

ECM LIBRA GROUP BERHAD
200501031433 (713570-K)
(formerly known as ECM Libra Financial Group Berhad)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2019

200501031433 (713570-K)

ECM Libra Group Berhad
(formerly known as ECM Libra Financial Group Berhad)
(Incorporated in Malaysia)

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Directors' report

The Directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2019.

Principal activities

The principal activity of the Company is investment holding. The principal activities and other information relating to the subsidiaries and joint ventures are disclosed in Note 8 and Note 9 to the financial statements, respectively.

Results

| | Group RM'000 | Company RM'000 |
|---|-------------------------------|---------------------------------|
| Profit for the financial year attributable to owners of the Company | <u>30,334</u> | <u>33,297</u> |

Reserves and provisions

Other than as disclosed in the financial statements, there were no other material transfers to or from reserves or provisions during the financial year.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the current financial year ended 31 December 2019.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year.

The Company did not issue any debentures during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

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Directors

The Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Seri Kalimullah bin Masheerul Hassan

Dato' Lim Kian Onn

Datuk Kamarudin bin Md Ali

Dato' Othman bin Abdullah

En Mahadzir bin Azizan

Mr Gareth Lim Tze Xiang

En Akil Hassan bin Kalimullah - alternate director to Dato' Seri Kalimullah bin Masheerul Hassan (appointed on 10 December 2019)

Directors of the subsidiaries

The directors of the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial year to the date of this report are:

Mr Christopher Mark Anthony Lankester (appointed on 28 February 2019)

Mr Lim Kam Choy (appointed on 30 August 2019)

En Khairudin bin Ibrahim (ceased as director of a subsidiary disposed during the year)

Mr Lee Wei Chung (ceased as director of a subsidiary disposed during the year)

Ms Ong Lei Hua (ceased as director of a subsidiary disposed during the year)

Mr Ng Cheong Seng (resigned on 28 February 2019)

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts or the fixed salary of a full time employee of the Company or of its related corporations as disclosed in Note 20 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for Dato' Seri Kalimullah bin Masheerul Hassan and Dato' Lim Kian Onn who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the provision of services including but not limited to management services and tenancies, made by the Company and its related corporations with Dato' Seri Kalimullah bin Masheerul Hassan and Dato' Lim Kian Onn and corporations in which Dato' Seri Kalimullah bin Masheerul Hassan and Dato' Lim Kian Onn are deemed to have interests.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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Directors' remuneration

The Directors' remuneration are disclosed in Note 20 to the financial statements.

Directors' interests

The Directors at the end of the financial year who had beneficial interests in the ordinary shares of the Company and/or its related corporations during the financial year ended 31 December 2019, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

| | Number of ordinary shares | | | As at 31.12.2019 |
|---|---------------------------|-----------|------|---------------------|
| | As at 1.1.2019 | Acquired | Sold | |
| Direct interest in the Company | | | | |
| Dato' Seri Kalimullah bin Masheerul Hassan | 66,154,362 | 4,408,453 | - | 70,562,815 |
| Dato' Lim Kian Onn | 30,569,525 | 4,408,453 | - | 34,977,978 |
| Datuk Kamarudin bin Md Ali | 50,000 | - | - | 50,000 |
| Christopher Mark Anthony Lankester | 214,694 | 4,809,221 | - | 5,023,915 |
| Indirect interest in the Company | | | | |
| Dato' Lim Kian Onn | 130,387,186 | - | - | 130,387,186 |

Dato' Lim Kian Onn, by virtue of his interests in the Company and pursuant to Section 8(4) of the Companies Act, 2016, is deemed to have interests in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

Other than as disclosed above, none of the other Directors at the end of the financial year had any interest in the shares of the Company and its related corporations during the financial year.

Other statutory information

(I) At the end of the financial year:

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing and satisfied themselves that there were no known bad debts and financing and that no allowance for doubtful debts and financing is required; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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Other statutory information (cont'd.)

(I) At the end of the financial year (cont'd.):

- (b) In the opinion of the Directors, except for those disclosed in the financial statements, the results of the operations of the Group and of the Company during the financial year had not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) From the end of the financial year to the date of this report:

- (a) The Directors are not aware of any circumstances:

- (i) which would render it necessary to write off any bad debts and financing or to make any allowance for doubtful debts and financing in respect of the financial statements of the Group and of the Company;
- (ii) which would render the values attributed to current assets in the financial statements misleading; or
- (iii) which have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate.

- (b) In the opinion of the Directors:

- (i) except for those disclosed in the financial statements, the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report; and
- (ii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

(III) At the date of this report:

- (a) There are no charges on the assets of the Group and of the Company which has arisen since the end of the financial year to secure the liabilities of any other person.
- (b) There are no contingent liabilities which has arisen since the end of the financial year.
- (c) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

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Significant events

The significant events during the financial year are disclosed in Note 32 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 34 to the financial statements.

Auditors' remuneration

The remuneration of the auditors is as disclosed in Note 18 to the financial statements.

To the extent permitted by law, the Group and the Company have agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment was made to indemnify Ernst & Young PLT during or since the end of the financial year.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 26 February 2020. Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Seri Kalimullah bin Masheerul Hassan

Dato' Lim Kian Onn

Kuala Lumpur, Malaysia
9 March 2020

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Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Dato' Seri Kalimullah bin Masheerul Hassan and Dato' Lim Kian Onn, being two of the Directors of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad), do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 14 to 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their results and their cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Seri Kalimullah bin Masheerul Hassan

Dato' Lim Kian Onn

Kuala Lumpur, Malaysia
9 March 2020

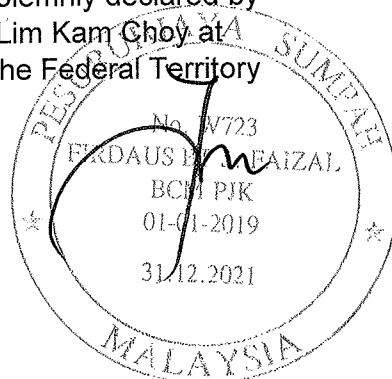
Statutory declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Lim Kam Choy, being the officer primarily responsible for the financial management of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 14 to 113 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Lim Kam Choy at
Kuala Lumpur in the Federal Territory
on 9 March 2020.

Before me,



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Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur



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**Independent auditors' report to the members of
ECM Libra Group Berhad
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad), which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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Independent auditors' report to the members of
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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter mentioned below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

(a) Valuation of unquoted equity investments

The Group and the Company classify their investments in unquoted equity instruments as Fair Value Through Other Comprehensive Income ("FVOCI") as disclosed in Note 5 to the financial statements. In estimating the fair value of these investments, the Group and the Company generally use the Discounted Cash Flow ("DCF") model or the comparison method for real estate assets, as disclosed in Note 2.23(ii) to the financial statements. The DCF takes into consideration key assumptions such as the forecast cashflows, long term growth rates, cost of capital and long term operating margins of the underlying companies in which the Group and the Company have invested in. The comparison method uses recent transaction prices of similar properties that are identified based on licensed/permitted land use, property type, geographic location and plot size. These assumptions are judgmental in nature and, accordingly, we consider this to be an area of audit focus. The assumptions and areas of judgement are outlined in Note 29.2 to the financial statements.

Our audit procedures focused on the valuations performed by management, which included amongst others, the following procedures:

- We obtained an understanding of the methodology adopted by management in estimating the fair value of these investments and whether such methodology is consistent with those used in the industry;
- As part of our evaluations of the fair values of these investments, we had discussions with management to obtain an understanding of the related underlying data used as input to the valuation models; and

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Independent auditors' report to the members of
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Key audit matters (cont'd.)

(a) *Valuation of unquoted equity investments (cont'd.)*

- We also assessed whether the discount rate used to determine the present value of the cash flows in the DCF model reflects the relevant rate of return that the investors expect to derive.

(b) *Impairment assessment of joint ventures*

The Group and the Company conducted assessment of joint ventures for impairment as at the reporting date. The losses reported by some of these joint ventures or the lack of an active principal activity during the year indicate that the carrying amount of the investments in these joint ventures may be impaired. Accordingly, the Group and the Company performed an impairment test on those investments which demonstrated an indication of impairment by estimating the recoverable amount of such investments using the comparison method. The comparison method uses recent transaction prices of similar properties that are identified based on licensed/permitted land use, property type, geographic location and plot size. These assumptions are judgmental in nature and, accordingly, we consider this to be an area of audit focus. The Group and the Company's impairment policy for joint ventures is disclosed in Note 2.4(i) to the financial statements.

In addressing these areas of audit focus:

- We obtained an understanding of the methodology adopted by management in estimating the fair value of these investments and whether such methodology is consistent with those used in the industry; and
- As part of our evaluations of the fair values of these investments, we had discussions with management to obtain an understanding of the related underlying data used as input to the valuation models.

(c) *Acquisition of a new business*

The Group and the Company acquired a new business during the year on which a gain on bargain purchase was recognised as disclosed in Note 33 to the financial statements. The Group and the Company engaged an external professional valuation expert to estimate the fair value of the business on acquisition date using the DCF method. Given the level of judgement required by the professional valuation expert to determine the assumptions underlying the DCF, we consider the valuation of the business an area of audit focus. The assumptions include the forecast cashflows, growth rates, cost of capital and operating margins of the acquired business.

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Key audit matters (cont'd.)

(c) Acquisition of a new business (cont'd.)

In addressing this area of audit focus: (cont'd.)

- We obtained an understanding of the methodology adopted by management in estimating the cash flows to be derived from the investment in the acquired business and assessed whether such methodology is consistent with those used in the industry;
- We evaluated the external professional valuation expert's assumptions on the key inputs used in the valuation methodology, including the future cashflows and growth rates estimated by these investments, market values of underlying properties held by the acquired business, and the estimated margins of the investment in the acquired business, on the acquisition date and as at the reporting date;
- We assessed the professional qualification of management's external professional valuation expert; and
- We also assessed the discount rate used to determine the present value of the cash flows that it reflects the rate return that investors would expect from similar investments.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the audit and risk management committee of the board report, corporate governance statement, chairman's statement, management discussion and analysis, the Director's report and the other information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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Information other than the financial statements and auditors' report thereon (cont'd.)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Auditors' responsibilities for the audit of the financial statements

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Auditors' responsibilities for the audit of the financial statements (cont'd.)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Yeo Beng Yean
No. 03013/10/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
9 March 2020