

THIS INDEPENDENT ADVICE CIRCULAR (“IAC”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 10 JUNE 2016 ISSUED BY MERCURY SECURITIES SDN BHD ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN) WHICH HAS BEEN SENT TO YOU.

If you are in any doubt as to the action to be taken in relation to the Offer (as defined herein), please consult your stockbroker, solicitor, accountant, bank manager or other professional advisers immediately. If you have sold or transferred all your Offer Shares (as defined herein), you should at once hand this IAC to the purchaser or stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee of such Offer Shares (as defined herein).

Pursuant to Section 15(7) of the Malaysian Code on Take-Overs and Mergers, 2010 (“Code”), the Securities Commission Malaysia (“SC”) has granted its consent for the issuance of this IAC. However, such consent shall not be taken to indicate that the SC agrees with the views and recommendations contained in this IAC. It merely means that this IAC has complied with the disclosure requirements under the Code. The SC takes no responsibility for the contents of this IAC, 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 IAC.



ECM LIBRA FINANCIAL GROUP BERHAD

(Company No. 713570-K)

(Incorporated in Malaysia under the Companies Act, 1965)

**INDEPENDENT ADVICE CIRCULAR
TO THE HOLDERS OF THE OFFER SHARES
IN RELATION TO THE UNCONDITIONAL TAKE-OVER OFFER**

BY

MR. LIM KIAN ONN

(“OFFEROR”)

THROUGH

MERCURY SECURITIES SDN BHD

(Company No. 113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

TO ACQUIRE ALL THE REMAINING ORDINARY SHARES OF RM0.12 EACH IN ECM LIBRA FINANCIAL GROUP BERHAD NOT ALREADY HELD BY THE OFFEROR AND PERSONS ACTING IN CONCERT WITH HIM (“OFFER SHARES”) AT A CASH OFFER PRICE OF RM0.37 PER OFFER SHARE (“OFFER”)

Independent Adviser



BDO Capital Consultants Sdn Bhd

(Company No. 405309-T)

(Incorporated in Malaysia under the Companies Act, 1965)

This Independent Advice Circular is dated 20 June 2016

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following definitions shall apply throughout this IAC:

Accepting Holder	: Holder who accepts the Offer in accordance with the terms and conditions set out in the Offer Document
Acquisition	: Acquisition by TSSB of 74,194,973 ECM Libra Shares, representing approximately 25.89% of the issued and paid-up share capital of ECM Libra as at LPD, from the Vendors for a cash consideration of RM0.37 per ECM Libra Share pursuant to the SSA The rights and obligations of TSSB under the SSA was later assumed by TSPL on 7 March 2016 via the Assignment On 20 May 2016, the SSA became unconditional and the Acquisition was effected via direct business transaction on 31 May 2016
Act	: Companies Act, 1965 as amended from time to time including any re-enactment thereof
Announcements	: Collectively the announcements dated 24 February 2016 and 25 February 2016. ECM Libra made an announcement on receipt of a potential mandatory general offer from LKO on 24 February 2016, followed by a further announcement on additional information, amongst others, the Offer Price and details of the Acquisition, on 25 February 2016
Assignment	The assignment by TSSB to TSPL of, <i>inter alia</i> , all rights and obligations of TSSB under the SSA for the Acquisition, pursuant to a letter of assignment dated 7 March 2016 between TSPL and TSSB, which had been notified to the Vendors on even date
BDO CC	: BDO Capital Consultants Sdn Bhd (405309-T), appointed by the Board (save for the Interested Directors) as the independent adviser for the Offer pursuant to Section 15(1) of the Code
Board	: Board of Directors of ECM Libra
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W), a subsidiary of Bursa Securities
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
Closing Date	: First Closing Date, or in the event the Offer is revised or extended in accordance with the Code and the terms and conditions of the Offer Document, such other revised or extended closing date(s) as the Offeror may decide and as may be announced by Mercury Securities on behalf of the Offeror, no later than two (2) days before the closing date
CMSA	: Capital Markets and Services Act, 2007 as amended from time to time including any re-enactment thereof
Code	: Malaysian Code on Take-Over and Mergers, 2010 as amended from time to time including any re-enactment thereof
Directors	: Directors of ECM Libra

DEFINITIONS

Dissenting Shareholder	: Any shareholder who does not accept the Offer and/or any shareholder who has failed or refused to transfer the Offer Shares to the Offeror in accordance with the terms and conditions as set out in the Offer Document
Distribution	: Any dividend and/or other distribution of any nature which may be declared, made or paid by ECM Libra on or after the date of the Notice but prior to the Closing Date
ECM Libra Group or the Group	: ECM Libra, its subsidiaries and associated company, collectively
ECM Libra or the Company	: ECM Libra Financial Group Berhad (713570-K)
ELIB	: ECM Libra Investment Bank Berhad
ECM Libra Shares	: Ordinary shares of RM0.12 each in ECM Libra and used interchangeably with "Shares"
First Closing Date	: 5.00 p.m. (Malaysian time) on 1 July 2016, being twenty-one (21) days from the Posting Date
Form of Acceptance and Transfer	: Form of acceptance and transfer for the Offer Shares, as enclosed with the Offer Document
FYE	: Financial year ended
GDP	: Gross Domestic Product
Holder	: Holder of the Offer Shares
IAC	: Independent advice circular comprising the letter from the Board (as contained in Part A of this IAC) and the IAL (as contained in Part B of this IAC)
IAL	: Independent advice letter from the Independent Adviser to the Holders dated 20 June 2016 (as contained in Part B of this IAC)
Independent Adviser	: BDO CC
Interested Directors	: Collectively, LKO and SKW
Listing Requirements	: Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	: 13 June 2016, being the latest practicable date which is not more than seven (7) days prior to the despatch of this IAC
LTD	: 19 May 2016, being the last trading day prior to the serving of the Notice by Mercury Securities on behalf of the Offeror
Market Day	: Any day between Mondays to Fridays (inclusive), excluding public holidays, and a day on which Bursa Securities is open for trading in securities
Mercury Securities	: Mercury Securities Sdn Bhd (113193-W)
NA	: Net assets
Non-Interested Directors	: Directors of ECM Libra other than the Interested Directors

DEFINITIONS

Notice	: Notice of the Offer dated 20 May 2016, served on the Board of ECM Libra by Mercury Securities on behalf of the Offeror
Offer	: Unconditional take-over offer by the Offeror through Mercury Securities to acquire the Offer Shares at the Offer Price in accordance with the terms and conditions as set out in the Offer Document, including any revision or extension thereof, if any
Offer Document	: The document dated 10 June 2016, which sets out the details, terms and conditions of the Offer, together with the Form of Acceptance and Transfer
Offer Document LPD	: 3 June 2016, being the latest practicable date as set out in the Offer Document
Offer Price	: Cash offer price of RM0.37 per Offer Share
Offer Shares	: All the remaining 142,561,236 ECM Libra Shares not already held by the Offeror and the PACs, representing approximately 49.74% of the issued and paid-up share capital of ECM Libra as at LPD
Offeror or LKO	: Mr. Lim Kian Onn
Official List	: A list specifying all securities listed on the Main Market of Bursa Securities and not removed
PACs	: Persons acting in concert with the Offeror pursuant to Section 216 of the CMSA, namely TSSB, TSPL, Plato and QSL
PAT	: Profit after taxation
PBT	: Profit before taxation
Plato	: Plato Capital Limited (Singapore Company Registration No. 199907443M), a Singaporean company listed on the Catalist Market of the Singapore Exchange Securities Trading Limited, in which LKO is the Non-Independent Non-Executive Chairman and a controlling shareholder
Posting Date	: 10 June 2016, being the date of posting of the Offer Document or where a competing take-over offer, if any, is made during the Offer Period, the Posting Date shall be deemed to be the date the offer document of the competing take-over offer is posted
PPE	: Property, plant and equipment
Proposed Distribution	: Proposed distribution by ECM Libra to its entitled shareholders which was announced on 1 June 2015 and completed on 7 December 2015, further details of which are set out in Section 8.2 of the Offer Document
Public Spread Requirement	: The requirements pursuant to Paragraph 8.02(1) of the Listing Requirements, whereby a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are held by public shareholders to ensure its continued listing on the Main Market of Bursa Securities
QSL	: Ms. Quek Siow Leng, the spouse of LKO
RM and sen	: Ringgit Malaysia and sen, respectively
SGD	: Singapore Dollar

DEFINITIONS

SC	: Securities Commission Malaysia
Shares	: Ordinary shares of RM0.12 each in ECM Libra and used interchangeably with “ECM Libra Shares”
SKW	: Mr. Soo Kim Wai, a Director of ECM Libra who is deemed interested in the Offer by virtue that he is a representative of the Vendors
SSA	: Conditional share sale agreement dated 23 February 2016 entered into between TSSB and the Vendors for the purpose of the Acquisition
Treasury Shares	: ECM Libra Shares which are held as treasury shares by ECM Libra. As at LPD, ECM Libra does not hold any ECM Libra Shares as treasury shares
TSPL	: Truesource Pte Ltd (Singapore Company Registration No. 201605756W), a wholly-owned subsidiary of Plato which has assumed, <i>inter alia</i> , all rights and obligations of TSSB under the SSA for the Acquisition pursuant to the Assignment
TSSB	: Truesource Sdn Bhd (Company No. 1176029-K), a wholly-owned subsidiary of Plato
Vendors	: Collectively, Amcorp Group Berhad, Hikkaya Jaya Sdn Bhd, Arab-Malaysian (CSL) Sdn Bhd and Equity Vision Sdn Bhd
Voting Shares	: Total issued and paid-up share capital of ECM Libra (excluding the Treasury Shares, if any). The total Voting Shares as at LPD is 286,592,491 ECM Libra Shares
VWAP	: Volume weighted average market price

In this IAC, words referring to the singular shall, where applicable, include the plural and vice versa, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies or corporations, unless otherwise specified.

All references to “you” or “Holder” in this IAC are to each holder of the Offer Shares, being the person to whom the Offer is being made. All references to “we”, “us” and “our” in this IAC, save for the Executive Summary and the letter from the Board, are to BDO CC, the Independent Adviser for the Offer.

Any discrepancies in the tables between amounts stated and the totals in this IAC are, unless otherwise explained, due to rounding.

Any reference to a time of day in this IAC shall be a reference to Malaysian time, unless otherwise stated. Where a period specified in the Code, as appearing in this IAC, ends on a day which is not a Market Day, the period is extended until the next Market Day.

Any reference in this IAC to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE OFFER. WE ADVISE THE HOLDERS TO READ PART A: LETTER FROM THE BOARD AND PART B: IAL FROM BDO CC (THE INDEPENDENT ADVISER) FOR THEIR VIEWS AND RECOMMENDATIONS IN RELATION TO THE OFFER. THIS IAC SHOULD ALSO BE READ TOGETHER WITH THE OFFER DOCUMENT.

1. INTRODUCTION

Mercury Securities had on 20 May 2016, served the Notice on the ECM Libra Board on behalf of the Offeror, informing ECM Libra that the Offeror will undertake the Offer.

On 20 May 2016, the ECM Libra Board announced the receipt of the Notice. A copy of the Notice, which is also set out in Appendix I of the Offer Document, was despatched to the Holders on 27 May 2016.

In the same announcement dated 20 May 2016, the ECM Libra Board announced that:-

- (i) it does not intend to seek an alternative person to undertake a take-over offer for the Offer Shares; and
- (ii) in accordance with the Code, BDO CC was appointed as the independent adviser to advise the Board and the Holders in relation to the Offer.

BDO CC had subsequently, on 23 May 2016, declared to the SC its independence and eligibility to act as the Independent Adviser in relation to the Offer.

The Interested Directors have abstained from deliberating and voting at all relevant board meetings of ECM Libra in relation to the Offer.

Please refer to Section 1 in Part A of this IAC for further information.

The purpose of this IAC is to provide you with the relevant information on the Offer and the Non-Interested Directors' views and recommendation on the Offer together with the recommendation of BDO CC. You are advised to read both this IAC and the Offer Document and carefully consider the recommendations contained herein before taking any action.

2. PRINCIPAL TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer as stated in Section 2 of the Offer Document are as follows:

Consideration for the Offer	: Accepting Holders shall be paid RM0.37 in cash per Offer Share, in accordance with the terms and conditions as set out in the Offer Document. Notwithstanding the above, if ECM Libra declares, makes or pays any Distribution on or after the date of the Notice but prior to the Closing Date and the Accepting Holders are entitled to retain such Distribution, the cash consideration per Offer Share shall be reduced by an amount equivalent to the net Distribution per Offer Share which the Accepting Holders are entitled to retain. As at LPD, ECM Libra has not declared, made or paid any Distribution.
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EXECUTIVE SUMMARY

	<p> Holders may accept the Offer in respect of all or part of their Offer Shares. Fractions of a sen, if any, will not be paid to Accepting Holders. The entitlement to cash consideration in respect of valid acceptances of the Offer will be rounded down to the nearest whole sen.</p> <p>Please refer to Section 8 of the Offer Document for further details on the basis of arriving at the Offer Price.</p>
Condition of the Offer	<p> : The Offer is unconditional as the Offeror and the PACs hold in aggregate more than 50% of the Voting Shares of ECM Libra. As at LPD, the Offeror and the PACs hold in aggregate 144,031,255 ECM Libra Shares (representing approximately 50.26% of the issued and paid-up share capital of ECM Libra).</p>
Duration of the Offer	<p> : The Offer shall remain open for acceptances until 5.00 p.m. (Malaysian Time) on 1 July 2016, being the First Closing Date, unless extended or revised by the Offeror in accordance with the provisions of the Code. Any such extension or revision will be announced by Mercury Securities, on behalf of the Offeror, no later than two (2) days prior to the Closing Date. Such announcement will state the next expiry date of the Offer. Notices of such extension will be posted to the Holders accordingly.</p> <p>Please refer to Section 2 of Appendix II of the Offer Document for further details on the duration of the Offer.</p>
Method and expected date of settlement	<p> : If the Offeror deems the Holders' acceptance to be complete and valid in all respects in accordance with the terms and conditions set out in the Offer Document, the settlement of the consideration for the Offer will be effected via remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Holders (or their designated agent(s), as they may direct) at the Holders' registered Malaysian address last maintained with Bursa Depository at their own risk within ten (10) days from the date of the valid acceptance.</p>

Please refer to Appendix II of the Offer Document for other terms and conditions of the Offer and Appendix III of the Offer Document for the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCE

As stated in Section 1 of the Offer Document, as at the Offer Document LPD, the Offeror and the PACs have not received any irrevocable undertaking from any Holder to accept the Offer.

As at the Offer Document LPD, there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror and/or the PACs with any of the Holders, save for Dato' Seri Kalimullah bin Masheerul Hassan's undertaking not to accept the Offer in respect of his entire shareholding of 21,856,640 ECM Libra Shares (representing approximately 7.63% of the issued and paid-up share capital of ECM Libra), which was received on 20 May 2016.

As at the LPD, there is no announcement made by Mercury Securities, on behalf of the Offeror, of any acceptances of the Offer Shares.

EXECUTIVE SUMMARY

4. EVALUATION OF THE OFFER

In arriving at the recommendation in respect of the Offer, BDO CC has assessed the fairness and reasonableness of the Offer in accordance with Paragraphs 3.1 to 3.6 under Practice Note 15 of the Code which states the following:

- (a) The term “fair and reasonable” should generally be analysed as two (2) distinct criteria i.e. whether the offer is “fair” and whether the offer is “reasonable” rather than as a composite term;
- (b) The Offer Price is considered as “fair” if it is equal to or higher than the market price and value of the Offer Shares;
- (c) However, if the Offer Price is equal to or higher than the market price, but is lower than the value of the Offer Shares, the Offer Price is considered as “not fair”;
- (d) In arriving at the reasonableness evaluation of the Offer, BDO CC has examined other significant factors to which the Holders may give consideration to prior to accepting or rejecting the Offer; and
- (e) Generally, a take-over offer would be considered “reasonable” if it is “fair”.

The assessment is set out below:

(i) Fairness of the Offer

The assessment of the fairness of the Offer is based on the following pertinent factors, details of which are set out in **Section 6 in Part B of this IAC**:

Considerations	
Valuation of the ECM Libra Shares based on the NA approach	<ul style="list-style-type: none">• We have derived the estimated fair value per Voting Share, based on the audited consolidated NA of ECM Libra as at 31 January 2016, to be RM0.48 per Voting Share. The Offer Price of RM0.37 is lower than and represents a discount of RM0.11 per share or 22.92% over the estimated fair value per Voting Share as at 31 January 2016 of RM0.48.
BDO CC's view	<ul style="list-style-type: none">• The Offer is <u>NOT FAIR</u>.

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EXECUTIVE SUMMARY

(ii) Reasonableness of the Offer

In making the assessment of the reasonableness of the Offer, the evaluations are based on the following pertinent factors, the details of which are set out in **Section 7 in Part B of this IAC**:

Considerations	
Historical share price analysis	<ul style="list-style-type: none"> • It is noted the following: <ul style="list-style-type: none"> (i) ECM Libra Shares have not been traded above the Offer Price of RM0.37 for the past five (5) years up to the date of Announcements, except for the period from 1 June 2015 to 7 December 2015 (being the period from first announcement of the Proposed Distribution to the completion of the Proposed Distribution) and a short period from 8 December 2015 to 18 December 2015. (ii) The Offer Price of RM0.37 is generally higher than the closing market price of ECM Libra Shares for the period from 8 December 2015 (being the day following the completion of the Proposed Distribution) up to LTD. • The Offer Price represents: <ul style="list-style-type: none"> (i) A premium of RM0.02 (5.71%) per ECM Libra Share over the last closing price as at LTD, five (5)-day and one (1)-month VWAP up to LTD; and (ii) The Offer Price is equal to three (3)-month VWAP up to LTD. <p>Note: The closing market prices of ECM Libra as extracted from Bloomberg above have been adjusted for the effects of any dividends and corporate exercises throughout the relevant period.</p>
Trading liquidity	<ul style="list-style-type: none"> • The ECM Libra Shares were relatively illiquid with an average monthly trading volume-to-free float for the past one (1) year up to April 2016 of 3.80%. • Additionally, it is noted that if the higher trading volume during the months of June 2015, November 2015, December 2015, February 2016 and March 2016 are excluded, the ECM Libra Shares were traded at an average monthly volume of 1,444,086 ECM Libra Shares, representing 1.18% of the free float of ECM Libra for the past one (1) year up to April 2016. • The Offer provides an opportunity for the Holders to realise their investments in ECM Libra at a premium of RM0.02 or 5.71% over the last closing price as at LTD, five (5)-day and one (1)-month VWAP up to LTD for the past one (1) year up to the LTD.

EXECUTIVE SUMMARY

Competing take-over offer	<ul style="list-style-type: none">• As at LPD, the Non-Interested Directors have not received any competing take-over offer for the Offer Shares nor any other offer to acquire the assets and liabilities of the ECM Libra Group. The Non-Interested Directors have decided not to seek an alternative person to make a take-over offer for the Offer Shares.• In view of the above, the Offer represents an opportunity for the Holders of the Offer Shares to realise their investment in ECM Libra at the Offer Price.
BDO CC's view	<ul style="list-style-type: none">• The Offer is <u>REASONABLE</u>.

5. LISTING STATUS OF ECM LIBRA

As stated in Section 4 of the Offer Document, **the Offeror intends to maintain the listing status of ECM Libra on the Main Market of Bursa Securities**. Accordingly, in the event that the Offeror receives acceptances pursuant to the Offer resulting in the public shareholding spread of ECM Libra being less than 25% of its total listed shares, the Offeror will explore various options or proposals and/or will procure ECM Libra to explore all possible options to rectify the shortfall in the public shareholding spread of ECM Libra within three (3) months from the Closing Date or such extended timeframe as allowed by the relevant authorities. As at the Offer Document LPD, no such arrangement has been made. Notwithstanding the foregoing, any decision to rectify the shortfall in the public shareholding spread of ECM Libra will be subject to the Offeror and the PACs retaining an aggregate equity interest of more than 50% in ECM Libra.

Please refer to **Section 8.1 in Part B of this IAC** for further details.

6. COMPULSORY ACQUISITION AND RIGHTS OF MINORITY SHAREHOLDERS

As stated in Section 5 of the Offer Document, **the Offeror does not intend to invoke the provisions under Section 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares for which valid acceptances have not been received as at the Closing Date even if the conditions stipulated under Section 222(1) of the CMSA are fulfilled.

Notwithstanding the above, subject to Section 224 of the CMSA, if the Offeror receives valid acceptances from the Holders resulting in the Offeror and the PACs holding not less than nine-tenths (9/10) in the nominal value of the issued and paid-up share capital of ECM Libra (excluding Treasury Shares, if any) on or before the Closing Date, a Dissenting Shareholder may exercise his right under Section 223(1) of the CMSA within a period to be specified by the Offeror which shall be no less than three (3) months after the Closing Date, by serving a notice on the Offeror to require the Offeror to acquire his Offer Shares on the same terms and conditions as those set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Shareholder.

Please refer to **Section 8.2 in Part B of this IAC** for further details.

EXECUTIVE SUMMARY

7. RECOMMENDATION

7.1. BY BDO CC

Premised on the above and their evaluation as a whole, BDO CC is of the opinion that the Offer is **NOT FAIR** but **REASONABLE**.

Accordingly, BDO CC recommends the Holders to **ACCEPT** the Offer.

7.2. BY NON-INTERESTED DIRECTORS

The Non-Interested Directors have carefully examined the terms and conditions of the Offer as contained in the Offer Document and the evaluation and recommendation by BDO CC as set out in Part B of this IAC, wherein it was highlighted, amongst various matters, that ECM Libra Shares have not been traded above the Offer Price of RM0.37 for the past five (5) years up to the date of Announcements, except for the period from 1 June 2015 to 7 December 2015 (being the period from first announcement of the Proposed Distribution to the completion of the Proposed Distribution), and a short period from 8 December 2015 to 18 December 2015 (ECM Libra Shares prices have been adjusted for the effects of any dividends and corporate exercises throughout the relevant period (*Source: Bloomberg*)). In addition, it is also noted that the ECM Libra Shares were relatively **illiquid**.

Taking into account the above, all the Non-Interested Directors have **CONCURRED** with the evaluation and recommendation of BDO CC that the Offer is **NOT FAIR** but **REASONABLE** and recommend the Holders to **ACCEPT** the Offer.

8. IMPORTANT DATES AND EVENTS

The important relevant dates in relation to the Offer are as follows:

Event	Date
Date of the Notice	20 May 2016
Posting Date of the Offer Document	10 June 2016
Issuance of this IAC	20 June 2016
First Closing Date ⁽¹⁾	1 July 2016
Note: (1) The Offer will remain open for acceptances for a period of not less than twenty-one (21) days from the Posting Date, i.e. until 5.00 p.m. (Malaysian time) on the First Closing Date, unless the Offeror revises or extends the Offer, in which event an announcement will be made by Mercury Securities on behalf of the Offeror, no later than two (2) days before the First Closing Date and the Offer shall remain open for a period of at least fourteen (14) days from the First Closing Date. Notices of such extension will be posted to you accordingly.	

You should carefully consider the terms and conditions of the Offer based on all the relevant and pertinent factors including those which are set out above, and other considerations as set out in this IAC, the Offer Document and any other publicly available information.

You are advised to read this IAC, together with the Offer Document, carefully for more information and not rely solely on the Executive Summary before forming an opinion on the Offer.

PART A: LETTER FROM THE BOARD

Registered Office:

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

20 June 2016

The Board of Directors

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

Lim Kian Onn (Managing Director)

Datuk Kamarudin bin Md Ali (Independent Non-Executive Director)

Dato' Othman bin Abdullah (Independent Non-Executive Director)

Mahadzir bin Azizan (Independent Non-Executive Director)

Soo Kim Wai (Non-Independent Non-Executive Director)

To: The Holders

Dear Sir/Madam,

UNCONDITIONAL TAKE-OVER OFFER BY THE OFFEROR THROUGH MERCURY SECURITIES TO ACQUIRE THE OFFER SHARES AT A CASH OFFER PRICE OF RM0.37 PER OFFER SHARE

1. INTRODUCTION

On 23 February 2016, TSSB (a wholly-owned subsidiary of Plato) had entered into a conditional SSA with the Vendors to acquire 74,194,973 ECM Libra Shares (representing approximately 25.89% of the issued and paid-up share capital of ECM Libra) for a cash consideration of RM0.37 per ECM Libra Share payable upon the completion of the SSA.

On 7 March 2016, TSPL has assumed, *inter alia*, all rights and obligations of TSSB under the SSA for the Acquisition pursuant to the Assignment.

On 20 May 2016, the SSA became unconditional and Acquisition was effected via direct business transaction on 31 May 2016.

The aggregate shareholding of TSPL and persons acting in concert with it in ECM Libra increased from 69,836,282 ECM Libra Shares (representing approximately 24.37% of the issued and paid-up share capital of ECM Libra) to 144,031,255 ECM Libra Shares (representing approximately 50.26% of the issued and paid-up share capital of ECM Libra) following the Acquisition. Accordingly, TSPL is obliged to undertake an unconditional take-over offer to acquire all the remaining ECM Libra Shares not already held by TSPL and persons acting in concert with it. Notwithstanding that, LKO, a Non-Independent Non-Executive Chairman and controlling shareholder of Plato and person acting in concert with TSPL, has given a written undertaking to Plato dated 23 February 2016 to assume all of TSPL's obligations under the Offer. Hence, LKO would be undertaking the Offer in his own capacity.

Mercury Securities had on 20 May 2016, served the Notice on the ECM Libra Board on behalf of the Offeror, informing ECM Libra that the Offeror will undertake the Offer.

On 20 May 2016, the ECM Libra Board announced the receipt of the Notice. A copy of the Notice, which is also set out in Appendix I of the Offer Document, was despatched to the Holders on 27 May 2016.

In the same announcement dated 20 May 2016, the ECM Libra Board announced that:-

- (i) it does not intend to seek an alternative person to undertake a take-over offer for the Offer Shares; and
- (ii) in accordance with the Code, BDO CC was appointed as the independent adviser to advise the Board and the Holders in relation to the Offer.

BDO CC had subsequently, on 23 May 2016, declared to the SC its independence and eligibility to act as the Independent Adviser in relation to the Offer.

The Interested Directors have abstained from deliberating and voting at all relevant board meetings of ECM Libra in relation to the Offer.

In addition to this IAC, you should have by now received a copy of the Offer Document dated 10 June 2016 which sets out the details, terms and conditions of the Offer as well as the procedures for acceptance and method of settlement of the Offer.

As at LPD, the details of the shareholdings of the Offeror and the PACs in ECM Libra Shares are set out in the table below:

Name	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Offeror:				
LKO	68,399,119	23.87	75,632,136 ⁽²⁾	26.39
PACs:				
TSSB	-	-	-	-
TSPL	74,194,973 ⁽³⁾	25.89	-	-
Plato	-	-	74,194,973 ⁽⁴⁾	25.89
QSL	1,437,163	0.50	74,194,973 ⁽⁵⁾	25.89
Notes:-				
(1)	Computed based on the issued and paid-up share capital of 286,592,491 ECM Libra Shares as at LPD.			
(2)	Deemed interested by virtue of his shareholding in Plato (being the holding company of TSPL) pursuant to Section 6A of the Act and his spouse's shareholding in ECM Libra pursuant to Section 134(12)(c) of the Act.			
(3)	TSPL is deemed to have beneficial interest over 74,194,973 ECM Libra Shares following the SSA becoming unconditional on 20 May 2016.			
(4)	Deemed interested by virtue of it being the holding company of TSPL pursuant to Section 6A of the Act.			
(5)	Deemed interested by virtue of her shareholding in Plato (being the holding company of TSPL) pursuant to Section 6A of the Act.			

The purpose of this IAC is to provide you with the relevant information on the Offer and the Non-Interested Directors' views and recommendation on the Offer together with the recommendation of BDO CC. You are advised to read both this IAC and the Offer Document and carefully consider the recommendations contained herein before taking any action.

2. PRINCIPAL TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer are set out in **Section 2 in Part B of this IAC**. Please refer to Appendix II of the Offer Document for the full principal terms and conditions of the Offer and Appendix III of the Offer Document for the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCE

As stated in Section 1 of the Offer Document, as at the Offer Document LPD, the Offeror and the PACs have not received any irrevocable undertaking from any Holder to accept the Offer.

As at the Offer Document LPD, there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror and/or the PACs with any of the Holders, save for Dato' Seri Kalimullah bin Masheerul Hassan's undertaking not to accept the Offer in respect of his entire shareholding of 21,856,640 ECM Libra Shares (representing approximately 7.63% of the issued and paid-up share capital of ECM Libra), which was received on 20 May 2016.

As at the LPD, there is no announcement made by Mercury Securities, on behalf of the Offeror, of any acceptances of the Offer Shares.

4. DIRECTORS' INTENTION IN RELATION TO PERSONAL HOLDINGS

The Directors of ECM Libra and their respective interests (direct and indirect) in ECM Libra Shares as at LPD are as follows:

Name	Designation	Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Seri Kalimullah bin Masheerul Hassan	Non-Independent Non-Executive Chairman	21,856,640	7.63	-	-
LKO	Managing Director	68,399,119	23.87	75,632,136 ⁽²⁾	26.39
Datuk Kamarudin bin Md Ali	Independent Non-Executive Director	50,000	0.02	-	-
Dato' Othman bin Abdullah	Independent Non-Executive Director	-	-	-	-
En Mahadzir bin Azizan	Independent Non-Executive Director	-	-	-	-
SKW	Non-Independent Non-Executive Director	200,000	0.07	-	-

Notes:-

(1) Computed based on the issued and paid-up share capital of 286,592,491 ECM Libra Shares as at LPD.

(2) Deemed interested by virtue of his interest in Plato (being the holding company of TSPL) pursuant to Section 6A of the Act and his spouse's shareholding in ECM Libra pursuant to Section 134(12)(c) of the Act.

LKO and SKW, by virtue of them being the Interested Directors, have duly abstained from deliberations and making any recommendation in respect of the Offer.

Save as disclosed below, the Directors have not dealt, directly and indirectly in the ECM Libra Shares during the period commencing from six (6) months before 20 May 2016, being the date of the Notice and ending on the LPD:

LKO:

Date of transaction	No. of ECM Libra Shares	Transacted price (RM)	Nature of transaction
31 May 2016	74,194,973	0.37	Completion of Acquisition

In respect of the Directors' personal holdings (direct and indirect) in ECM Libra Shares, the following Directors have indicated their intention as follows:

Directors	Intention
Dato' Seri Kalimullah bin Masheerul Hassan	He will reject the Offer in respect of all his ECM Libra Shares, solely based on his personal investment objective. His intention is to continue his participation in the future growth of the business of ECM Libra Group as a shareholder.
Datuk Kamarudin bin Md Ali	He will reject the Offer in respect of all his ECM Libra Shares, solely based on his personal investment objective. His intention is to continue his participation in the future growth of the business of ECM Libra Group as a shareholder.
SKW	He will reject the Offer in respect of all his ECM Libra Shares.
Dato' Othman bin Abdullah	-
En Mahadzir bin Azizan	-
LKO	-

Nonetheless, all the Directors have **CONCURRED** with the evaluation and recommendation of BDO CC that the Offer is **NOT FAIR** but **REASONABLE** and recommend the Holders to **ACCEPT** the Offer.

5. NON-INTERESTED DIRECTORS' COMMENTS

5.1. Rationale for the Offer

As set out in Section 3 of the Offer Document, the Non-Interested Directors have noted the rationale for the Offer as summarised below:

- (i) The Acquisition represents an opportunity for Plato (*which is acting in concert with the Offeror*) to acquire the ECM Libra Shares at an attractive price of RM0.37 per ECM Libra Share, which represents a discount of 22.9% to ECM Libra's audited consolidated net asset value per share for the FYE 2016 of RM0.48. The Acquisition allows Plato to acquire a strategic stake in ECM Libra, which is primarily involved in the unit trust, asset management and credit services segments; and
- (ii) The Offer was made pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code, as the aggregate shareholding of the Offeror and the PACs in ECM Libra has increased from 24.37% to 50.26% following the Acquisition. In other words, the Offer is a mandatory requirement pursuant to the Code following the Acquisition.

5.2. Future plans for the ECM Libra Group and its employees

The Non-Interested Directors take note of the Offeror's future plans for the ECM Libra Group and its employees in the next twelve (12) months after the Closing Date as stated in Section 6 of the Offer Document, which is set out below:

(i) Continuation of the ECM Libra Group's businesses

The Offeror intends to continue with the existing businesses of the ECM Libra Group and does not have any plan or intention to liquidate the ECM Libra Group in the next 12 months after the Closing Date. Notwithstanding that, the Offeror may consider and explore potential opportunities and/or corporate proposals involving the businesses of the ECM Libra Group in order to enhance ECM Libra's shareholders' value. This may involve arrangements, rationalisation and/or reorganisation of the ECM Libra Group including the acquisition of new businesses and/or disposal of existing businesses. However as at the Offer Document LPD, the Offeror has no definite plans in relation to the foregoing.

(ii) Major changes to the ECM Libra Group's businesses

The Offeror has no immediate plan or intention to introduce or effect any major change in the structure of the ECM Libra Group, or dispose or re-deploy major assets of the ECM Libra Group. However, moving forward the Offeror may, as part of any arrangements, rationalisation and/or reorganisation of the ECM Libra Group described in Section 5.2(i) above, dispose or re-deploy major assets of the ECM Libra Group or acquire new businesses as the Offeror considers suitable in line with the future direction of the ECM Libra Group, should such opportunities arise in the next twelve (12) months after the Closing Date.

(iii) Employees of the ECM Libra Group

The Offeror has no immediate plan to dismiss or make redundant employees of the ECM Libra Group as a direct consequence of the Offer. Any change with regards to staff employment may take place as a result of any rationalisation and/or streamlining of the business activities and/or to further improve efficiency and effectiveness of the operations of the ECM Libra Group. In any event, such change will be conducted in accordance with the relevant legislation and the terms of employment of the affected employees.

As at the Offer Document LPD, the Offeror has not entered into any arrangement or understanding with any third party with regards to any significant change in the assets, businesses and shareholding structure of the ECM Libra Group in the next twelve (12) months after the Closing Date.

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5.3. Listing status of ECM Libra

The Non-Interested Directors noted from Section 4 of the Offer Document that **the Offeror intends to maintain the listing status of ECM Libra on the Main Market of Bursa Securities**. Accordingly, in the event that the Offeror receives acceptances pursuant to the Offer resulting in the public shareholding spread of ECM Libra being less than 25% of its total listed shares, the Offeror will explore various options or proposals and/or will procure ECM Libra to explore all possible options to rectify the shortfall in the public shareholding spread of ECM Libra within three (3) months from the Closing Date or such extended timeframe as allowed by the relevant authorities. As at the Offer Document LPD, no such arrangement has been made.

Notwithstanding the foregoing, any decision to rectify the shortfall in the public shareholding spread of ECM Libra will be subject to the Offeror and the PACs retaining an aggregate equity interest of more than 50% in ECM Libra.

Please refer to **Section 8.1 in Part B of this IAC** for further details.

5.4. Compulsory Acquisition and rights of Minority Shareholders

Section 222(1) of the CMSA provides that, where an offeror has made a take-over offer for all the shares or all the shares in any particular class in an offeree and has received acceptances of not less than nine-tenths (9/10) in the nominal value of the offer shares, the offeror may, within four (4) months of the date of the take-over offer, acquire the remaining shares or remaining shares in any particular class in the offeree, by issuing a notice in the form or manner specified by the SC to such effect, to all dissenting shareholders provided that the notice is issued within two (2) months from the date of achieving the conditions under Sections 222(1)(a) and 222(1)(b) of the CMSA and the notice is accompanied by a copy of a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

Section 222(1A) of the CMSA provides that, for the purpose of Section 222(1)(b) of the CMSA, the acceptances shall not include shares already held at the date of the take-over offer by the offeror or persons acting in concert.

In this regard, **the Offeror does not intend to invoke the provisions under Section 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares for which valid acceptances have not been received as at the Closing Date even if the conditions stipulated under Section 222(1) of the CMSA are fulfilled.

Notwithstanding the above, subject to Section 224 of the CMSA, if the Offeror receives valid acceptances from the Holders resulting in the Offeror and the PACs holding not less than nine-tenths (9/10) in the nominal value of the issued and paid-up share capital of ECM Libra (excluding Treasury Shares, if any) on or before the Closing Date, a Dissenting Shareholder may exercise his rights under Section 223(1) of the CMSA within a period to be specified by the Offeror which shall be no less than three (3) months after the Closing Date, by serving a notice on the Offeror to require the Offeror to acquire his Offer Shares on the same terms and conditions as those set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Shareholder.

Please refer to **Section 8.2 in Part B of this IAC** for further details.

6. INDEPENDENT ADVISER'S LETTER

The Holders are advised to read and consider the views and recommendation of BDO CC, the Independent Adviser appointed to advise the Non-Interested Directors and the Holders. The IAL is included in Part B of this IAC.

7. NON-INTERESTED DIRECTORS' RECOMMENDATION

The Non-Interested Directors have carefully examined the terms and conditions of the Offer as contained in the Offer Document and the evaluation and recommendation by BDO CC as set out in Part B of this IAC, wherein it was highlighted, amongst various matters, that ECM Libra Shares have not been traded above the Offer Price of RM0.37 for the past five (5) years up to the date of Announcements, except for the period from 1 June 2015 to 7 December 2015 (being the period from first announcement of the Proposed Distribution to the completion of the Proposed Distribution), and a short period from 8 December 2015 to 18 December 2015 (ECM Libra Shares prices have been adjusted for the effects of any dividends and corporate exercises throughout the relevant period (*Source: Bloomberg*)). In addition, it is also noted that the ECM Libra Shares were relatively **illiquid**.

Taking into account the above, all the Non-Interested Directors have **CONCURRED** with the evaluation and recommendation of BDO CC that the Offer is **NOT FAIR** but **REASONABLE** and recommend the Holders to **ACCEPT** the Offer.

LKO and SKW, by virtue of them being the Interested Directors, have duly abstained from deliberations and making any recommendation in respect of the Offer.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Non-Interested Directors have seen and approved the contents of this IAC. The Non-Interested Directors collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this IAC and confirm that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any information in this IAC false or misleading.

The responsibility of the Non-Interested Directors in respect of:

- (i) the information relating to the Offeror, the PACs and the Offer (as extracted from the Offer Document) is to ensure that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by BDO CC in relation to the Offer as set out in Part B of this IAC, is to ensure that accurate information in relation to the ECM Libra Group was provided to BDO CC for its evaluation of the Offer and to ensure that all information in relation to the ECM Libra Group that is relevant to BDO CC's evaluation of the Offer have been completely disclosed to BDO CC and that there is no omission of material facts which would make any information provided to BDO CC false or misleading.

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THE HOLDERS ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION CONTAINED IN THE OFFER DOCUMENT AND THIS IAC BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

THE NON-INTERESTED DIRECTORS HAVE NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVES, FINANCIAL SITUATION, RISK PROFILE AND PARTICULAR NEEDS OF ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS.

THE NON-INTERESTED DIRECTORS RECOMMEND THAT HOLDERS WHO REQUIRE ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INVESTMENT OBJECTIVES, FINANCIAL SITUATION, RISK PROFILE OR PARTICULAR NEEDS, SHOULD CONSULT THEIR RESPECTIVE STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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

PART B: INDEPENDENT ADVICE LETTER FROM BDO CC



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Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

20 June 2016

To: The Holders

Dear Sir / Madam,

UNCONDITIONAL TAKE-OVER OFFER BY THE OFFEROR THROUGH MERCURY SECURITIES TO ACQUIRE THE OFFER SHARES AT A CASH OFFER PRICE OF RM0.37 PER OFFER SHARE

1. INTRODUCTION

Mercury Securities had on 20 May 2016, served the Notice on the ECM Libra Board on behalf of the Offeror, informing ECM Libra that the Offeror will undertake the Offer.

On 20 May 2016, the ECM Libra Board announced the receipt of the Notice. A copy of the Notice, which is also set out in Appendix I of the Offer Document, was despatched to the Holders on 27 May 2016.

In the same announcement dated 20 May 2016, the ECM Libra Board announced that:-

- (i) it does not intend to seek an alternative person to undertake a take-over offer for the Offer Shares; and
- (ii) in accordance with the Code, BDO CC was appointed as the independent adviser to advise the Board and the Holders in relation to the Offer.

BDO CC had subsequently, on 23 May 2016, declared to the SC its independence and eligibility to act as the Independent Adviser in relation to the Offer.

The Interested Directors have abstained from deliberating and voting at all relevant board meetings of ECM Libra in relation to the Offer.

Please refer to Section 1 in Part A of this IAC for further information.

The purpose of this IAL is to provide our independent evaluation of the terms and conditions of the Offer together with our recommendation thereon, subject to the scope of our role and limitations specified herein.

WE ADVISE YOU TO READ AND UNDERSTAND THIS IAL CAREFULLY TOGETHER WITH PART A: LETTER FROM THE BOARD, AND THE OFFER DOCUMENT OF WHICH YOU SHOULD HAVE RECEIVED BY NOW, BEFORE TAKING ANY ACTION. THIS IAL DOES NOT CONSTITUTE THE OFFER OR ANY PART THEREOF.

IF YOU HAVE ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.



2. PRINCIPAL TERMS AND CONDITIONS OF THE OFFER

The principal terms and conditions of the Offer, which are in compliance with the Code and are identical to those set out in the Notice, are as follows:

2.1. Consideration for the Offer

Accepting Holders shall be paid **RM0.37 in cash** per Offer Share, in accordance with the terms and conditions as set out in the Offer Document.

Notwithstanding the above, if ECM Libra declares, makes or pays any Distribution on or after the date of the Notice but prior to the Closing Date and the Accepting Holders are entitled to retain such Distribution, the cash consideration per Offer Share shall be reduced by an amount equivalent to the net Distribution per Offer Share which the Accepting Holders are entitled to retain.

As at LPD, ECM Libra has not declared, made or paid any Distribution.

Holders may accept the Offer in respect of all or part of their Offer Shares. Fractions of a sen, if any, will not be paid to Accepting Holders. The entitlement to cash consideration in respect of valid acceptances of the Offer will be rounded down to the nearest whole sen.

Please refer to Section 8 of the Offer Document for further details on the basis of arriving at the Offer Price.

2.2. Condition of the Offer

The Offer is **unconditional** as the Offeror and the PACs hold in aggregate more than 50% of the Voting Shares of ECM Libra. As at LPD, the Offeror and the PACs hold in aggregate 144,031,255 ECM Libra Shares (representing approximately 50.26% of the issued and paid-up share capital of ECM Libra).

2.3. Duration of the Offer

The Offer shall remain open for acceptances until 5.00 p.m. (Malaysian Time) on 1 July 2016, being the First Closing Date, unless extended or revised by the Offeror in accordance with the provisions of the Code. Any such extension or revision will be announced by Mercury Securities, on behalf of the Offeror, no later than two (2) days prior to the Closing Date. Such announcement will state the next expiry date of the Offer. Notices of such extension will be posted to the Holders accordingly.

Please refer to Section 2 of Appendix II of the Offer Document for further details on the duration of the Offer.

2.4. Method and expected date of settlement

If the Offeror deems the Holders' acceptance to be complete and valid in all respects in accordance with the terms and conditions set out in the Offer Document, the settlement of the consideration for the Offer will be effected via remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Holders (or their designated agent(s), as they may direct) at the Holders' registered Malaysian address last maintained with Bursa Depository at their own risk within ten (10) days from the date of the valid acceptance.



Please refer to Appendix II of the Offer Document for other terms and conditions of the Offer and Appendix III of the Offer Document for the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCES

As at the Offer Document LPD, the Offeror and the PACs have not received any irrevocable undertaking from any Holder to accept the Offer.

As at the Offer Document LPD, there is no existing or proposed agreement, arrangement or understanding in relation to the Offer Shares between the Offeror and/or the PACs with any of the Holders, save for Dato' Seri Kalimullah bin Masheerul Hassan's undertaking not to accept the Offer in respect of his entire shareholding of 21,856,640 ECM Libra Shares (representing approximately 7.63% of the issued and paid-up share capital of ECM Libra), which was received on 20 May 2016.

As at the LPD, there is no announcement made by Mercury Securities, on behalf of the Offeror, of any acceptances of the Offer Shares.

4. LIMITATIONS TO THE EVALUATION OF THE OFFER

We have evaluated the Offer and in rendering our advice, we have considered various factors which we believe are of relevance and general importance to an assessment of the terms and conditions as well as implications of the Offer and would be of general concern to the Holders.

Our scope as the Independent Adviser is limited to expressing an independent opinion on the terms and conditions of the Offer as to whether or not the Offer is fair and reasonable in so far as the Holders are concerned based on information, data and documents provided to us or which are available to us and making enquiries as were reasonable in the circumstances. In performing our evaluation, we have relied on the following sources of information:

- (i) Information contained in the Notice, Offer Document and the appendices attached thereto;
- (ii) Audited consolidated financial statements of the ECM Libra Group for the FYEs 31 January 2014, 31 January 2015 and 31 January 2016;
- (iii) Discussions with and representations by the Board and management of ECM Libra;
- (iv) Other relevant information, documents, confirmations and representations furnished to us by the Board and management of ECM Libra; and
- (v) Other publicly available information which we deem to be relevant.

We have relied on ECM Libra, the Board and management of ECM Libra to take due care to ensure that all information, documents and representations provided by them to facilitate our evaluation of the Offer, are accurate, valid and complete in all material aspects. Nonetheless, we have made reasonable enquiries, and as at the date of this IAL, we are satisfied with the information provided to us and have no reason to believe that the aforementioned information provided to us is unreliable, incomplete, misleading and/or inaccurate.

Our evaluation as set out in this IAL is rendered solely for the benefit of the Holders as a whole and not for any specific group of Holders. Hence, in carrying out our evaluation, we have not taken into consideration any specific investment objectives, financial situation, risk profile or particular needs of any individual Holder or any specific group of Holders. We recommend that any Holder who is in doubt as to the action to be taken in relation to the Offer in the context of his individual investment objectives, financial situation, risk profile or particular needs, should consult his respective stockbroker, solicitor, accountant, bank manager or other professional advisers immediately.

Our advice should be considered in the context of the entirety of this IAL. Our views expressed in this IAL are, amongst others, based on economic, market and other conditions prevailing, and the information and/or documents made available to us as at the LPD or such other period as specified herein. Such conditions may change significantly over a short period of time.

We shall immediately notify the Holders if, after despatching this IAC, as guided by Paragraph 3.28 under Practice Note 15 of the Code, we:

- (i) become aware of a significant change affecting the information contained in this IAC;
- (ii) have reasonable grounds to believe that a material statement in this IAC is misleading or deceptive; or
- (iii) have reasonable grounds to believe that there is a material omission in this IAC.

If circumstances require, we shall send a supplementary IAC to the Holders.

5. EVALUATION OF THE OFFER

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Offer in accordance with Paragraphs 3.1 to 3.6 under Practice Note 15 of the Code, where the term “fair and reasonable” should generally be analysed as two (2) distinct criteria, i.e. whether the offer is “fair” and whether the offer is “reasonable”, rather than as a composite term.

In accordance with Paragraph 3.2, Practice Note 15 of the Code, in arriving at the fairness evaluation of the Offer, we have assessed the Offer Price against the value of the ECM Libra Shares. Pursuant to the above, the Offer will be considered fair if the value of the Offer Price is equal to or higher than the value and market price of the ECM Libra Shares and vice versa.

Paragraph 3.4, Practice Note 15 of the Code also states that, generally, a take-over offer would be considered reasonable if it is fair.

In arriving at the reasonableness evaluation of the Offer, we have examined other significant factors to which the Holders may give consideration to prior to accepting or rejecting the Offer.

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We have considered the following pertinent factors in our evaluation of the Offer:

Fairness of the Offer	Section 6
(i) Valuation of the ECM Libra Shares based on NA approach	6.1
Reasonableness of the Offer	Section 7
(i) Historical market prices of ECM Libra Shares	7.1
- Historical closing market prices of the ECM Libra Shares for the past five (5) years up to LTD	7.1.1
- Offer Price vis-à-vis the historical closing market price/VWAPs	7.1.2
(ii) Historical liquidity analysis of the ECM Libra Shares	7.2
(iii) No competing take-over offer	7.3

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6. FAIRNESS OF THE OFFER

6.1. Valuation of the ECM Libra Shares based on the NA approach

For the purpose of our assessment on the fair value of the ECM Libra Share, we have considered the NA approach as a suitable methodology to be used. NA approach involves the valuation of the company's assets and liabilities as at balance sheet date, assuming all assets to be recovered and all liabilities to be settled at their respective carrying amounts.

ECM Libra Group is principally involved in provision of unit trust and asset management services, provision of credit services and investment holdings. On 31 July 2015, ECM Libra Capital Sdn Bhd (a wholly-owned subsidiary of ECM Libra) ceased its principal activities of advising on corporate finance and became a dormant company. The ECM Libra Group's scale of operations has also significantly decreased following the Proposed Distribution which was completed on 7 December 2015, as such it has yet to establish a track record based on its present scale of operations. In additions, upon consideration of the nature of its assets and liabilities, we have considered the NA approach as a suitable methodology to be used. Based on the foregoing, we have not adopted any other valuation method such as discounted cash flows and earning approach for the purpose of our evaluation.

As extracted from the audited financial statement for the FYE 31 January 2016, the audited consolidated NA of ECM Libra Group comprises the following:

Assets and liabilities	RM (million)	% to NA
Loans, advances and financing ⁽¹⁾	60.28	43.89
Cash and short-term funds ⁽²⁾	24.88	18.12
PPE ⁽³⁾	24.30	17.69
Securities available-for-sale ⁽⁴⁾	17.33	12.62
Investment in associated company ⁽⁵⁾	7.20	5.24
Trade receivables ⁽⁶⁾	6.22	4.53
Investment property ⁽⁷⁾	4.03	2.93
Other assets ⁽⁸⁾	1.56	1.13
Deferred tax assets ⁽⁹⁾	0.30	0.22
Total assets	146.10	106.37
Trade payables ⁽¹⁰⁾	(0.33)	(0.24)
Other liabilities ⁽¹¹⁾	(8.08)	(5.88)
Provision for taxation	(0.35)	(0.25)
Audited NA as at 31 January 2016	137.34	100.0
Number of Voting Shares ('000)	286,592	
NA per Voting Share (RM)	0.48	
Par value per Voting Share (RM)	0.12	

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Notes:

- (1) Loan, advances and financing represent terms loans to domestic business enterprises and individuals at fixed interest rates. All loans, advances and financing are secured by collaterals mainly in shares. There were no impaired loans as at 31 January 2016 and the carrying amounts of loans, advances and financing approximate the fair values as at 31 January 2016 due to the relatively short term maturity of the loans, advances and financing.
- (2) Cash and short-term funds comprises mainly cash, balances with banks and other financial institutions, money at call and deposit placements maturing within two (2) months from 31 January 2016.
- (3) PPE comprises freehold land and building and office renovation, furniture and fittings and office equipment, computers and motor vehicles. The carrying amounts of PPE have been reviewed for impairment and the audited carrying amounts as at 31 January 2016 as shown above reflect the carrying amounts of these assets net of impairment losses, if any.

It should be highlighted that no independent property revaluation is performed on the PPE, in particular, the Bangunan ECM Libra (Centre and East Wing) located in Jalan Damansara Endah, Damansara Heights, Kuala Lumpur ("Bangunan ECM Libra") with carrying amount of approximately RM20.32 million as at 31 January 2016 which represents 14.80% of the audited consolidated NA of RM137.34 million as at 31 January 2016 as shown above. Notwithstanding that, we understand from the management of ECM Libra that:

- (a) ECM Libra has incurred approximately RM11.00 million to refurbish the building since 2007 and this amount is included in the carrying amount as at 31 January 2016; and
- (b) ECM Libra's accounting policy is to measure PPE at cost less accumulated depreciation and accumulated impairment loss, if any.

Premised on the above, the carrying amount of the freehold land and building as at 31 January 2016 is fairly stated as the carrying amount is net of impairment. Arising from this, the management of ECM Libra and BDO CC are satisfied that no independent property valuation is necessary.

- (4) Securities available-for-sale comprises quoted and unquoted shares as well as unit trust funds units measured at fair value as at 31 January 2016.
- (5) Investment in associated company represents advances of RM7.20 million to Positive Carry Limited, a company incorporated in the British Virgin Islands of which ECM Libra has 30% equity interest. The advances to Positive Carry Limited are unsecured and interest free.
- (6) Trade receivables represent amount owing from trustees, carried at anticipated realisable values. The audited carrying amounts as at 31 January 2016 as shown above reflect the amounts net of impairment losses, if any.
- (7) The carrying amount of the investment property as at 31 January 2016 is fairly stated in view that the purchase of the investment property in December 2015 is a recent transaction. The carrying amount of the investment property has been reviewed for impairment and the audited carrying amounts as at 31 January 2016 as shown above reflect the carrying amount net of impairment losses, if any.

- (8) Other assets comprise interest receivables, deposits, tax recoverable and other receivables and prepayments. None of the above is past due or impaired as at 31 January 2016.
- (9) The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the respective entities within the Group against which the losses and capital allowances can be utilised.
- (10) Trade payables relate to amount owing to trustees.
- (11) Other liabilities comprise accruals, other payables and deposits received.

Based on the audited financial statements for the FYE 31 January 2016, we noted that the Company has carried out impairment assessment on its loans, advances and financing, PPE, securities available-for-sale, trade receivables, investment property and other assets as at 31 January 2016. Accordingly, the carrying amounts of these assets as at 31 January 2016 reflect their recoverable amounts or fair values as at 31 January 2016. The above classes of assets after impairment assessment, together with the cash and bank balances, represent 94.87% of the total assets of RM146.10 million as at 31 January 2016. The investment in associated company and deferred tax assets accounted for the balance 5.13%.

In additions, since the loans, advances and financing amounting to RM60.28 million or 43.89% of the audited NA as at 31 January 2016, are short term in nature, the ability to lend out the terms loans at the current rates will be dependent on the market situation then, and therefore, valuing loans, advances and financing at its present value, i.e. based on the realisable value as at 31 January 2016 is reasonable.

ECM Libra is currently holding a Capital Markets Services Licence through Libra Invest Berhad to carry on its fund management business. This licence is required for this business and had contributed to the audited NA as at 31 January 2016.

Arising from this, we are of the view that the NA per ECM Libra Share reflects the fair value of the assets and liabilities of ECM Libra and accordingly, form a reasonable basis for the indicative valuation of ECM Libra Share based on the NA approach.

We have also considered and are satisfied that any appreciation in the Bangunan ECM Libra will not materially affect our conclusion on the fairness of the Offer as their carrying amounts constitute only approximately 14.80% of the audited consolidated NA of RM137.34 million as at 31 January 2016, therefore, we are of the view that a property revaluation is not necessary at this juncture for the purposes of our assessment.

Comments:

Based on the above, we have derived the estimated fair value per Voting Share, based on the audited consolidated NA of ECM Libra as at 31 January 2016, of RM0.48 per Voting Share. We wish to highlight that the Offer Price of RM0.37 is lower than and represents a discount of RM0.11 per share or 22.92% over the audited consolidated NA per Voting Share of RM0.48.

6.2. Our opinion on the fairness of the Offer Price

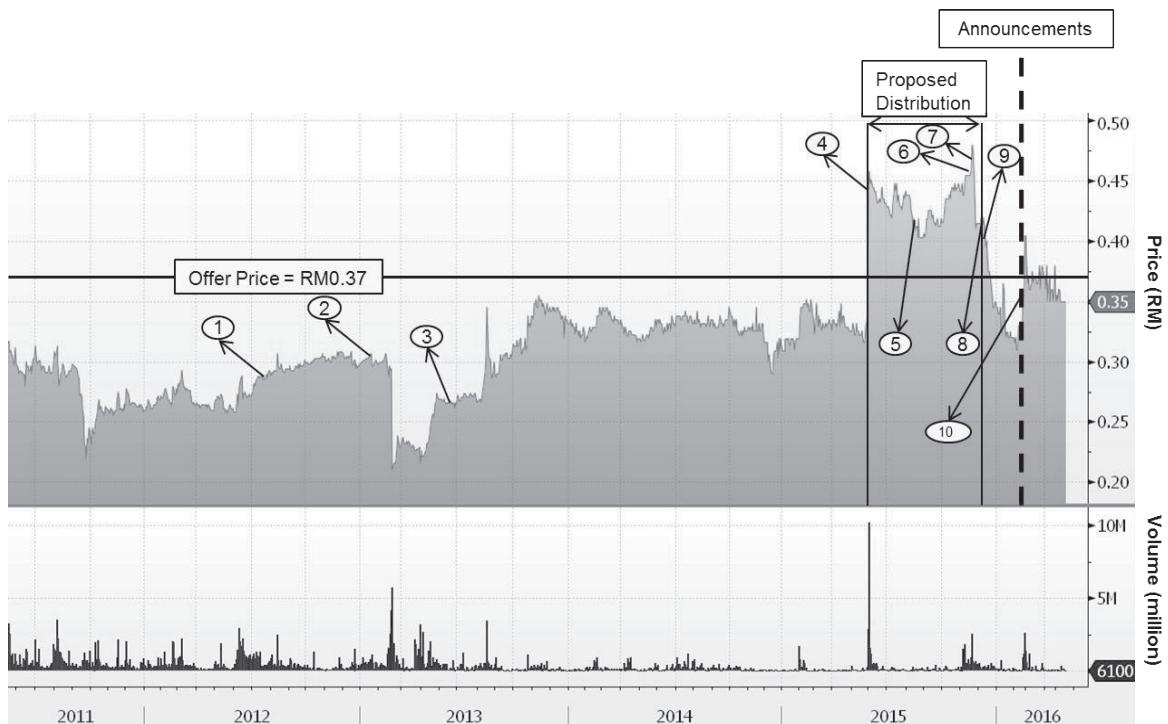
We have evaluated the fairness of the Offer in accordance with Paragraph 3.2 under Practice Note 15 of the Code. Based on our analysis as set out in **Sections 6.1 of this IAL**, we are of the opinion that the Offer is **NOT FAIR** due to the Offer Price of RM0.37 is **lower** than and represents a **discount** of RM0.11 (22.92%) over the estimated fair value per Voting Share as at 31 January 2016 of RM0.48.

7. REASONABLENESS OF THE OFFER

7.1. Historical market prices of ECM Libra Shares

7.1.1. Historical closing market prices of the ECM Libra Shares for the past five (5) years up to LTD

In considering the Offer, Holders should take into consideration the movement of the market price of ECM Libra Shares on Bursa Securities. The movement in the closing market price and trading volume of ECM Libra Shares for the past five (5) years up to LTD before the Offer is shown in the chart below:



Note:-

The above information extracted from Bloomberg has been adjusted for the effects of any dividends and corporate exercises throughout the relevant period.

(Source: Bloomberg)

Please refer to **Section 7.2 in Part B of this IAC** for the historical liquidity analysis of the ECM Libra Shares.

Comments:

Based on the chart above, we noted the following:-

- (i) ECM Libra Shares have not been traded above the Offer Price of RM0.37 for the past five (5) years up to the date of Announcements, except for the period from 1 June 2015 to 7 December 2015 (being the period from first announcement of the Proposed Distribution to the completion of the Proposed Distribution) and a short period from 8 December 2015 to 18 December 2015;
- (ii) For the period from 8 December 2015 (being the day following the completion of the Proposed Distribution) to 23 February 2016 (being the last trading day prior to the Announcements), the Offer Price of RM0.37 is higher than the closing market price of ECM Libra Shares for approximately 74% of the total Market Days over this period of time. The closing market price which was higher than the Offer Price of RM0.37 was from 8 December 2015 to 18 December 2015 and accounted for 26% of the total Market Days over this period of time;
- (iii) The closing market prices of ECM Libra Shares were traded in the range of RM0.35 to RM0.41 subsequent to the Announcements from 25 February 2016 to LTD. The Offer Price of RM0.37 is higher than the closing market prices of ECM Libra Shares for approximately 65% of the total Market Days over this period of time; and
- (iv) The Offer Price represents a premium of RM0.16 or 76.19% to the lowest closing price over the past five (5) years up to LTD of RM0.21 (on 18 March 2013) and a discount of RM0.11 or 22.92% to the highest closing price over the past five (5) years up to LTD of RM0.48 (on 20 November 2015).

We are not aware of any particular reasons which might have led to the upward and downward movements of the ECM Libra for the past five (5) years up to LTD. However, we noted the following announcements made to Bursa Securities:-

Annotation	Date	Significant events
(1)	15 June 2012	<p>Announcement that ECM Libra had entered into a conditional share purchase agreement with Kenanga Investment Bank Berhad (“KIBB”) and K & N Kenanga Holdings Berhad (“KNKH”) for the proposed disposal by ECM Libra of the entire equity interest in ELIB to KIBB for a total disposal consideration of RM875.11 million</p> <p>Pursuant to the proposed disposal, ELIB simultaneously entered into a business merger agreement with KIBB for the proposed business merger of the business of ELIB and KIBB</p> <p>Proposed to undertake a capital restructuring, collectively referred to as the (“Proposed Capital Restructuring”) are as follows:</p> <ul style="list-style-type: none"> (i) Proposed capital repayment to shareholders of ECM Libra comprising a total of RM442.65 million in cash, 120.00 million ordinary shares of RM1.00 each in KNKH and RM47.75 million nominal value of redeemable non-convertible unsecured loan stocks of KNKH (“RULS”) (Series A) (“Proposed Capital Repayment”);

		<ul style="list-style-type: none"> (ii) Proposed share split involving the subdivision of the ordinary shares in ECM Libra after the Proposed Capital Repayment (“Proposed Share Split”); and (iii) Proposed consolidation of the ordinary shares in ECM Libra after the Proposed Share Split (“Proposed Share Consolidation”)
(2)	14 December 2012	<p>Completion of proposed disposal and proposed business merger and ELIB thereafter ceased to be a subsidiary of ECM Libra</p> <p>Based on the closing price of KNKH of RM0.585 per KNKH share on 14 December 2012 (“KNKH Share Closing Price”), the Proposed Capital Repayment by ECM Libra shall comprise:</p> <ul style="list-style-type: none"> (i) A cash distribution of RM442.65 million or RM0.534 per ECM Libra ordinary share of RM1.00 each; (ii) Distribution-in-specie of KNKH shares of RM70.20 million (which were valued at KNKH Share Closing Price) or RM0.085 per ECM Libra ordinary share of RM1.00 each; and (iii) Distribution-in-specie of RULS (Series A) of RM47.75 million or RM0.057 per ECM Libra ordinary share of RM1.00 each <p>amounting to RM560.60 million or RM0.676 per ECM Libra share of RM1.00 each</p> <p>Following the Proposed Capital Repayment, ECM Libra will undertake the Proposed Share Split where every one (1) remaining ordinary share of RM0.324 each in ECM Libra shall be subdivided into 32.4 ordinary shares of RM0.01 each in ECM Libra</p> <p>Upon completion of the Proposed Capital Repayment and Proposed Share Split, ECM Libra will undertake the Proposed Share Consolidation where one hundred (100) ordinary shares of RM0.01 each in ECM Libra shall be consolidated into one (1) ordinary share of RM1.00 each in ECM Libra, resulting in the issued and paid-up share capital of ECM Libra being RM268.22 million comprising 268,222,091 ordinary shares of RM1.00 each</p>
(3)	14 March 2013	Completion of distribution of the cash, KNKH shares and allotted the consolidated shares
(4)	1 June 2015	<p>Proposal to undertake the Proposed Distribution by way of:-</p> <ul style="list-style-type: none"> (i) the proposed capital reduction of RM0.88 per ECM Libra ordinary share of RM1.00 each; and (ii) the proposed special dividend of up to RM0.32 per ECM Libra ordinary share of RM1.00 each <p>The Proposed Distribution comprised a combination of cash and/or distribution-in-specie of ordinary shares and warrants of Eastern & Oriental Berhad (“EOB”), a company listed on the Main Market of Bursa Securities</p>

(5)	20 August 2015	Approval by the shareholders of ECM Libra of the Proposed Distribution at the Extraordinary General Meeting and announcement on quarterly report on consolidated results for the financial period ended 31 July 2015
(6)	19 November 2015	Completion of proposed capital reduction from RM1.00 to RM0.12
(7)	24 November 2015	Announcement that based on ECM Libra's existing issued and paid-up share capital as at 5.00 p.m., 24 November 2015 ("Entitlement Date"), the total value of the Proposed Distribution is approximately RM285.70 million (or equivalent to RM0.997 per ECM Libra share), comprising of approximately RM177.69 million cash and RM108.01 million in the form of the distribution-in-specie
(8)	7 December 2015	Completion of the Proposed Distribution
(9)	10 December 2015	Announcement on quarterly report on consolidated results for the financial period ended 31 October 2015
(10)	24 February 2016	Announcement on the potential mandatory general offer
	25 February 2016	Announcement on the potential mandatory general offer – disclosure of additional information

7.1.2. Offer Price vis-à-vis the historical closing market prices/VWAPs

The Offer Price of RM0.37 per Offer Share yields the following premiums/discounts to the closing market prices and VWAPs of the ECM Libra Shares:

	Closing market price or VWAP	Premium/(Discount) of the Offer Price over the closing market price or VWAP	
	RM	RM	%
<u>Up to the LTD:</u>			
Last closing market price	0.35	0.02	5.71
Five (5)-day VWAP	0.35	0.02	5.71
One (1)-month VWAP	0.35	0.02	5.71
Three (3)-month VWAP	0.37	-	-
Six (6)-month VWAP	0.39	(0.02)	(5.13)
One (1)-year VWAP	0.42	(0.05)	(11.90)
<u>Up to the LPD:</u>			
Last closing market price	0.38	(0.01)	(2.63)
Five (5)-day VWAP	0.39	(0.02)	(5.13)

(Source: Bloomberg)



Comments:

Based on the table above, we noted that the Offer Price represents the following:

- (i) A **premium** of RM0.02 (5.71%) per ECM Libra Share over the last closing price as at LTD, five (5)-day and one (1)-month VWAP up to LTD;
- (ii) The Offer Price is equal to three (3)-month VWAP up to LTD;
- (iii) A **discount** ranging from RM0.02 (5.13%) to RM0.05 (11.90%) per ECM Libra Share over the six (6)-month and one (1)-year VWAP up to LTD; and
- (iv) A **discount** ranging from RM0.01 (2.63%) to RM0.02 (5.13%) per ECM Libra Share over the last closing market price as at LPD and five (5)-day VWAP up to LPD.

The daily average trading volume from LTD up to LPD of 894,363 is higher than the daily average trading volume of 234,855 for the past one (1) year up to April 2016 (being the last full trading month prior to LTD) and for the same period, we noted that the closing market prices of ECM Libra were traded higher than the Offer Price of RM0.37.

However, this may not be an indication of future performance of the market prices of the ECM Libra Shares, which may be influenced by, amongst others, the performance and prospects of ECM Libra, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors. There is also no assurance that the market price of the ECM Libra Shares will continue to trade at the current range if the Offer is not carried out or will remain at current levels after the Closing Date.

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7.2. Historical liquidity analysis of the ECM Libra Shares

The monthly highest and lowest last closing market prices and the trading volume of the ECM Libra Shares for the past one (1) year up to April 2016 (being the last full trading month prior to LTD) are shown below:

Month	High ⁽¹⁾ RM	Low ⁽¹⁾ RM	VWAP ⁽¹⁾ RM	Monthly volume traded ⁽²⁾ (units)	Monthly volume traded over free float ⁽³⁾ (%)
<u>2015</u>					
May	0.34	0.31	0.33	1,326,300	1.08
June	0.50	0.43	0.45	19,540,200	15.91
July	0.45	0.42	0.43	1,336,100	1.09
August	0.45	0.40	0.41	1,554,800	1.26
September	0.44	0.40	0.42	1,348,400	1.10
October	0.46	0.41	0.44	2,167,600	1.76
November	0.50	0.41	0.45	10,431,200	8.66
December	0.43	0.33	0.38	5,057,600	4.20
<u>2016</u>					
January	0.37	0.31	0.33	1,987,700	1.65
February	0.41	0.31	0.37	5,027,700	4.17
March	0.41	0.36	0.38	5,310,800	4.41
April	0.38	0.35	0.34	387,700	0.32
Simple average for the past twelve (12) months				4,623,008	3.80
Simple average for the past twelve (12) months (excluding June 2015 to December 2015)⁽⁴⁾				2,808,040	2.33
Simple average for the past twelve (12) months (excluding June, November, December 2015 and February & March 2016)⁽⁵⁾				1,444,086	1.18
Notes:					
(1) The above closing market prices of ECM Libra extracted from Bloomberg has been adjusted for the effects of any dividends and corporate exercises throughout the relevant period.					
(2) The monthly trading volume excludes the ECM Libra Shares traded by the Offeror, other substantial shareholders and Directors of ECM Libra.					
(3) Free float is computed based on the total number of ECM Libra Shares in issue (excluding Treasury Shares, if any) less ECM Libra Shares held by the Offeror, other substantial shareholders and Directors of ECM Libra as at the end of the respective month.					
(4) Being the period between the first announcement of Proposed Distribution (i.e. 1 June 2015) and completion of the Proposed Distribution (i.e. 7 December 2015).					
(5) Being the five (5) highest trading volume months for twelve (12) months up to the last full trading month prior to LTD.					
(6) The daily simple average volume for the twelve (12) months up to the last full trading month prior to LTD is 234,855 ECM Libra Shares.					

(Source: Bloomberg and announcements on Bursa Securities)

Based on the table above, the ECM Libra Shares were traded at an average monthly volume of 4,623,008 ECM Libra Shares, representing approximately 3.80% of the free float of the ECM Libra Shares for the past twelve (12) months up to the last full trading month prior to LTD.

However, it is noted that the average monthly volume traded over free float of 3.80% may not necessarily be reflective of the trading liquidity of ECM Libra Shares due to higher trading volume during the month from June 2015 to December 2015, which represent the period between the first announcement and completion of the Proposed Distribution. If the said months from June 2015 to December 2015 are excluded, the ECM Libra Shares were traded at an average monthly volume of 2,808,040 ECM Libra Shares, representing 2.33% of the free float of ECM Libra for the past one (1) year up to April 2016.

Additionally, it is noted that if the higher trading volume during the months of June 2015, November 2015, December 2015, February 2016 and March 2016 are excluded, the ECM Libra Shares were traded at an average monthly volume of 1,444,086 ECM Libra Shares, representing 1.18% of the free float of ECM Libra for the past one (1) year up to April 2016.

The highest monthly volume traded in ECM Libra Shares was in the month of June 2015 with approximately 19,540,200 ECM Libra Shares, representing 15.91% of the free float of the ECM Libra Shares after the announcement on 1 June 2015 of the Proposed Distribution exercise to ECM Libra's entitled shareholders of up to approximately RM320.10 million by way of cash distribution or a combination of cash and distribution-in-specie of ordinary shares and/or warrants of EOB. The lowest monthly volume traded in ECM Libra Shares was in the month of April 2016 with 387,700 ECM Libra Shares, representing 0.32% of the free float of the ECM Libra Shares.

Comments:

Pursuant to the above analysis, the ECM Libra Shares were relatively **illiquid** and, thus, the Holders may have limited opportunities or may take significant time to realise their investments in ECM Libra at the Offer Price in the open market even if they wanted to, especially if it entails the disposal of a large block of ECM Libra Shares.

Therefore, the Offer provides an opportunity for the Holders to realise their investments in ECM Libra Shares at the Offer Price.

Further, if the Offeror accumulates a higher shareholding level either as a result of acceptances received pursuant to the Offer or via further dealings in the open market before the Closing Date, the liquidity of the ECM Libra Shares and the Holders' ability to dispose of their ECM Libra Shares in the open market may be further constrained.

However, we wish to highlight that the above evaluation is based on historical trading volume of the ECM Libra Shares in the respective periods as well as free float as at the respective dates and should not be relied upon as an indication of the future trading volume of the ECM Libra Shares.

7.3. No competing take-over offer

As at the LPD, the Non-Interested Directors have not received any competing take-over offer for the Offer Shares nor any other offer to acquire the assets and liabilities of the ECM Libra Group. The Non-Interested Directors have decided not to seek an alternative person to make a take-over offer for the Offer Shares as announced in their announcement dated 20 May 2016.

In view of the above, the Offer represents an opportunity for the Holders of the Offer Shares to realise their investment in ECM Libra at the Offer Price.

7.4. Our opinion on the reasonableness of the Offer Price

Based on our analysis as set out in **Sections 7.1 to 7.3 of this IAL**, we are of the opinion that the Offer Price is **REASONABLE** due to the following:

- It is noted the following:
 - (i) ECM Libra Shares have not been traded above the Offer Price of RM0.37 for the past five (5) years up to the date of Announcements, except for the period from 1 June 2015 to 7 December 2015 (being the period from first announcement of the Proposed Distribution to the completion of the Proposed Distribution) and a short period from 8 December 2015 to 18 December 2015; and
 - (ii) The Offer Price of RM0.37 is generally higher than the closing market price of ECM Libra Shares for the period from 8 December 2015 (being the day following the completion of the Proposed Distribution) up to LTD.
- The Offer Price represents:
 - (i) A **premium** of RM0.02 (5.71%) per ECM Libra Share over the last closing price as at LTD, five (5)-day and one (1)-month VWAP up to LTD; and
 - (ii) The Offer Price is equal to three (3)-month VWAP up to LTD.
- The ECM Libra Shares were relatively **illiquid** (with an average monthly trading volume-to-free float for the past one (1) year up to April 2016 of 3.80%).
- Additionally, it is noted that if the higher trading volume during the months of June 2015, November 2015, December 2015, February 2016 and March 2016 are excluded, the ECM Libra Shares were traded at an average monthly volume of 1,444,086 ECM Libra Shares, representing 1.18% of the free float of ECM Libra for the past one (1) year up to April 2016.
- The Offer provides an opportunity for the Holders to realise their investments in ECM Libra at a premium of RM0.02 or 5.71% per ECM Libra Share over the last closing price as at LTD, five (5)-day and one (1)-month VWAP up to LTD for the past one (1) year up to LTD.
- If the Offeror accumulates a higher shareholding level before the Closing Date, the Holders' ability to dispose of their ECM Libra Shares in the open market may be further constrained.
- As at the LPD, the Non-Interested Directors have not received any competing take-over offer for the Offer Shares nor any other offer to acquire the assets and liabilities of the ECM Libra Group. The Non-Interested Directors have decided not to seek an alternative person to make a take-over offer for the Offer Shares.



8. OFFEROR'S PLANS FOR THE ECM LIBRA GROUP

In evaluating the Offer, it is pertinent to consider the Offeror's plans for the ECM Libra Group, the details of which are set out below:

- (i) Listing status of ECM Libra;
- (ii) Compulsory acquisition and rights of the Minority Shareholders; and
- (iii) Offeror's future plans for the ECM Libra Group and its employees.

8.1. Listing status of ECM Libra

Paragraph 8.02(1) of the Listing Requirements states that a listed issuer must ensure that at least 25% of its total listed shares (excluding Treasury Shares, if any) are in the hands of public shareholders to ensure its continued listing on the Main Market of Bursa Securities. Bursa Securities may accept a percentage lower than 25% of the total number of listed shares (excluding Treasury Shares, if any) if it is satisfied that such lower percentage is sufficient for a liquid market in such shares.

A listed issuer which fails to maintain the required public shareholding spread may request for an extension of time to rectify the situation in the manner as may be prescribed by Bursa Securities. Where no extension of time is granted by Bursa Securities, Bursa Securities may take or impose any type of action or penalty pursuant to Paragraph 16.19 of the Listing Requirements for a breach of Paragraph 8.02(1) of the Listing Requirements and may, at its discretion, suspend trading in the securities of the listed issuer pursuant to Paragraph 16.02(1) of the Listing Requirements. Notwithstanding this, the non-compliance with the public shareholding spread requirement would not automatically result in the delisting of ECM Libra from the Official List of Bursa Securities.

Pursuant to Paragraph 9.19(48) of the Listing Requirements, in relation to a take-over offer for the acquisition of the listed shares of a listed issuer pursuant to the Code, the listed issuer must make an immediate announcement upon 90% or more of its listed shares (excluding Treasury Shares, if any) being held by a shareholder, either individually or jointly with associates of the shareholder. Upon such announcement, Bursa Securities shall, in the case where the offeror intends to maintain the listed issuer's listing status, suspend the trading of the listed issuer's securities upon the expiry thirty (30) Market Days from the date of the announcement. The suspension will only be uplifted upon the listed issuer's full compliance with the public shareholding spread requirement or as may be determined by Bursa Securities.

The Offeror intends to maintain the listing status of ECM Libra on the Main Market of Bursa Securities. Accordingly, in the event that the Offeror receives acceptances pursuant to the Offer resulting in the public shareholding spread of ECM Libra being less than 25% of its total listed shares, the Offeror will explore various options or proposals and/or will procure ECM Libra to explore all possible options to rectify the shortfall in the public shareholding spread of ECM Libra within three (3) months from the Closing Date or such extended timeframe as allowed by the relevant authorities. As at the Offer Document LPD, no such arrangement has been made.

Notwithstanding the foregoing, any decision to rectify the shortfall in the public shareholding spread of ECM Libra will be subject to the Offeror and the PACs retaining an aggregate equity interest of more than 50% in ECM Libra.



Holders should note that the ability of the Offeror to rectify any shortfall in the public shareholding spread of ECM Libra shall be subject to market vagaries and the approvals of the relevant authorities, where applicable. Therefore, while the Offeror intends to rectify any shortfall in the public shareholding spread of ECM Libra, there is no assurance that it will be able to do so within the timeframe as allowed by the relevant authorities or that the relevant authorities will grant any extension of time in relation thereto. In the event that the Offeror is unable to rectify the shortfall in the public shareholding spread, if any, Bursa Securities may at its discretion suspend the trading of ECM Libra Shares.

Comments:

We noted that it is the intention of the Offeror to maintain the listing status of ECM Libra therefore the shares of ECM Libra will remain traded on Bursa Securities. Hence, Holders will still be able to participate in the trading of ECM Libra Shares and in the event that ECM Libra declares any dividend in the future, Holders are entitled to receive it.

As set out in the Offer Document, in the event ECM Libra cannot meet the Public Spread Requirement as a result of acceptances received under the Offer, the Offeror will use its best endeavours to address the shortfall in public shareholding spread of ECM Libra within three (3) months from the Closing Date (or such dates as may be allowed by Bursa Securities). In addition, the Offeror will also use its best endeavours to procure ECM Libra to explore all possible options to address the shortfall in public shareholding spread of ECM Libra.

However, Holders should note that in the event that ECM Libra is unable to meet the Public Spread Requirement, ECM Libra will be removed from the Official List and ECM Libra Shares may become illiquid securities as they will not be traded on Bursa Securities and there may not be an active or ready market for the unlisted shares.

8.2. Compulsory acquisition and rights of Minority Shareholders

Section 222(1) of the CMSA provides that, where an offeror has made a take-over offer for all the shares or all the shares in any particular class in an offeree and has received acceptances of not less than nine-tenths (9/10) in the nominal value of the offer shares, the offeror may, within four (4) months of the date of the take-over offer, acquire the remaining shares or remaining shares in any particular class in the offeree, by issuing a notice in the form or manner specified by the SC to such effect, to all dissenting shareholders provided that the notice is issued within two (2) months from the date of achieving the conditions under Sections 222(1)(a) and 222(1)(b) of the CMSA and the notice is accompanied by a copy of a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

Section 222(1A) of the CMSA provides that, for the purpose of Section 222(1)(b) of the CMSA, the acceptances shall not include shares already held at the date of the take-over offer by the offeror or persons acting in concert.

In this regard, **the Offeror does not intend to invoke the provisions under Section 222(1) of the CMSA** to compulsorily acquire any remaining Offer Shares for which valid acceptances have not been received as at the Closing Date even if the conditions stipulated under Section 222(1) of the CMSA are fulfilled.

Notwithstanding the above, subject to Section 224 of the CMSA, if the Offeror receives valid acceptances from the Holders resulting in the Offeror and the PACs holding not less than nine-tenths (9/10) in the nominal value of the issued and paid-up share capital of ECM Libra (excluding Treasury Shares, if any) on or before the Closing Date, a Dissenting Shareholder may exercise his right under Section 223(1) of the CMSA within a period to be specified by the Offeror which shall be no less than three (3) months after the Closing Date, by serving a notice on the Offeror to require the Offeror to acquire his Offer Shares on the same terms and conditions as those set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Shareholder.



In accordance with Section 224(3) of the CMSA, when a Dissenting Shareholder exercises his right under Section 223(1) of the CMSA, the court may, on an application made by such Dissenting Shareholder or by the Offeror, order that the terms on which the Offeror shall acquire such Offer Shares shall be as the court thinks fit.

Section 223(2) of the CMSA requires the Offeror to give the Dissenting Holders a notice in the manner specified by the SC of the rights exercisable by the Dissenting Holders under Section 223(1) of the CMSA, within one (1) month of the time of the Offeror has acquired not less than nine-tenth (9/10) in the value of all the shares in ECM Libra or of that class in ECM Libra.

A notice to the Dissenting Holders under Section 223(2) of the CMSA may specify the period for the exercise of the rights of the Dissenting Holders and in any event, such period shall not be less than three (3) months after the Closing Date.

Comments:

We note that in the event the Offer has been accepted by the Holders of not less than nine-tenths (9/10) in the nominal value of the offer shares, the Offeror does not intend to invoke Section 222(1) of the CMSA to compulsorily acquire any outstanding Offer Shares for which valid acceptances have not been received, subject to Section 224 of the CMSA. However, any Dissenting Shareholder may exercise his right under Section 223(1) of the CMSA once the Offeror and persons acting in concert with the Offeror holds 90% of the issued and paid-up share capital of ECM Libra by serving a notice to require the Offeror to acquire his ECM Libra Shares on the same terms as set out in the Offer Document or such other terms as may be agreed upon, subject to Section 224 of the CMSA.

Holders are advised that if the Holders become entitled and wish to exercise their rights under Section 223(1) of the CMSA, Holders should consult their legal advisers immediately upon the announcement made by the Offeror and ECM Libra.

8.3. Future plans for the ECM Libra Group and its employees

As set out in Section 6 of the Offer Document, the intention of the Offeror with respect to the future plans for the ECM Libra Group and its employees in the next twelve (12) months after the Closing Date is as follows:

(i) Continuation of the ECM Libra Group's businesses

The Offeror intends to continue with the existing businesses of the ECM Libra Group and does not have any plan or intention to liquidate the ECM Libra Group in the next 12 months after the Closing Date. Notwithstanding that, the Offeror may consider and explore potential opportunities and/or corporate proposals involving the businesses of the ECM Libra Group in order to enhance ECM Libra's shareholders' value. This may involve arrangements, rationalisation and/or reorganisation of the ECM Libra Group including the acquisition of new businesses and/or disposal of existing businesses. However as at the Offer Document LPD, the Offeror has no definite plans in relation to the foregoing.

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(ii) Major changes to the ECM Libra Group's businesses

The Offeror has no immediate plan or intention to introduce or effect any major change in the structure of the ECM Libra Group, or dispose or re-deploy major assets of the ECM Libra Group. However, moving forward the Offeror may, as part of any arrangements, rationalisation and/or reorganisation of the ECM Libra Group described in Section 8.3 (i) above, dispose or re-deploy major assets of the ECM Libra Group or acquire new businesses as the Offeror considers suitable in line with the future direction of the ECM Libra Group, should such opportunities arise in the next twelve (12) months after the Closing Date.

(iii) Employees of the ECM Libra Group

The Offeror has no immediate plan to dismiss or make redundant employees of the ECM Libra Group as a direct consequence of the Offer. Any change with regards to staff employment may take place as a result of any rationalisation and/or streamlining of the business activities and/or to further improve efficiency and effectiveness of the operations of the ECM Libra Group. In any event, such change will be conducted in accordance with the relevant legislation and the terms of employment of the affected employees.

As at the Offer Document LPD, the Offeror has not entered into any arrangement or understanding with any third party with regards to any significant change in the assets, businesses and shareholding structure of the ECM Libra Group in the next twelve (12) months after the Closing Date.

Comments:

Further to the above and in the absence of any concrete immediate plans for major changes in the Group's businesses and its employees, we have noted that the Offeror does not intend to undertake any material changes to the existing businesses and current levels of staff employment of the Group within the next twelve (12) months after the Closing Date unless where measures are necessary to, amongst others, improve the prospects for future growth, rationalise and/or streamline the business activities and/or the directions and improve the utilisation of resources of the Group.

Notwithstanding the Offeror's plans above, we noted that within the next twelve (12) months after Closing Date, the Offeror intends to continue with the existing businesses of ECM Libra and presently, has no plans or intention to introduce any major change in ECM's existing business and operations.

Premised on the above, the businesses and management of ECM Libra will remain intact and continue as a going concern.

Holdings are also advised to refer to the Non-Interested Directors' recommendation as set out in **Section 7 in Part A of this IAC** in respect of the above matter.

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9. RATIONALE FOR THE OFFER

As set out in Section 3 of the Offer Document, we noted the rationale for the Offer as summarised below:

- (i) The Acquisition represents an opportunity for Plato (*which is acting in concert with the Offeror*) to acquire the ECM Libra Shares at an attractive price of RM0.37 per ECM Libra Share, which represents a discount of 22.9% to ECM Libra's audited consolidated net asset value per share for the FYE 2016 of RM0.48. The Acquisition allows Plato to acquire a strategic stake in ECM Libra, which is primarily involved in the unit trust, asset management and credit services segments; and
- (ii) The Offer was made pursuant to Section 218(2) of the CMSA and Section 9(1), Part III of the Code, as the aggregate shareholding of the Offeror and the PACs in ECM Libra has increased from 24.37% to 50.26% following the Acquisition. In other words, the Offer is a mandatory requirement pursuant to the Code following the Acquisition.

Comments:

We noted that the Offer is an unconditional take-over offer made in compliance with Section 218(2) of the CMSA and Section 9(1), Part III of the Code as a results of increase in the shareholdings of the Offeror and the PACs in ECM Libra from 24.37% to 50.26% following the Acquisition. The Offer is a mandatory requirement pursuant to the Code following the Acquisition.

We also noted that the Acquisition allows Plato (which is acting in concert with the Offeror) to acquire a strategic stake in ECM Libra, which is primarily involved in the unit trust, asset management and credit services segments.

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10. OVERVIEW AND PROSPECTS OF THE MALAYSIAN ECONOMY, THE MALAYSIAN FINANCIAL INDUSTRY AND THE ECM LIBRA GROUP

10.1. Overview and prospects of the Malaysian economy

The Malaysian economy expanded by 4.2% in the first quarter of 2016 (4Q 2015: 4.5%). The slight moderation in growth mainly reflected external shocks to the economy and cautious spending by the private sector. Nevertheless, private sector expenditure remained the key driver of growth (4.5%; 4Q 2015: 4.9%).

(Source: BNM Quarterly Bulletin Q1 2016)

Despite the challenging economic environment in 2015, the Malaysian economy grew by 5.0% (2014: 6.0%), supported by the continued expansion of domestic demand. Growth of domestic demand was stronger during the early part of the year, partly reflecting the frontloading of consumption spending prior to the implementation of the Goods and Services Tax (GST) in April 2015. In the second half of the year, as growth in domestic demand moderated, a modest improvement in external demand provided additional impetus to economic growth.

Domestic demand was primarily driven by the private sector. Private consumption continued to expand, albeit at a more moderate pace. Despite concerns about the rising cost of living and weak sentiments, household spending was supported by continued income growth and stable labour market conditions. This was further supported by an increase in targeted Government transfers to low- and middle-income households, as well as the boost to disposable incomes from the lower fuel prices during the year.

Private investment growth was slower as capital expenditure was affected by the moderation in domestic and global growth, and cautious business sentiments. While the low oil prices affected upstream mining investment, the continued progress of ongoing and new investment projects in the services and manufacturing sectors, especially in the export-oriented industries, provided support to the overall investment performance.

Despite the challenging conditions, the public sector continued to provide support to growth while remaining committed to the steady reduction in fiscal deficit. Measures by the Government to freeze new hiring and cut costs to reduce discretionary spending contributed to the sustained growth in public consumption in 2015. Public investment improved to register a smaller contraction because of higher capital spending by both the public corporations and the Federal Government. Growth was underpinned by ongoing as well as new projects.

On the supply side, all major economic sectors registered more moderate growth, with the exception of the mining sector. The moderation reflected the slower expansion in industries related to domestic demand. However, export-oriented manufacturing and trade-related services industries benefited from the modest improvement in external trade, especially with the major advanced economies.

Overall, the Malaysian economy is expected to grow by 4% - 4.5% in 2016 (2015: 5.0%). Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. The pace of expansion in domestic demand, however, is expected to be more moderate amid ongoing adjustments by consumers and investors to the challenging economic environment.

Private consumption growth is projected to trend below its long-term average, as households continue to make expenditure adjustments in response to the lingering effects of the GST implementation, and changes in administered prices. Household spending will also be affected by weaker consumer sentiments due to the uncertain conditions in the labour and financial markets. These moderating effects, however, will be partially offset by continued growth in income, employment and some support from Government measures targeted at enhancing households' disposable income.

(Source: BNM Annual Report 2015)

Comments:

Premised on the above, the Malaysian economic growth momentum is expected to continue in 2016 but at a reduced rate of 4% - 4.5% as compared to 5% in 2015 due to weaker consumer sentiments on the back of uncertain conditions in the labour and financial markets.

10.2. Overview and prospects of the Malaysian financial services sector

All major economic sectors registered a more moderate pace of growth in 2015, attributable mainly to the slower domestic demand. However, growth in external demand, particularly from the advanced economies, had benefited the export-oriented manufacturing industries and trade-related services sub-sectors.

The services sector expanded at a more moderate pace of 5.1% in 2015 (2014: 6.5%). Growth was weighed down by a moderation in the consumption-related sub-sectors and a contraction in the finance and insurance sub-sector.

The finance and insurance sub-sector registered a small contraction, due mainly to lower fee-based income caused mainly by the weaker capital market activity; and lower insurance premium growth during the year.

(Source: BNM Annual Report 2015)

Despite a volatile global environment, the Malaysian capital market continued to expand and play a major role in financing the domestic economy. The overall size of the capital market grew by 2.1% to RM2.82 trillion in 2015 from RM2.76 trillion in 2014.

In 2015, the capital market remained a key avenue for corporate fundraising. During the year, primary market issuances amounted to RM90.4 billion, approximating the amount raised in 2014. Close to RM3.91 billion was raised via initial public offering, with a listing of 10 new companies on Bursa Securities.

The fund management industry maintained its upward growth trajectory in 2015, a reflection of investors' confidence in the resiliency of the Malaysian capital market. Total assets under management increased by 6.0% to RM667.9 billion in December 2015 from RM630.0 billion in December 2014.

Stock market capitalisation expanded by 2.6% to RM1.70 trillion in 2015. While heightened market volatility resulted in a cautious investing tone throughout 2015, investors diverted interests into lower liners in the Small Cap and ACE counters, particularly those with high-growth potentials. Consequently, the Small Cap and ACE Market indices ended 2015 higher by 6.0% and 13.0% respectively.

Towards the end of 2015, the FTSE Bursa Malaysia Kuala Lumpur Composite Index rallied briefly as the US Fed rate hike removed an element of uncertainty among investors. While the persistent weakness in oil throughout the year drove down the index by 3.9% to close at 1,692.51 points on the last day of trade, it was notably one of the top performers among other Association of Southeast Asian Nations peers which were similarly affected.

The Malaysian bond market totalled RM1.12 trillion as of 31 December 2015, approximating the RM1.11 trillion recorded at end 2014. Malaysia continued to maintain its position as the third largest local currency bond market as a percentage of GDP in Asia, after Japan and South Korea.

The Malaysian capital market will continue to be impacted by volatility in global liquidity flows emanating from the United States Federal Reserve (“US Fed”) interest rate hike, the slowdown in China and weak commodity prices. Furthermore, China’s structural change is expected to provide more headwinds for small open economies such as Malaysia. Notwithstanding this, the domestic capital market is resourced with ample domestic liquidity which will help the market remain resilient in the face of volatile global capital flows. In the bond market, yields are expected to respond to the upward pressure arising from the expected normalisation of US interest rates. This may lessen foreign selling in the bond market and potentially attract new investors.

(Source: Securities Commission Annual Report 2015)

It is envisioned that from 2010 to 2020, the Malaysian financial sector will increasingly be intermediating domestic, regional and international financial resources and contributing to the efficient allocation of resources not only in the domestic economy but also across borders. Within this decade, the financial system is expected to grow at an annual rate of 8% - 11%, increasing the depth of the financial system to six times of GDP in 2020 (2010: 4.3 times of GDP). Correspondingly, the financial sector contribution to nominal GDP in 2020 is expected to increase to 10% - 12% (2010: 8.6%). The contribution of financial institutions is also expected to strengthen, with assets of the banking sector rising to almost three times of GDP by 2020 (2010: 2.4 times of GDP).

(Source: Financial Sector Blueprint 2011-2020)

Comments:

Based on the above, the Malaysian capital market will continue to be impacted by volatility in global liquidity flows emanating from the US Fed interest rate hike, the slowdown in China and weak commodity prices. Notwithstanding this, the ample domestic liquidity in the domestic capital market are expected to mitigate the downside risks and help the Malaysian capital market remain resilient in the face of volatile global capital flows.

10.3. Overview and prospects of the ECM Libra Group

With the completion of its Proposed Distribution exercise in FYE 31 January 2016, ECM Libra has a substantially reduced earnings base after returning RM286 million to shareholders, with total equity amounting to RM137.3 million as at 31 January 2016. ECM Libra will continue to derive income contribution from its existing fund management business, a smaller loan portfolio and a lower cash reserve. The Group will also continue to nurture its fund management company which is operated by Libra Invest Berhad. The fund management and structured lending businesses are expected to be the main income source for the financial year ending 31 January 2017.

(Source: Quarterly Announcement on quarterly results for the financial period ended 31 January 2016)



Comments:

ECM Libra is expected to continue to derive income contribution from its existing fund management business, a smaller loan portfolio and a lower cash reserve.

11. FURTHER INFORMATION

We advise the Holders to refer to the views and recommendation of the Non-Interested Directors as set out in **Section 7 of Part A in this IAC** and the enclosed appendices and other relevant information in the Offer Document for further details in relation to the Offer.

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12. CONCLUSION AND RECOMMENDATION

You should carefully consider the terms and conditions of the Offer based on all relevant and pertinent factors including those which are set out above, and other considerations as set out in this IAC, the Offer Document and any other publicly available information.

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Offer in accordance with Paragraphs 3.1 to 3.6 under Practice Note 15 of the Code, where the term “fair and reasonable” should generally be analysed as two (2) distinct criteria, i.e. whether the offer is “fair” and whether the offer is “reasonable”, rather than as a composite term.

In accordance with Paragraph 3.2, Practice Note 15 of the Code, in arriving at the fairness evaluation of the Offer, we have assessed the Offer Price against the value of the ECM Libra Shares. Pursuant to the above, the Offer will be considered fair if the value of the Offer Price is equal to or higher than the value and market price of the ECM Libra Shares and vice versa.

Paragraph 3.4, Practice Note 15 of the Code also states that, generally, a take-over offer would be considered reasonable if it is fair.

In arriving at our conclusion and recommendation, we have considered the fairness and reasonableness of the Offer based on relevant and pertinent factors as summarised below which you should carefully consider prior to making a decision whether to accept or reject the Offer:

Fairness
<p>Based on Practice Note 15 of the Code, we are of the view that the Offer is Not Fair due to the Offer Price of RM0.37 is lower than and represents a discount of RM0.11 (22.92%) over the estimated fair value per Voting Share as at 31 January 2016 of RM0.48.</p>
Reasonableness
<p>Other than the Offer which we view as Not Fair for the reasons as stated above, we view that the Offer is Reasonable for the following reasons:</p> <ul style="list-style-type: none"> • It is also further noted the following: <ul style="list-style-type: none"> (i) ECM Libra Shares have not been traded above the Offer Price of RM0.37 for the past five (5) years up to the date of Announcements, except for the period from 1 June 2015 to 7 December 2015 (being the period from first announcement of the Proposed Distribution to the completion of the Proposed Distribution) and a short period from 8 December 2015 to 18 December 2015; and (ii) The Offer Price of RM0.37 is generally higher than the closing market price of ECM Libra Shares for the period from 8 December 2015 (being the day following the completion of the Proposed Distribution) up to LTD. • The Offer Price represents: <ul style="list-style-type: none"> (i) A premium of RM0.02 (5.71%) per ECM Libra Share over the last closing price as at LTD, five (5)-day and one (1)-month VWAP up to LTD; and (ii) The Offer Price is equal to three (3)-month VWAP up to LTD.

- The ECM Libra Shares were relatively **illiquid** (with an average monthly trading volume-to-free float for the past one (1) year up to April 2016 of 3.80%).
- Additionally, it is noted that if the higher trading volume during the months of June 2015, November 2015, December 2015, February 2016 and March 2016 are excluded, the ECM Libra Shares were traded at an average monthly volume of 1,444,086 ECM Libra Shares, representing 1.18% of the free float of ECM Libra for the past one (1) year up to April 2016.
- The Offer provides an opportunity for the Holders to realise their investments in ECM Libra at a premium of RM0.02 or 5.71% per ECM Libra Share over the last closing price as at LTD, five (5)-day and one (1)-month VWAP up to LTD for the past one (1) year up to LTD.
- If the Offeror accumulates a higher shareholding level before the Closing Date, the Holders' ability to dispose of their ECM Libra Shares in the open market may be further constrained.
- As at the LPD, the Non-Interested Directors have not received any competing take-over offer for the Offer Shares nor any other offer to acquire the assets and liabilities of the ECM Libra Group. The Non-Interested Directors have decided not to seek an alternative person to make a take-over offer for the Offer Shares. In view of the above, the Offer represents an opportunity for the Holders of the Offer Shares to realise their investment in ECM Libra at the Offer Price.

Based on the above, BDO CC views that the Offer is **NOT FAIR BUT REASONABLE**. Accordingly, we advise and recommend that Holders **ACCEPT** the Offer.

However, the decision to be made would rest entirely on the individual risk appetite and specific requirements of the Holders. The Holders should also be mindful that there may be continuous fluctuations in the market prices of the ECM Libra Shares prior to the Closing Date. As such, the Holders are advised to closely monitor the market prices and information/announcements in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer Shares. You may consider disposing your ECM Libra Shares in the open market in the event that the ECM Libra Shares trade higher than the Offer Price after taking into consideration the associated transaction costs involved.

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The advice of BDO CC as contained in this IAC is addressed to the Holders at large and not to any particular Holder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives, financial situation, risk profile and particular needs of any individual Holder or any specific group of Holders. We recommend that any individual Holder or any specific group of Holders who may require advice in the context of their investment objectives, financial situation, risk profile and particular needs should consult their respective stockbroker, solicitor, accountant, banker or other professional advisers immediately.

Yours faithfully
for and on behalf of
BDO CAPITAL CONSULTANTS SDN BHD

Wong Wing Seong
Executive Director - Advisory

APPENDIX I – INFORMATION ON ECM LIBRA

1. History and Principal Activities

ECM Libra was incorporated in Malaysia on 24 October 2005 under the Act.

The ECM Libra Group is principally involved in the provision of unit trust and asset management services, provision of credit services and investment holding.

2. Share Capital

As at the LPD, the authorised and issued and paid-up share capital of ECM Libra is as follows:

Ordinary Share	No. of ECM Libra Shares	Par value (RM)	Amount (RM)
Authorised share capital	12,500,000,000	0.12	1,500,000,000.00
Issued and fully paid up share capital	286,592,491	0.12	34,391,098.92

As at the LPD, ECM Libra does not hold any Treasury Shares.

3. Substantial Shareholders

As at the LPD, the substantial shareholders of ECM Libra and their respective shareholdings in ECM Libra are as follows:

Shareholders	Direct		Indirect	
	No. of ECM Libra Shares	% ⁽¹⁾	No. of ECM Libra Shares	% ⁽¹⁾
LKO	68,399,119	23.87	75,632,136 ⁽²⁾	26.39
TSPL	74,194,973	25.89	-	-
Plato	-	-	74,194,973 ⁽³⁾	25.89
Dato' Seri Kalimullah bin Masheerul Hassan	21,856,640	7.63	-	-
QSL	1,437,163	0.50	74,194,973 ⁽⁴⁾	25.89

Notes:

(1) Computed based on the issued and paid-up share capital of 286,592,491 ECM Libra Shares as at the LPD.

(2) Deemed interested by virtue of his shareholding in Plato (being the holding company of TSPL) pursuant to Section 6A of the Act and his spouse's shareholding in ECM Libra pursuant to Section 134(12)(c) of the Act.

(3) Deemed interested by virtue of its shareholding in TSPL pursuant to Section 6A of the Act.

(4) Deemed interested by virtue of her shareholding in Plato (being the holding company of TSPL) pursuant to Section 6A of the Act.

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APPENDIX I – INFORMATION ON ECM LIBRA

4. Directors and their Shareholdings

The particulars of the Directors of ECM Libra as at the LPD are as follows:

Name	Designation	Direct		Indirect	
		No. of ECM Libra Shares	% ⁽¹⁾	No. of ECM Libra Shares	% ⁽¹⁾
Dato' Seri Kalimullah bin Masheerul Hassan	Non-Independent Non-Executive Chairman	21,856,640	7.63	-	-
LKO	Managing Director	68,399,119	23.87	75,632,136 ⁽²⁾	26.39
Datuk Kamarudin bin Md Ali	Independent Non-Executive Director	50,000	0.02	-	-
Dato' Othman bin Abdullah	Independent Non-Executive Director	-	-	-	-
En Mahadzir bin Azizan	Independent Non-Executive Director	-	-	-	-
SKW	Non-Independent Non-Executive Director	200,000	0.07	-	-

Notes:

(1) Computed based on the issued and paid-up share capital of 286,592,491 ECM Libra Shares as at the LPD.

(2) Deemed interested by virtue of his interest in Plato (being the holding company of TSPL) pursuant to Section 6A of the Act and his spouse's shareholding in ECM Libra pursuant to Section 134(12)(c) of the Act.

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APPENDIX I – INFORMATION ON ECM LIBRA

5. Subsidiaries and Associated Company

As at the LPD, the details of the subsidiary companies of ECM Libra are as follows:

Subsidiary companies	Country of incorporation	Effective equity interest (%)	Principal activities
Subsidiaries of ECM Libra:			
Libra Invest Berhad	Malaysia	100	Provision of unit trust and asset management services
ECM Libra Holdings Limited	Malaysia	100	Investment holding
ECM Libra Capital Sdn Bhd	Malaysia	100	Dormant
ECM Libra Partners Sdn Bhd	Malaysia	100	Provision of credit services
ECM Libra Capital Markets Sdn Bhd	Malaysia	100	In Member's Voluntary Liquidation
ECM Libra Securities Sdn Bhd	Malaysia	100	In Member's Voluntary Liquidation
Subsidiary of Libra Invest Berhad:			
Avenue Asset Management Services (Labuan) Ltd	Malaysia	100	Dormant. Submitted application to be struck off ⁽¹⁾ .
Subsidiary of ECM Libra Holdings Limited:			
ECM Libra Investments Limited	British Virgin Islands	100	Investment holding
Note:			
(1) On 18 February 2016, Avenue Asset Management Services (Labuan) Ltd. ("AAMS") has submitted its application to the Labuan Financial Services Authority ("LFSA") for the name of AAMS to be struck off from the register of LFSA. The striking off is expected to take effect after 18 October 2016.			

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APPENDIX I – INFORMATION ON ECM LIBRA

As at the LPD, the details of the associated company of ECM Libra are as follows:

Associated companies	Country of incorporation	Effective equity interest (%)	Principal activities
Positive Carry Limited	British Virgin Islands	30	Investment holding

As at the LPD, the details of the fund held by ECM Libra are as follows:

Name of fund	Effective equity interest (%)	Principal activities
Libra Strategic Opportunity Fund	100	Investment activities

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APPENDIX I – INFORMATION ON ECM LIBRA

6. Profit and Dividend Record

The profit and dividend record of the ECM Libra Group based on its audited consolidated financial statements for the FYEs 31 January 2014, 31 January 2015 and 31 January 2016 are as follows:-

	<----- 31 January ----->		
	Audited		
	2014 RM'000	2015 RM'000	2016 RM'000
Revenue	28,006	48,627	36,661
PBT	14,787	29,679	13,093
Taxation	(2,500)	(1,449)	(1,916)
PAT attributable to equity holders of ECM Libra	12,287	28,230	11,177
Weighted average number of ECM Libra Shares in issue ('000)	309,691	268,222	275,462
Basic EPS (sen)	3.97	10.52	4.06
Weighted average number of ECM Libra Shares after adjustment for the effects of all dilutive potential ECM Libra Shares in issue ('000)	⁽¹⁾	287,867	286,640
Diluted EPS (sen)	⁽¹⁾	9.81	3.90
Shareholders' fund / NA	380,102	448,447	137,335
No. of ECM Libra Shares in issue ('000)	268,222	268,222	286,592
NA per ECM Libra Share (RM)	1.42	1.67	0.48
Gross dividend per ECM Libra Share (sen)	-	-	11.70 ⁽²⁾
<u>Notes:</u>			
(1) Outstanding options under ECM Libra's employees share option scheme ("ESOS") have been excluded from the computation of fully diluted EPS as their conversion to ECM Libra Shares would be anti-dilutive. For information, the ESOS has expired on 30 November 2015.			
(2) A special dividend of 11.70 sen was paid pursuant to the distribution of cash and securities to ECM Libra shareholders by way of capital reduction and special dividend which translates into a total distribution value of RM0.997 per ECM Libra Share. The distribution exercise was completed on 7 December 2015 and the par value of ECM Libra shares was reduced from RM1.00 to RM0.12 per share.			

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APPENDIX I – INFORMATION ON ECM LIBRA

(i) FYE 31 January 2014

The ECM Libra Group recorded revenue of RM28.01 million for FYE 31 January 2014, which represented a RM11.23 million or 66.96% increase from the previous year. The increase in revenue was mainly contributed by increase in interest income of RM2.64 million, increase in investment income of RM6.76 million and increase in fee income of RM2.63 million, partially offset by decrease in portfolio management fees of RM0.80 million.

The higher PBT of RM14.79 million for FYE 31 January 2014 as compared to RM11.02 million for FYE 31 January 2013, is mainly contributed by the increase in revenue and gain on disposal of shares in an associated company, ISR Capital Limited (“ISR”) of RM3.99 million, partially offset by decrease in share of profit of ISR of RM6.74 million and impairment loss on securities of RM3.26 million.

(ii) FYE 31 January 2015

ECM Libra Group recorded a RM20.62 million or 73.62% increase in revenue to RM48.63 million in FYE 31 January 2015. The increase in revenue was mainly contributed by increase in interest income of RM4.23 million, increase in investment income of RM17.55 million and increase in portfolio management income of RM1.58 million, partially offset by decrease in fee income of RM2.74 million.

The higher PBT of RM29.68 million for FYE 31 January 2015 as compared to RM14.79 million for FYE 31 January 2014 was mainly contributed by the increase in revenue for FYE 31 January 2015 and partially offset by an increase in impairment loss on securities of RM0.17 million.

(iii) FYE 31 January 2016

The revenue of ECM Libra Group decreased by RM11.97 million or 24.61% to RM36.66 million as compared to FYE 31 January 2015. The drop was mainly due to the lower level of contribution from gain on disposal of securities and portfolio management fee; both of which were adversely impacted by the prevailing stock market condition.

The lower PBT of RM13.09 million for FYE 31 January 2016 as compared to RM29.68 million for FYE 31 January 2015 is mainly due to the decrease in revenue, reclassification of foreign translation losses from available-for-sale reserve to profit or loss upon liquidation of subsidiary of RM3.76 million and increase in impairment losses on securities of RM0.98 million.

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APPENDIX I – INFORMATION ON ECM LIBRA

7. Statement of Assets and Liabilities

The statement of assets and liabilities of the ECM Libra Group based on its audited financial statements as at 31 January 2014, 31 January 2015 and 31 January 2016 are as follows:

	<-----As at 31 January----->		
	Audited		
	2014 RM'000	2015 RM'000	2016 RM'000
ASSETS			
Cash and short-term funds	30,579	152,533	24,883
Securities held-for-trading	22,392	-	-
Securities available-for-sale	198,711	193,430	17,327
Securities held-to-maturity	47,750	-	-
Derivative financial assets	2,969	-	-
Loans, advances and financing	44,291	72,000	60,279
Trade receivables	2,659	1,809	6,222
Other assets	4,519	2,492	1,555
Investment in associated companies	7,200	7,200	7,200
Deferred tax assets	-	244	295
PPE	25,126	23,756	24,304
Investment property	-	-	4,030
TOTAL ASSETS	386,196	453,464	146,095
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	268,222	268,222	34,391
Reserves	111,880	180,225	102,944
TOTAL EQUITY	380,102	448,447	137,335
LIABILITIES			
Trade payables	1,615	1,055	334
Other liabilities	3,934	3,870	8,075
Provision for taxation	245	92	351
Deferred tax liabilities	300	-	-
TOTAL LIABILITIES	6,094	5,017	8,760
TOTAL EQUITY AND LIABILITIES	386,196	453,464	146,095

(Source: Annual reports for FYE 31 January 2014, FYE 31 January 2015 and FYE 31 January 2016 of ECM Libra)

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APPENDIX II – INFORMATION ON THE OFFEROR

THE INFORMATION IN THIS APPENDIX HAS BEEN EXTRACTED FROM APPENDIX IV OF THE OFFER DOCUMENT. THE RESPONSIBILITY OF ECM LIBRA AND THE BOARD IS LIMITED TO ENSURING THAT SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED FROM THE OFFER DOCUMENT. FOR THE PURPOSES OF THIS APPENDIX, THE OFFER DOCUMENT LPD IS DEFINED AS 3 JUNE 2016.

1. **Name** : Lim Kian Onn
2. **Address** : No. 50, Jalan Setiamurni 6,
Bukit Damansara,
50490 Kuala Lumpur
3. **Date of Birth** : 12 October 1956
4. **Place of Birth** : Negeri Sembilan
5. **Citizenship** : Malaysian
6. **Profile**

LKO, a Malaysian aged 59, is a member of the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Accountants. He served his articleship with KMG Thomson McLintock in London and was a consultant with Andersen Consulting from 1981 to 1984. Between 1984 and 1993, he was with the Hong Leong Group, Malaysia as an Executive Director in the stockbroking arm responsible for corporate finance, research and institutional sales.

He co-founded the ECM Libra Group in 2002 and was appointed to the Board of ECM Libra on 16 June 2006 and re-designated to Managing Director with effect from 1 May 2007, a position he held till 5 August 2010. On 6 August 2010, he was re-designated to Non-Executive Director. On 16 July 2015, he was re-designated to Managing Director.

He is currently a substantial shareholder of ECM Libra. As at the Offer Document LPD, he holds 68,399,119 ECM Libra Shares representing 23.87% of the issued and paid-up share capital of ECM Libra. He also has an indirect interest via:-

- (i) his spouse's shareholding of 1,437,163 ECM Libra Shares representing 0.50% of the issued and paid-up share capital of ECM Libra; and
- (ii) his shareholding in Plato, which through TSPL, holds 74,194,973 ECM Libra Shares representing 25.89% of the issued and paid-up share capital of ECM Libra.

He is also the Non-Independent Non-Executive Chairman of Plato, a director of AirAsia X Berhad and a trustee of ECM Libra Foundation.

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APPENDIX II – INFORMATION ON THE OFFEROR

7. Directorships and/or Substantial Shareholdings in all other Public Listed Companies in Malaysia for the past three (3) Years

a. Directorships

Save as disclosed below, LKO does not hold any directorship in any other public listed companies in Malaysia for the past 3 years preceding the Offer Document LPD:-

Company	Date of appointment	Date of retirement / resignation	Current designation
ECM Libra	16 June 2006	-	Managing Director
AirAsia X Berhad	10 July 2012	-	Independent Non-Executive Director

b. Substantial shareholdings

Save as disclosed below, LKO does not hold any substantial shareholding in any other public listed companies in Malaysia for the past 3 years preceding the Offer Document LPD:-

Company	As at 31 January 2014				As at 31 January 2015			
	Direct		Indirect		Direct		Indirect	
	No. of shares held	% ⁽¹⁾	No. of shares held	% ⁽¹⁾	No. of shares held	% ⁽¹⁾	No. of shares held	% ⁽¹⁾
ECM Libra	56,163,319	20.94	1,437,163 ⁽²⁾	0.54	56,163,319	20.94	1,437,163 ⁽²⁾	0.54
Pelikan International Corporation Berhad ("PICB")	-	-	30,746,867 ⁽³⁾	6.05	-	-	-	-

APPENDIX II – INFORMATION ON THE OFFEROR

Shareholders	As at 31 January 2016				As at the LPD			
	Direct		Indirect		Direct		Indirect	
	No. of shares held	% ⁽¹⁾	No. of shares held	% ⁽¹⁾	No. of shares held	% ⁽¹⁾	No. of shares held	% ⁽¹⁾
ECM Libra	68,399,119	23.87	1,437,163 ⁽²⁾	0.50	68,399,119	23.87	75,632,136 ⁽⁴⁾	26.39
PICB	-	-	-	-	-	-	-	-

Notes:-

(1) Computed based on the issued and paid-up share capital of the relevant Company.
(2) Deemed interested by virtue of his spouse's shareholding in ECM Libra pursuant to Section 134(12)(c) of the Act.
(3) Deemed interested by virtue of his interest in ECM Libra Investments Limited pursuant to Section 6A of the Act.
(4) Deemed interested by virtue of his shareholding in Plato (being the holding company of TSPL) pursuant to Section 6A of the Act and his spouse's shareholding in ECM Libra pursuant to Section 134(12)(c) of the Act.

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APPENDIX III – FURTHER INFORMATION

1. Directors' Responsibility Statement

The Non-Interested Directors have seen and approved the contents of the IAC. The Non-Interested Directors collectively and individually accept full responsibility for the accuracy and completeness of the information given in the IAC and confirm that after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no false or misleading statement or other facts, the omission of which would make any information provided herein false and misleading.

The responsibility of the Non-Interested Directors in respect of:

- (i) The information relating to the Offeror, the PACs and the Offer (as extracted from the Offer Document) is to ensure that such information is accurately reproduced in this IAC; and
- (ii) The independent advice and expression of opinion of BDO CC in relation to the Offer as set out in Part B of this IAC, is to ensure that accurate information in relation to the ECM Libra Group was provided to BDO CC for its evaluation of the Offer and to ensure that all information in relation to the ECM Libra Group that is relevant to BDO CC's evaluation of the Offer have been completely disclosed to BDO CC and that there is no omission of material facts which would make any information provided to BDO CC false or misleading.

2. Disclosures of Interest and Dealings in Shares

2.1. By ECM Libra

(i) **Disclosure of interest in Offeror**

Not applicable as the Offeror is an individual.

(ii) **Dealings in voting shares or convertible securities of the Offeror**

Not applicable as the Offeror is an individual.

(iii) **Dealings in ECM Libra Shares** (as extracted from announcement on Bursa Securities)

During the period commencing from six (6) months before 20 May 2016, being the date of the Notice and ending on the LPD, ECM Libra has not dealt in its own shares.

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APPENDIX III – FURTHER INFORMATION

2.2. By the Directors of ECM Libra

(i) **Disclosure of interest in the Offeror**

Not applicable as the Offeror is an individual.

(ii) **Dealing in voting shares or convertible securities of the Offeror**

Not applicable as the Offeror is an individual.

(iii) **Disclosure of interests in ECM Libra**

The Directors of ECM Libra and their respective interests (direct and indirect) in ECM Libra Shares as at LPD are as follows:

Name	Designation	Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Seri Kalimullah bin Masheerul Hassan	Non-Independent Non-Executive Chairman	21,856,640	7.63	-	-
LKO	Managing Director	68,399,119	23.87	75,632,136 ⁽²⁾	26.39
Datuk Kamarudin bin Md Ali	Independent Non- Executive Director	50,000	0.02	-	-
Dato' Othman bin Abdullah	Independent Non- Executive Director	-	-	-	-
En Mahadzir bin Azizan	Independent Non- Executive Director	-	-	-	-
SKW	Non-Independent Non-Executive Director	200,000	0.07	-	-

Notes:-

(1) Computed based on the issued and paid-up share capital of 286,592,491 ECM Libra Shares as at the LPD.

(2) Deemed interested by virtue of his interest in Plato (being the holding company of TSPL) pursuant to Section 6A of the Act and his spouse's shareholding in ECM Libra pursuant to Section 134(12)(c) of the Act.

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APPENDIX III – FURTHER INFORMATION

(iv) Dealings in ECM Libra Shares

Save as disclosed below, none of the Directors have dealt in any voting shares or convertible securities of ECM Libra during the period commencing from six (6) months before 20 May 2016, being the date of the Notice and ending on the LPD:

LKO

Date of transaction	No. of ECM Libra Shares	Transacted price (RM)	Nature of transaction
31 May 2016	74,194,973	0.37	Completion of Acquisition

2.3. By the Offeror and PACs

(i) Disclosure of interests in ECM Libra (as extracted from the Register of Substantial Shareholders)

Save as disclosed below, as at the LPD, the Offeror and the PACs do not have any other interest, whether direct or indirect, in ECM Libra Shares:-

Name	Direct		Indirect	
	No. of ECM Libra Shares	% ⁽¹⁾	No. of ECM Libra Shares	% ⁽¹⁾
<u>Offeror</u>				
LKO	68,399,119	23.87	75,632,136 ⁽²⁾	26.39
<u>PACs</u>				
TSSB	-	-	-	-
TSPL	74,194,973	25.89	-	-
Plato	-	-	74,194,973 ⁽³⁾	25.89
QSL	1,437,163	0.50	74,194,973 ⁽⁴⁾	25.89

Notes:-

- (1) Computed based on the issued and paid-up share capital of 286,592,491 ECM Libra Shares as at the LPD.
- (2) Deemed interested by virtue of his shareholding in Plato (being the holding company of TSPL) pursuant to Section 6A of the Act and his spouse's shareholding in ECM Libra pursuant to Section 134(12)(c) of the Act.
- (3) Deemed interested by virtue of its shareholding in TSPL pursuant to Section 6A of the Act.
- (4) Deemed interested by virtue of her shareholding in Plato (being the holding company of TSPL) pursuant to Section 6A of the Act.

APPENDIX III – FURTHER INFORMATION

(ii) Dealings in ECM Libra Shares (as extracted from Appendix VI of the Offer Document)

Save as disclosed below, the Offeror and the PACs have not dealt, whether directly or indirectly, in ECM Libra Shares during the period commencing six (6) months before 20 May 2016, being the date of the Notice and ending on the LPD:

Name	Date of transaction	No. of ECM Libra Shares	Transacted price (RM)	Nature of transaction
TSPL	31 May 2016	74,194,973	0.37	Acquisition from the Vendors via direct business transaction

2.4. By persons who have irrevocably committed to accept the Offer (as extracted from Appendix VI of the Offer Document)

As at the Offer Document LPD, the Offeror and the PACs have not received any irrevocable undertaking from any Holder to accept the Offer.

2.5. General Disclosures (as extracted from Appendix VI of the Offer Document)

- (i) As at the Offer Document LPD, the Offeror and the PACs have not entered into any option to acquire the Offer Shares.
- (ii) As at the Offer Document LPD, there is no on-going negotiation which exists between the Offeror and the PACs and any person with respect to the Offer Shares or the shares of the Offeror.
- (iii) As at the Offer Document LPD, there is no agreement, arrangement or understanding which exists between the Offeror and the PACs and any of the Directors or past Directors (being such person who was, during the six (6) months before 20 May 2016, a Director) of ECM Libra, or any of the shareholders or past shareholders (being such person who was, during the six (6) months before 20 May 2016, a shareholder) of ECM Libra, having any connection with or dependence upon the Offer, save for Dato' Seri Kalimullah bin Masheerul Hassan's undertaking not to accept the Offer in respect of his entire shareholding of 21,856,640 ECM Libra Shares (representing approximately 7.63% of the issued and paid-up share capital of ECM Libra), which was received on 20 May 2016.
- (iv) As at the Offer Document LPD, there is no agreement, arrangement or understanding entered into by the Offeror and the PACs whereby any Offer Shares acquired pursuant to the Offer will be transferred to any other person(s) within a foreseeable period from the date of the Offer Document.
- (v) All the Offer Shares validly accepted under the Offer will be registered in the name of the Offeror or its appointed nominee(s), if any.

APPENDIX III – FURTHER INFORMATION

2.6. Conflict of Interests (as extracted from Appendix VI of the Offer Document)

Save as disclosed below, there is no other party who is deemed to have a conflict of interest pursuant to Paragraph 1.2 under Practice Note 12 of the Code:

- | | | | |
|-------|--|---|--|
| (i) | A person is a common director in the Offeror (where applicable) and ECM Libra; | : | LKO is a director and a substantial shareholder of ECM Libra |
| (ii) | A director of ECM Libra has more than 20% voting shares or voting rights in the Offeror, or a director of the Offeror has more than 20% voting shares or voting rights in ECM Libra, held either directly or indirectly; | : | LKO is a director of ECM Libra and holds more than 20% of voting shares, directly and indirectly, in ECM Libra |
| (iii) | There is a cross-holding of more than 20% of the voting shares or voting rights between the Offeror and ECM Libra; or | : | None |
| (iv) | A person holding more than 20% of voting shares or voting rights in both the Offeror and ECM Libra | : | LKO holds more than 20% of voting shares, directly and indirectly, in ECM Libra |

3. Material Litigations

3.1. ECM Libra

As at the LPD, ECM Libra Group is not engaged in any material litigation, claim and/or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position or businesses of ECM Libra, and the Directors are not aware of any proceeding, pending or threatened, against ECM Libra or Group of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or businesses of ECM Libra Group.

3.2. The Offeror (as extracted from Appendix VI of the Offer Document)

As at the Offer Document LPD, the Offeror is not engaged in any material litigation, claim and/or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of the Offeror, and the Offeror is not aware of any proceeding, pending or threatened, against the Offeror or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Offeror (where applicable).

4. Material Contracts

4.1. ECM Libra

ECM Libra Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the LPD.

APPENDIX III – FURTHER INFORMATION

4.2. The Offeror (as extracted from Appendix VI of the Offer Document)

Save for the following, the Offeror has not entered into any material contract relating to the Offer within two (2) years preceding the Offer Document LPD:-

- (i) the letter of undertaking dated 23 February 2016 issued by the Offeror to Plato for the Offeror's undertaking to assume all of TSPL's obligations under the Offer as referred to in Section 1.3 of this Offer Document;
- (ii) the letter of undertaking dated 23 February 2016 issued by the Offeror to Plato for the Offeror's undertaking to, upon the satisfaction of the conditions precedent under the SSA, subscribe for SGD10 million in aggregate principal amount of redeemable convertible unsecured loan stocks ("RCULS") to be issued by Plato, whereby the proceeds raised therefrom is to be utilised by Plato to pay the purchase consideration for the Acquisition, to pay for expenses in connection with the Acquisition and the issuance of the RCULS, and for general working capital purposes;
- (iii) the RCULS subscription agreement between the Offeror and Plato dated 19 April 2016 for the Offeror's subscription of the RCULS ("RCULS Subscription Agreement"); and
- (iv) the supplemental agreement between the Offeror and Plato dated 29 April 2016 to, *inter alia*, clarify certain terms of the RCULS Subscription Agreement.

5. Material Commitments

As at the LPD, save as disclosed below, the Board of ECM Libra is not aware of any other material commitments of the ECM Libra Group:

Capital Commitment	Amount (RM'000)
Purchase of PPE	
- Approved and contracted for	428

6. Service Contracts

None of the Directors have any service contracts with ECM Libra and/or its subsidiaries which are not expiring or determinable by the employing company without payment of compensation within twelve (12) months preceding the LPD.

7. Consents

BDO CC has given and has not subsequently withdrawn its written consent to the inclusion in the IAC of its name, letter and all references thereto in the form and context in which it appears.

Mercury Securities has given and has not subsequently withdrawn its written consent to the inclusion in the IAC of its name and all references thereto in the form and context in which it appears.

APPENDIX III – FURTHER INFORMATION

8. Documents Available For Inspection

Copies of the following documents are available for inspection during normal business hours from Monday to Friday (except public holidays) at the registered office of ECM Libra, from the date of this IAC up to and including the Closing Date:

- (i) The Memorandum and Articles of Association of ECM Libra;
- (ii) The audited consolidated financial statements of ECM Libra for the FYE 31 January 2014, FYE 31 January 2015 and FYE 31 January 2016;
- (iii) The letters of consent referred to in Section 7 of this Appendix; and
- (iv) The Notice dated 20 May 2016.

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