

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in ECM Libra Berhad (288682-P) ("ECM Libra"), you should at once hand this Circular together with the enclosed Form of Proxy to the purchaser or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Notice of the Extraordinary General Meeting of ECM Libra to be held at Anggerik Room, 4th Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250, Kuala Lumpur, on Monday, 17 April 2006 at 10.00 a.m. for the purpose of considering the proposals mentioned below are enclosed in this Circular.

A Form of Proxy is enclosed for you to complete and return in accordance with the instructions thereon as soon as possible so as to arrive at the Registered Office of the Company not later than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.


ecmlibra
ECM LIBRA BERHAD
(Company No: 288682-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

in relation to the

- I. Proposed merger between ECM Libra and Avenue Capital Resources Berhad via the proposed acquisitions by Avenue International Capital Berhad ("AICB") of the operating subsidiaries of ECM Libra to be wholly satisfied by the issuance of 442,000,000 new ordinary shares in AICB to be credited as fully paid-up ("Proposed Merger");**
- II. Proposed distribution of 433,000,000 AICB Shares to be received by ECM Libra pursuant to the Proposed Merger to the shareholders of ECM Libra and proposed capital reconstruction exercise involving a reduction in the par value of the share capital of ECM Libra, the utilisation of the share premium account and the setting-off of accumulated losses pursuant to the Proposed Merger and thereafter the consolidation of the shares to a par value of RM0.10 per share; and**
- III. Proposed disposal of the remaining 9,000,000 AICB Shares.**

And

Notice of Extraordinary General Meeting

Advised by



Aseambankers Malaysia Berhad (15938-H)

Last day and time for lodging the Form of Proxy	:	Saturday, 15 April 2006 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	Monday, 17 April 2006 at 10.00 a.m.

This Circular is dated 24 March 2006

DEFINITIONS

In this Circular, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

“Act”	:	Companies Act, 1965
“ACRB”	:	Avenue Capital Resources Berhad (478-A)
“ACRB Group”	:	ACRB, its subsidiaries and associated companies
“ACRB Share(s)”	:	Ordinary shares of RM1.00 each in ACRB
“AICB”	:	Avenue International Capital Berhad (713570-K)
“AICB Group”	:	AICB and its proposed subsidiaries and associated companies under the Proposed Reorganisation of ACRB and Proposed Merger
“AICB Share(s)”	:	Ordinary shares of RM1.00 each in AICB
“Aseambankers”	:	Aseambankers Malaysia Berhad (15938-H)
“AvS”	:	Avenue Securities Sdn Bhd (682-X)
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of ECM Libra
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“Bursa Securities LR”	:	Listing Requirements of Bursa Securities
“Code”	:	Malaysian Code On Take-Overs and Mergers, 1998
“Consideration Shares”	:	442,000,000 new AICB Shares to be credited as fully paid-up to be issued to ECM Libra pursuant to the Proposed Merger
“Director(s)”	:	Shall have the meaning given in Section 4 of the Act
“E&Y”	:	Ernst & Young (AF 0039)
“ECM Libra” or the “Company”	:	ECM Libra Berhad (288682-P)
“ECM Libra Group” or the “Group”	:	ECM Libra and its subsidiary companies
“ECM Libra Share(s)”	:	Ordinary shares of RM1.00 each in ECM Libra
“ECM Libra Companies”	:	Comprising ECMLC, ECMLP, ECMLCM, ECMLH and ECMLS
“ECMLC”	:	ECM Libra Capital Sdn Bhd (579116-A)

DEFINITIONS (*Cont'*)

“ECMLCM”	:	ECM Libra Capital Markets Sdn Bhd (287180-H)
“ECMLH”	:	ECM Libra Holdings Limited (LL03290)
“ECMLP”	:	ECM Libra Partners Sdn Bhd (481609-M)
“ECMLS”	:	ECM Libra Securities Sdn Bhd (164534-K)
“EGM”	:	Extraordinary general meeting
“EPS”	:	Earnings per share
“FIC”	:	Foreign Investment Committee
“HKD”	:	Hong Kong Dollar
“ICULS”	:	Irredeemable convertible unsecured loan stocks 2002/2007 of RM1.00 nominal value each in ACRB
“IRB”	:	Inland Revenue Board
“LPS”	:	Loss per share
“LOFSA”	:	Labuan Offshore Financial Services Authority
“NA”	:	Net assets
“NTA”	:	Net tangible assets
“Proposed Capital Reconstruction”	:	Proposed capital reconstruction to be undertaken by the Company which comprises the following steps: <ul style="list-style-type: none">(i) a reduction in the par value of each ECM Libra Share under Section 64 of the Act by an amount equivalent to the cost of investment of each AICB Share for the purpose of the Proposed Distribution;(ii) a further reduction in the par value of each ECM Libra Share under Section 64 of the Act to set off the accumulated losses of ECM Libra arising after the Proposed Merger as determined by the Board so as to leave a final balance of 433,000,000 ordinary shares with a par value equal to or being no lesser than RM0.014672 each (with the aggregate issued and paid-up share capital of the Company being equal to or no less than RM6,352,000);

DEFINITIONS (Cont')

- (iii) the balance accumulated losses of ECM Libra (if any) is proposed to be further set off against the share premium account by way of a capital reduction exercise by utilising the share premium account; and
 - (iv) a proposed consolidation of the ECM Libra Shares after (i) and (ii) above, to a par value of RM0.10 each

- “Proposed Disposal” : Proposed disposal of the remaining 9,000,000 AICB Shares

- “Proposed Distribution” : Proposed distribution of 433,000,000 AICB Shares to be received by ECM Libra pursuant to the Proposed Merger to the shareholders of ECM Libra

- “Proposed Merger” : Proposed merger between ECM Libra and ACRB via the proposed acquisitions by AICB of the ECM Libra Companies to be wholly satisfied by the issuance of the Consideration Shares

- “Proposed GO Waiver” : Proposed exemption to ECM Libra and parties deemed acting in concert with them, from the obligation to undertake a mandatory offer for the remaining AICB Shares not already owned by them, after the completion of the Proposed Merger, as permitted by the SC under Practice Note 2.9.1 of the Code

- “Proposed Reorganisation of ACRB” : Proposed reorganisation exercise of the ACRB Group as approved by the SC on 29 September 2005 and the stockholders of ACRB on 1 December 2005, involving the following inter-conditional proposals:
 - (i) proposed exchange of all the ACRB Shares, ICULS and Warrants with new AICB Shares pursuant to a scheme of arrangement of ACRB under Section 176 of the Act;
 - (ii) proposed distribution of assets in specie comprising all the PSH Shares held by ACRB and all the shareholdings of ACRB in its subsidiaries and associated company involved in the provision of financial services to AICB, via a reduction in share capital of ACRB under Section 64 of the Act;
 - (iii) proposed distribution of assets in specie comprising all the PSH Shares held by AICB to its shareholders after (i) and (ii) above via a reduction in share capital of AICB under Section 64 of the Act;

DEFINITIONS (Cont')

	(iv)	proposed cancellation of goodwill arising from (i) above pursuant to a reduction of capital of AICB under Section 64 of the Act;
	(v)	proposed consolidation of the AICB shares after (iii) and (iv) above back to its par value of RM1.00 each; and
	(vi)	proposed transfer of the listing status of ACRB to AICB, such that ACRB will be delisted and AICB will assume the listing status of ACRB on the Main Board of Bursa Securities.
“PSH”	:	Pos Malaysia & Services Holdings Berhad (491-K)
“PSH Share(s)”	:	Ordinary shares of RM 1.00 each in PSH
“RCULS”	:	RM60,000,000 nominal value of 5-year redeemable convertible unsecured loan stocks with a coupon rate of 3% per annum in ECM Libra
“RM”	:	Ringgit Malaysia
“SC”	:	Securities Commission
“SC Act”	:	Securities Commission Act, 1993
“SC Guidelines”	:	Policies and Guidelines on Issue/Offer of Securities issued by SC as amended or expanded from time to time
“SGD”	:	Singapore Dollar
“Shares”	:	Ordinary shares of RM1.00 each
“SSA”	:	Conditional Share Sale Agreement dated 19 January 2006 entered into between ECM Libra, ACRB and AICB for the purpose of the Proposed Merger
“Unconditional Date of the SSA”	:	means the date on which the last of the conditions precedent specified in the SSA is received, obtained, fulfilled or waived, as the case may be, or such other date as close thereto as the auditors can accommodate and as mutually agreed by ECM Libra, ACRB and AICB.
“USD”	:	United States Dollars
“Warrants”	:	Warrants 2002/2007 in ACRB

Unless specifically referred to, words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall include the feminine gender and vice versa.

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NOTICE OF EGM (*Enclosed*)

FORM OF PROXY (*Enclosed*)

ecmlibra
ECM LIBRA BERHAD
(Company No: 288682-P)
(Incorporated in Malaysia)

Registered Office:

8A Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur

24 March 2006

The Board of Directors

Dato' Kalimullah bin Masheerul Hassan	<i>(Executive Chairman & Co-Chief Executive Officer)</i>
Datuk Roger Tan Kim Hock	<i>(Deputy Chairman)</i>
Lim Kian Onn	<i>(Co-Chief Executive Officer)</i>
Chua Ming Huat	<i>(Chief Operating Officer)</i>
Dato' Mohd Ali bin Abd. Samad	<i>(Independent Non - Executive Director)</i>
Tan Sri Dato' Dr. Sak Cheng Lum	<i>(Independent Non - Executive Director)</i>

To: The Shareholders of ECM Libra Berhad

Dear Sir/Madam

- I. Proposed merger between ECM Libra and ACRB via the proposed acquisitions by AICB of the operating subsidiaries of ECM Libra to be wholly satisfied by the issuance of 442,000,000 new ordinary shares in AICB to be credited as fully paid-up; and**
- II. Proposed distribution of 433,000,000 AICB Shares to be received by ECM Libra pursuant to the Proposed Merger, to the shareholders of ECM Libra, and proposed capital reconstruction exercise involving a reduction in the par value of the share capital of ECM Libra, the utilisation of the share premium account and the setting-off of accumulated losses pursuant to the Proposed Merger and thereafter the consolidation of the shares to a par value of RM0.10 per share.**
- III. Proposed disposal of the remaining 9,000,000 AICB Shares**

1. INTRODUCTION

On 19 January 2006, ECM Libra announced that the Company had entered into the SSA with ACRB and AICB for the purpose of the proposed merger between ACRB and ECM Libra via the proposed acquisitions by AICB from ECM Libra of its 100% equity interests in the ECM Libra Companies for a consideration to be satisfied via the issuance of 442,000,000 new AICB Shares to be credited as fully paid-up.

Upon completion of the Proposed Merger, ECM Libra would hold 442,000,000 AICB Shares representing approximately 53.2% of the enlarged issued and paid-up share capital of AICB.

Pursuant to Section 33B(2) of the SC Act and Section 6(1) of the Code, ECM Libra and parties deemed acting in concert with them would be obliged to make a mandatory offer to acquire the remaining shares in AICB not already owned by them after completion of the Proposed Merger. In relation thereto and for the purpose of the Proposed Merger only, the parties deemed acting in concert with ECM Libra are Dato' Kalimullah bin Masheerul Hassan, Lim Kian Onn and Chua Ming Huat, collectively.

On 16 February 2006, Aseambankers announced on behalf of the Company that pursuant to the Proposed Merger, the Board is proposing to distribute 433,000,000 AICB Shares to be received pursuant to the Proposed Merger, to the shareholders of ECM Libra to be effected via a capital reconstruction exercise involving a reduction in the par value of the share capital of ECM Libra, the utilisation of the share premium account, and thereafter the consolidation of the shares to a par value of RM0.10 per share.

Pursuant to the above, Aseambankers had on 16 February 2006, submitted an application to the SC on behalf of the Company, for its approval for the Proposed Merger, Proposed Distribution and Proposed Capital Reconstruction.

An application on behalf of ECM Libra and the parties deemed acting in concert with them has been made separately to the SC by AvS (as adviser to ACRB), to seek exemption from the aforesaid obligation arising from the Proposed Merger as permitted under Practice Note 2.9.1 of the Code.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED MERGER, PROPOSED DISTRIBUTION, PROPOSED DISPOSAL AND PROPOSED CAPITAL RECONSTRUCTION AND TO SEEK YOUR APPROVAL FOR THE RELEVANT RESOLUTIONS TO BE TABLED AT THE FORTHCOMING EGM.

SHAREHOLDERS OF ECM LIBRA ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR, BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED MERGER, PROPOSED DISTRIBUTION, PROPOSED DISPOSAL AND PROPOSED CAPITAL RECONSTRUCTION.

2. PROPOSED MERGER

2.1 Details of the Proposed Merger

On 19 January 2006, ECM Libra had entered into the SSA with ACRB and AICB for the purpose of the proposed merger between ACRB and ECM Libra via the proposed acquisitions by AICB from ECM Libra of its 100% equity interests in the ECM Libra Companies for a consideration to be satisfied via the issuance of 442,000,000 new AICB Shares to be credited as fully paid-up.

2.2 Salient features of the SSA

The salient features of the SSA are as follows:

(i) Consideration for the Proposed Merger

The total consideration for the Proposed Merger shall be 442,000,000 new AICB Shares to ECM Libra, to be credited as fully paid-up.

(ii) Conditions precedent

The conditions precedent include the conditions specified in Section 8 below which are to be satisfied within nine (9) months from the date of the SSA or such longer period as the parties may agree. In addition, the SSA is also conditional upon the completion of the Proposed Reorganisation of ACRB.

ACRB/AICB has obtained all necessary approvals for the Proposed Reorganisation of ACRB save for :

- (i) the approval from the Ministry of Finance for the recognition of the Bumiputera investors in the share capital of AICB to comply with the National Development Policy; and
- (ii) the Orders of the High Court of Malaya.

The Proposed Reorganisation of ACRB is expected to be completed by the second quarter of 2006.

(iii) NTA of the ECM Libra Companies

The NTA of the ECM Libra Companies and its subsidiary companies as at the Unconditional Date of the SSA shall be RM210 million ("Agreed NTA").

In the event the Agreed NTA is more than RM210 million, ECM Libra is entitled to declare and pay dividends and other distributions or make such other arrangements, payments or distributions by the ECM Libra Companies to ECM Libra.

In the event the Agreed NTA is less than RM210 million, ECM Libra shall pay to the ECM Libra Companies an amount equal to the deficit.

(iv) NTA of the ACRB or AICB Group

The NTA of the ACRB or AICB Group (whichever the case may be) as at the Unconditional Date of the SSA shall be RM398 million ("Agreed Avenue NTA").

In the event the NTA of the ACRB or AICB Group (whichever the case may be) as at the Unconditional Date of the SSA varies more than 5% from the Agreed Avenue NTA of RM398 million, ECM Libra shall be entitled to rescind the SSA.

(v) Dividends

ECM Libra shall be entitled to pay or declare dividends or make any other distribution so long as the NTA of the ECM Libra Companies and its subsidiary companies as at the Unconditional Date of the SSA is more than the Agreed NTA of RM210 million.

2.3 Basis of arriving at the consideration

The consideration of 442,000,000 new AICB Shares to be credited as fully paid-up for the ECM Libra Companies was arrived at on a willing buyer-willing seller basis after taking into consideration, inter-alia, the following:

- (i) the agreed total NTA of the ECM Libra Companies and its subsidiary companies of RM210 million as at the Unconditional Date of the SSA;
- (ii) the total market capitalisation of ECM Libra of RM459 million, based on the closing price of the shares of RM1.06 as at 17 January 2006 (being the latest practicable date prior to the signing of the SSA); and
- (iii) the future earnings potential of the ECM Libra Companies.

2.4 Ranking and listing of the Consideration Shares

The Consideration Shares shall rank *pari passu* in all respects with the ordinary shares of AICB in issue at the date of allotment, save that it shall not be entitled to any dividends, rights, allotment and/or other distributions as permitted under the SSA, the entitlement date of which is prior to the date of allotment of the Consideration Shares. For the avoidance of doubt, the Consideration Shares shall not be entitled to participate in the Proposed Reorganisation of ACRB.

An application will be made by ACRB/AICB to Bursa Securities for the listing of and quotation for the Consideration Shares on Bursa Securities.

2.5 Liabilities to be assumed

Pursuant to the Proposed Merger, ECM Libra will not assume any liabilities of the ECM Libra Companies and of AICB. The liabilities of the ECM Libra Companies and of AICB shall remain in the books of the respective companies and shall be settled in the ordinary course of business.

2.6 Cost of investment for ECM Libra and the effect on the retained earnings account of ECM Libra

The cost of investment of ECM Libra in the ECM Libra Companies are as follows:

Name of company	Date of investment	No. of shares	Cost of investment (RM)
ECMLH	30 March 2004	1,316,000	330,990,002
ECMLC		1,000,000	
ECMLP		500,000	
ECMLCM	18 October 2004	2,000,000	2,375,800
ECMLS	30 March 2004	101,038,732	*185,440,808

Note:

- * Subject to certain final adjustment to be agreed between ECM Libra (as purchaser) and Khazanah Nasional Berhad (as vendor).

Prior to the Proposed Merger, the Group's audited unappropriated profit as at 31 March 2005 stood at RM35,087,000. Upon completion of the Proposed Merger, the Company and the Group would record a loss on disposal of approximately RM258,494,000 and RM278,525,000 respectively, which would result in the Group having an accumulated loss amounting to approximately RM245,138,000. However, the Company is proposing to reduce the accumulated losses by undertaking the Proposed Capital Reconstruction, details of which are set out in Section 3.1 of this Circular.

2.7 Estimated time frame for completion

The Proposed Merger is expected to be completed within nine (9) months from 19 January 2006 (being the date of the SSA).

2.8 Classification as an affected listed issuer pursuant to Practice Note 17 of the Bursa Securities LR

Upon completion of the Proposed Merger and Proposed Distribution, ECM Libra will be classified as an affected listed issuer pursuant to Practice Note 17 of the Bursa Securities LR ("PN 17") in view that ECM Libra has ceased its major operations as a result of the disposal of the Company's major businesses. As such, ECM Libra is required to make an immediate announcement on its status and obligations thereof. ECM Libra is also required to regularise its financial position within eight (8) months from the date of the abovementioned announcement.

2.9 Rights of RCULS holders

Pursuant to the terms as contained in the Trust Deed dated 9 March 2004 governing the RCULS ("Trust Deed"), the Proposed Merger is an event contemplated under Condition 11.1(e) of Schedule 3 of the Trust Deed, i.e. *"the Issuer ceases or threatens to cease to carry on the whole or substantial part of its business which it carries on as at the date of the Trust Deed"*. With the occurrence of this event, the RCULS holders may direct the Trustee to declare an event of default, whereupon the principal amount of all outstanding RCULS, together with the relevant payable interest, shall become immediately payable by the Company.

In this regard, all the RCULS holders namely Dato' Kalimullah bin Masheerul Hassan, Mr Lim Kian Onn and Mr Chua Ming Huat have on 14 February 2006 given their written undertaking on the basis that the Proposed Merger proceeds in accordance with the terms therein, that they are agreeable to withhold exercising their rights to redeem the RCULS prior to the completion of the Proposed Merger. They have also agreed to withhold exercising their rights to convert the RCULS prior to the completion of the Proposed Capital Reconstruction unless the Proposed Merger has been earlier terminated or aborted for whatever reason or the Company is agreeable to allow for such conversion.

Save for the above, the rights of the RCULS holders remain unchanged.

2.10 Proforma Consideration

The issue price for each AICB Share is assumed to be approximately RM0.66 per share, which was arrived at based on the proforma value of each AICB Share after taking into account the Proposed Reorganisation of ACRB (based on the closing share price of ACRB as of 16 January 2006, being the latest practicable date prior to signing of SSA). As such, the proforma consideration for the Proposed Merger is assumed to be approximately RM293,000,000.

2.11 NA and profit after taxation of the ECM Libra Companies

The latest audited NA and profit/(loss) after taxation of the ECM Libra Companies and its subsidiary companies for the financial year ended 31 March 2005 are as follows:

Name of company	NA RM'000	Profit/(loss) after taxation RM'000
ECMLH (a)	*30,011	*22,800
ECM Libra Investment Bank Limited	*43,602	*7,193
ECM Libra Securities Limited	#5,106	#7,127
ECM Libra Investments Limited	*(3)	*(3)
ECMLC	3,002	4,851
ECMLP	1,573	867
ECMLCM	2,288	10
ECMLS (b)	160,839	23,232

Note:

(a) The NA and profit after taxation of ECMLH shown above are at company level and does not take into account the consolidation adjustments, particularly its cost of investments and dividends received from a subsidiary company.

(b) The NA and profit after taxation of ECMLS shown above does not include its subsidiary companies as they are not material.

* At the exchange rate of USD1.00 : RM3.80

At the exchange rate of HKD0.4872 : RM1.00

3. PROPOSED DISTRIBUTION AND PROPOSED CAPITAL RECONSTRUCTION

3.1 Details of the Proposed Distribution and Proposed Capital Reconstruction

Upon completion of the Proposed Merger and subject to the results of the final completion audit on the ECM Libra Companies to be undertaken in accordance with the SSA, ECM Libra proposes to undertake the following:

(i) Proposed Distribution

Distribution of 433,000,000 out of the 442,000,000 AICB Shares to be received by the Company pursuant to the Proposed Merger, to the shareholders of ECM Libra, leaving a balance of 9,000,000 AICB Shares ("Balance AICB Shares"). Based on the issued and paid-up share capital of the Company as at 28 February 2006, the distribution of the 433,000,000 AICB Shares would be on the basis of one (1) AICB Share for every one (1) ECM Libra Share held.

(ii) Proposed Capital Reconstruction

The Proposed Capital Reconstruction will involve the following:

- (a) a reduction in the par value of each ECM Libra Share under Section 64 of the Act by an amount equivalent to the cost of investment of each AICB Share for the purpose of the Proposed Distribution;
- (b) a further reduction in the par value of each ECM Libra Share under Section 64 of the Act to set off the accumulated losses of ECM Libra arising after the Proposed Merger as determined by the Board so as to leave a final balance of 433,000,000 ordinary shares with a par value equal to or being no lesser than RM0.014672 each (with the aggregate issued and paid-up share capital of the Company being equal to or no less than RM6,352,000);
- (c) the balance accumulated losses of ECM Libra (if any) is proposed to be further set off against the share premium account by way of a capital reduction exercise by utilising the share premium account; and
- (d) a proposed consolidation of the ECM Libra Shares after (a) and (b) above, to a par value of RM0.10 each.

For illustration purposes, at the assumed cost of investment of approximately RM0.66 per AICB Share, which is based on the proforma value of each AICB Share after taking into account the Proposed Reorganisation of ACRB and the distribution of one (1) AICB Share for every one (1) ECM Libra Share held (on the assumption that none of the outstanding RCULS are converted prior to the Proposed Capital Reconstruction), the Proposed Distribution and the Proposed Capital Reconstruction would be effected in the following manner:

- (i) the cancellation of approximately RM0.66* in the par value of each ECM Libra Share of RM1.00 and the credit arising to be used for the purpose of the Proposed Distribution;
- (ii) a further cancellation of approximately RM0.33* in the par value of each ECM Libra Share such as to leave a final balance of 433,000,000 ordinary shares with a par value equal to or being no lesser than RM0.014672 each, and such reduction is proposed to be set off against the accumulated losses of ECM Libra;
- (iii) the accumulated losses arising from the Proposed Merger shall be set off against the share premium account of approximately RM105.5 million (based on the audited financial statements as at 31 March 2005);
- (iv) the consolidation of the 433,000,000 ECM Libra Shares with a par value of approximately RM0.01* each into approximately 63.53 million ECM Libra Shares of RM0.10 each after (i) and (ii) above.

* rounded up or down to the nearest 0.01

Based on the issued and paid-up share capital of ECM Libra as at 28 February 2006, an existing ECM Libra shareholder who currently holds 1,000 shares in ECM Libra will be holding 1,000 shares of RM1.00 each in AICB and approximately 146 shares of RM0.10 each in ECM Libra after completion of the Proposed Distribution and Proposed Capital Reconstruction.

Fractional entitlements arising from the Proposed Distribution and the Proposed Capital Reconstruction shall be dealt with by the Board as they may deem fit.

Arising from the Proposed Capital Reconstruction, the conversion price of the existing RCULS of RM1.00 shall also be adjusted according to the provisions of the Trust Deed dated 9 March 2004 governing the RCULS.

Based on the resultant paid-up share capital as set out above, upon the completion of the Proposed Capital Reconstruction, ECM Libra would no longer comply with the minimum issued and paid-up share capital necessary for companies listed on the Main Board of Bursa Securities. As such, trading in the shares of ECM Libra thereafter may be suspended, where matters relating to the suspension thereof shall be dealt with by Bursa Securities.

Please refer to Section 7 of this Circular for further financial effects of the Proposed Distribution and Proposed Capital Reconstruction on the Company.

3.2 Estimated time frame for completion

The Proposed Distribution and Proposed Capital Reconstruction are expected to be completed within four (4) months after the completion of the Proposed Merger.

4. PROPOSED DISPOSAL

It is the intention of the Company to raise funds for working capital by inter-alia, disposing the Balance AICB Shares after the Proposed Merger. In order to allow the Board to deal with the Balance AICB Shares, ECM Libra is seeking the prior approval of its shareholders for the Proposed Disposal. The Company will also seek the approval of the regulatory authorities for the Proposed Disposal, if required.

5. RISKS CONSIDERATION

The Proposed Merger and Proposed Distribution entail specific risks which are inherent in any mergers and acquisitions. The risks factors include, inter-alia, the following:

5.1 Merger risks

The AICB Group and the ECM Libra Companies are merging as part of their growth strategy to create a larger and more robust investment bank. The success of this strategy will depend significantly on the ability of both groups to combine their operations to gain the synergies from the integration process. However, due to the difference in corporate cultures as well as management and operational systems, there is no assurance that both groups will be able to implement the integration process without encountering difficulties such as operational disruptions and the loss of clientele and key employees. Failure to integrate the operations of the two groups in an effective manner or within a relatively short span of time will in turn, lead to a loss

or delay in achieving the expected synergies. Further, there is also no assurance that the Proposed Merger will yield the desired returns.

5.2 Licences and regulatory environment

The Proposed Merger is for the enlarged group to create a larger and more robust investment bank. BNM and the SC have set numerous criteria to be satisfied in order for financial services groups to successfully achieve the investment bank status. In this respect, BNM and the SC will conduct due diligence review of the enlarged group to ensure that it satisfies the necessary preconditions to become an investment bank. There is no guarantee that the enlarged group will be able to satisfy or fulfill all the other conditions imposed by BNM and the SC in order to begin its transformation into an investment bank.

5.3 Suspension and de-listing risks

Upon completion of the Proposed Merger and Proposed Distribution, ECM Libra will be classified as an affected listed issuer pursuant to PN 17 as the Company has ceased its major operations as a result of the disposal of the Company's major businesses. Pursuant to PN 17, ECM Libra is given a designated timeframe of eight (8) months in which to regularise its position i.e. to acquire assets or businesses in which to generate income. In the event the Board is unable to acquire assets or businesses within the designated timeframe, the Company faces the risk of being immediately suspended by Bursa Securities. Shareholders of ECM Libra would therefore be at risk of not being able to trade in the ECM Libra Shares.

In the event the Company continues to be unable to regulate its position after the suspension of the Company, ECM Libra shareholders face the risk of the Company being de-listed and ultimately will end up holding shares of an unlisted public company.

It is however the intention of the Board to acquire potential assets or businesses in which to generate income and to maintain the listing status of the Company. The Board does not have any intention to de-list the Company at this juncture and will endeavour to regulate its position within the stipulated timeframe required by Bursa Securities.

5.4 Competition risks

The Malaysian financial services industry continues to operate in a very competitive environment, e.g. the opening up of the local stockbroking and fund management industries for direct foreign participation through issuance of new licenses to foreign stockbrokers as well as foreign fund managers. Although these policies are designed, in part, to encourage further development of financial institutions in Malaysia and to strengthen domestic financial institutions in preparation for increased foreign competition, it will also result in increased competition, which could have an adverse effect on the enlarged AICB Group's operations in the form of reduced margins, smaller market share and reduced fee income.

Although the AICB Group would plan for expansion and growth in future business volume, the AICB Group's future growth would inevitably be subject to competition from other service providers and also customer preference. Furthermore, as per BNM and the SC's joint press release dated 17 January 2006, it is envisaged that there would potentially be 17 investment banks emerging from the investment banks

framework process. As such, there can be no assurance that the AICB Group will be able to maintain or increase its present market share in the future.

Notwithstanding the aforesaid, both ECM Libra and the ACRB Group have developed a strong franchise value in the financial services industry, and together with the broad experience of the management, will enable the enlarged AICB Group to maintain its competitive edge.

5.5 Risk in relation to the Proposed Merger and Proposed Distribution

The Proposed Merger is inter-conditional with, amongst others, the Proposed GO Waiver and is conditional upon the Proposed Reorganisation of ACRB. In the event the Proposed GO Waiver or the Proposed Reorganisation of ACRB is rejected or aborted, the Proposed Merger will also be aborted. In addition, the Proposed Distribution is conditional upon the completion of the Proposed Merger. As such, the Proposed Distribution can only be carried out if the Proposed Merger is completed.

Pursuant to the SC Guidelines, upon completion of the Proposed Merger, a moratorium would be imposed on 50% of the AICB Shares held by ECM Libra, as the substantial shareholder of AICB. An application has been made on behalf of ECM Libra to the SC to seek a waiver for the moratorium (“Moratorium Waiver”) in order for ECM Libra to undertake the Proposed Distribution. In the event the SC does not approve the Moratorium Waiver, the Proposed Distribution will not be undertaken and the distribution of the AICB Shares to the shareholders of ECM Libra can only take place after the moratorium period has lapsed i.e. one (1) year from the listing of the AICB Shares, as per the SC Guidelines.

5.6 Business Risk

Upon completion of the Proposed Merger, ECM Libra and/or its shareholders (after the completion of the Proposed Distribution) will be having direct interest in the enlarged AICB Group. It is envisaged that the enlarged merged entity i.e. AICB, will primarily be involved in a wider scope of financial services activities. Any adverse change in the economic, political, legal and regulatory environments may affect the enlarged AICB Group’s prospect and performance.

The management of ECM Libra recognizes the need to control its exposure to all business risk relating to the investment in AICB. To counter the business risks, the management of ECM Libra (who will also be in the management team of AICB) will ensure that the AICB Group will put in place a risk management system to manage uncertainties such that deviations from the AICB Group’s intended objectives are kept within acceptable levels. The risk management system will seek to identify, capture and analyse the risks assumed by the AICB Group at an early stage, as well as to measure and monitor the risks on a continuous basis and to set limits, policies and procedures to control them so as to ensure sustainable risk-taking and sufficient return.

However, the risk management framework may not always be fully effective as there may be risks (including external risks which are beyond management control) that are not anticipated or identified or risks that are significantly greater than indicated by historical data. Further, the data relied upon to formulate the risk management framework may not be accurate, complete, up-to-date or properly evaluated. The process to manage operational, legal and regulatory risks will require proper recording and verifying a large number of transactions and events. Such process may not be fully effective in all cases.

6. RATIONALE

6.1 Proposed Merger

BNM and the SC had jointly issued the Guidelines on Investment Banks (“IB Guidelines”) on 1 July 2005, which sets out the detailed guidelines for transformation into an investment bank, and which effectively changed the financial landscape for merchant banks, discount houses and stockbroking companies in Malaysia. Subsequently, in a joint statement made by BNM and the SC on 17 January 2006, BNM and the SC envisaged that there would potentially be 17 investment banks emerging from the implementation of the IB Guidelines.

After assessing the impact of the IB Guidelines, ECM Libra believes that the new investment banking environment will be extremely competitive and challenging, and there would be a limited number of market leaders emerging. ECM Libra would have to attain investment banking status to compete effectively in this new business environment.

In furtherance of the above, prior to the Proposed Merger, ECM Libra had:

- a) made announcements on 19 July 2005 and 9 November 2005 for acquisitions of discount houses (the negotiations were subsequently terminated following the announcement of the Proposed Merger)
- b) made an announcement on 5 January 2006, on the payment of an initial deposit of RM20 million as part payment of a total contribution of RM105 million to BNM as part of the investment banking application process.

In view of the changing financial landscape, a merger is the fastest and best approach in building competitive strengths, gaining greater market presence and exploiting synergies. It also creates a stronger platform for achieving long term growth for all stakeholders and eventually pursuing an expansion strategy into the regional financial markets. The Proposed Merger between ECM Libra and ACRB is timely and should achieve these objectives.

The Proposed Merger enables the enlarged AICB Group to analyse key value chains of each businesses within the enlarged group to identify opportunities for cost sharing, skills transfer, and/or enhancement or differentiation in financial products and services, as well as product delivery. Upon completion of the Proposed Merger, the enlarged AICB Group is also expected to be functionally integrated, in order to reap the benefits of economies of scale and improve efficiencies.

The Proposed Merger will also enable both ACRB and ECM Libra to overcome the costly effort of its respective investment bank subsidiaries having to meet the RM500 million minimum capital funds requirement imposed by BNM and the SC under the IB Guidelines. Upon the completion of the Proposed Merger and internal rationalisation exercise, AvS, the entity to be transformed into an investment bank, should have its capital funds in excess of RM500 million.

The abovementioned benefits are expected to strengthen the earnings capability of the enlarged AICB Group and hence, enhance shareholders’ value.

6.2 Proposed Distribution and Proposed Capital Reconstruction

The Proposed Distribution will allow the shareholders of ECM Libra to participate directly in the enlarged AICB Group which will basically comprise the ACRB Group and the ECM Libra Companies. The resultant share capital arising from the Proposed Capital Reconstruction will better reflect the assets of the Company after the Proposed Merger and Proposed Distribution.

6.3 Proposed Disposal

The Proposed Disposal would allow the Company to dispose off the Balance AICB Shares at the appropriate time to raise funds for working capital for the ECM Libra Group.

7. FINANCIAL EFFECTS

The financial effects of the Proposed Merger, Proposed Distribution, Proposed Disposal and Proposed Capital Reconstruction on the share capital, earnings, NA and substantial shareholders shareholdings are as follows:

7.1 Share Capital

The Proposed Merger and Proposed Disposal will not have any effect on the share capital of the Company. However, the Proposed Distribution and the Proposed Capital Reconstruction will have the following effects on the Company's share capital:

	No. of ordinary shares '000	Par value	RM '000
As at 28 February 2006	433,000	1.00	433,000
After Proposed Distribution and Proposed Capital Reconstruction	63,530	0.10	6,353

7.2 Earnings

The Proposed Merger would have the following financial impact on ECM Libra:

Company level

(i) Consideration	(ii) Proforma valuation of (i) [#] RM'000	(iii) Cost of Investment RM'000	Loss on disposal (ii) – (iii) RM'000	(Loss) per share RM
442,000,000 new AICB ordinary shares of RM1.00 each credited as fully paid-up	293,000	551,494*	(258,494)	(0.597)

Group level

(i) Consideration	(ii) Proforma valuation of (i) [#] RM'000	(iii) Value of ECM Libra Companies RM'000	Loss on disposal (ii) – (iii) RM'000	(Loss) per share RM
442,000,000 new AICB ordinary shares of RM1.00 each credited as fully paid-up	293,000	571,525+	(278,525)	(0.643)

Note:

The final loss on disposal is subject to the results of the completion audit on the ECM Libra Companies.

* *The cost of investment of ECM Libra in the ECM Libra Companies is adjusted to cater for a possible capital injection required in order to meet the agreed NTA of the ECM Libra Companies of RM210 million, as follows:*

<i>Adjusted cost of investment</i>	RM'000
	551,494
<i>Less: Cost of investment in ECM Libra Companies as at 31 March 2005</i>	518,807

<i>Possible capital injection required (as explained above)</i>	32,687
	=====

+ *The value of the ECM Libra Companies is based on the audited NA of the ECM Libra Companies as at 31 March 2005 together with goodwill arising from their acquisitions, and adjusted for post acquisition profits and a possible capital injection required in order to meet the agreed NTA of RM210 million.*

Based on the assumed cost of investment of approximately RM0.66 per AICB Share.

The Proposed Distribution will result in ECM Libra not having a core business which is income generating as the 433,000,000 AICB Shares will be distributed to its shareholders. The Proposed Capital Reconstruction will not have any material effect on the earnings of the Company. The Proposed Disposal will not have any immediate effect on the earnings of the Company until such time as the Balance AICB Shares are disposed. Any potential effect on the earnings of the Company will depend on the number of AICB Shares disposed at the relevant point in time and the price for which the AICB Shares are disposed of.

7.3 NA

The Proposed Disposal will not have any immediate effect on the NA of the Company until such time as the Balance AICB Shares are disposed. Any potential effect on the NA of the Company will depend on the number of AICB Shares disposed at the relevant point in time and the price for which the AICB Shares are disposed of.

The Proposed Merger, Proposed Distribution and the Proposed Capital Reconstruction will have the following effect on ECM Libra:

Company level	Audited as at 31 March 2005	(i) After Proposed Merger**	After (i) and the Proposed Distribution and Proposed Capital Reconstruction*	
			Scenario A	Scenario B
	RM'000	RM'000	RM'000	RM'000
Issued share capital	433,000	433,000	6,353	6,353
Loan stocks – equity component	4,783	4,783	4,783	-
Share premium	105,491	105,491	-	-
Foreign exchange reserve	-	-	-	-
Other reserves	-	-	-	856
Unappropriated profit/(loss)	16,425	(245,138)	-	34
Shareholders' funds / NA	559,699	298,136	11,136	7,243
Number of shares (000)	433,000	433,000	63,530	63,530
NA per share	1.29	0.69	0.18	0.11
Group level	Audited as at 31 March 2005	(i) After Proposed Merger**	After (i) and the Proposed Distribution and Proposed Capital Reconstruction*	
	RM'000	RM'000	RM'000	RM'000
Issued share capital	433,000	433,000	6,353	6,353
Loan stocks – equity component	4,783	4,783	4,783	-
Share premium	105,491	105,491	-	-
Foreign exchange reserve	(80)	-	-	-
Other reserves	-	-	-	856
Unappropriated profit/(loss)	35,087	(245,138)	-	34
Shareholders' funds/NA	578,281	298,136	11,136	7,243
Number of shares (000)	433,000	433,000	63,530	63,530
NA per share	1.34	0.69	0.18	0.11

Notes:

Scenario A *The RCULS holders do not redeem nor convert the RCULS.*

Scenario B *The RCULS holders redeem the entire RCULS after the Proposed Merger.*

* *Based on the assumed cost of investment of approximately RM0.66 per AICB Share.*

** *Resulting from the loss on disposal of the ECM Libra Companies of approximately RM258.5 million and RM278.5 million at Company and Group level respectively arising from the proforma valuation of the Consideration Shares vis-à-vis ECM Libra's adjusted cost of investment in the ECM Libra Companies and estimated expenses of RM1.7 million.*

7.4 Substantial Shareholders

The Proposed Merger and Proposed Disposal will not have any effect on the shareholdings of the substantial shareholders of the Company. However, the Proposed Distribution and the Proposed Capital Reconstruction will have the following effects on their shareholdings:

Substantial Shareholders	As at 28 February 2006				After Proposed Distribution and Proposed Capital Reconstruction*			
	Direct		Indirect		Direct		Indirect	
	No. of ordinary shares held '000	%	No. of ordinary shares held '000	%	No. of ordinary shares held '000	%	No. of ordinary shares held '000	%
Lim Kian Onn	76,456	17.66	-	-	11,219	17.66	-	-
Chua Ming Huat	56,259	12.99	-	-	8,253	12.99	-	-
Dato' Kalimullah bin Masheerul Hassan	56,259	12.99	-	-	8,253	12.99	-	-
Hikkaya Jaya Sdn Bhd	22,127	5.11	-	-	3,246	5.11	-	-
Arab-Malaysian Corporation Berhad	-	-	35,067 ⁽¹⁾	8.10	-	-	5,146 ⁽¹⁾	8.10
Tan Sri Dato' Azman Hashim	-	-	35,067 ⁽¹⁾	8.10	-	-	5,146 ⁽¹⁾	8.10
Slan Sdn Bhd	-	-	35,067 ⁽¹⁾	8.10	-	-	5,146 ⁽¹⁾	8.10
Ginagini Sdn Bhd	-	-	35,067 ⁽¹⁾	8.10	-	-	5,146 ⁽¹⁾	8.10

Notes:

* *On the assumption that the cost of investment of AICB Shares is approximately RM0.66 per AICB Share.*

(1) *Deemed interest by virtue of their shareholdings in Hikkaya Jaya Sdn Bhd, Mezzanine Capital (Malaysia) Sdn Bhd and Corporateview Sdn Bhd. Mezzanine Capital (Malaysia) Sdn Bhd and Corporateview Sdn Bhd respectively holds 6,880,972 and 6,059,100 shares in ECM Libra.*

8. CONDITIONS

8.1 Proposed Merger

The Proposed Merger is subject to the following approvals being obtained:

- (i) SC, including the issuance and listing of and quotation for the new AICB Share to be issued pursuant to the Proposed Merger;
- (ii) SC for the Proposed GO Waiver;
- (iii) SC – Institutions and Intermediaries Supervision Department;
- (iv) LOFSA;
- (v) Ministry of Housing and Local Government;
- (vi) Securities and Futures Commission of Hong Kong;
- (vii) FIC (through the SC);
- (viii) Bursa Securities for the listing of and quotation for the new AICB Shares to be issued pursuant to the Proposed Merger;
- (ix) shareholders of ACRB or AICB, whichever is the public listed company at the relevant time, for the Proposed Merger and Proposed GO Waiver, at an EGM to be convened;
- (x) shareholders of ECM Libra at an EGM to be convened; and
- (xi) any other regulatory authorities, if required.

8.2 Proposed Distribution

The Proposed Distribution is subject to the following approvals being obtained:

- (i) SC; and
- (ii) shareholders of ECM Libra at an EGM to be convened.

8.3 Proposed Capital Reconstruction

The Proposed Capital Reconstruction is subject to the following approvals being obtained:

- (i) shareholders of ECM Libra at an EGM to be convened;
- (ii) the sanction of the High Court of Malaya for the reduction of the Company's share capital pursuant to Section 64 of the Act;
- (iii) the approval of the RCULS holders; and
- (iv) any other regulatory authorities, including SC, if required.

8.4 Proposed Disposal

The Proposed Disposal is subject to the following approvals being obtained:

- (i) shareholders of ECM Libra at an EGM to be convened; and
- (ii) any other regulatory authorities, if required.

The Proposed Merger and the Proposed GO Waiver are inter-conditional. The Proposed Merger is conditional upon the Proposed Reorganisation of ACRB. However, the Proposed Reorganisation of ACRB is not conditional upon the Proposed Merger.

The Proposed Distribution, Proposed Disposal and Proposed Capital Reconstruction is conditional upon the Proposed Merger.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of ECM Libra nor persons connected with them have any interest, direct or indirect, in the Proposed Merger and Proposed Disposal.

None of the Directors and/or major shareholders of ECM Libra nor persons connected with them have any interest, direct or indirect, in the Proposed Distribution and the Proposed Capital Reconstruction save for their respective entitlements under the same.

10. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Merger, Proposed Distribution, Proposed Disposal and Proposed Capital Reconstruction, the Board is of the opinion that the Proposed Merger, Proposed Distribution, Proposed Disposal and Proposed Capital Reconstruction are in the best interest of the Company. Accordingly, your Board recommends that you vote in favour of the resolutions pertaining to the Proposed Merger, Proposed Distribution, Proposed Disposal and Proposed Capital Reconstruction to be tabled at the forthcoming EGM.

11. EGM

An EGM, notice of which is enclosed in this Circular, will be held at Anggerik Room, 4th Floor, Hotel Equatorial, Jalan Sultan Ismail, 50250, Kuala Lumpur, Monday, 17 April 2006 at 10.00 a.m. for the purpose of considering and if thought fit, passing with or without modification the resolutions to give effect to the Proposed Merger, Proposed Distribution, Proposed Disposal and Proposed Capital Reconstruction.

If you are unable to attend and vote at the EGM in person, you will find enclosed in this Circular, a Form of Proxy which you are requested to complete, sign and return in accordance with the instructions contained therein as soon as possible and, in any event, so as to arrive at the Registered Office of the Company not later than forty-eight (48) hours before the time set for convening the EGM or at any adjournment thereof. The completion and the return of the Form of Proxy will not preclude you from attending and voting at the EGM if you subsequently wish to do so.

12. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board
ECM LIBRA BERHAD

DATO' KALIMULLAH BIN MASHEERUL HASSAN
Executive Chairman & Co-Chief Executive Officer