE ENTITLEMENT DATE FOR THE CAPITAL REPAYMENT TO THE SHAREHOLDERS OF ECMLFG BY WAY OF CAPITAL REDUCTION EXERCISE IN ACCORDANCE WITH SECTION 64 OF THE COMPANIES ACT, 1965 (“CAPITAL REPAYMENT”), THE SHARE SPLIT INVOLVING THE SUBDIVISION OF THE ECM SHARES AFTER THE CAPITAL REPAYMENT (“SHARE SPLIT”) AND THE CONSOLIDATION OF THE ECM SHARES AFTER THE SHARE SPLIT (“SHARE CONSOLIDATION”)**

IMPORTANT DATES:

Last date and time for trading of ECM Shares	:	Wednesday, 27 February 2013 at 5.00 p.m.
Suspension of trading of ECM Shares	:	From Thursday, 28 February 2013 at 9.00 a.m. until Completion of Share Consolidation
Entitlement Date for the Capital Repayment, Share Split and Share Consolidation	:	Wednesday, 6 March 2013

This Notice is dated 20 February 2013

DEFINITIONS

Except where the context otherwise requires or where otherwise stated, the following definitions shall apply throughout this Notice.

Act	:	Companies Act, 1965
Board	:	Board of Directors of ECMLFG
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Cash Company	:	A listed issuer whose assets on a consolidated basis consist of 70% or more of cash or short term investments, or a combination of both, which has been considered by Bursa Securities as a Cash Company
ECM Shares	:	Ordinary shares of ECMLFG
ECMLFG or Company	:	ECM Libra Financial Group Berhad (713570-K)
ECMLIB	:	ECM Libra Investment Bank Berhad (682-X)
Entitled Shareholders	:	Shareholders whose name appear on the ROD of ECMLFG on the Entitlement Date
Entitlement Date	:	Close of business at 5.00 p.m. on Wednesday, 6 March 2013, on which the name of the Entitled Shareholders must be entered in the ROD of ECMLFG in order to be entitled to the Capital Repayment, Share Split and Share Consolidation
KIBB	:	Kenanga Investment Bank Berhad (15678-H)
KNKH	:	K & N Kenanga Holdings Berhad (302859-X)
KNKH Shares	:	Ordinary shares of RM1.00 each in KNKH
Market Day	:	A day on which Bursa Securities is open for trading of securities
ROD	:	Record of Depositors
RM	:	Ringgit Malaysia
RULS	:	Redeemable non-convertible unsecured loan stock (Series A) of KNKH
SC	:	Securities Commission Malaysia

All references to “**you**” in this Notice are to the shareholders of ECMLFG.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Notice to any provisions of the statutes, rules, regulations, guidelines or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, guidelines or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment of the statutes, rules, regulations, guidelines or rules of stock exchange for the time being in force.

Any reference to a time of a day in this Notice shall be a reference to Malaysian time, unless otherwise specified.

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ECM LIBRA FINANCIAL GROUP BERHAD (713570-K)
(Incorporated in Malaysia)

Registered Office:

2nd Floor, West Wing
Bangunan ECM Libra
8 Jalan Damansara Endah
Damansara Heights
50490 Kuala Lumpur
Malaysia

20 February 2013

Board of Directors:

Dato' Seri Kalimullah bin Masheerul Hassan (*Non-Independent Non-Executive Chairman*)
Dato' Ab. Halim bin Mohyiddin (*Independent Non-Executive Vice Chairman*)
Mr. Lim Kian Onn (*Non-Independent Non-Executive Director*)
Datuk Kamarudin bin Md Ali (*Independent Non-Executive Director*)
Encik Mahadzir bin Azizan (*Independent Non-Executive Director*)
Dato' Othman bin Abdullah (*Independent Non-Executive Director*)
Mr. Lum Sing Fai (*Non-Independent Non-Executive Director*)

To: The shareholders of ECMLFG

Dear Sir/Madam,

NOTICE TO THE SHAREHOLDERS OF ECMLFG IN RELATION TO THE SUSPENSION OF TRADING OF ECM SHARES AND THE ENTITLEMENT DATE FOR THE CAPITAL REPAYMENT, SHARE SPLIT AND SHARE CONSOLIDATION

1. INTRODUCTION

On 15 June 2012, the Board announced that:

- (i) ECMLFG had entered into a conditional share purchase agreement with KIBB and KNKH for the disposal by ECMLFG of the entire equity interest in ECMLIB to KIBB for a total disposal consideration of RM875,114,000 ("**Proposed Disposal**"); and
- (ii) Pursuant to the Proposed Disposal, ECMLIB simultaneously entered into a business merger agreement with KIBB for the proposed business merger of the businesses of ECMLIB and KIBB ("**Proposed Business Merger**").

In conjunction with and arising from the above, the Board also announced that the Company proposed to undertake a capital restructuring as follows:

- (i) Proposed capital repayment to the shareholders of ECMLFG comprising a total of RM442,647,000 in cash, 120,000,000 KNKH Shares and RM47,750,000 RULS via a reduction of the par value of the existing ECM Shares by an amount to be determined, in accordance with Section 64 of the Act ("**Proposed Capital Repayment**");

- (ii) Proposed share split involving the subdivision of the ECM Shares after the Proposed Capital Repayment, to facilitate the Proposed Share Consolidation (as defined below) (“**Proposed Share Split**”); and
- (iii) Proposed consolidation of the ECM Shares after the Proposed Share Split resulting in ECMLFG having a reduced issued and paid-up share capital taking into account the Proposed Disposal and the Proposed Capital Repayment (“**Proposed Share Consolidation**”),

(collectively referred to as the “**Proposals**”). The Proposed Share Split and Proposed Share Consolidation are undertaken in conjunction with the Proposed Capital Repayment.

At the Extraordinary General Meeting of ECMLFG held on 31 July 2012, the shareholders of ECMLFG had approved all the Proposals, the details of which are set out in the Circular to Shareholders dated 9 July 2012.

On 5 November 2012, the Board announced that SC had via its letter dated 2 November 2012, granted its approval under section 212(5) of the Capital Markets and Services Act 2007, for the proposed distribution of the KNKH Shares and RULS to all shareholders of ECMLFG by way of distribution-in-specie, pursuant to the Proposed Capital Repayment in conjunction with the Proposed Disposal and Proposed Business Merger.

The approval granted by SC for the proposed distribution-in-specie is subject to the following terms:

- (i) Distribution-in-specie of 120,000,000 KNKH Shares to all shareholders of ECMLFG; and
- (ii) Distribution-in-specie of RM47,750,000 RULS to all shareholders of ECMLFG.

On 14 December 2012, ECMLFG announced that the Proposed Disposal and Proposed Business Merger had been completed and further that the Proposed Capital Repayment by ECMLFG based on the closing price of KNKH of RM0.585 per KNKH Share on 14 December 2012 (“**KNKH Share Closing Price**”) shall comprise:

- (i) a cash distribution of RM442,647,000;
- (ii) distribution-in-specie of 120,000,000 KNKH Shares valued at RM70,200,000; and
- (iii) distribution-in-specie of RM47,750,000 in nominal value of RULS,

(collectively referred to as the “**Capital Repayment**”),

amounting to RM560,597,000. The Capital Repayment will be effected via a reduction of the par value of the ECM Shares from RM1.00 to RM0.324.

Based on the issued and paid-up share capital of ECMLFG as at 7 February 2013 of 828,819,091 ECM Shares of RM1.00 each, the distribution to Entitled Shareholders of ECMLFG will be as follows:

	RM	RM per ECM Share
Cash Distribution	442,647,000	0.534
Distribution-in-specie of KNKH Shares	70,200,000 ⁽¹⁾	0.085
Distribution-in-specie of RULS	47,750,000 ⁽²⁾	0.057
Total distribution	560,597,000	0.676

Notes:

(1) The KNKH Shares were valued at KNKH Share Closing Price.

(2) The RULS were issued at nominal value.

ECMLFG will undertake the Proposed Share Split where every one (1) remaining ordinary share of RM0.324 each in ECMLFG shall be subdivided into 32.4 ECM Shares of RM0.01 each in ECMLFG ("**Subdivided Shares**") [**"Share Split"**].

Thereafter, ECMLFG will undertake the Proposed Share Consolidation where one hundred (100) ECM Shares of RM0.01 each in ECMLFG shall be consolidated into one (1) ECM Share of RM1.00 each, resulting in the issued and paid-up share capital of ECMLFG being RM268,222,091 comprising 268,222,091 ECM Shares of RM1.00 each ("**Consolidated Shares**") [**"Share Consolidation"**].

On 20 December 2012, ECMLFG announced that Bursa Securities had informed that ECMLFG is not considered a Cash Company pursuant to Paragraph 8.03(1) of the Main Market Listing Requirements of Bursa Securities subject to the Company completing the Capital Repayment via the cash distribution and distribution-in-specie of the KNKH Shares and RULS as mentioned above to the Entitled Shareholders of the Company.

On 7 February 2013, the Board announced that ECMLFG has obtained the order of the High Court of Malaya on 7 February 2013 confirming the reduction of the par value of the ECM Shares from RM1.00 to RM0.324 ("**Capital Reduction**").

On 19 February 2013, the Board announced that the Entitlement Date shall be on 6 March 2013 and the payment/distribution of the cash and KNKH Shares shall be on 14 March 2013 ("**Payment Date**"). The RULS shall be distributed on 4 April 2013.

The purpose of this Notice is to provide you with the information pertaining to the suspension of trading of ECM Shares on the Main Market of Bursa Securities and the Entitlement Date for the Capital Repayment, Share Split and Share Consolidation. **You are not required to take any action for the receipt of the cash distribution and distribution-in-specie of the KNKH Shares. For the distribution-in-specie of the RULS, you are required to open a Scripless Securities Trading System ("SSTS") account with an Authorised Depository Institution in order to facilitate the distribution of the RULS to you. If you do not wish to open a SSTS account, your entitlement to the RULS will be held by ECMLFG on your behalf. Further details on the distribution-in-specie of the RULS are elaborated in Section 7 below.**

2. DETAILS OF THE CAPITAL REPAYMENT, SHARE SPLIT AND SHARE CONSOLIDATION

The Capital Repayment would entail the repayment of:

- (i) RM534.06 in cash ("**Cash Repayment**");
- (ii) 144 KNKH Shares; and
- (iii) RM57 nominal value of RULS,

for every 1,000 ECM Shares held on the Entitlement Date by way of capital reduction pursuant to Section 64 of the Act. The Capital Reduction shall take effect on 28 February 2013 when an office copy of the order from the High Court of Malaya confirming the Capital Reduction is lodged with the Registrar of the Companies Commission of Malaysia.

Following the Capital Reduction, the Share Split and Share Consolidation will be effected immediately.

The timing of the Capital Repayment will be in accordance with the timeframe set out in Section 8 of this Notice.

In respect of the Share Split and Share Consolidation, the Subdivided Shares and the Consolidated Shares shall upon issue and allotment, rank *pari passu* in all respects with each other. In determining the entitlement of the Entitled Shareholders to the Capital Repayment, Subdivided Shares and Consolidated Shares, fractional entitlements, if any, will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient in order to minimize the incidence of odd lots, and in the

interest of the Company.

3. SUSPENSION OF TRADING OF ECM SHARES

The trading of ECM Shares on the Main Market of Bursa Securities will be suspended with effect from 9.00 a.m. on Thursday, 28 February 2013, which is three (3) clear Market Days prior to the Entitlement Date until completion of the Share Consolidation. An application will be made to Bursa Securities upon completion of the Share Consolidation for the re-quotations of the trading of ECM Shares. Accordingly, the last day of trading of ECM Shares on the Main Market of Bursa Securities prior to suspension shall be 5.00 p.m. on Wednesday, 27 February 2013. The purpose of the suspension is to facilitate the implementation of the Capital Repayment, Share Split and Share Consolidation.

4. ENTITLEMENT DATE FOR THE CAPITAL REPAYMENT, SHARE SPLIT AND SHARE CONSOLIDATION

If you are a registered holder of ECM Shares as at the Entitlement Date, you are hereby given notice that your existing ECM Shares shall be subject to reduction, splitting and consolidation pursuant to the Capital Reduction, Share Split and Share Consolidation.

The shareholders of ECMLFG whose names appear in the ROD of ECMLFG at the close of business at 5.00 p.m. on Wednesday, 6 March 2013, shall be entitled to the Cash Repayment, the KNKH Shares and the RULS pursuant to the Capital Repayment in respect of:

- (i) ECM Shares transferred into the respective shareholders' CDS accounts before 4.00 p.m. on Wednesday, 6 March 2013; and
- (ii) ECM Shares bought on Bursa Securities on a cum-entitlement basis according to the rules of Bursa Securities.

5. CASH REPAYMENT

Please be advised that the Entitled Shareholders shall be entitled to the Cash Repayment.

If you are a holder of the ECM Shares, you are not required to take any action in respect of the Cash Repayment. The payment of cash of RM534.06 for every 1,000 ECM Shares held by the Entitled Shareholders will be made by crediting the amount into the bank account of the Entitled Shareholders who have provided their bank account information to Bursa Malaysia Depository Sdn Bhd ("**BMD**").

For Entitled Shareholders who have not provided their bank account information to the BMD, the cheque will be despatched by ordinary prepaid post, at their own risk, to the respective address of the Entitled Shareholders.

6. DISTRIBUTION OF KNKH SHARES AND ALLOTMENT OF CONSOLIDATED SHARES

Please be advised that the Entitled Shareholders shall be entitled to the KNKH Shares and Consolidated Shares.

For the KNKH Shares and Consolidated Shares, no action is required by the Entitled Shareholders. The KNKH Shares and Consolidated Shares will be credited directly into the respective CDS accounts of the Entitled Shareholders and no physical share certificates will be issued.

7. MODE OF DISTRIBUTION OF RULS

Please be advised that the Entitled Shareholders shall be entitled to the RM47,750,000 nominal value of RULS.

The RULS are not rated and are not traded or transferable. The SC has, however, approved a one-time transfer of the RULS from ECMLFG to the shareholders of the Company. The RULS have a tenure of one (1) year maturing on 13 December 2013 and shall bear interest at 5% per annum, payable semi-annually.

An Entitled Shareholder is required to open a Scripless Securities Trading System ("SSTS") account with an Authorised Depository Institution in order to facilitate the distribution of the RULS. If an Entitled Shareholder does not wish to open a SSTS account, ECMLFG will hold their entitlement to the RULS on their behalf. In such instance, the Entitled Shareholder will authorise ECMLFG to exercise all their rights in respect of the RULS, including but not limited to, giving instructions to the Trustee (as defined herein) to convene meeting(s) of the RULS holders and voting at any meetings of the RULS holders convened under the Trust Deed dated 30 November 2012 between TMF Trustees Malaysia Berhad ("Trustee") and KNKH ("Trust Deed"). Where ECMLFG holds the RULS on behalf of the Entitled Shareholder, ECMLFG will remit to the Entitled Shareholders the interest and the redemption amount for the RULS as soon as practicable upon receipt from KNKH.

The Entitled Shareholders are required to provide the information on their SSTS account in the attached form which must be returned to the Share Registrar no later than 22 March 2013, failing which the Entitled Shareholder would be deemed to have appointed and authorised ECMLFG to hold the RULS on their behalf and to exercise all their rights in respect of the RULS under the Trust Deed.

The relevant information on opening of the SSTS account is detailed in Appendix 1 of this Notice.

8. NOTICES OF DISTRIBUTION AND ALLOTMENT

On the Payment Date, the Company will:

- (i) distribute the cash, KNKH Shares and allot the Consolidated Shares;
- (ii) despatch the notice of distribution of the cash, KNKH Shares and RULS; and
- (iii) despatch the notice of allotment of the Consolidated Shares,

to the Entitled Shareholders.

The RULS will be distributed to Entitled Shareholders within fifteen (15) Market Days from the Payment Date so as to accommodate the notice period for Entitled Shareholders to notify the Share Registrar of their SSTS account details, where applicable.

9. DIRECTORS' RESPONSIBILITY STATEMENT

This Notice has been seen and approved by the Board who collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

10. FURTHER INFORMATION AND ENQUIRIES

You may contact our Share Registrar as follows should you have any enquiries concerning this Notice:

Tricor Investor Services Sdn Bhd
Level 17, The Gardens, North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2264 3883
Fax : 03-2282 1886
Email: is.enquiry@my.tricorglobal.com

Yours faithfully,
for and on behalf of the Board of
ECM LIBRA FINANCIAL GROUP BERHAD

Dato' Seri Kalimullah bin Masheerul Hassan
Non-Independent Non-Executive Chairman

Opening a Scripless Securities Trading System (“SSTS”) Account

1. In line with market conventions whereby all fixed income securities are scripless, the RULS issued by KNKH to ECMLFG is a scripless corporate debt security. Therefore, a SSTS account is required by an ECMLFG shareholder to receive the RULS.

The SSTS functions to effect and record the trading of scripless securities between participating members of the SSTS, or between these member institutions and Bank Negara Malaysia, as well as the associated settlement of payments.

2. A SSTS account can be opened with an Authorised Depository Institution (“ADI”). Generally, all commercial and investment banks in Malaysia are ADIs. The SSTS account in any ADI is linked to the RENTAS funds transfer system. There is no risk of non-payment or failure of delivery as securities in the SSTS account can only be moved or payment can only be made if and only if there is a matching transaction from another institution.

The ADI functions to maintain the securities accounts of individual customers, withhold tax where applicable for beneficial holders, pay interest or dividends or redemption proceeds they receive to the beneficial owners, and provide evidence of ownership to prove entitlement to voting rights.

3. An individual who wishes to open a SSTS account to trade in government bonds and corporate debt securities is required to have total net personal assets in excess of RM3 million or its equivalent in foreign currencies.

A corporation which wishes to open a SSTS account is required to have total net assets in excess of RM10 million.

4. The ADI would normally charge an average of RM100 to open a SSTS account. Additionally, there will be a monthly custodian fee chargeable based on the value of the debt securities in the SSTS account.
5. A letter of instruction from the SSTS account holder is required to be issued to your ADI to receive the RULS into your account. You should contact your ADI for the format of the said letter of instruction.

ECM LIBRA FINANCIAL GROUP BERHAD
Distribution-in-Specie of RM47,750,000 Nominal Value of Redeemable
Non-Convertible Unsecured Loan Stocks (Series A) ("RULS")
issued by K & N Kenanga Holdings Berhad

Share Registrar
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Fax: 03-2282 1886
Email: is.enquiry@my.tricorglobal.com

Dear Sir/Madam

INFORMATION ON SSTS ACCOUNT

I refer to the Notice from ECM Libra Financial Group Berhad dated 20 February 2013 on, inter alia, the distribution-in-specie of the RULS.

I append below the duly completed information for your further action.

Name of Shareholder : _____
NRIC/Company No. : _____
CDS Account No. : _____
Address : _____

Name of Contact Person : _____
Telephone Contact : _____

PLEASE FILL IN THE RELEVANT SECTION BELOW.

By providing the information below, I hereby authorise ECM Libra Financial Group Berhad to transfer my entitlement to the RULS to my account. I hereby acknowledge that in order for me to receive the RULS, I must also give an instruction letter to my ADI to receive the RULS into my SSTS account and it is my responsibility to ensure that my instruction letter is received by my ADI before 29 March 2013.

SSTS Account No. : _____
Authorised Depository Institution (ADI) : _____
Address of ADI : _____

I do not wish to open a SSTS account and hereby appoint and authorise ECM Libra Financial Group Berhad to hold the RULS on my behalf and exercise all my rights in respect of the RULS.

.....
Signature of Shareholder

Date:



Fold this flap for sealing

Then fold here

AFFIX
STAMP

Share Registrar
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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