

ECM LIBRA FINANCIAL GROUP BERHAD (“ECMLFG” OR THE “COMPANY”)

- I. PROPOSED DISTRIBUTION BY WAY OF PROPOSED CAPITAL REDUCTION AND PROPOSED SPECIAL DIVIDEND (“PROPOSED DISTRIBUTION”); AND
 - II. PROPOSED SHARE SPLIT AND PROPOSED SHARE CONSOLIDATION AND CORRESPONDING VARIATION TO THE PROPOSED AMENDMENT
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We refer to the announcements dated 1 June 2015 and 2 June 2015 in relation to, amongst others the Proposed Distribution (“**Announcements**”). Unless otherwise stated, the definitions used herein shall have the same meanings as set out in the Announcements.

1. INTRODUCTION

On behalf of the Board, CIMB Investment Bank Berhad (“**CIMB**”) is pleased to announce that CIMB has been appointed as the Principal Adviser to ECMLFG for the Proposals (as defined in the Announcements).

In addition to the above, CIMB is also pleased to announce on behalf of the Board that in respect of the Proposed Distribution, the Board has resolved to determine the entitlement basis for the Proposed Distribution-In-Specie under the Proposed Distribution, details of which are set out in the ensuing paragraphs of this announcement.

After further consultation with Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Company is not able to undertake the Proposed Share Split and Proposed Share Consolidation (as defined in the Announcements) under the relevant Main Market Listing Requirements of Bursa Securities, further details of which are set out in Section 3 of this announcement. For avoidance of doubt, not proceeding with the aforementioned proposals will not have any effect on the Proposed Distribution which shall continue to be proposed for implementation subject to obtaining the relevant approvals required.

2. DETAILS OF THE PROPOSED DISTRIBUTION

As set out in the Announcements, the Company proposes to undertake the Proposed Distribution comprising:

- (i) The Proposed Capital Reduction equivalent to a minimum of RM234.74 million based on ECMLFG’s current issued and paid-up share capital after the cancellation of existing treasury shares held by the Company of 1.47 million ECMLFG Shares of par value RM1.00 each (“**Proposed Cancellation**”) and up to a maximum of approximately RM252.21 million, after assuming the full exercise of all the outstanding ESOS Options, being equivalent to RM0.88 per ECMLFG Share of par value RM1.00 each; and
- (ii) The Proposed Special Dividend of an aggregate value of up to approximately RM85.36 million based on ECMLFG’s current issued and paid-up share capital after the Proposed Cancellation (or up to approximately RM91.71 million, after assuming the full exercise of all the outstanding ESOS Options), being equivalent to up to RM0.32 per ECMLFG Share of par value RM1.00 each.

Further, the Proposed Distribution is intended to be undertaken via the combination of cash distribution and the Proposed Distribution-In-Specie. The purpose of this announcement is to set out the entitlement basis for the Proposed Distribution-In-Specie and the resulting cash distribution component of the Proposed Distribution.

Other details pertaining to the Proposed Distribution are set out in the Announcements.

2.1 Entitlement basis for the Proposed Distribution-In-Specie

The Proposed Distribution-In-Specie is proposed to be undertaken on the basis of two (2) Eastern & Oriental Berhad (“**E&O**”) ordinary stock units of RM1.00 each (“**E&O Stock Units**”) for every nine (9) ECMLFG Shares and two (2) E&O warrants (“**E&O Warrants**”) for every fifteen (15) ECMLFG Shares held by entitled shareholders as at the Entitlement Date (the “**Entitlement Basis**”).

Taking into account the Entitlement Basis, it will result in the distribution-in-specie of:

- (i) Up to a maximum of approximately 63.69 million E&O Stock Units; and
- (ii) Up to a maximum of 38.21 million E&O Warrants;

taking into account the Company’s existing issued and paid-up share capital after the Proposed Cancellation and assuming the exercise of all the existing ESOS Options (the “**E&O Distributable Securities**”).

Fractional entitlements to E&O Stock Units or the E&O Warrants (collectively, the “**E&O Securities**”) to be distributed pursuant to the Proposed Distribution-In-Specie, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deems fit and in the best interest of the Company.

The entitled shareholders who are entitled to less than 100 E&O Stock Units or E&O Warrants under the Proposed Distribution-In-Specie would receive cash of the equivalent value of the actual number of E&O Securities that they would otherwise be entitled to receive based on the last trading price of E&O Securities as at the Entitlement Date, taking into consideration that it will be difficult to deal with E&O Securities that do not represent at least one (1) board lot, being 100 E&O Stock Units or E&O Warrants.

For the avoidance of doubt, any remaining E&O Securities after the completion of the Proposed Distribution-In-Specie shall continue to be held by ECMLFG or may be disposed by ECMLFG at its absolute discretion.

As at the date of this announcement, LSOB holds 64,083,870 E&O Stock Units and 40,000,000 E&O Warrants. For the purpose of the Proposed Distribution-In-Specie under the Proposed Distribution, the aggregate market value of the E&O Distributable Securities has been determined at approximately RM119.80 million (“**Reference Value**”) based on the last trading price on 19 June 2015, being the last market day preceding the date of this announcement, of RM1.74 for each E&O Stock Unit and RM0.235 for each E&O Warrant.

2.2 The proportion of the cash distribution component and the Proposed Distribution-In-Specie under the Proposed Distribution

Taking into account the Reference Value of the E&O Distributable Securities, the cash distribution component under the Proposed Distribution represents the difference between the Proposed Distribution of up to RM343.92 million and the Reference Value of the E&O Distributable Securities.

Taking into account the assumptions set out in the notes below, the components comprising the Proposed Distribution under the following scenarios are as follows:

	Scenario A ⁽¹⁾		Scenario B ⁽²⁾	
	Number of E&O Securities (mil)	RM mil	Number of E&O Securities (mil)	RM mil
Proposed Distribution-In-Specie⁽³⁾				
• E&O Stock Units	59.28	103.14	63.69	110.82
• E&O Warrants	35.57	8.36	38.21	8.98
Total Distribution-In-Specie		111.50		119.80
Total cash distribution		208.60		224.12
Total distribution		320.10		343.92
Number of ECMLFG Shares in-issue ⁽⁴⁾ ('mil)		266.75		286.60
Distribution-In-Specie per ECMLFG Share		RM0.42		RM0.42
Cash distribution per ECMLFG Share		RM0.78		RM0.78
Total distribution per ECMLFG Share⁽⁴⁾		RM1.20		RM1.20

Notes:

- (1) *Assuming none of the outstanding 19.85 million ESOS Options are exercised prior to the Entitlement Date.*
- (2) *Assuming all of the outstanding 19.85 million ESOS Options are exercised prior to the Entitlement Date.*
- (3) *Based on the Entitlement Basis and based on the last trading price on 19 June 2015, being the last market day preceding the date of this announcement of RM1.74 for each E&O Stock Unit and RM0.235 for each E&O Warrant as set out in Section 2.1 of this announcement.*
- (4) *After taking into account the Proposed Cancellation.*

The total cash distribution under Scenario A of approximately RM208.60 million or approximately RM0.78 per ECMLFG Share is based on ECMLFG's current issued and paid-up share capital after the Proposed Cancellation while the total cash distribution under Scenario B of approximately RM224.12 million or approximately RM0.78 per ECMLFG Share is based on ECMLFG's current issued and paid-up share capital after the Proposed Cancellation and after assuming the full exercise of all the outstanding ESOS Options.

It should be noted that the above illustration is based on certain assumptions set out in the notes to the table above and is subject to change depending on the market value of the E&O Securities and the final ECMLFG Shares in-issue on the Entitlement Date.

Furthermore, the final effective distribution per ECMLFG Share under the Proposed Distribution is subject to change based on the market value of the E&O Securities during the interim period until the Entitlement Date.

In the event the value of the E&O Distributable Securities as at the Entitlement Date differ from the Reference Value, the following situations shall arise:

- (a) In the event of a decline in the market value of the E&O Distributable Securities as at the Entitlement Date relative to the Reference Value, resulting in a similar decline in the market value of the E&O Distributable Securities, the total Distribution-In-Specie under the Proposed Distribution will also reduce accordingly, resulting in the total distribution per ECMLFG Share of less than RM1.20. However, the cash distribution component shall remain unchanged; or
- (b) In the event of an appreciation in the market value of the E&O Distributable Securities as at the Entitlement Date relative to the Reference Value, and provided that the market value of the E&O Distributable Securities is below the total distribution as set out in Section 2.2 of this announcement, the Proposed Distribution shall remain at RM1.20 per ECMLFG Share with the increased market value of the E&O Distributable Securities being offset against the cash distribution component. Under the aforementioned situation, the entitled shareholders will receive a lower cash distribution per ECMLFG Share (as set out in Section 2.2) and a correspondingly higher value of E&O Distributable Securities per ECMLFG Share; or
- (c) In the event the value of the E&O Distributable Securities is equivalent to or more than the total distribution as set out in Section 2.2 of this announcement, the total distribution would be equivalent to or in excess of RM1.20 per ECMLFG Share without the cash distribution component. This would mean that the Proposed Distribution would be equivalent to or in excess of RM320.10 million under Scenario A and RM343.92 million under Scenario B, as the case may be.

3. THE PROPOSED SHARE SPLIT AND PROPOSED SHARE CONSOLIDATION AND THE CORRESPONDING VARIATION TO THE PROPOSED AMENDMENT

The Company is not proceeding with the Proposed Share Split and Proposed Share Consolidation after further consultation with Bursa Securities on the effective reference share price adjustment of ECMLFG Shares pursuant to the implementation of the Proposed Distribution. The market share price of ECMLFG to be adjusted for the Proposed Share Split and Proposed Share Consolidation is not expected to be at least RM0.50 per share based on the daily closing price of ECMLFG Shares during the past 3 months prior to the date of application (as stipulated under the Main Market Listing Requirements of Bursa Securities), which is expected to be made before the end of June 2015.

Upon completion of the Proposed Capital Reduction under the Proposed Distribution, ECMLFG's issued and paid-up share capital is expected to be between approximately RM32.01 million (comprising 266.75 million ECMLFG Shares of par value RM0.12 each) and RM34.39 million (comprising 286.60 million ECMLFG Shares of par value RM0.12 each), depending on the number of outstanding ESOS Options that are exercised prior to the Entitlement Date.

Further to the above, as a consequence to the Proposed Capital Reduction and not proceeding with the Proposed Share Split and Proposed Share Consolidation, the Proposed Amendment (as defined in the Announcements) is also hereby varied as follows to reflect the proposed new par value of RM0.12 upon completion of the Proposed Capital Reduction:

Existing Clause	Proposed Clause
<p>Clause 6 of the Memorandum</p> <p>The capital of the Company is Ringgit Malaysia One Billion and Five Hundred Million RM1,500,000,000.00 divided into 1,500,000,000 shares of RM1.00 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.</p>	<p>Clause 6 of the Memorandum</p> <p>The capital of the Company is Ringgit Malaysia One Billion and Five Hundred Million RM1,500,000,000.00 divided into 12,500,000,000 shares of RM0.12 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.</p>
<p>Clause 3 of the Articles</p> <p>The authorised share capital of the Company at the date of the adoption of these Articles is Ringgit One Billion Five Hundred Million (RM1,500,000,000.00) divided into one billion five hundred million (1,500,000,000) ordinary shares of Ringgit One (RM1.00) each.</p>	<p>Clause 3 of the Articles</p> <p>The authorised share capital of the Company at the date of the adoption of these Articles is Ringgit One Billion Five Hundred Million (RM1,500,000,000.00) divided into twelve billion five hundred million (12,500,000,000) ordinary shares of Twelve Sen (RM0.12) each.</p>

For avoidance of doubt, the Proposed Distribution and the Proposed Amendment are therefore subject to the following approvals:

- (a) the approval of the shareholders for the Proposed Distribution and the Proposed Amendment at an extraordinary general meeting to be convened;
- (b) the High Court of Malaya for a court order confirming the Proposed Capital Reduction pursuant to Section 64 of the Companies Act, 1965; and
- (c) any other relevant authorities' approval or consent, if required.

The Proposed Distribution and the Proposed Amendment is conditional on each other and the Proposed Capital Reduction and Proposed Special Dividend shall take place concurrently.

4. EFFECTS OF THE PROPOSED DISTRIBUTION

Save for the exclusion of the effects relating to the Proposed Share Split and Proposed Share Consolidation, the proforma net assets per ECMLFG Share after the Proposed Distribution up to 29 May 2015 (being the cut-off date used in determining the value of E&O Securities in the announcement dated 1 June 2015) remain unchanged as set out in Section 8 of the Company's announcement dated 1 June 2015.

The Proposed Amendment does not have any effect on the issued and paid-up share capital, substantial shareholders' shareholdings, earnings and net assets of the Company.

5. DIRECTORS' STATEMENT

The Board, having considered and deliberated on the matters set out in this announcement, is of the opinion that they are in the best interest of the Company and its shareholders.

This announcement is dated 22 June 2015.