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

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED
RENEWAL OF AUTHORITY FOR THE PURCHASE OF
OWN SHARES BY THE COMPANY**

The ordinary resolution in respect of the above proposal will be tabled at the 7th Annual General Meeting ("7th AGM") of ECM Libra Financial Group Berhad ("ECML" or "Company") to be held at Ground Floor, East Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur on Tuesday, 31 July 2012 at 10.30 a.m. The Notice of 7th AGM and the Form of Proxy are set out in the 2012 Annual Report of ECML, which is despatched together with this Statement.

This Statement is dated 9 July 2012



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

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL
OF AUTHORITY FOR THE PURCHASE OF OWN SHARES BY THE COMPANY
("STATEMENT")**

1. INTRODUCTION

At the annual general meeting ("AGM") of the Company held on 24 May 2011, your Board of Directors ("Board" or "Directors") had obtained your approval for the Company to purchase and/or hold up to ten per cent (10%) of the issued and paid-up share capital ("Share Capital") of the Company for the time being ("Authorisation").

In accordance with Chapter 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main Market Listing Requirements"), the Authorisation shall lapse at the conclusion of the forthcoming 7th AGM of the Company scheduled to be held on Tuesday, 31 July 2012 at 10.30 a.m. or at any adjournment thereof, unless the Authorisation is renewed.

On 31 May 2012, your Board announced that the Company will be seeking your approval to renew the Authorisation for the Company to purchase up to 10% of the Share Capital of ECML ("Proposed Share Buy-Back") at the forthcoming 7th AGM.

The purpose of this Statement is to provide you with details of the Proposed Share Buy-Back to be tabled at the 7th AGM which will be held at Ground Floor, East Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur on 31 July 2012 at 10.30 a.m. or at any adjournment thereof.

The Notice of the 7th AGM and the Form of Proxy are set out in the 2012 Annual Report of ECML which is despatched together with this Statement.

**SHAREHOLDERS OF ECML ARE ADVISED TO READ THE CONTENTS OF
THIS STATEMENT CAREFULLY BEFORE VOTING ON THE ORDINARY
RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK.**

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

As at 11 June 2012, the Company had purchased 2,082,862 ordinary shares of RM1.00 each fully paid-up ("Shares") which are held as treasury shares.

The Share Capital of the Company as at 11 June 2012, before adjusting for the treasury shares, is RM830,901,953 divided into 830,901,953 Shares. In addition, as at 11 June 2012, the Company has outstanding a total of 72,512,000 options granted to directors and employees of ECML and its subsidiary companies (collectively known as "Group") pursuant to the Employees' Share Option Scheme of the Company at RM1.00 each ("Options"). Assuming all the Options are exercised and no new Shares are issued, the Share Capital of ECML will

increase to RM903,413,953 comprising 903,413,953 Shares. Hence, the maximum number of Shares which may be purchased and/or held as treasury shares by the Company is 90,341,395 Shares, which represents ten percent (10%) of the Share Capital of ECML. The maximum of 90,341,395 Shares which may be purchased by the Company ("Purchased Shares") would include the 2,082,862 Shares already held as treasury shares.

The Proposed Share Buy-Back will be effective immediately upon the passing of the proposed ordinary resolution relating to the Proposed Share Buy-Back, up to the conclusion of the next AGM of ECML, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or the expiration of the period within which the next AGM after the date on which the authority conferred by the resolution is required by law to be held, whichever occurs first.

In accordance with the Main Market Listing Requirements, ECML may only purchase the Shares on Bursa Malaysia Securities Berhad ("Bursa Securities") at a price which is not more than fifteen per cent (15%) above the weighted average market price for the Shares for the five (5) market days immediately before the date of purchase(s) and the Company may only resell treasury shares on Bursa Securities at:

- (a) a price which is not less than the weighted average market price for the Shares for the five (5) market days immediately before the resale; or
- (b) a discounted price of not more than 5% to the weighted average market price for the Shares for the five (5) market days immediately before the resale provided that:-
 - (i) the resale takes place not earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the Shares being resold.

The Proposed Share Buy-Back will allow your Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period. The actual number of Shares to be purchased, the total amount of funds involved for each purchase and the timing of the purchase will depend on the prevailing market conditions and sentiments of the stock market as well as the financial resources available to the Company.

Your Board may deal with the Purchased Shares in the following manner:

- (a) cancel the Purchased Shares;
- (b) retain the Purchased Shares as treasury shares;
- (c) retain part of the Purchased Shares as treasury shares and cancel the remainder; or
- (d) distribute all or part of the treasury shares as dividends to shareholders, and/or resell on Bursa Securities, and/or cancel all or part of them.

Upon each purchase of Shares, an immediate announcement will be made to Bursa Securities in respect of the intention of your Board whether to cancel the Purchased Shares, retain them as treasury shares or a combination of both. An immediate announcement will also be made to Bursa Securities of any resale or cancellation of Shares.

Your Board will ensure that the Proposed Share Buy-Back and/or the resale of treasury shares will be conducted in accordance with guidelines and rules/laws prevailing at the time of the purchase and/or resale and will not engage in speculative trading activities.

3. FUNDING FOR THE PROPOSED SHARE BUY-BACK

Your Board proposes to allocate a maximum amount not exceeding the retained profits and/or the share premium account of the Company for the purpose of the Proposed Share Buy-Back. The audited retained profits of ECML as at 31 January 2012 is RM30.9 million. However, if the Company receives dividend payments from its subsidiaries, the retained profits may increase. Any buy-back in excess of the audited retained profits shall be based on the retained profits certified by auditors of the Company. ECML does not have any amount standing to the credit of the share premium account as at 31 January 2012.

The funding for the Proposed Share Buy-Back will be sourced from internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds and borrowings and repayment capabilities of the Company at the time of purchase. In the event the Proposed Share Buy-Back is to be partly financed by bank borrowings, your Board will ensure that the Company will have sufficient funds to repay such borrowings and that the repayment would not have any material effect on the cash flow of the Group.

4. RATIONALE AND POTENTIAL ADVANTAGES FOR THE PROPOSED SHARE BUY-BACK

The rational and potential advantages for the Proposed Share Buy-Back are:

- (a) to enable ECML to utilise its financial resources that has no immediate use when the market prices of Shares of ECML are not reflective of its fundamental values;
- (b) the Purchased Shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total Share Capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward shareholders of the Company; and
- (c) the Proposed Share Buy-Back is also expected to enhance the earnings per Share ("EPS") of the Company and return on equity in the event the Shares bought are cancelled, which will benefit shareholders of the Company.

5. POTENTIAL DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The potential disadvantages of the Proposed Share Buy-Back are:

- (a) it would reduce the Company's financial resources and may result in the Company foregoing better investment opportunities that may emerge in the future; and
- (b) as the Proposed Share Buy-Back can only be made out of retained profits and/or share premium account of the Company, it may result in the reduction of financial resources available for distribution to shareholders of the Company in the immediate future.

However, these disadvantages are mitigated by the prospect that the financial resources of the Group may increase if the Purchased Shares held as treasury shares are resold at prices higher than their purchase price. Therefore, the Proposed Share Buy-Back will be undertaken only after due consideration of financial resources of the Company. Your Board will be mindful of the interests of the Company and the shareholders in undertaking the Proposed Share Buy-Back.

6. EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back on the Share Capital, net assets, Directors' and substantial shareholders' shareholdings of the Company, earnings and working capital are as follows:

6.1 Share Capital

The effect of the Proposed Share Buy-Back on the Share Capital of the Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

The Proposed Share Buy-Back will result in a reduction of the Share Capital of ECML if the Purchased Shares are cancelled. The proforma effect of the Proposed Share Buy-Back based on the Share Capital assuming all the Options are exercised, the Proposed Share Buy-Back is implemented in full and all the Purchased Shares are cancelled, is illustrated below:

| Share Capital | No. of Shares '000 | Amount RM'000 |
|---|-------------------------------|--------------------------|
| As at 11 June 2012 (Before adjusting for the treasury shares held) | 830,902 | 830,902 |
| Add : Full exercise of all outstanding Options | 72,512 | 72,512 |
| Share Capital upon full exercise of all outstanding Options | 903,414 | 903,414 |
| Less: Assuming the maximum number of Purchased Shares (including the treasury shares held) are cancelled | 90,341 | 90,341 |
| Resultant Share Capital upon completion of the Proposed Share Buy-Back and cancellation of the Purchased Shares | 813,073 | 813,073 |

6.2 Net Assets

The effects of the Proposed Share Buy-Back on the net assets per Share of the Group are dependent on the purchase price and the number of Purchased Shares.

The Proposed Share Buy-Back will reduce the net assets per Share when the purchase price exceeds the net assets per Share at the relevant point in time. On the contrary, the net assets per Share will be increased when the purchase price is less than the net assets per Share at the relevant point in time.

If the Purchased Shares are held as treasury shares and subsequently resold on Bursa Securities, the Company's net assets per Share would increase if the Company realise a gain from the resale and vice versa.

In addition to the purchase price of the Shares, the effective cost of funds or any loss in interest income to the Group may also have an impact on the net assets per Share.

6.3 Directors' and Substantial Shareholders' Shareholdings

Assuming all the Options are exercised, the Proposed Share Buy-Back is implemented in full and that the ECML Shares purchased are from shareholders other than the Directors and substantial shareholders, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and substantial shareholders based on the Registers of Directors' Shareholdings and Substantial Shareholders as at 11 June 2012 is set out in Table A at the end of this Statement.

6.4 Earnings

The Proposed Share Buy-Back will increase the EPS of the Group, the extent of which will depend on the number of Purchased Shares, the purchase prices of Shares and the effective funding cost to finance the purchase or loss in interest income to the Group.

On the assumption that the Purchased Shares are retained as treasury shares and resold, the extent of the effect on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold, the effective gain or interest saving arising and the gain or loss from the disposal. If the Purchased Shares are cancelled, the EPS is expected to increase provided that the income foregone and interest expense incurred on the Purchased Shares is less than the EPS before the Proposed Share Buy-Back.

6.5 Working Capital

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and cashflow of the Group, the quantum being dependent on the number of Purchased Shares, the purchase price of ECML Shares and the amount of financial resources to be utilised for the purchase of ECML Shares. However, it is not expected to have a material effect on the working capital and cash flow of the Group.

For Purchased Shares which are retained as treasury shares, upon its resale, the working capital and cash flow of the Company will increase. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a result of the Purchased Shares, none of the Directors and/or substantial shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Share Buy-Back.

8. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 ("CODE")

The Proposed Share Buy-Back if carried out in full (whether the Purchased Shares are cancelled or treated as treasury shares) may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. However, based on the Register of Substantial Shareholders of the Company as at 11 June 2012, it is unlikely that the provisions on mandatory takeovers under the Code will be triggered by any shareholder of the Company solely by reason of the Proposed Share Buy-Back being carried out in full.

9. PUBLIC SHAREHOLDING SPREAD

As at 11 June 2012, the public shareholding spread of the Company was 62.32%. Assuming all the Options are exercised, the Proposed Share Buy-Back is implemented in full and all the Shares so purchased are from public shareholders, the public shareholding spread of the Company would be reduced to 53.11%. In implementing the Proposed Share Buy-Back, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

10. DIRECTORS' RECOMMENDATION

Your Board, after having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interests of the Company, and accordingly recommends that you vote in favour of the proposed ordinary resolution relating to the Proposed Share Buy-Back to be tabled at the 7th AGM.

11. PURCHASE AND RESALE OF SHARES MADE IN THE FINANCIAL YEAR ENDED 31 JANUARY 2012

Information on the purchase of Shares during the financial year ended 31 January 2012 is set out under Other Information of the 2012 Annual Report of ECML.

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6.3 Effects of the Proposed Share Buy-Back

- Directors' and substantial shareholders' shareholdings

TABLE A

| Directors | As at 11 June 2012 | | | | | | After full exercise of Options and Proposed Share Buy-Back | | | | | |
|--|----------------------------|-------|----------------------------|-------|------------------|---|--|-------|----------------------------|-------|---------------------------|------|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares/ Options* | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Dato' Seri Kalimullah bin Masheerul Hassan | 32,969,696 | 3.98 | - | - | - | - | 61,969,696 | 7.62 | - | - | - | - |
| | 29,000,000* | | | | | | | | | | | |
| Dato' Ab. Halim bin Mohyiddin | 200,000* | - | - | - | - | - | 200,000 | 0.02 | - | - | - | - |
| Lim Kian Onn | 80,287,710 | 9.69 | - | - | - | - | 109,287,710 | 13.44 | - | - | - | - |
| | 29,000,000* | | | | | | | | | | | |
| Datuk Kamarudin bin Md Ali | 200,000* | - | - | - | - | - | 200,000 | 0.02 | - | - | - | - |
| Dato' Othman bin Abdullah | 200,000* | - | - | - | - | - | 200,000 | 0.02 | - | - | - | - |
| Mahadzir bin Azizan | 200,000* | - | - | - | - | - | 200,000 | 0.02 | - | - | - | - |
| Lum Sing Fai | - | - | - | - | - | - | - | - | - | - | - | - |
| Substantial Shareholders | | | | | | | | | | | | |
| Lim Kian Onn | 80,287,710 | 9.69 | - | - | - | - | 109,287,710 | 13.44 | - | - | - | - |
| Hikkaya Jaya Sdn Bhd | 51,029,586 | 6.16 | - | - | - | - | 51,029,586 | 6.28 | - | - | - | - |
| Equity Vision Sdn Bhd | 134,435,726 | 16.22 | - | - | - | - | 134,435,726 | 16.53 | - | - | - | - |
| Tan Sri Dato' Azman Hashim | - | - | 199,053,898 ⁽¹⁾ | 24.02 | - | - | - | - | 199,053,898 ⁽¹⁾ | 24.48 | - | - |
| Amcorp Group Berhad | - | - | 64,618,169 ⁽²⁾ | 7.80 | - | - | 64,618,169 ⁽²⁾ | 7.95 | - | - | 64,618,169 ⁽²⁾ | 7.95 |
| Clear Goal Sdn Bhd | - | - | 64,618,169 ⁽²⁾ | 7.80 | - | - | 64,618,169 ⁽²⁾ | 7.95 | - | - | 64,618,169 ⁽²⁾ | 7.95 |

Notes:

* Options granted pursuant to Employees' Share Option Scheme

(1) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Hikkaya Jaya Sdn Bhd (51,029,586), Arab-Malaysian (CSL) Sdn Bhd (13,588,583) and Equity Vision Sdn Bhd (134,435,729)

(2) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Hikkaya Jaya Sdn Bhd (51,029,586) and Arab-Malaysian (CSL) Sdn Bhd (13,588,583)