

ECM LIBRA FINANCIAL GROUP BERHAD

Joint Venture between ECM Libra Financial Group Berhad and Plato Capital Limited

1. Introduction

The Board of Directors of ECM Libra Financial Group Berhad (the “**Company**”) is pleased to announce that the Company has on 16 May 2018 formed a joint venture company, Tune Plato Ventures Sdn Bhd (“**JV Company**”) in equal proportion (50:50) with Truesource Sdn Bhd, a wholly-owned subsidiary of Plato Capital Limited (“**PCL**”) (collectively, the Company and Truesource Sdn Bhd are referred to as the “**JV Parties**”) to venture into joint investments of up to RM14 million (the “**Joint Venture**”). Subsequent to the establishment of the JV Company, the JV Parties will participate up to RM7 million each (“**Investment**”), vide subscription of securities in the JV Company.

2. Information on PCL

PCL is a limited liability company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The principal activity of PCL is investment holding. As at the date of this announcement, the issued share capital of PCL is SGD40.9 million (approximately RM121.4 million). The directors of PCL are Mr Lim Kian Onn, Mr Michael Kan Yuet Yun PBM, Mr Chong Huai Seng, and Mr Oh Teik Khim. Mr Lim Kian Onn is also the major shareholder of PCL.

3. Details of the JV Company

The JV Company was incorporated with an initial share capital of RM2.00. The share capital of the JV Company may increase from time to time subject to the mutual approval of the JV Parties.

The board of directors of the JV Company shall comprise equal number of directors representing each of the JV Parties.

The principal business activity of the JV Company is that of investment in the hospitality industry, and potentially any other businesses as may be agreed upon by the JV Parties from time to time.

4. Source of funding

The Company intends to finance the Investment with internally generated funds.

5. Rationale and prospect of the Joint Venture

The Joint Venture is consistent with the Company’s effort to further expand its business into the travel and hospitality industry.

6. Risk factors

The Group will be exposed to certain risks inherent to the Joint Venture investments. These risks include, but are not limited to changes in the general economic conditions, market conditions, credit and interest rates, rising cost of resources etc. The management believes that the Joint Venture allows the JV Parties to leverage on the experience and the competences mutually in addressing such risks. However, there can be no assurance that any changes in the factors described will not have a material adverse effect on the businesses and operations of the Group.

7. Liabilities to be assumed

There are no liabilities to be assumed arising from this Joint Venture.

8. Financial effect of the Joint Investment

The establishment of the JV Company is not expected to have any material impact on the Group's earnings per share and/or net tangible assets per share for the financial year ending 31 December 2018. The Company shall fund the cash of RM1.00 for the initial share capital and the investment of up to RM7 million using internally generated funds.

The Joint Venture will not have any effect on the share capital and substantial shareholders' shareholdings of the Company. In addition, the Joint Venture is not expected to have a material effect on the earnings per share, net assets and gearing of the Group for the financial year ending 31 December 2018.

9. Approvals

The Joint Venture is not subject to approval of the shareholders of the Company or other relevant authorities.

10. Interest of Directors, Major Shareholders and/or Persons Connected

Mr Lim Kian Onn who is a Director and major shareholder of the Company is also a director and major shareholder of PCL. Mr Gareth Lim Tze Xiang is the son of Mr Lim Kian Onn, who is also the Director of the Company and the Chief Executive Officer of PCL. As such, Mr Lim Kian Onn and Mr Gareth Lim Tze Xiang as the interested directors are deemed interested in this transaction. The interested directors have and will abstain from deliberating and voting on any resolutions pertaining to the transaction at any Board meetings.

Save as disclosed above, none of the Directors and/or major shareholders of the Company and/or person connected with them have any interest, direct or indirect, in the Joint Venture.

11. Estimated Timeframe for Completion

The JV Company has been incorporated on 16 May 2018.

12. Audit Committee's Statement

The Audit Committee of the Company after having considered all aspects of the Joint Venture, is of the opinion that the Joint Venture is in the best interest of the Company and at arms' length transactions that are not detrimental to the minority shareholders of the Company.

13. Directors Statement

The Board of Directors of the Company, after taking into consideration of all financial and other factors, is of the opinion that the Joint Venture is in the best interest of the Company and at arms' length transactions that are not detrimental to the minority shareholders of the Company.

14. Percentage Ratio

The highest percentage ratio applicable to the agreement pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 4.8%.

15. Total Amount Transacted with Related Party

In the past 12 months, the Company has tenanted office space to PCL and the tenancy agreement was for period of not more than 3 years and is not regarded as related party transaction in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad Chapter 10.08(11)(h).

Apart from the abovementioned, there were no transactions entered into with PCL for the preceding 12 months.

This announcement is dated 16 May 2018.