

**THIS INDEPENDENT ADVICE CIRCULAR (“IAC”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 27 JUNE 2022 ISSUED BY MERCURY SECURITIES SDN BHD ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN) OF WHICH THE SUMMARY NOTIFICATION 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, bank manager, accountant or other professional adviser 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.

Pursuant to Rule 11 of the Rules on Take-overs, Mergers and Compulsory Acquisitions, the Securities Commission Malaysia (“SC”) has notified that it has no further comments to the contents of this IAC. However, such notification shall not be taken to suggest that the SC agrees with our recommendation or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.



**ECM LIBRA GROUP BERHAD**  
(Registration No.: 200501031433 (713570-K))  
(Incorporated in Malaysia)

**INDEPENDENT ADVICE CIRCULAR TO THE HOLDERS**

**IN RELATION TO THE CONDITIONAL MANDATORY TAKE-OVER OFFER**

**BY**

**DATO' LIM KIAN ONN**

**(“OFFEROR”)**

**THROUGH**

**MERCURY SECURITIES SDN BHD**  
(Registration No. 198401000672 (113193-W))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**TO ACQUIRE**

**ALL THE REMAINING ORDINARY SHARES IN ECM LIBRA GROUP BERHAD NOT ALREADY HELD BY THE OFFEROR AND PERSONS ACTING IN CONCERT WITH HIM (“OFFER SHARES”) FOR A CASH OFFER PRICE OF RM0.22 PER OFFER SHARE (“OFFER”)**

**Independent Adviser**



(Registration No. 201301002419 (1032257-D))

**This Independent Advice Circular is dated 7 July 2022**

## DEFINITIONS

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

<b>Accepting Holder</b>	:	Holder who accepts the Offer in accordance with the terms and conditions set out in the Offer Document
<b>Acquisition</b>	:	Acquisition by LKO of 19,200,000 ECMLG Shares (representing approximately 4.00% equity interest in ECMLG) from Tune Group Sdn Bhd for a total cash consideration of RM4,224,000 or RM0.22 per ECMLG Share, which was effected via a direct business transaction on 31 May 2022
<b>Act</b>	:	Companies Act, 2016
<b>Board or ECMLG Board</b>	:	Board of Directors of ECMLG
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
<b>Closing Date</b>	:	First Closing Date, or such later date(s) if the Offer is extended in accordance with the Rules and the terms and conditions of the Offer Document as the Offeror may decide and Mercury Securities may announce, on behalf of the Offeror, at least 2 days before the closing date
<b>CMSA</b>	:	Capital Markets and Services Act, 2007
<b>COVID-19</b>	:	Coronavirus disease 2019
<b>Dissenting Holder</b>	:	Any Holder who has not accepted the Offer and/or failed or refused to transfer his Offer Shares to the Offeror in accordance with the terms and subject to the conditions set out of the Offer Document
<b>DWA Advisory or Independent Adviser</b>	:	DWA Advisory Sdn Bhd (Registration No. 201301002419 (1032257-D)), being the independent adviser appointed by the Board in accordance with Paragraph 3.06 of the Rules to provide comments, opinions, information and recommendation in relation to the Offer
<b>ECMLG or the Offeree</b>	:	ECM Libra Group Berhad (Registration No. 200501031433 (713570-K))
<b>ECMLG Group</b>	:	Collectively, ECMLG and its subsidiaries
<b>ECMLG Shares or the Shares</b>	:	Ordinary shares in ECMLG
<b>Form of Acceptance and Transfer</b>	:	Form of acceptance and transfer for the Offer Shares, as enclosed with the Offer Document

## DEFINITIONS (CONT'D)

<b>Flinders Lane Property</b>	:	The property that holds Lots 1 and 2 on Title Plan 161650U (Parent Title 09148 Folio 436), which is located at 539-545 Flinders Lane and 540 Flinders Street, Melbourne, Victoria, 3000 Australia
<b>FPE</b>	:	Financial period ended
<b>FYE</b>	:	Financial year ended
<b>Garynma Trust</b>	:	A trust established by the Offeror and his spouse as the settlors and of which their children and issues are discretionary beneficiaries
<b>Holder</b>	:	Holder of the Offer Shares
<b>IAC</b>	:	Independent advice circular to the Holders dated 7 July 2022 in relation to the Offer, comprising the letter from the Board (as contained in Part A of this IAC), IAL from DWA Advisory (as contained in Part B of this IAC) and accompanying appendices
<b>IAL</b>	:	Independent advice letter to the Holders as contained in Part B of this IAC
<b>Independent Valuers</b>	:	Henry Butcher Malaysia Sdn Bhd (Registration No. 198701001968 (160636-P)), Henry Butcher Malaysia (Penang) Sdn Bhd (Registration No. 198901000192 (177498-P)) and Henry Butcher Malaysia (Sabah) Sdn Bhd (Registration No. 199401042782 (328470-P))
<b>Interested Directors</b>	:	Collectively, LKO, being the Offeror and Gareth Lim Tze Xiang, being one of the PACs, both are deemed interested in the Offer and have abstained and will continue to abstain from deliberations and making any recommendations in relation to the Offer
<b>LKO or the Offeror</b>	:	Dato' Lim Kian Onn
<b>LPD</b>	:	30 June 2022, being the latest practicable date, which is not more than 7 days before the date of this IAC
<b>LTD</b>	:	30 May 2022, being the last full trading day prior to the date of the Notice
<b>Market Day</b>	:	A day on which Bursa Securities is open for trading in securities
<b>Mercury Securities</b>	:	Mercury Securities Sdn Bhd (Registration No. 198401000672 (113193-W))
<b>NA</b>	:	Net assets
<b>NBV</b>	:	Net book value
<b>Non-Interested Directors</b>	:	The Board, excluding the Interested Directors
<b>Non-Resident Holder</b>	:	A Holder (including without limitation, any custodian, agent, representative, nominee and trustee) who is a citizen or national of, or resident in, or has registered address in, a jurisdiction outside Malaysia, or is incorporated or registered with or approved by any authority outside Malaysia, or is a non-resident within the definition prescribed under the Financial Services Act, 2013
<b>Notice</b>	:	Notice of the Offer dated 31 May 2022 issued and served on the Board by Mercury Securities, on behalf of the Offeror

## DEFINITIONS (CONT'D)

<b>Offer</b>	:	Conditional mandatory take-over offer by the Offeror through Mercury Securities to acquire all the Offer Shares at the Offer Price, in accordance with the terms and conditions set out in the Offer Document, including any revision thereof
<b>Offer Document</b>	:	Offer Document dated 27 June 2022 which contains the details of the Offer together with the enclosed Form of Acceptance and Transfer
<b>Offer Document LPD</b>	:	21 June 2022, being the latest practicable date prior to the Posting Date
<b>Offer Period</b>	:	The period commencing from 31 May 2022, being the date of serving of the Notice, until the earlier of either:  (i) the Closing Date; or  (ii) the date on which the Offer lapses or is withdrawn with the prior written consent of the SC
<b>Offer Price</b>	:	Cash offer price of RM0.22 per Offer Share, subject to any adjustment in the manner as set out in Section 2.1 of the Offer Document
<b>Offer Shares</b>	:	All the remaining ECMLG Shares which are not already held by the Offeror and PACs. As at the Offer Document LPD, the Offer Shares comprise 279,015,359 ECMLG Shares, representing approximately 58.14% of the total number of issued ECMLG Shares
<b>PACs</b>	:	The persons acting in concert with the Offeror in relation to the Offer as at the Offer Document LPD in accordance with Sections 216(2) and 216(3) of the CMSA as follows:  (i) Datin Quek Siow Leng ; (ii) Gareth Lim Tze Xiang; (iii) Caryn Lim Su Yin; (iv) Gemma Lim Su Xian; (v) Plato Capital Limited; (vi) Truesource Pte Ltd; (vii) Garynma MY Holdings Limited; and (viii) Garynma MY Capital Limited
<b>Posting Date</b>	:	27 June 2022, being the date of publication of the Offer Document
<b>Public Spread Requirement</b>	:	The requirement pursuant to Paragraph 8.02(1) of the Listing Requirements, whereby a listed issuer must ensure that at least 25.00% of its total listed shares (excluding treasury shares) are in the hands of public shareholders to ensure its continued listing on the Main Market of Bursa Securities
<b>Record of Depositors</b>	:	A record of depositors established by Bursa Depository pursuant to the Rules of Bursa Depository
<b>RM and sen</b>	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
<b>RNAV</b>	:	Revalued Net Asset Value
<b>Rules</b>	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
<b>SC</b>	:	Securities Commission Malaysia

## DEFINITIONS (CONT'D)

**TP Flinders** : TP Hotel (Flinders) Trust, an Australian incorporated trust which beneficially owns the Flinders Lane Property

**Undertakings** : Written undertakings from:

- (i) Dato' Seri Kalimullah bin Masheerul Hassan dated 31 May 2022 pursuant to which he has irrevocably undertaken not to accept the Offer in respect of his entire 70,562,815 ECMLG Shares (representing approximately 14.70% equity interest in ECMLG); and
- (ii) Tune Group Sdn Bhd (Registration No. 200701040836 (798868-P)) dated 31 May 2022 pursuant to which it has irrevocably undertaken not to accept the Offer in respect of its remaining shareholding of 99,767,386 ECMLG Shares (representing approximately 20.79% equity interest in ECMLG) after the Acquisition

**Undertaking Shareholders** : Collectively, Dato' Seri Kalimullah bin Masheerul Hassan and Tune Group Sdn Bhd

**VWAP** : Volume weighted average market price

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

Where a period specified in the Rules, as appearing in this IAC, ends on a day which is not a Market Day, the period is extended until the next Market Day.

All references to “**you**” or “**Holder**” in this IAC are to each Holder, being the person to whom the Offer is being made.

All references to “**we**”, “**us**” and “**our**” in this IAC, save for the letter from the Board (as contained in Part A of this IAC), are to DWA Advisory, being the Independent Adviser for the Offer.

All references to dates and times in this IAC shall be references to Malaysian dates and times, unless otherwise indicated.

Any reference in this IAC to any enactment or guideline in this IAC is reference to that enactment or guideline as amended or re-enacted from time to time.

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

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**EXECUTIVE SUMMARY**

**This executive summary highlights the salient information of the Offer. Holders are advised to read carefully both Part A: Letter from the Board and Part B: IAL from DWA Advisory for their views and recommendations in relation to the Offer. This IAC should also be read together with the Offer Document.**

## **1. INTRODUCTION**

On 31 May 2022, LKO had acquired 19,200,000 ECMLG Shares (representing approximately 4.00% equity interest in ECMLG) from Tune Group Sdn Bhd for a total cash consideration of RM4,224,000 or RM0.22 per ECMLG Share, which was effected via a direct business transaction.

Following the Acquisition:

- (i) the Offeror increased his shareholding in ECMLG from 36,837,778 ECMLG Shares (representing approximately 7.68% equity interest in ECMLG) to 56,037,778 ECMLG Shares (representing approximately 11.68% equity interest in ECMLG); and
- (ii) the collective shareholdings of the Offeror and PACs in ECMLG increased from 167,224,964 ECMLG Shares (representing approximately 34.84% equity interest in ECMLG) to 186,424,964 ECMLG Shares (representing approximately 38.84% equity interest in ECMLG).

Accordingly, pursuant to Section 218(2) of the CMSA and Paragraph 4.01(b) of the Rules, the Offeror and PACs are obliged to extend a conditional mandatory take-over offer to acquire all the remaining ECMLG Shares which are not already held by the Offeror and PACs for a cash offer price of RM0.22 per Offer Share. For information purposes, as at the LPD, ECMLG does not hold any ECMLG Shares as treasury shares and ECMLG does not have any convertible securities in issue.

On 31 May 2022, Mercury Securities had, on behalf of the Offeror, served the Notice on the ECMLG Board in accordance with Paragraph 9.10(1)(b)(i) of the Rules to acquire the Offer Shares at the Offer Price. The ECMLG Board had on even date announced the receipt of the Notice and a copy of the Notice was subsequently despatched to the shareholders of ECMLG on 7 June 2022.

On 2 June 2022, pursuant to Paragraph 3.06 of the Rules, the ECMLG Board had appointed DWA Advisory as the independent adviser to provide comments, opinions, information and recommendation in relation to the Offer.

For the purposes of the Offer, the PACs pursuant to Sections 216(2) and 216(3) of the CMSA are as follows:

- (i) Datin Quek Siow Leng (the spouse of the Offeror) who is a shareholder of ECMLG;
- (ii) Gareth Lim Tze Xiang (the son of the Offeror) who is a discretionary beneficiary of the Garynma Trust. The said trust holds 100.00% beneficial interest in Garynma MY Holdings Limited, which in turn holds 100.00% equity interest in Garynma MY Capital Limited, which in turn is a shareholder of ECMLG. He is also an Executive Director and the Chief Executive Officer in ECMLG and alternate director to the Offeror and the Chief Executive Officer in Plato Capital Limited;
- (iii) Caryn Lim Su Yin (the daughter of the Offeror) who is a discretionary beneficiary of the Garynma Trust. The said trust holds 100.00% beneficial interest in Garynma MY Holdings Limited, which in turn holds 100.00% equity interest in Garynma MY Capital Limited, which in turn is a shareholder of ECMLG;
- (iv) Gemma Lim Su Xian (the daughter of the Offeror) who is a discretionary beneficiary of the Garynma Trust. The said trust holds 100.00% beneficial interest in Garynma MY Holdings Limited, which in turn holds 100.00% equity interest in Garynma MY Capital Limited, which in turn is a shareholder of ECMLG. She is also a director in Truesource Pte Ltd;



- (v) Plato Capital Limited (a public limited liability company incorporated in Singapore and listed on Catalist of the Singapore Exchange Securities Trading Limited), in which the Offeror is the Non-Independent Non-Executive Chairman and a controlling shareholder. It holds 100.00% equity interest in Truesource Pte Ltd, which in turn is a shareholder of ECMLG;
- (vi) Truesource Pte Ltd (a company incorporated in Singapore and a wholly-owned subsidiary of Plato Capital Limited) which is a shareholder of ECMLG;
- (vii) Garynma MY Holdings Limited (a company incorporated in the British Virgin Islands), which holds 100.00% equity interest in Garynma MY Capital Limited, which in turn is a shareholder of ECMLG; and
- (viii) Garynma MY Capital Limited (a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Garynma MY Holdings Limited) which is a shareholder of ECMLG.

On 21 June 2022, Mercury Securities had on behalf of the Offeror submitted an application to the SC under Paragraph 1.12 of the Rules for an extension of time to despatch the Offer Document. The extension of time was sought to allow for more time for the finalisation of the contents of the Offer Document. On 22 June 2022, the SC approved the application for the Offer Document to be despatched by 28 June 2022 or within 2 days from the SC's notification that it has no further comments on the Offer Document, whichever is later.

In addition to this IAC, you should have by now received a summary notification informing that the Offer Document dated 27 June 2022, which sets out the details, terms and conditions of the Offer together with the procedures for acceptance and method of settlement of the Offer, have been published on Bursa Securities' website.

Pursuant to Paragraphs 11.03(2) and 11.04(2) of the Rules, the SC had, vide its letter dated 5 July 2022 notified that it has no further comments to the contents of this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

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

## **2. TERMS AND CONDITIONS OF THE OFFER**

For avoidance of doubt, you do not need to take action if you do not wish to accept the Offer. The terms and conditions of the Offer are set out below.

### **2.1 Consideration of the Offer**

Accepting Holders shall be paid RM0.22 in cash per Offer Share.

Notwithstanding the above, if ECMLG declares, makes and/or pays a dividend or other distribution of any nature on or after the date of the Notice but prior to the Closing Date ("**Distribution**") and the Holders are entitled to retain such Distribution, the Offer Price shall be reduced by an amount equivalent to the net Distribution per Offer Share which the Holders are entitled to retain. For the avoidance of doubt, no adjustment shall be made to the Offer Price in the event the entitlement date for the Distribution is after the Closing Date.

The Offeree has not declared or paid any Distribution after the date of the Notice and up to the LPD.

The Holders may accept the Offer in respect of all or part of their Offer Shares. The Offeror will not pay fractions of a sen, if any, to the Accepting Holders. The cash consideration payable to the Accepting Holders in respect of valid acceptances of the Offer will be rounded down to the nearest whole sen, where applicable.

## **2.2 Conditions of the Offer**

The Offer is conditional upon the Offeror having received, on or before the Closing Date, valid acceptances in respect of the Offer Shares (provided that such acceptances are not, where permitted, subsequently withdrawn), which would result in the Offeror and PACs holding in aggregate more than 50.00% of the voting shares in ECMLG (including ECMLG Shares that are already acquired, held or entitled to be acquired or held by the Offeror and PACs).

The Acceptance Condition shall be fulfilled on or before the Closing Date (which shall, in any event, be no later than 5.00 p.m. on the 60<sup>th</sup> day from the Posting Date), failing which the Offer shall lapse and the Offer will cease to be capable of further acceptances and all acceptances shall be returned to the Accepting Holders and the Offeror will thereafter cease to be bound by any such prior acceptances of the Offer.

As at the LPD, the Offeror and PACs hold in aggregate approximately 41.91% equity interest in ECMLG.

## **2.3 Duration of the Offer**

The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on Monday, 18 July 2022, being the First Closing Date, or such later date(s) if the Offer is extended in accordance with the Rules and the terms and conditions of the Offer Document as the Offeror may decide and Mercury Securities may announce, on behalf of the Offeror, at least 2 days before the Closing Date. Notices of any such extension will be posted to the Holders accordingly.

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

## **2.4 Method of settlement**

Except with the consent of the SC and save for the Offeror's rights to reduce the Offer Price as set out in Section 2.1 of the Offer Document, the settlement of the consideration to which any Holder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counter-claim or other analogous rights to which the Offeror may otherwise be or claim to be entitled against an Accepting Holder. This, however, is without prejudice to the Offeror's rights to make any claim against the Accepting Holder after such full settlement in respect of a breach of any of the warranties as set out in Section 1 of Appendix I of the Offer Document.

If the Offeror deems the acceptance of the Offer 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 Shares 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 Accepting Holders (or their designated agents, as they may direct) at the registered Malaysian address last maintained with Bursa Depository at their own risk within 10 days from:

- (i) the date of Offer becomes or is declared unconditional, if the valid acceptance is received during the period when the Offer is still conditional; or
- (ii) the date of the valid acceptance, if the valid acceptance is received during the period after the Offer is or has become or has been declared unconditional.

Non-Resident Holders are advised that the settlement for the acceptances of the Offer will be made in RM. Non-Resident Holders who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fees and/or changes as levied by the respective financial institutions.

Please refer to Section 2 of Appendix II of the Offer Document for further details on the method and expected date of settlement of the Offer.

### **3. DETAILS OF ACCEPTANCES**

As at the Offer Document LPD, save for undertakings as disclosed below, the Offeror and PACs have not received any irrevocable undertaking from any Holders to accept or reject the Offer:

- (i) Dato' Seri Kalimullah bin Masheerul Hassan had on 31 May 2022 provided an irrevocable undertaking not to accept the Offer in respect of his entire shareholding of 70,562,815 ECMLG Shares (representing approximately 14.70% equity interest in ECMLG);
- (ii) Tune Group Sdn Bhd had on 31 May 2022 provided an irrevocable undertaking not to accept the Offer in respect of its remaining shareholding of 99,767,386 ECMLG Shares (representing approximately 20.79% equity interest in ECMLG) after the Acquisition; and
- (iii) Datuk Kamarudin bin Md Ali had on 17 June 2022 provided an undertaking not to accept the Offer in respect of his entire shareholding of 100,000 ECMLG Shares (representing approximately 0.02% equity interest in ECMLG).

### **4. 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 1 to 6 under Schedule 2: Part III of the Rules whereby:

- (i) in relation to a take-over, the term "fair and reasonable" should generally be analysed as 2 distinct criteria i.e., whether the offer is "fair" and whether the offer is "reasonable", rather than as a composite term;
- (ii) the take-over offer is considered "fair", if the offer price (or value of consideration) is equal to or higher than the market price and is also equal to or higher than the value of the securities of the offeree. However, if the offer price (or value of consideration) is equal to or higher than the market price, but is lower than the value of the securities of the offeree, the take-over offer is considered as "not fair". In making the assessment, the value of the securities of the offeree is determined based on the assumption that 100.00% of the offeree is being acquired;
- (iii) pursuant to Paragraph 4 of Schedule 2: Part III of the Rules, in considering whether a take-over offer is "reasonable", the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the take-over offer. A take-over offer would be considered "reasonable" if it is "fair". Nevertheless, an independent adviser may also recommend for shareholders to accept the take-over offer despite it being "not fair", if the independent adviser is of the view that there are sufficiently strong reasons to accept the offer in the absence of a higher bid and such reasons should be clearly explained; and

- (iv) in the event that the independent adviser concludes that the Offer is “not fair but reasonable”, the independent adviser must clearly explain the following:
  - (a) what is meant by “not fair but reasonable”;
  - (b) how has the independent adviser reached to this conclusion; and
  - (c) the course of action that the shareholders are recommended to take pursuant to the conclusion.

#### **4.1 Fairness of the Offer**

Based on our evaluations in Sections 6.1 and 6.2 of Part B of this IAC, the Offer Price of RM0.22 represents:

- (i) a **discount** of RM0.13 or approximately 37.14% to the estimated value of ECMLG Share of RM0.35 based on RNAV method;
- (ii) a **premium** of RM0.04 (22.22%) over the last traded price of ECMLG Shares as at the LTD and a premium ranging from RM0.03 (18.66%) to RM0.05 (28.73%) over the 5-day, 1-month, 3-month, 6-month and 12-month VWAP of ECMLG Shares up to and including LTD; and
- (iii) a **premium** of 4.76% and 4.81% over the last traded price of ECMLG Shares as at the LPD and 5-day VWAP of ECMLG Shares up to and including the LPD.

Notwithstanding the Offer Price of RM0.22 is at a premium to the last traded market prices of ECMLG Shares as at the LTD and LPD as well as VWAPs of ECMLG Shares up to the LTD and LPD, we are of the view that the Offer is **NOT FAIR** as the Offer Price is lower and represents a **discount** of approximately 37.14% to the estimated value of ECMLG Share of RM0.35 based on RNAV method.

#### **4.2 Reasonableness of the Offer**

Based on our evaluation in Section 7.1 of Part B of this IAC, we have taken into consideration the following factors:

- (i) Notwithstanding that the historical trading volume of ECMLG Shares are illiquid as compared to the Bursa Malaysia Consumer Products and Services Index, the Holders will still be able to participate in the trading of ECMLG Shares even after the Closing Date as the Offeror intends to maintain the listing status of ECMLG on the Main Market of Bursa Securities;
- (ii) the Offeror does not intend to invoke the provisions of Section 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares for which valid acceptances have not been received on or before the Closing Date even if the conditions stipulated in Section 222(1) of the CMSA are fulfilled; and
- (iii) as at the LPD, the Offeror and PACs hold a controlling stake of approximately 41.91% in ECMLG. With the current level of control, the Offeror and PACs are not able to approve ordinary resolutions or special resolutions at the shareholders’ general meetings of ECMLG (as these resolutions require approval from more than 50.00% and at least 75.00% respectively of the total votes cast), but are able to vote against special resolutions. Nevertheless, they may have significant influence over the outcome of these resolutions with their current shareholdings.

Pursuant to the above, we are of the view that the Offer is **NOT REASONABLE** as ECMLG Shares will remain tradable on the Main Market of Bursa Securities and hence, the Holders will still have the opportunity to realise their investment in ECMLG Shares in the open market after the Closing Date.

## 5. CONCLUSION AND RECOMMENDATION

Premised on the above and our assessment, we are of the view that the Offer is **NOT FAIR** and **NOT REASONABLE**. Accordingly, we recommend for the Holders to **REJECT** the Offer.

Please refer to Sections 6 and 7 of Part B of this IAC for further details.

Nonetheless, the decision to be made in respect to the Offer would rest on the individual risk appetite and specific investment requirements of the Holders. The Holders should be mindful that there may be continuous fluctuations in the market prices of ECMLG Shares. As such, the Holders are advised to closely monitor the market prices, trading volume, any press releases and/or announcements made in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer Shares.

After considering all aspects of the Offer and the evaluation, views and recommendation by DWA Advisory as set out in Part B of this IAC, the Non-Interested Directors have **CONCURRED** with the opinion of DWA Advisory that the Offer is **NOT FAIR** and **NOT REASONABLE**.

Accordingly, the Non-Interested Directors recommend that the Holders to **REJECT** the Offer.

## 6. IMPORTANT DATES AND EVENTS

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

Events	Dates
Notice served on the Board	31 May 2022
Publication of the Offer Document <sup>(1)</sup>	27 June 2022
Issuance of this IAC	7 July 2022
First Closing Date <sup>(2)</sup>	18 July 2022

Notes:

<sup>(1)</sup> Following the Offeror's application dated 21 June 2022 for an extension of time to despatch the Offer Document, the SC has approved the application for the Offer Document to be despatched by 28 June 2022 or within 2 days from the SC's notification that it has no further comments on the Offer Document, whichever is later.

<sup>(2)</sup> The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on Monday, 18 July 2022, being the First Closing Date, or such later date(s) if the Offer is extended in accordance with the Rules and the terms and conditions of the Offer Document as the Offeror may decide and Mercury Securities may announce, on behalf of the Offeror, at least 2 days before the Closing Date. Notices of any extension will be posted to the Holders accordingly.

**HOLDERS ARE ADVISED TO READ THE OFFER DOCUMENT AND THIS IAC THOROUGHLY, FOR MORE INFORMATION AND NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE OFFER.**

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

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**PART A**

**LETTER FROM THE BOARD**



**ECM LIBRA GROUP BERHAD**  
(Registration No.: 200501031433 (713570-K))  
(Incorporated in Malaysia)

**Registered Office:**

2<sup>nd</sup> Floor, West Wing  
Bangunan ECM Libra  
8 Jalan Damansara Endah  
Damansara Heights  
50490 Kuala Lumpur

7 July 2022

**Board of Directors:**

Dato' Seri Kalimullah bin Masheerul Hassan (Non-Independent Non-Executive Chairman)  
Dato' Lim Kian Onn (Non-Independent Non-Executive Deputy Chairman)  
Datuk Kamarudin bin Md Ali (Independent Non-Executive Director)  
Mahadzir bin Azizan (Independent Non-Executive Director)  
Oh Teik Khim (Independent Non-Executive Director)  
Gareth Lim Tze Xiang (Chief Executive Officer / Non-Independent Executive Director)  
Akil Hassan bin Kalimullah (Non-Independent Non-Executive Director) (Alternate Director to Dato' Seri Kalimullah bin Masheerul Hassan)

**To: The Holders**

Dear Sir/ Madam,

**CONDITIONAL MANDATORY TAKE-OVER OFFER BY THE OFFEROR THROUGH MERCURY SECURITIES TO ACQUIRE ALL THE OFFER SHARES FOR A CASH OFFER PRICE OF RM0.22 PER OFFER SHARE**

**1. INTRODUCTION**

On 31 May 2022, LKO had acquired 19,200,000 ECMLG Shares (representing approximately 4.00% equity interest in ECMLG) from Tune Group Sdn Bhd for a total cash consideration of RM4,224,000 or RM0.22 per ECMLG Share, which was effected via a direct business transaction.

Following the Acquisition:

- (i) the Offeror increased his shareholding in ECMLG from 36,837,778 ECMLG Shares (representing approximately 7.68% equity interest in ECMLG) to 56,037,778 ECMLG Shares (representing approximately 11.68% equity interest in ECMLG); and
- (ii) the collective shareholdings of the Offeror and PACs in ECMLG increased from 167,224,964 ECMLG Shares (representing approximately 34.84% equity interest in ECMLG) to 186,424,964 ECMLG Shares (representing approximately 38.84% equity interest in ECMLG).

Accordingly, pursuant to Section 218(2) of the CMSA and Paragraph 4.01(b) of the Rules, the Offeror and PACs are obliged to extend a conditional mandatory take-over offer to acquire all the remaining ECMLG Shares which are not already held by the Offeror and PACs for a cash offer price of RM0.22 per Offer Share. For information purposes, as at the LPD, ECMLG does not hold any ECMLG Shares as treasury shares and ECMLG does not have any convertible securities in issue.

On 31 May 2022, Mercury Securities had, on behalf of the Offeror, served the Notice on the ECMLG Board in accordance with Paragraph 9.10(1)(b)(i) of the Rules to acquire the Offer Shares at the Offer Price. The ECMLG Board had on even date announced the receipt of the Notice and a copy of the Notice was subsequently despatched to the shareholders of ECMLG on 7 June 2022.

On 2 June 2022, pursuant to Paragraph 3.06 of the Rules, the ECMLG Board had appointed DWA Advisory as the independent adviser to provide comments, opinions, information and recommendation in relation to the Offer. Following thereto, DWA Advisory had vide its letter dated 3 June 2022 declared its independence from any conflict of interest or potential conflict of interest in its capacity as Independent Adviser in relation to the Offer.

For the purposes of the Offer, the PACs pursuant to Sections 216(2) and 216(3) of the CMSA are as follows:

- (i) Datin Quek Siow Leng (the spouse of the Offeror) who is a shareholder of ECMLG;
- (ii) Gareth Lim Tze Xiang (the son of the Offeror) who is a discretionary beneficiary of the Garynma Trust. The said trust holds 100.00% beneficial interest in Garynma MY Holdings Limited, which in turn holds 100.00% equity interest in Garynma MY Capital Limited, which in turn is a shareholder of ECMLG. He is also an Executive Director and the Chief Executive Officer in ECMLG and alternate director to the Offeror and the Chief Executive Officer in Plato Capital Limited;
- (iii) Caryn Lim Su Yin (the daughter of the Offeror) who is a discretionary beneficiary of the Garynma Trust. The said trust holds 100.00% beneficial interest in Garynma MY Holdings Limited, which in turn holds 100.00% equity interest in Garynma MY Capital Limited, which in turn is a shareholder of ECMLG;
- (iv) Gemma Lim Su Xian (the daughter of the Offeror) who is a discretionary beneficiary of the Garynma Trust. The said trust holds 100.00% beneficial interest in Garynma MY Holdings Limited, which in turn holds 100.00% equity interest in Garynma MY Capital Limited, which in turn is a shareholder of ECMLG. She is also a director in Truesource Pte Ltd;
- (v) Plato Capital Limited (a public limited liability company incorporated in Singapore and listed on Catalist of the Singapore Exchange Securities Trading Limited), in which the Offeror is the Non-Independent Non-Executive Chairman and a controlling shareholder. It holds 100.00% equity interest in Truesource Pte Ltd, which in turn is a shareholder of ECMLG;
- (vi) Truesource Pte Ltd (a company incorporated in Singapore and a wholly-owned subsidiary of Plato Capital Limited) which is a shareholder of ECMLG;
- (vii) Garynma MY Holdings Limited (a company incorporated in the British Virgin Islands), which holds 100.00% equity interest in Garynma MY Capital Limited, which in turn is a shareholder of ECMLG; and
- (viii) Garynma MY Capital Limited (a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Garynma MY Holdings Limited) which is a shareholder of ECMLG.



On 21 June 2022, Mercury Securities had on behalf of the Offeror submitted an application to the SC under Paragraph 1.12 of the Rules for an extension of time to despatch the Offer Document. The extension of time was sought to allow for more time for the finalisation of the contents of the Offer Document. On 22 June 2022, the SC approved the application for the Offer Document to be despatched by 28 June 2022 or within 2 days from the SC's notification that it has no further comments on the Offer Document, whichever is later.

In addition to this IAC, you should have by now received a summary notification informing that the Offer Document dated 27 June 2022, which sets out the details, terms and conditions of the Offer together with the procedures for acceptance and method of settlement of the Offer, have been published on Bursa Securities' website.

As at the LPD, the shareholdings of the Offeror and the PACs in ECMLG are as follows:

Name	Direct		Indirect	
	No. of ECMLG Shares	% <sup>(1)</sup>	No. of ECMLG Shares	% <sup>(1)</sup>
<b><u>Offeror</u></b>				
LKO	66,296,278	13.81	134,843,286	28.10 <sup>(2)</sup>
<b><u>PACs</u></b>				
Datin Quek Siow Leng	1,437,163	0.30	-	-
Plato Capital Limited	-	-	56,694,973	11.81 <sup>(3)</sup>
Truesource Pte Ltd	56,694,973	11.81	-	-
Garynma MY Holdings Limited	-	-	76,711,150	15.98 <sup>(4)</sup>
Garynma MY Capital Limited	76,711,150	15.98	-	-
Total number of Shares held by the PACs	134,843,286	28.10		
<b>Total number of Shares held by the Offeror and PACs</b>	<b>201,139,564</b>	<b>41.91<sup>(5)</sup></b>		

Notes:

<sup>(1)</sup> Computed based on the total number of 479,925,823 issued Shares as at the LPD.

<sup>(2)</sup> Deemed interested by virtue of his interest in Plato Capital Limited and his interest via Garynma Trust which holds 100.00% beneficial interest in Garynma MY Holdings Limited pursuant to Section 8(4) of the Act and his spouse's shareholding pursuant to Section 59(11)(c) of the Act.

<sup>(3)</sup> Deemed interested by virtue of it being the holding company of Truesource Pte Ltd pursuant to Section 8(4) of the Act.

<sup>(4)</sup> Deemed interested by virtue of it being the holding company of Garynma MY Capital Limited pursuant to Section 8(4) of the Act.

<sup>(5)</sup> The discrepancy in percentage of shareholding between (i) collective shareholdings of the Offeror and PACs in ECMLG (41.90%) and (ii) aggregate of individual shareholdings of the Offeror and PACs in ECMLG (41.91%) is due to rounding.

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Pursuant to Paragraphs 11.03(2) and 11.04(2) of the Rules, the SC had, vide its letter dated 5 July 2022 notified that it has no further comments to the contents of this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations contained herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

**The purpose of this IAC is to provide you with relevant information on the Offer, the views and recommendations of the Non-Interested Directors and DWA Advisory on the Offer.**

**You are advised to read both this IAC and the Offer Document and consider carefully the recommendations contained herein before taking any action.**

**You should take note that in the event of any further restriction to movement due to the implementation of any movement control order by the Government of Malaysia or any other emergency, electronic documentation and service may be the only mode that can be employed. As such, it is important for you to register your e-mail address with Bursa Depository via:**

- (i) [https://www.bursamalaysia.com/trade/our\\_products\\_services/central\\_depository\\_system/request\\_for\\_estatement](https://www.bursamalaysia.com/trade/our_products_services/central_depository_system/request_for_estatement); or
- (ii) **Bursa Anywhere mobile application which can be downloaded from Google Play Store or Apple App Store.**

## **2. TERMS AND CONDITIONS OF THE OFFER**

The terms and conditions of the Offer are set out in Section 2, Part B of this IAC. Please refer to Appendix I of the Offer Document for further information on the other terms and conditions of the Offer and Appendix II 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, save for the undertakings as disclosed below, the Offeror and PACs have not received any irrevocable undertaking from any Holders to accept or not to accept the Offer:

- (i) Dato' Seri Kalimullah bin Masheerul Hassan had on 31 May 2022 provided an irrevocable undertaking not to accept the Offer in respect of his entire shareholding of 70,562,815 ECMLG Shares (representing approximately 14.70% equity interest in ECMLG);
- (ii) Tune Group Sdn Bhd had on 31 May 2022 provided an irrevocable undertaking not to accept the Offer in respect of its remaining shareholding of 99,767,386 ECMLG Shares (representing approximately 20.79% equity interest in ECMLG) after the Acquisition; and
- (iii) Datuk Kamarudin bin Md Ali had on 17 June 2022 provided an undertaking not to accept the Offer in respect of his entire shareholding of 100,000 ECMLG Shares (representing approximately 0.02% equity interest in ECMLG).

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#### **4. NON-INTERESTED DIRECTORS' COMMENTS**

##### **4.1 Rationale for the Offer**

The Non-Interested Directors noted the rationale for the Offer as set out in Section 3 of the Offer Document. The COVID-19 pandemic adversely impacted the travel and hospitality industry and ECMLG Group was not spared. Whilst the recent easing of border and travel restrictions by governments globally is expected to allow for a gradual return to pre-COVID-19 operating and financial levels by ECMLG Group and the wider travel and hospitality sector, the near and medium term outlook remains challenging for hotel operators and asset owners in light of recessionary fears, significant inflationary pressures and a tight labour market.

The Offeror is a major shareholder of ECMLG and believes in the longer term outlook and prospects of the travel and hospitality sector. The Offeror intends for ECMLG to be a vehicle to further build the business in this sector. Accordingly, the Acquisition was undertaken on a willing-buyer willing-seller basis based on such number of ECMLG Shares which Tune Group Sdn Bhd had agreed to sell to the Offeror.

The Offer is a mandatory obligation consequential to the Acquisition pursuant to Section 218(2) of the CMSA and Paragraph 4.01(b) of the Rules as the collective shareholdings of the Offeror and PACs in ECMLG increased from 167,224,964 ECMLG Shares (representing approximately 34.84% equity interest in ECMLG) to 186,424,964 ECMLG Shares (representing approximately 38.84% equity interest in ECMLG) following the Acquisition.

The Offer will allow minority shareholders with a requirement for nearer term liquidity and returns, an opportunity to exit the sector, as the Offer will provide an equal opportunity to all Holders to realise their investments in ECMLG through the Offer at the Offer Price (which is equivalent to the price paid by the Offeror for each ECMLG Share acquired pursuant to the Acquisition), an opportunity they may not otherwise have, given the low trading liquidity of the Shares. The Offer Price is also the highest price (excluding stamp duty and commission) paid or agreed to be paid by the Offeror and PACs for the purchase of ECMLG Shares for the period commencing 6 months prior to the beginning of the Offer Period and up to the LPD.

##### **4.2 Future plans for ECMLG Group and its employees**

The Non-Interested Directors noted the following intentions of the Offeror in respect of the future plans for ECMLG Group and its employees as stated in Section 7 of the Offer Document:

###### **(i) Continuation of ECMLG Group's businesses**

The Offeror intends to continue the existing businesses of the ECMLG Group. Nevertheless, the Offeror may from time to time review the ECMLG Group's businesses and operations and effect such arrangements, rationalisation and reorganisation of the ECMLG Group as he deems necessary for the ECMLG Group to remain competitive in the industry and/or to improve its financial performance or prospects.

###### **(ii) Major changes to ECMLG Group's businesses**

The Offeror does not have any plan and/or intention to liquidate any company within the ECMLG Group, dispose of any major assets or undertake any major redeployment of the fixed assets of the ECMLG Group or introduce or effect any major changes to the existing businesses and operations of the ECMLG Group as a direct consequence of the Offer. Nonetheless, such change, disposal and/or redeployment of assets may be implemented if deemed necessary as part of the process to rationalise the business activities and/or direction of the ECMLG Group or to improve the use of resources of the ECMLG Group. These may include any expansions, diversification of business, mergers, consolidations or disposal of assets.

**(iii) Employees of ECMLG Group**

The Offeror does not have any plan to dismiss or make redundant any of the existing employees of the ECMLG Group as a direct consequence of the Offer. Nevertheless, changes with regards to employment and/or redeployment of the ECMLG Group's employees may take place as a result of rationalisation and/or streamlining of the ECMLG Group's business operations to improve staff productivity and operational efficiency. Any such action will be dealt with in accordance with the relevant legislation and the terms of employment of the affected employees.

The Non-Interested Directors noted that as at the Offer Document LPD, the Offeror has no knowledge of and has not entered into any negotiation or arrangement or understanding with any third party with regard to any significant change in the business and assets or shareholdings structure of ECMLG Group.

Having considered the above, the Non-Interested Directors are of the view that the business and management of ECMLG Group will continue as a going concern.

**4.3 Listing status of ECMLG**

The Non-Interested Directors noted that the **Offeror intends to maintain the listing status of ECMLG on the Main Market of Bursa Securities** as stated in Section 4 of the Offer Document.

Accordingly, in the event that ECMLG does not comply with the Public Spread Requirement as a result of the Offer, the Offeror will explore various options or proposals and/or will procure ECMLG to explore possible options to rectify the shortfall in the public shareholding spread of ECMLG within 3 months from the Closing Date or such timeframe as allowed by the relevant authorities. As at the Offer Document LPD, no such arrangement has been made.

ECMLG had on 3 June 2022 announced that ECMLG is not in compliance with the Public Spread Requirement as the public shareholding spread of ECMLG was 24.64%.

Notwithstanding the foregoing, any decision to rectify the shortfall in the public shareholding spread of ECMLG will be subject to the Offeror and persons acting in concert with him retaining an aggregate equity interest of more than 50.00% in ECMLG.

Please refer to Section 7.1 of Part B of this IAC for further details.

**4.4 Compulsory Acquisition and Rights of Dissenting Holders**

The Non-Interested Directors take note that **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 on or before 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, Section 223 of the CMSA provides that if the Offeror receives valid acceptances from the Holders resulting in the Offeror and persons acting in concert with him holding not less than 9/10 in value of all the shares in ECMLG on or before the Closing Date, a Dissenting Holder may exercise his rights, under Section 223(1) of the CMSA, by serving a notice to the Offeror to require the Offeror to acquire his Offer Shares on the same terms set out in the Offer Document or such other terms as may be agreed.

Please refer to Section 7.1 of Part B of this IAC for further details.

## 5. INDEPENDENT ADVICE LETTER

The Holders are advised to read and consider the views and recommendation of DWA Advisory, the Independent Adviser appointed by the Board in accordance with Paragraph 3.06 of the Rules to provide comments, opinions, information and recommendation to the Non-Interested Directors and the Holders on the Offer. The IAL is included in Part B of this IAC.

## 6. DISCLOSURE OF DIRECTORS' INTERESTS AND INTENTION IN RELATION TO THE OFFER

As at the LPD, save as disclosed below, the Board does not have any interest, whether direct and indirect in ECMLG Shares:

Name	Direct		Indirect	
	No. of ECMLG Shares	% <sup>(1)</sup>	No. of ECMLG Shares	% <sup>(1)</sup>
<b><u>Interested Director</u></b>				
Dato' Lim Kian Onn	66,296,278	13.81	134,843,286	28.10 <sup>(2)</sup>
Gareth Lim Tze Xiang	-	-	-	-
<b><u>Non-Interested Directors</u></b>				
Dato' Seri Kalimullah bin Masheerul Hassan	70,562,815	14.70	-	-
Datuk Kamarudin bin Md Ali	100,000	0.02	-	-
Mahadzir bin Azizan	-	-	-	-
Oh Teik Khim	-	-	-	-
Akil Hassan bin Kalimullah	-	-	-	-

Notes:

<sup>(1)</sup> Computed based on the total number of 479,925,823 issued Shares as at the LPD.

<sup>(2)</sup> Deemed interested by virtue of his interest in Plato Capital Limited and his interest via Garynma Trust which holds 100.00% beneficial interest in Garynma MY Holdings Limited pursuant to Section 8(4) of the Act and his spouse's shareholding pursuant to Section 59(11)(c) of the Act.

As at the LPD, Dato' Seri Kalimullah bin Masheerul Hassan, being one of the Non-Interested Directors, had given an irrevocable undertaking dated 31 May 2022 not to accept the Offer in respect of his entire 70,562,815 ECMLG Shares (representing approximately 14.70% equity interest in ECMLG).

As at the LPD, Datuk Kamarudin bin Md Ali, being one of the Non-interested Directors had given his undertaking dated 17 June 2022 to **REJECT** the Offer in respect of his holdings in the Offer Shares.

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAC. The Board, collectively and individually, accepts full responsibility for the accuracy and completeness of the information contained in this IAC and confirms that, after having made all reasonable enquiries, that to the best of their knowledge and belief:

- (i) there are no other facts and/or information, the omission of which would render any statement or information relating to ECMLG Group in this IAC incomplete, false and/or misleading;
- (ii) all material facts and/or information in relation to the Offer (including those required under the Rules) have been accurately and completely disclosed in this IAC; and

- (iii) opinions expressed by the Board (save for the Interested Directors) in this IAC have been arrived at after due and careful consideration.

Further, the responsibility of the Board in respect of:

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

## **8. NON-INTERESTED DIRECTORS' RECOMMENDATION**

The Interested Directors are LKO and Gareth Lim. LKO is the Offeror while Gareth Lim is deemed interested in the Offer by virtue of him being the son of the Offeror, a PAC, the Executive Director and chief executive officer of ECMLG. Gareth Lim is also the chief executive officer and alternate director to the Offeror in Plato Capital Limited. LKO and Gareth Lim are deemed interested in the Offer and have abstained and will continue to abstain from deliberations and making any recommendation to the Holders in relation to the Offer.

After considering all aspects of the Offer and the evaluation, views and recommendation by DWA Advisory as set out in Part B of this IAC, the Non-Interested Directors have **CONCURRED** with the opinion of DWA Advisory that the Offer is **NOT FAIR** and **NOT REASONABLE**. Accordingly, the Non-Interested Directors recommend the Holders to **REJECT** the Offer.

**HOLDERS ARE ADVISED TO CONSIDER CAREFULLY 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 SITUATIONS, RISK PROFILES 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 SITUATIONS, RISK PROFILES OR PARTICULAR NEEDS, SHOULD CONSULT THEIR RESPECTIVE STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

Yours faithfully,  
For and on behalf of the Board  
**ECM LIBRA GROUP BERHAD**

**DATUK KAMARUDIN BIN MD ALI**  
Independent Non-Executive Director

**PART B**

**INDEPENDENT ADVICE LETTER FROM DWA ADVISORY**

**Registered Office:**

E-2-1, Oasis Square  
No. 2, Jalan PJU 1A/7A,  
Ara Damansara  
47301 Petaling Jaya  
Selangor Darul Ehsan

7 July 2022

**To: The Holders**

Dear Sir/Madam,

**CONDITIONAL MANDATORY TAKE-OVER OFFER BY THE OFFEROR THROUGH MERCURY SECURITIES TO ACQUIRE ALL THE OFFER SHARES FOR A CASH OFFER PRICE OF RM0.22 PER OFFER SHARE**

---

**1. INTRODUCTION**

Please refer to Section 1 of Part A of this IAC for the chronological events in relation to the Offer.

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

Pursuant to Paragraph 11.04(2) of the Rules, the SC had, vide its letter dated 5 July 2022 notified that it has no further comments to the contents of this IAC. However, such notification shall not be taken to suggest that the SC agrees with the recommendations of the Non-Interested Directors and the Independent Adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAC.

**HOLDERS ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS IAC INCLUDING THIS IAL TOGETHER WITH THE OFFER DOCUMENT BEFORE MAKING A DECISION AS TO THE COURSE OF ACTION TO BE TAKEN. IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

**THIS IAL IS SOLELY FOR THE USE OF THE HOLDERS FOR THE PURPOSE OF CONSIDERING THE OFFER AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE.**

**2. TERMS AND CONDITIONS OF THE OFFER**

For avoidance of doubt, you do not need to take action if you do not wish to accept the Offer. The terms and conditions of the Offer are set out below.



## **2.1 Consideration of the Offer**

Accepting Holders shall be paid RM0.22 in cash per Offer Share.

Notwithstanding the above, if ECMLG declares, makes and/or pays a dividend or other distribution of any nature on or after the date of the Notice but prior to the Closing Date (“**Distribution**”) and the Holders are entitled to retain such Distribution, the Offer Price shall be reduced by an amount equivalent to the net Distribution per Offer Share which the Holders are entitled to retain. For the avoidance of doubt, no adjustment shall be made to the Offer Price in the event the entitlement date for the Distribution is after the Closing Date.

ECMLG has not declared or paid any Distribution after the date of the Notice and up to the LPD.

The Holders may accept the Offer in respect of all or part of their Offer Shares. The Offeror will not pay fractions of a sen, if any, to the Accepting Holders. The cash consideration payable to the Accepting Holders in respect of valid acceptances of the Offer will be rounded down to the nearest whole sen, where applicable.

## **2.2 Conditions of the Offer**

The Offer is conditional upon the Offeror having received, on or before the Closing Date, valid acceptances in respect of the Offer Shares (provided that such acceptances are not, where permitted, subsequently withdrawn), which would result in the Offeror and PACs holding in aggregate more than 50.00% of the voting shares in ECMLG (including ECMLG Shares that are already acquired, held or entitled to be acquired or held by the Offeror and PACs).

The Acceptance Condition shall be fulfilled on or before the Closing Date (which shall, in any event, be no later than 5.00 p.m. on the 60<sup>th</sup> day from the Posting Date), failing which the Offer shall lapse and the Offer will cease to be capable of further acceptances and all acceptances shall be returned to the Accepting Holders and the Offeror will thereafter cease to be bound by any such prior acceptances of the Offer.

As at the LPD, the Offeror and PACs hold in aggregate approximately 41.91% equity interest in ECMLG.

## **2.3 Duration of the Offer**

The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on Monday, 18 July 2022, being the First Closing Date, or such later date(s) if the Offer is extended in accordance with the Rules and the terms and conditions of the Offer Document as the Offeror may decide and Mercury Securities may announce, on behalf of the Offeror, at least 2 days before the Closing Date. Notices of any such extension will be posted to the Holders accordingly.

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

## **2.4 Method of settlement**

Except with the consent of the SC and save for the Offeror’s rights to reduce the Offer Price as set out in Section 2.1 of the Offer Document, the settlement of the consideration to which any Holder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counter-claim or other analogous rights to which the Offeror may otherwise be or claim to be entitled against an Accepting Holder. This, however, is without prejudice to the Offeror’s rights to make any claim against the Accepting Holder after such full settlement in respect of a breach of any of the warranties as set out in Section 1 of Appendix I of the Offer Document.

If the Offeror deems the acceptance of the Offer 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 Shares 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 Accepting Holders (or their designated agents, as they may direct) at the registered Malaysian address last maintained with Bursa Depository at their own risk within 10 days from:

- (i) the date of Offer becomes or is declared unconditional, if the valid acceptance is received during the period when the Offer is still conditional; or
- (ii) the date of the valid acceptance, if the valid acceptance is received during the period after the Offer is or has become or has been declared unconditional.

Non-Resident Holders are advised that the settlement for the acceptances of the offer will be made in RM. Non-Resident Holders who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fees and/or changes as levied by the respective financial institutions.

Please refer to Section 2 of Appendix II of the Offer Document for further details on the method and expected date of settlement of the Offer.

### **3. DETAILS OF ACCEPTANCES**

As at the Offer Document LPD, save for undertakings as disclosed below, the Offeror and PACs have not received any irrevocable undertaking from any Holders to accept or reject the Offer:

- (i) Dato' Seri Kalimullah bin Masheerul Hassan had on 31 May 2022 provided an irrevocable undertaking not to accept the Offer in respect of his entire shareholding of 70,562,815 ECMLG Shares (representing approximately 14.70% equity interest in ECMLG);
- (ii) Tune Group Sdn Bhd had on 31 May 2022 provided an irrevocable undertaking not to accept the Offer in respect of its remaining shareholding of 99,767,386 ECMLG Shares (representing approximately 20.79% equity interest in ECMLG) after the Acquisition; and
- (iii) Datuk Kamarudin bin Md Ali had on 17 June 2022 provided an undertaking not to accept the Offer in respect of his entire shareholding of 100,000 ECMLG Shares (representing approximately 0.02% equity interest in ECMLG).

### **4. SCOPE AND LIMITATIONS OF THE EVALUATION OF THE OFFER**

In evaluating the Offer and in rendering our advice, DWA Advisory has considered various factors which we believe are of relevance and general importance to an assessment of the Offer and which would be of general concern to the Holders.

Our scope as the Independent Adviser is limited to providing our comments, opinions, information and recommendation on the Offer in the IAC based on information, data and documents provided to us or which are available to us and making reasonable enquiries in the circumstances.

In performing our evaluation, we have relied on and/or taken into consideration the following sources of information:

- (i) the information contained in the Notice, the Offer Document and the appendices attached thereto;

- (ii) audited consolidated financial statements of ECMLG Group for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021 and unaudited consolidated financial statements for the FPE 31 March 2022;
- (iii) discussions with and representations by the Board (save for the Interested Directors) and management of ECMLG;
- (iv) valuation certificates and valuation reports by the Independent Valuers;
- (v) other relevant information, documents, confirmations and representation furnished to us by the Board and management of ECMLG; and
- (vi) other publicly available information which we deem to be relevant.

We have relied on the Board and the management of ECMLG 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 in the circumstances and as at the date hereof, we are satisfied that the information provided to us or which are available to us is sufficient and have no reason to believe that the aforementioned information is unreliable, incomplete, misleading and/or inaccurate as at the LPD.

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 individual Holder or group of Holders who is in doubt as to action to be taken in relation to the Offer in the context of their individual investment objectives, financial and tax situation, risk profile or particular needs, consult their respective stockbroker, bank manager, solicitor, accountant 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, among 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 specified herein. Such conditions may change significantly over a short period of time.

We shall immediately disclose to the SC in writing and notify the Holders by way of announcement if, after despatching this IAC, as guided by Paragraph 11.07(1) of the Rules, we become aware that this IAC:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, we shall send a supplementary IAC to the Holders in accordance with Paragraph 11.07(2) of the Rules.

## **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 1 to 6 of Schedule 2: Part III of the Rules whereby:

- (i) in relation to a take-over, the term “fair and reasonable” should generally be analysed as 2 distinct criteria i.e., whether the offer is “fair” and whether the offer is “reasonable”, rather than as a composite term;

- (ii) the take-over offer is considered “fair”, if the offer price (or value of consideration) is equal to or higher than the market price and is also equal to or higher than the value of the securities of the offeree. However, if the offer price (or value of consideration) is equal to or higher than the market price, but is lower than the value of the securities of the offeree, the take-over offer is considered as “not fair”. In making the assessment, the value of the securities of the offeree is determined based on the assumption that 100.00% of the offeree is being acquired;
- (iii) pursuant to Paragraph 4 of Schedule 2: Part III of the Rules, in considering whether a take-over offer is “reasonable”, the independent adviser should take into consideration matters other than the valuation of the securities that are subject of the take-over offer. A take-over offer would be considered “reasonable” if it is “fair”. Nevertheless, an independent adviser may also recommend for shareholders to accept the take-over offer despite it being “not fair”, if the independent adviser is of the view that there are sufficiently strong reasons to accept the offer in the absence of a higher bid and such reasons should be clearly explained; and
- (iv) in the event that the independent adviser concludes that the Offer is “not fair but reasonable”, the independent adviser must clearly explain the following:
  - (a) what is meant by “not fair but reasonable”;
  - (b) how has the independent adviser reached to this conclusion; and
  - (c) the course of action that the shareholders are recommended to take pursuant to the conclusion.

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

<b>Fairness of the Offer</b>	<b>Section 6</b>
(i) Valuation of ECMLG Shares	Section 6.1
(ii) Historical market prices of ECMLG Shares	Section 6.2

<b>Reasonableness of the Offer</b>	<b>Section 7</b>
(i) Listing status of ECMLG, compulsory acquisition and rights of Dissenting Holders and level of control	Section 7.1

## 6. FAIRNESS OF THE OFFER

### 6.1 Valuation of ECMLG Shares

ECMLG is principally involved in the business of investment holding and provision of management services. ECMLG, through its subsidiaries are involved in the following business segment:

<b>Business segments</b>	<b>Principal activities</b>
Investment holding	General investments and corporate related activities.
Structured financing	Structured lending and financial services related activities.
Hospitality	Management and operations of hotels and restaurant and investment in hospitality related business through joint ventures.

The contribution of each segment to ECMLG Group's financial performance for the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and FYE 31 March 2022 are set out below:

Business segment	Audited FYE 31 December 2019		Audited FYE 31 December 2020		Audited FYE 31 December 2021		Unaudited FYE 31 March 2022	
	Revenue (RM'000)	(LAT)/PAT (%)	Revenue (RM'000)	(LAT)/PAT (%)	Revenue (RM'000)	PAT/(LAT) (%)	Revenue (RM'000)	PAT/(LAT) (%)
<b><u>Continuing operations</u></b>								
Investment holding	1,606	8.93	756	6.15	243	1.83	47	1.22
Structured financing	2,131	11.84	586	4.77	553	4.15	47	1.22
Hospitality	8,006	44.49	10,944	89.08	12,518	94.02	3,767	97.56
<b>Subtotal</b>	<b>11,743</b>	<b>65.26</b>	<b>12,286</b>	<b>100.00</b>	<b>13,314</b>	<b>100.00</b>	<b>3,861</b>	<b>100.00</b>
<b><u>Discontinued operations</u></b>								
Fund management	6,251	34.74	-	-	-	-	-	-
<b>Total</b>	<b>17,994</b>	<b>100.00</b>	<b>12,286</b>	<b>100.00</b>	<b>13,314</b>	<b>100.00</b>	<b>3,861</b>	<b>100.00</b>

#### Investment holding

Investment holding segment refers to general investments and corporate-related activities carried out by the Group namely in investing in education, manufacturing and property investments-related businesses. The segment recorded a revenue of RM0.76 million and LAT of RM1.25 million in FYE 31 December 2020 as compared to a revenue of RM1.61 million and LAT of RM6.30 million in FYE 31 December 2019 due to the decrease in interest income following the decrease in interest rates by the licensed banks. The segment posted lower revenue for the FYE 31 December 2021 mainly due to lower distribution income from investments upon disposal of equity instruments in the FYE 31 December 2020. The segment recorded a LAT of RM1.25 million for the FYE 31 December 2020 and a PAT of RM4.64 million for the FYE 31 December 2021. The PAT recorded for the FYE 31 December 2021 was mainly due to a one-off gain on bargain purchase of RM5.95 million which resulted from its investment of 29.70% equity interest in an associate company, namely Positive Carry Sdn Bhd.

#### Structured financing

Structured financing segment refers to the provision of structured lending and financial services-related activities. The segment recorded a revenue of RM0.59 million and PAT of RM0.37 million in FYE 31 December 2020 as compared to a revenue of RM2.13 million and PAT of RM1.88 million in FYE 31 December 2019 due to a decrease in loan portfolio. The segment recorded a PAT of RM0.37 million and RM0.32 million for the FYE 31 December 2020 and FYE 31 December 2021, respectively. The decrease in PAT for the FYE 31 December 2021 was mainly due to lower late payment interest income received for the year. The outstanding loan as at 31 December 2021 was fully settled in January 2022.

#### Hospitality

The hospitality segment includes the ownership and operation of hospitality assets belonging to ECMLG Group as well as under joint-ventures agreements entered into by ECMLG. ECMLG Group owns and operates Tune Hotel Georgetown Penang, Tune Hotel Kota Kinabalu, Tune Hotel KLIA Aeropolis, Tune Hotel Danga Bay Johor, The Chow Kit, an Ormond hotel and MoMo's Kuala Lumpur ("Properties"). ECMLG has also entered into joint-ventures agreements, namely a shareholders' agreement with TP Real Estate Holdings Pte Ltd ("TPRE") in respect of its 50.00% equity interest in OHG Services Sdn Bhd, a company which holds a concession to manage and operate Tune Hotel KLIA-KLIA2 ("Tune Hotel KLIA2"); a shareholders' agreement with TPRE in respect of its 50.00% equity interest in Ormond Lifestyle Services Sdn Bhd, a company that operates the food and beverage operations at Tune Hotel KLIA2; and an unitholders' deed with TPRE, Hedgehog Financial Pty Ltd and Spencer17 Pty Ltd in respect of its 40.005% equity interest in TP Flinders, who is the beneficial owner of the Flinders Lane Property.

The segment recorded a revenue of RM8.01 million and RM10.94 million in FYE 31 December 2019 and FYE 31 December 2020, respectively. The increase is mainly due to the revenue contribution from the new hotels acquired in FYE 31 December 2020. However, the Group posted a LAT of RM20.74 million in FYE 31 December 2020 as compared to a LAT of RM0.80 million in FYE 31 December 2019 due to difficulties in operating the hospitality segment in light of the COVID-19 pandemic.

The segment recorded a revenue of RM10.94 million and RM12.52 million for the FYE 31 December 2020 and FYE 31 December 2021, respectively. The increase in revenue is mainly due to higher room occupancy rates, resulting from the relaxation of COVID-19 movement control order particularly inter-district and inter-state travels as well as a trickle of international visitors. The segment recorded lower LAT of RM10.69 million for the FYE 31 December 2021. The decrease in LAT for the FYE 31 December 2021 is partly due to a number of non-recurring material expenses incurred in FYE 31 December 2020, amongst others, recognition of impairment losses upon reflecting the recoverable amount of the hotel assets amounting to RM7.62 million, pre-opening expenses for The Chow Kit, an Ormond Hotel and MoMo's Kuala Lumpur amounting to RM1.94 million as well as stamping and acquisition-related transaction costs amounting to RM2.49 million. The Group recorded share of loss of equity-account joint ventures amounting to RM3.27 million in FYE 31 December 2020 and RM4.06 million in the FYE 31 December 2021, due to losses from Tune Hotel KLIA2 and the holding cost of the investment in Flinders Lane Property.

#### Fund management

The fund management segment refers to unit trust funds and asset management. In 2019, ECMLG entered into a conditional share purchase agreement with Kenanga Investors Berhad for the proposed disposal of the entire equity interest in Libra Invest Berhad, which was the business unit engaged in fund management. The sale was completed in July 2019. Consequently, the fund management segment is presented as discontinued operation for the FYE 31 December 2019.

Whilst the recent easing of border and travel restrictions by governments globally expected to allow for a gradual return to pre-COVID-19 operating and financial levels by ECMLG Group and wider travel and hospitality sector, the near and medium term outlook remains challenging for hotel operators and asset owners in light of recessionary fears, significant inflationary pressures and a tight labour market. The management expect the hospitality industry to gradually recover over the next two (2) years during the COVID-19 recovery period after which business activity is expected to resume to normalised level in the third year. As such, we have not adopted the earnings or discounted cash flow methods for the purpose of our evaluation on the fairness of the Offer as the hospitality industry was severely impacted by the COVID-19 pandemic and the prospects of the hospitality industry remain uncertain.

In arriving at the value of ECMLG Shares, we have considered RNAV method as the most appropriate valuation methodology. RNAV method is a generally accepted method in the valuation of predominantly asset-based entities as all or certain substantial property-related assets may be carried at their historical costs. The methodology takes into consideration any surplus and/or deficit (net of tax) attributable to the owners of the company arising from the revaluation of material assets to reflect their market values based on the presumption that the assets are realisable on a willing-buyer willing-seller basis in the open market.

We are of the view that the RNAV method is the most appropriate valuation methodology based on the following justifications:

- (i) In considering the RNAV method, we noted that based on ECMLG Group's accounting policy as at 31 December 2021, ECMLG Group had assessed at each reporting date, whether or not there is an indication that an asset may be impaired. If such indication exists, or when an annual impairment assessment for an asset is required, ECMLG Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less cost of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount; and
- (ii) We also noted that as at 31 December 2021, ECMLG Group's total assets consist of approximately 47.88% in property, plant and equipment and approximately 27.55% in investment in joint ventures which principally involved and owned hospitality assets. Aside, we also noted that approximately 12.47% of ECMLG Group's total assets comprise liquid assets such as inventories, current tax assets, trade and other receivables, contract assets, tax recoverable, loans, advances and financing, cash and bank balances and deposits with licensed financial institutions, whose carrying amount are reasonably expected to approximate their fair values.

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The composition of the total assets of ECMLG Group as at 31 December 2021 is summarised below:

	Note	As at 31 December 2021	
		(RM'000)	(%)
<b>Non-current assets</b>			
Property, plant and equipment	(1)	100,564	47.88
Intangible assets	(2)	141	0.06
Right-of-use assets	(1)	14,236	6.78
Deferred tax assets	(3)	2,807	1.34
Investment in an associate	(4)	5,755	2.74
Investment in joint ventures	(5)	57,862	27.55
Other investment	(6)	2,470	1.18
<b>Total non-current assets</b>		<b>183,835</b>	<b>87.53</b>
<b>Current assets</b>			
Inventories	(7)	205	0.10
Trade and other receivables	(8)	2,153	1.02
Contract assets	(9)	83	0.04
Tax recoverable	(10)	94	0.04
Loans, advances and financing	(11)	5,967	2.84
Cash and bank balances and deposits with licensed financial institutions	(12)	17,705	8.43
<b>Total current assets</b>		<b>26,207</b>	<b>12.47</b>
<b>TOTAL ASSETS</b>		<b>210,042</b>	<b>100.00</b>

Notes:

<sup>(1)</sup> The property, plant and equipment comprise land and buildings, renovations, furniture and fittings and office equipment, computers, motor vehicles and capital work-in progress are measured at cost less accumulated depreciation and accumulated impairment loss, if any.

The right-of-use assets represent a right to use the underlying lease asset and a lease liability with an obligation to make lease payments. The lease assets including leasehold land, buildings, office equipment and office premises. All the properties under this category have been revalued.

The details of the net revaluation surplus of the Properties held under property, plant and equipment and right-of-use assets are set out in the Section 6.1.1 of this IAL.

<sup>(2)</sup> The intangible assets comprise goodwill and software, of which their carrying amount is approximate the fair value.

<sup>(3)</sup> The carrying value of the deferred tax assets approximate their fair values due to their short-term nature.

<sup>(4)</sup> The investment in associate consists of effective equity interest of 29.70% held in Positive Carry Sdn Bhd, an activity that contributes to the investment holding segment of ECMLG. Positive Carry Sdn Bhd is principally involved in investment holding. Investment in associate is accounted for in the consolidated financial statements using the equity method less impairment losses, if any.

<sup>(5)</sup> The investment in joint ventures mainly comprise 40.005% equity interest in TP Flinders, which beneficially owns the Flinders Lane Property. The Group also has a 50.00% equity interest in OHG Services Sdn Bhd and Ormond Lifestyle Services Sdn Bhd. OHG Services Sdn Bhd holds a concession to manage and operate the Tune Hotel KLIA2. Ormond Lifestyle Services Sdn Bhd operates the food and beverage operations at Tune Hotel KLIA2. Investment in joint ventures is accounted for using the equity method less impairment losses, if any.



*We have evaluated the assets held under investment in joint ventures. We did not come across any such event or circumstance which indicates that investment in joint ventures ought to be impaired or have materially appreciated in value, which may have a material impact on the financial position of ECMLG Group as at 31 December 2021.*

- <sup>(6)</sup> The other investment comprises unquoted investment shares in Malaysia, of which their carrying amount is approximate the fair value.*
- <sup>(7)</sup> The inventories mainly comprise supplies needed for the hotel operations of which their carrying amount is approximate the fair value.*
- <sup>(8)</sup> The trade and trade receivables mainly comprise amount due from related companies, trade receivables, interest receivables, deposits, other receivables and prepayment, of which their carrying amount approximate the fair value.*
- <sup>(9)</sup> Contract assets are initially recognised by the Group for revenue earned from hotel operations as receipt of consideration is payable upon check-out by the room guests. Upon check-out by room guests, amount recognised as contract assets are reclassified to trade receivables. The carrying value of contract assets approximate their fair value.*
- <sup>(10)</sup> The carrying value of tax recoverable approximate their fair values due to their short-term nature.*
- <sup>(11)</sup> The loans, advances and financing provide structured lending and financial services-related activities. The outstanding loan as at 31 December 2021 was fully settled in January 2022.*
- <sup>(12)</sup> The cash and bank balances and deposits with licensed financial institutions approximate their fair value due to their short-term nature.*

The management of ECMLG Group had appointed Independent Valuers to conduct valuation of the Properties to reflect the market value of the Properties. We have relied upon the valuations conducted by the Independent Valuers on such Properties for management purposes. We have reviewed the qualifications of the Independent Valuers and their scope of engagement. The Independent Valuers have valued the Properties in accordance with the Malaysian Valuation Standard issued by the Board of Valuer, Appraisers, Estate Agents and Property Managers Malaysia with necessary professional responsibility and due diligence. We are of the view that the valuation methodologies adopted are reasonable, appropriate and consistent with generally applied valuation methodologies. In addition, we are also satisfied with the reasonableness of the key bases and assumptions adopted by the Independent Valuers. As such, we are satisfied and have relied upon the valuation conducted by the Independent Valuers.

The property under investment in joint venture, namely Flinders Lane Property was assessed based on the discussions with management of ECMLG, property valuation reports for internal management use and information from publicly available domain. Based on our enquiries and discussions with the management of ECMLG, we are satisfied with the reasonableness of the bases and assumptions used in deriving the estimated market values of such property.

In applying the RNAV method, we have taken into consideration the following assumptions made:

- (i) ECMLG Group will continue as a going concern despite the adverse impact of COVID-19 on its business operations;
- (ii) the revalued Properties of ECMLG Group is in good condition;
- (iii) there are no breaches of relevant laws, regulations, rules and requirements on the revalued properties of ECMLG Group;
- (iv) there will not be any significant or material changes to the agreements, approvals, licenses, permits and regulations governing the Properties;
- (v) there will not be any significant or material changes in the accounting policies of ECMLG Group which will have a material adverse impact on the financial performance and financial position of ECMLG Group; and
- (vi) there will be no material changes in the Malaysian economic conditions and regulatory requirements.

### 6.1.1.1 Valuation by Independent Valuers

The details of the net revaluation surplus of the Properties held under property, plant and equipment and right-of-use assets, which are wholly-owned by ECMLG Group, based on the valuation conducted by Independent Valuers are set out below:

Description of subject property	Independent Valuer	Valuation method / valuation date	(A) Market value (RM'000)	(B) Audited NBV as at 31 December 2021 (RM'000)	C = (A) – (B) Revaluation surplus (RM'000)	(D) Deferred taxation <sup>(1)</sup> (RM'000)	(E) = (C) – (D) Net revaluation surplus (RM'000)
<p><b><u>Tune Hotel Penang</u></b>  A 258-room hotel at No.100, Jalan Burma, 10050 Georgetown, Penang.  Title / Lot : Geran 11256 &amp; Geran 63526 / Lot 348 No. &amp; Lot 426  Tenure : Freehold  Gross land : 2,053 sq metres area  Date of : 1 October 2018 acquisition</p>	Henry Butcher Malaysia (Penang) Sdn Bhd	Income approach / 13 June 2022 <sup>(2)</sup>	19,300	19,030	270	27	243
<p><b><u>Tune Hotel Kota Kinabalu</u></b>  A 4-storey building on a leasehold land located at 1 Borneo Shopping Mall, Off Jalan UMS, 88450 Kota Kinabalu, Sabah.  Title / Lot : CL 015607057 / No G-803, F-803, S-803 and T-803  Tenure : Leasehold for 99 years, expiring on 31 December 2103  Parcel area : 3,947 sq metres  Date of : 29 April 2019 acquisition</p>	Henry Butcher Malaysia (Sabah) Sdn Bhd	Income approach / 31 December 2021	9,918	9,313	605	61	544

Description of subject property	Independent Valuer	Valuation method / valuation date	(A) Market value (RM'000)	(B) Audited NBV as at 31 December 2021 (RM'000)	C = (A) – (B) Revaluation surplus (RM'000)	(D) Deferred taxation <sup>(1)</sup> (RM'000)	(E) = (C) – (D) Net revaluation surplus (RM'000)
<p><b><u>Tune Hotel Danga Bay, Johor Bahru</u></b>            A 7-storey limited-service hotel comprising 218 hotel rooms located at Lot PTB 22819, Jalan Skudai, Mukim Bandar Johor Bahru, 80200 Johor Bahru.</p> <p>Title / Lot : GRN 358300 / Lot 46867 No.</p> <p>Tenure : Freehold</p> <p>Gross land area : 4,257 sq metres</p> <p>Date of acquisition : 1 August 2020</p>	Henry Butcher Malaysia Sdn Bhd	Income approach / 10 June 2022 <sup>(2)</sup>	13,700	13,671	29	3	26
<p><b><u>The Chow Kit, an Ormond Hotel</u></b>            A building comprising 113 hotel rooms located at No. 1012, Jalan Sultan Ismail, 50250 Kuala Lumpur.</p> <p>Title / Lot : PN 24460 / Lot 1305 No.</p> <p>Tenure : Leasehold for 99 years, expiring on 12 February 2066</p> <p>Gross land area : 612 sq metres</p> <p>Date of acquisition : 1 January 2020</p>	Henry Butcher Malaysia Sdn Bhd	Comparison approach / 10 June 2022 <sup>(2)</sup>	37,500	35,419	2,081	208	1,873

Description of subject property	Independent Valuer	Valuation method / valuation date	(A) Market value (RM'000)	(B) Audited NBV as at 31 December 2021 (RM'000)	C = (A) – (B) Revaluation surplus (RM'000)	(D) Deferred taxation <sup>(1)</sup> (RM'000)	(E) = (C) – (D) Net revaluation surplus (RM'000)
<p><b>MoMo's Kuala Lumpur</b>            A building comprising 99 hotel rooms located at No. 316, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur.            Title / Lot : GRN 76084 / Lot 20001            No.            Tenure : Freehold            Gross land area : 383 sq metres            Date of acquisition : 1 January 2020</p>	Henry Butcher Malaysia Sdn Bhd	Comparison approach / 10 June 2022 <sup>(2)</sup>	33,300	32,146	1,154	115	1,039
<p><b>Lot 1590</b>            A corner plot located along Jalan Belia with a side exposure onto Jalan Sultan Ismail, in the Kuala Lumpur City Centre.            Title / Lot : PN 10025 / Lot 1590            No.            Tenure : Leasehold for 99 years, expiring on 13 April 2068            Gross land area : 348 sq metres            Date of acquisition : 1 January 2020</p>	Henry Butcher Malaysia Sdn Bhd	Comparison approach / 10 June 2022 <sup>(2)</sup>	2,560	2,484	76	8	68
<b>Total</b>			<b>116,278</b>	<b>112,063</b>	<b>4,215</b>	<b>422</b>	<b>3,793</b>

Notes:

<sup>(1)</sup> Based on real property gain tax rate of 10.00% for companies (assuming the assets will be held more than 5 years).

<sup>(2)</sup> Based on the valuation letters dated 13 June 2022.

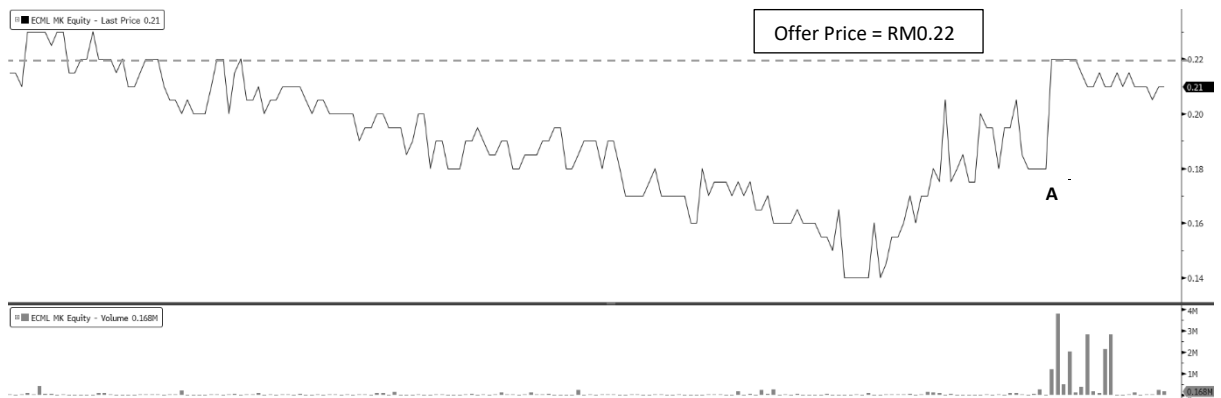
Based on the audited NA of ECMLG Group as at 31 December 2021 and after considering the market value of the Properties, the estimated RNAV of ECMLG Group is as follows:

	(RM'000)
<b>Audited NA as at 31 December 2021</b>	<b>165,209</b>
Add: Net revaluation surplus of the properties based on valuations carried out by the Independent Valuers	3,793
<b>Estimated RNAV of ECMLG Group</b>	<b>169,002</b>
No. of Shares in issue ('000)	479,926
Estimated value per ECMLG Share (RM)	0.35

Based on the above, the Offer Price represents a **discount** of 37.14% to the estimated value of ECMLG Share of RM0.35.

## 6.2 Historical market prices of ECMLG Shares

In assessing the Offer Price, we have taken into consideration the movement of the market prices of ECMLG Shares for the past 12 months prior to the commencement of the Offer Period (i.e. 31 May 2022), and up to LTD and LPD:



(Source: Bloomberg)

Based on the graph above, we noted that ECMLG Shares have been traded between a low of RM0.14 and a high of RM0.23.

During the same period, there have been no changes to the principal activities of ECMLG Group. Save as disclosed below and the announcements made in relation to the financial results and annual report of ECMLG Group for the past 1 year prior to the commencement of the Offer Period and up to the LTD and LPD, there were no significant events or announcements made by ECMLG which may have affected the movement of historical market prices of ECMLG Shares:

Date	Notes	Announcements
31 May 2022	A	Receipt of the Notice

Further, the table below sets out the premium implied by the Offer Price to the historical VWAP of the ECMLG Shares:

	Market price of ECMLG Shares / VWAP	Premium of the Offer Price to the market price of ECMLG Shares / VWAP	
	(RM)	(RM)	(%)
<b><u>Prior to the serving of the Notice</u></b>			
Last traded price as at the LTD	0.1800	0.0400	22.22
<b><u>Up to and including the LTD:</u></b>			
5-day VWAP	0.1800	0.0400	22.22
1-month VWAP	0.1847	0.0353	19.11
3-month VWAP	0.1736	0.0464	26.73
6-month VWAP	0.1709	0.0491	28.73
12-month VWAP	0.1854	0.0346	18.66
<b><u>Up to the LPD</u></b>			
Last traded price as at the LPD	0.2100	0.0100	4.76
5-day VWAP	0.2099	0.0101	4.81

(Source: Bloomberg)

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

- (i) a **premium** of RM0.04 (22.22%) over the last traded price of ECMLG Shares as at the LTD and a **premium** ranging from RM0.03 (18.66%) to RM0.05 (28.73%) over the 5-day, 1-month, 3-month, 6-month and 12-month VWAP of ECMLG Shares up to and including LTD; and
- (ii) a **premium** of 4.76% and 4.81% over the last traded price of ECMLG Shares as at the LPD and 5-day VWAP of ECMLG Shares up to and including the LPD.

For the period from 1 June 2022, being the next Market Day after the serving of the Notice until the LPD, the market prices of ECMLG Shares had traded below the Offer Price.

However, this may not be an indication of future market price performance of ECMLG Shares which may be influenced by, amongst others, the performance and prospects of ECMLG Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical market prices of ECMLG Shares may not be a reliable indicator of the future price levels and should not be relied upon as an indication of the future price levels. There is also no assurance that the market price of ECMLG Shares will remain at the current level after the Closing Date.

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### 6.3 Our view on the fairness of the Offer

Based on our evaluations in Sections 6.1 and 6.2 of Part B of this IAC, the Offer Price of RM0.22 represents:

- (i) a **discount** of RM0.13 or approximately 37.14% to the estimated value of ECMLG Share of RM0.35 based on RNAV method;
- (ii) a **premium** of RM0.04 (22.22%) over the last traded price of ECMLG Shares as at the LTD and a **premium** ranging from RM0.03 (18.66%) to RM0.05 (28.73%) over the 5-day, 1-month, 3-month, 6-month and 12-month VWAP of ECMLG Shares up to and including LTD; and
- (iii) a **premium** of 4.76% and 4.81% over the last traded price of ECMLG Shares as at the LPD and 5-day VWAP of ECMLG Shares up to and including the LPD.

Notwithstanding the Offer Price of RM0.22 is at a premium to the last traded market prices of ECMLG Shares as at the LTD and LPD as well as VWAPs of ECMLG Shares for the respective periods up to the LTD and LPD, we are of the view that the Offer is **NOT FAIR** as the Offer Price is lower and represents a **discount** of approximately 37.14% to the estimated value of ECMLG Share of RM0.35 based on RNAV method.

## 7. REASONABLENESS OF THE OFFER

### 7.1 Listing status of ECMLG, Compulsory acquisition and Rights of Dissenting Holders

#### Listing status of ECMLG

As stated in Section 4 of the Offer Document, **it is the intention of the Offeror to maintain the listing status of ECMLG on the Main Market of Bursa Securities**. As such, ECMLG Shares will remain traded on Bursa Securities and the Holders will still have the opportunity to realise their investment and be able to participate in the trading of ECMLG Shares even after the Closing Date.

Pursuant to Paragraph 9.19(48) of the Listing Requirements, in relation to a take-over offer, upon 90% or more of ECMLG Shares being held by the Offeror, either individually or jointly with his associates, an immediate announcement must be made by ECMLG. Upon such immediate announcement and where the Offeror intends to maintain the listing status of ECMLG, Bursa Securities shall suspend trading of the securities of ECMLG upon expiry of 30 Market Days from the date of the immediate announcement pursuant to Paragraph 16.02(2) of the Listing Requirements. In this regard, the suspension will only be uplifted upon ECMLG's full compliance with the Public Spread Requirement or as may be determined by Bursa Securities.

Accordingly, in the event that ECMLG does not comply with the Public Spread Requirement as a result of the Offer, the Offeror will explore various options or proposals and/or will procure ECMLG to explore possible options to rectify the shortfall in the public shareholding spread of ECMLG within 3 months from the Closing Date or such timeframe as allowed by the relevant authorities.

ECMLG had on 3 June 2022 announced that ECMLG is not in compliance with the Public Spread Requirement as the public shareholding spread of ECMLG was 24.64%.

Any action taken to address the said shortfall may require the approvals of the relevant authorities and/or the approval of the shareholders of ECMLG. The actual course of action to be taken will depend on, amongst others, the circumstances as well as the prevailing market conditions at the relevant time.

Therefore, while the Offeror will work together with ECMLG to rectify any shortfall in the public shareholding spread of ECMLG, there is no assurance that the public shareholding spread of ECMLG can be rectified within the timeframe as allowed by the relevant authorities or that the relevant authorities will grant any extension of time in relation thereto. In such event of non-compliance, Bursa Securities may at its discretion suspend the trading of ECMLG Shares.

Notwithstanding the foregoing, any decision to rectify the shortfall on the public shareholding spread of ECMLG will be subject to the Offeror and persons acting in concert with him retaining an aggregate equity interest of more than 50.00% in ECMLG.

For information purposes only, the table below sets out the historical trading volume of ECMLG Shares for the past 12 months from July 2021 to June 2022 (being the last full trading month prior to the LPD):

	Monthly trading volume <sup>(1)</sup>	Monthly trading volume over free float <sup>(2)</sup> (%)
<b><u>2021</u></b>		
July	316,300	0.25
August	273,900	0.22
September	478,800	0.38
October	393,200	0.32
November	494,900	0.40
December	114,800	0.09
<b><u>2022</u></b>		
January	344,600	0.28
February	686,500	0.56
March	228,269	0.19
April	518,496	0.42
May	569,776	0.46
June <sup>(3)</sup>	1,985,400	1.80
<b>Simple average</b>	<b>533,745</b>	<b>0.45</b>
<b>Simple average (excluding outlier)</b>	<b>401,776</b>	<b>0.32</b>

(Source: Bloomberg)

Notes:

<sup>(1)</sup> Monthly trading volume excludes ECMLG Shares traded in the open market by the directors, substantial shareholders of ECMLG and persons connected to them during the respective months, if any.

<sup>(2)</sup> Free float is computed based on the total ECMLG Shares held by the public shareholders that exclude ECMLG Shares held by the directors, substantial shareholders of ECMLG and persons connected to them as well as those retained as treasury shares by ECMLG at the end of the respective month.

<sup>(3)</sup> Deemed as an outlier which is determined based on extreme deviation from the average.



Based on the table above, the average monthly trading volume of ECMLG Shares is approximately 0.53 million, representing 0.45% of the free float of ECMLG Shares for the past 12 months up to June 2022. However, we noted that the trading volumes of ECMLG Shares were unusually high for June 2022 of which the average monthly trading liquidity of 1.80% may not necessarily reflect the average monthly trading liquidity of ECMLG Shares. There were no significant events or announcements made by ECMLG which may have affected the movement of historical volume of ECMLG Shares, as detailed out in Section 6.2 of Part B of this IAC. If the trading volumes for June 2022 were excluded, the average monthly trading volume of ECMLG Shares is 0.32%. We have further compared the trading liquidity of ECMLG Shares against Bursa Malaysia Consumer Products and Services Index and noted that the respective liquidity turnover of ECMLG Shares of 0.32% (excluding outlier) is **lower** than the average monthly liquidity of Bursa Malaysia Consumer Products and Services Index over free float of 5.50% over the same period.

Based on the above, the historical trading volume of ECMLG Shares are illiquid as compared to the Bursa Malaysia Consumer Products and Services Index as the average monthly volume of ECMLG Shares over free float of 0.32% (excluding outlier) is lower than the average monthly trading volume of Bursa Malaysia Consumer Products and Services Index over free float of 5.50%. Notwithstanding the above, Holders who hold small blocks of ECMLG Shares may still have opportunity to dispose their Offer Shares in the open market subsequent to the Closing Date as the Offeror intends to maintain the listing status of ECMLG on the Main Market of Bursa Securities. Further, Holders can consider selling ECMLG Shares in the open market if they are able to obtain a price higher than the Offer Price, net of transaction cost.

We wish to highlight that the above evaluation is based on the historical trading volume of ECMLG Shares as at the respective periods as well as the free float as at the respective periods and should not be relied upon as an indication of the future trading liquidity of ECMLG Shares, which may be influenced by, amongst others, the performance and prospects of ECMLG, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company specific factors. Further, there is no assurance that the market price of ECMLG Shares will continue to trade at current price levels after the Closing Date.

#### **Compulsory acquisition and Rights of Dissenting Holders**

As set out in Section 5 of the Offer Document, we note that if the Offeror receives valid acceptances of not less than nine-tenths (9/10) in the nominal value of the Offer Shares (excluding ECMLG Shares already held by the Offeror and the persons acting in concert), **the Offeror does not intend to invoke the provisions of Section 222(1) of the CMSA** to compulsorily acquire any outstanding Offer Shares for which valid acceptances have not been received on or prior to the Closing Date even if the conditions stipulated in Section 222(1) of the CMSA are fulfilled.

As set out in Section 5.2 of the Offer Document, notwithstanding the above, subject to Section 224 of the CMSA, Section 223 of the CMSA provides that if the Offeror receives valid acceptances from the Holders resulting in the Offeror and persons acting in concert with him holding at least nine-tenths (9/10) in value of all the Shares on or before the Closing Date, a Dissenting Holder may exercise his/her rights under Section 223(1) of the CMSA, by serving a notice on the Offeror to require the Offeror to acquire his/her Offer Shares on the same terms as set out in the Offer Document or such other terms as may be agreed subject to Section 224 of the CMSA.

If the Offeror and persons acting in concert have acquired not less than nine-tenths (9/10) in value of all the Shares in Offeree or of that class in the Offeree, Section 223(2) of the CMSA requires the Offeror and persons acting in concert to give the Dissenting Holders a notice within 1 month thereafter in the manner specified by the SC of the rights that are exercisable by the Dissenting Holders under Section 223(1) of the CMSA.

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

Holders are advised to consult their professional adviser(s) should they wish to exercise their rights under Section 223(1) of the CMSA.

#### **Level of control**

As at the LPD, the Offeror and PACs hold a controlling stake of approximately 41.91% in ECMLG. With the current level of control, the Offeror and PACs are not able to approve ordinary resolutions or special resolutions at the shareholders' general meetings of ECMLG (as these resolutions require approval from more than 50.00% and at least 75.00% respectively of the total votes cast), but are able to vote against special resolutions. Nevertheless, they may have significant influence over the outcome of these resolutions with their current shareholdings.

### **7.2 Our view on the reasonableness of the Offer**

Based on our evaluation in Section 7.1 of Part B of this IAC, we have taken into consideration the following factors:

- (i) Notwithstanding that the historical trading volume of ECMLG Shares are illiquid as compared to the Bursa Malaysia Consumer Products and Services Index, the Holders will still be able to participate in the trading of ECMLG Shares even after the Closing Date as the Offeror intends to maintain the listing status of ECMLG on the Main Market of Bursa Securities;
- (ii) the Offeror does not intend to invoke the provisions of Section 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares for which valid acceptances have not been received on or before the Closing Date even if the conditions stipulated in Section 222(1) of the CMSA are fulfilled; and
- (iii) as at the LPD, the Offeror and PACs hold a controlling stake of approximately 41.91% in ECMLG. With the current level of control, the Offeror and PACs are not able to approve ordinary resolutions or special resolutions at the shareholders' general meetings of ECMLG (as these resolutions require approval from more than 50.00% and at least 75.00% respectively of the total votes cast), but are able to vote against special resolutions. Nevertheless, they may have significant influence over the outcome of these resolutions with their current shareholdings.

Pursuant to the above, we are of the view that the Offer is **NOT REASONABLE** as ECMLG Shares will remain tradable on the Main Market of Bursa Securities and hence, the Holders will still have the opportunity to realise their investment in ECMLG Shares in the open market after the Closing Date.

## **8. RATIONALE FOR THE OFFER AND FUTURE PLANS FOR ECMLG GROUP AND ITS EMPLOYEES**

We refer to the rationale for the Offer and future plans for ECMLG Group and its employees as set out in Sections 3 and 7 of the Offer Document, respectively.

### **8.1 Rationale for the Offer**

The COVID-19 pandemic adversely impacted the travel and hospitality industry and the ECMLG Group was not spared. Whilst the recent easing of border and travel restrictions by governments globally is expected to allow for a gradual return to pre-COVID-19 operating and financial levels by the ECMLG Group and the wider travel and hospitality sector, the near and medium term outlook remains challenging for hotel operators and asset owners in light of recessionary fears, significant inflationary pressures and a tight labour market.

The Offeror is a major shareholder of ECMLG and believes in the longer term outlook and prospects of the travel and hospitality sector. The Offeror intends for ECMLG to be a vehicle to further build the business in this sector. Accordingly, the Acquisition was undertaken on a willing-buyer willing-seller basis based on such number of ECMLG Shares which Tune Group Sdn Bhd had agreed to sell the Offeror.

The Offer is a mandatory obligation consequential to the Acquisition pursuant to Section 218(2) of the CMSA and Paragraph 4.01(b) of the Rules as the collective shareholdings of the Offeror and PACs in ECMLG increased from 167,224,964 ECMLG Shares (representing approximately 34.84% equity interest in ECMLG) to 186,424,964 ECMLG Shares (representing approximately 38.84% equity interest in ECMLG) following the Acquisition.

The Offer will allow minority shareholders with a requirement for nearer term liquidity and returns an opportunity to exit the sector, as the Offer will provide an equal opportunity to all Holders to realise their investments in ECMLG through the Offer at the Offer Price (which is equivalent to the price paid by the Offeror for each ECMLG Share acquired pursuant to the Acquisition), an opportunity they may not otherwise have, given the low trading liquidity of the Shares. The Offer Price is also the highest price (excluding stamp duty and commission) paid or agreed to be paid by the Offeror and PACs for the purchase of ECMLG Shares for the period commencing 6 months prior to the beginning of the Offer Period and up to the Offer Document LPD.

## **8.2 Future plans for the ECMLG Group and its employees**

The current intention of the Offeror in relation to the future plans for the ECMLG Group and its employees after the Closing Date are as follows:

### **(i) Continuation of the ECMLG Group's businesses**

The Offeror intends to continue the existing businesses of the ECMLG Group. Nevertheless, the Offeror may from time to time review the ECMLG Group's businesses and operations and effect such arrangements, rationalisation and reorganisation of the ECMLG Group as he deems necessary for the ECMLG Group to remain competitive in the industry and/or to improve its financial performance or prospects.

### **(ii) Major changes to the ECMLG Group's businesses**

The Offeror does not have any plan and/or intention to liquidate any company within the ECMLG Group, dispose of any major assets or undertake any major redeployment of the fixed assets of the ECMLG Group or introduce or effect any major changes to the existing businesses and operations of the ECMLG Group as a direct consequence of the Offer. Nonetheless, such change, disposal and/or redeployment of assets may be implemented if deemed necessary as part of the process to rationalise the business activities and/or direction of the ECMLG Group or to improve the use of resources of the ECMLG Group. These may include any expansions, diversification of business, mergers, consolidations or disposal of assets.

### **(iii) Employees of the ECMLG Group**

The Offeror does not have any plan to dismiss or make redundant any of the existing employees of the ECMLG Group as a direct consequence of the Offer. Nevertheless, changes with regards to employment and/or redeployment of the ECMLG Group's employees may take place as a result of rationalisation and/or streamlining of the ECMLG Group's business operations to improve staff productivity and operational efficiency. Any such action will be dealt with in accordance with the relevant legislation and the terms of employment of the affected employees.

Premised on the above, we are of the view that the businesses and management of ECMLG Group will remain the same in all material aspects and that ECMLG Group is expected to continue as a going concern given the Offeror's intention to continue with ECMLG Group's existing businesses and operations and there is no immediate plan and/or intention to dispose of any major assets of ECMLG Group or to liquidate any company in ECMLG Group. We further note that the Offeror has not entered into any negotiation, arrangement or understanding with any third party in relation to any significant change in ECMLG Group's businesses and assets, as at the Offer Document LPD.

## 9. FURTHER INFORMATION

Holders are advised to refer to the views and recommendations of the Non-Interested Directors as set out in Part A of this IAC as well as the attached appendices and other relevant information in the Offer Document for further details in relation to the Offer.

## 10. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have assessed the fairness and reasonableness of the Offer in accordance with Paragraphs 1 to 6 of Schedule 2: Part III of the Rules whereby:

- (i) in relation to a take-over, we have analysed the term “fair and reasonable” as 2 distinct criteria i.e., whether the Offer is “fair” and whether the Offer is “reasonable”, rather than as a composite term;
- (ii) we would consider that the Offer as “fair”, if the Offer Price (or value of consideration) is equal to or higher than the market price and is also equal to or higher than the value of the Offer Shares. However, if the Offer Price (or value of consideration) is equal to or higher than the market price, but is lower than the value of the Offer Shares, the Offer is considered as “not fair”. In making the assessment, the value of the Shares of the Offeree is determined based on the assumption that 100.00% of the Offeree is being acquired; and
- (iii) pursuant to Paragraph 4 of Schedule 2: Part III of the Rules, in considering whether the Offer is “reasonable”, we have taken into consideration matters other than the valuation of the Offer Shares. The Offer would be considered “reasonable” if it is “fair”.

We have assessed and evaluated the Offer and have set out our evaluation on the fairness and reasonableness of the Offer in Sections 5, 6 and 7 of this IAL. Holders should carefully consider the merits and demerits of the Offer based on all relevant and pertinent factors including those set out below and other considerations as set out in this IAC and the Offer Document.

In arriving at our opinion, we have taken into consideration various applicable factors as set out below:

### Fairness of the Offer

Based on our evaluations in Sections 6.1 and 6.2 of Part B of this IAC, the Offer Price of RM0.22 represents:

- (i) a **discount** of RM0.13 or approximately 37.14% to the estimated value of ECMLG Share of RM0.35 based on RNAV method;
- (ii) a **premium** of RM0.04 (22.22%) over the last traded price of ECMLG Shares as at the LTD and a **premium** ranging from RM0.03 (18.66%) to RM0.05 (28.73%) over the 5-day, 1-month, 3-month, 6-month and 12-month VWAP of ECMLG Shares up to and including LTD; and
- (iii) a **premium** of 4.76% and 4.81% over the last traded price of ECMLG Shares as at the LPD and 5-day VWAP of ECMLG Shares up to and including the LPD.

Notwithstanding the Offer Price of RM0.22 is at a premium to the last traded market prices of ECMLG Shares as at the LTD and LPD as well as VWAPs of ECMLG Shares for the respective periods up to the LTD and LPD, we are of the view that the Offer is **NOT FAIR** as the Offer Price is lower and represents a **discount** of approximately 37.14% to the estimated value of ECMLG Share of RM0.35 based on RNAV method.

**Reasonableness of the Offer**

Based on our evaluation in Section 7.1 of Part B of this IAC, we have taken into consideration the following factors:

- (i) Notwithstanding that the historical trading volume of ECMLG Shares are illiquid as compared to the Bursa Malaysia Consumer Products and Services Index, the Holders will still be able to participate in the trading of ECMLG Shares even after the Closing Date as the Offeror intends to maintain the listing status of ECMLG on the Main Market of Bursa Securities;
- (ii) the Offeror does not intend to invoke the provisions of Section 222(1) of the CMSA to compulsorily acquire any remaining Offer Shares for which valid acceptances have not been received on or before the Closing Date even if the conditions stipulated in Section 222(1) of the CMSA are fulfilled; and
- (iii) as at the LPD, the Offeror and PACs hold a controlling stake of approximately 41.91% in ECMLG. With the current level of control, the Offeror and PACs are not able to approve ordinary resolutions or special resolutions at the shareholders' general meetings of ECMLG (as these resolutions require approval from more than 50.00% and at least 75.00% respectively of the total votes cast), but are able to vote against special resolutions. Nevertheless, they may have significant influence over the outcome of these resolutions with their current shareholdings.

Pursuant to the above, we are of the view that the Offer is **NOT REASONABLE** as ECMLG Shares will remain tradable on the Main Market of Bursa Securities and hence, the Holders will still have the opportunity to realise their investment in ECMLG Shares in the open market after the Closing Date.

Premised on the above and our assessments, we are of the view that the Offer is **NOT FAIR** and **NOT REASONABLE**. Accordingly, we recommend for the Holders to **REJECT** the Offer.

Nonetheless, the decision to be made in respect to the Offer would rest on the individual risk appetite and specific investment requirements of the Holders. The Holders should be mindful that there may be continuous fluctuations in the market prices of ECMLG Shares. As such, the Holders are advised to closely monitor the market prices, trading volume and any press releases and/or announcements made in relation to the Offer before making a decision on the course of action to be taken in respect of the Offer Shares.

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Our advice as contained in this IAL 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 stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

Yours faithfully  
For and on behalf of  
**DWA Advisory Sdn Bhd**

**Md Noor Abd Rahim**  
Senior Principal

**Dato' Wan Asmadi Wan Ahmad**  
Managing Principal

<b>INFORMATION ON ECMLG</b>
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**1. HISTORY AND PRINCIPAL ACTIVITIES**

ECMLG was incorporated in Malaysia on 24 October 2005 under the Companies Act 1965 and deemed registered under the Act. It was listed on the Main Market of Bursa Securities on 28 June 2006.

ECMLG is principally engaged in investment holding and provision of management. Further information on ECMLG's subsidiaries is set out in Section 5 of this Appendix I.

**2. SHARE CAPITAL****2.1 Issued share capital**

As at the LPD, the issued share capital of ECMLG is as stated in the table below:

	<b>No. of ECMLG Shares</b>	<b>Amount (RM'000)</b>
Issued share capital	479,925,823	107,546

As at the LPD, there is only one class of shares in ECMLG. All ECMLG shares rank *pari passu* in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions which may be declared, made or paid to the shareholders.

**2.2 Changes in the issued share capital**

As at the LPD, there are no changes in ECMLG's issued share capital since the end of the FYE 31 December 2021 up to the LPD.

**2.3 Convertible securities**

As at the LPD, ECMLG does not have any convertible securities.

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**INFORMATION OF ECMLG (CONT'D)**
**3. SUBSTANTIAL SHAREHOLDERS**

As at the LPD, the substantial shareholders of ECMLG are as follows:

Name	Country of incorporation/ Nationality	Direct		Indirect	
		No. of ECMLG Shares	% <sup>(1)</sup>	No. of ECMLG Shares	% <sup>(1)</sup>
Dato' Seri Kalimullah bin Masheerul Hassan	Malaysian	70,562,815	14.70	-	-
LKO	Malaysian	66,296,278	13.81	134,843,286	28.10 <sup>(2)</sup>
Truesource Pte Ltd	Singapore	56,694,973	11.81	-	-
Plato Capital Limited	Singapore	-	-	56,694,973	11.81 <sup>(3)</sup>
Garynma MY Capital Limited	British Virgin Islands	76,711,150	15.98	-	-
Garynma MY Holdings Limited	British Virgin Islands	-	-	76,711,150	15.98 <sup>(4)</sup>
Julius Baer Trust Company (Singapore) Limited	Singapore	-	-	76,711,150	15.98 <sup>(5)</sup>
Tune Group Sdn Bhd	Malaysia	99,767,386	20.79	-	-
Tan Sri Anthony Francis Fernandes	Malaysian	-	-	99,767,386	20.79 <sup>(6)</sup>
Datuk Kamarudin bin Meranun	Malaysian	-	-	99,767,386	20.79 <sup>(6)</sup>

Notes:

<sup>(1)</sup> Computed based on 479,925,823 ECMLG Shares.

<sup>(2)</sup> Deemed interested by virtue of his interest in Plato Capital Limited and his interest via Garynma Trust which holds 100.00% beneficial interest in Garynma MY Holdings Limited pursuant to Section 8(4) of the Act and his spouse's shareholding pursuant to Section 59(11)(c) of the Act.

<sup>(3)</sup> Deemed interested by virtue of Plato Capital Limited, being the holding company of Truesource Pte Ltd pursuant to Section 8(4) of the Act.

<sup>(4)</sup> Deemed interested by virtue of Garynma MY Holdings Limited, being the holding company of Garynma MY Capital Limited pursuant to Section 8(4) of the Act.

<sup>(5)</sup> Deemed interested by virtue of Julius Baer Trust Company (Singapore) Limited, being the trustee of Garynma Trust which holds all the shares in Garynma MY Holdings Limited pursuant to Section 8(4) of the Act.

<sup>(6)</sup> Deemed interested by virtue of his interest in Tune Group Sdn Bhd pursuant to Section 8(4) of the Act.

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**INFORMATION ON ECMLG (CONT'D)**
**4. DIRECTORS OF ECMLG**

As at the LPD, the details of the Board and their respective shareholdings in ECMLG are as follows:

<b>Name</b>	<b>Nationality</b>	<b>Designation</b>	<b>Address</b>	<b>Direct No. of ECMLG Shares</b>	<b>Direct %</b> <sup>(1)</sup>	<b>Indirect No. of ECMLG Shares</b>	<b>Indirect %</b> <sup>(1)</sup>
Dato' Seri Kalimullah bin Masheerul Hassan	Malaysian	Non-Independent Non-Executive Chairman	c/o 2 <sup>nd</sup> Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights 50490 Kuala Lumpur	70,562,815	14.70	-	-
LKO	Malaysian	Non-Independent Non-Executive Deputy Chairman	c/o 2 <sup>nd</sup> Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights 50490 Kuala Lumpur	66,296,278	13.81	134,843,286	28.10 <sup>(2)</sup>
Datuk Kamarudin bin Md Ali	Malaysian	Independent Non-Executive Director	c/o 2 <sup>nd</sup> Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights 50490 Kuala Lumpur	100,000	0.02	-	-
Mahadzir bin Azizan	Malaysian	Independent Non-Executive Director	c/o 2 <sup>nd</sup> Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights 50490 Kuala Lumpur	-	-	-	-
Oh Teik Khim	Malaysian	Independent Non-Executive Director	c/o 2 <sup>nd</sup> Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights 50490 Kuala Lumpur	-	-	-	-
Gareth Lim Tze Xiang	Malaysian	Chief Executive Officer / Non-Independent Executive Director	c/o 2 <sup>nd</sup> Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights 50490 Kuala Lumpur	-	-	-	-
Akil Hassan bin Kalimullah	Malaysian	Non-Independent Non-Executive Director (Alternate Director to Dato' Seri Kalimullah bin Masheerul Hassan)	c/o 2 <sup>nd</sup> Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights 50490 Kuala Lumpur	-	-	-	-

Notes:

<sup>(1)</sup> Computed based on the total number of 479,925,823 issued ECMLG Shares as at the LPD.

<sup>(2)</sup> Deemed interested by virtue of his interest in Plato Capital Limited and his interest via Garynma Trust which holds 100.00% beneficial interest in Garynma MY Holdings Limited pursuant to Section 8(4) of the Act and his spouse's shareholding pursuant to Section 59(11)(c) of the Act.

**INFORMATION ON ECMLG (CONT'D)**
**5. SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURES**

As at the LPD, the subsidiary companies of ECMLG are as follows:

Name	Country of incorporation	Effective percentage of ownership (%)	Principal activities
<b><u>Subsidiaries</u></b>			
ECM Libra Partners Sdn Bhd	Malaysia	100.00	Provision of credit services
ECML Hotels Sdn Bhd	Malaysia	100.00	Business of operating hotels
Ormond Group Sdn Bhd	Malaysia	100.00	Investment holding and provision of business management consultancy services

As at the LPD, the associate of ECMLG are as follows:

Name	Country of incorporation	Effective percentage of ownership (%)	Principal activities
<b><u>Associate</u></b>			
Positive Carry Sdn Bhd	Malaysia	29.70	Investment holding

As at the LPD, the joint venture companies of ECMLG are as follows:

Name	Country of incorporation	Effective percentage of ownership (%)	Principal activities
<b><u>Joint ventures</u></b>			
OHG Services Sdn Bhd	Malaysia	50.00	Construct, manage and operate a hotel
Ormond Lifestyle Services Sdn Bhd	Malaysia	50.00	Operate restaurant, food caterer and food specialist businesses
TP International Pty Ltd ATF TP Hotel (Flinders) Trust	Australia	50.00	Trustee for TP Hotel (Flinders) Trust
TP Hotel (Flinders) Trust	Australia	40.005	Property investments holding
Tune Plato Ventures Sdn Bhd	Malaysia	50.00	Investment holding
Ormond Group Pte Ltd	Singapore	50.00	Provision of hospitality business
<b><u>Indirect joint ventures held through Ormond Lifestyle Services Sdn Bhd</u></b>			
Prompt Business Sdn Bhd	Malaysia	30.00	In Member's Voluntary Liquidation
Asiana Ventures Sdn Bhd	Malaysia	25.50	Investment holding
<b><u>Indirect joint venture held through Tune Plato Ventures Sdn Bhd</u></b>			
LSA Ventures Sdn Bhd	Malaysia	50.00	Investment holding

**INFORMATION ON ECMLG (CONT'D)**
**6. PROFIT AND DIVIDEND RECORD**

The profit and dividend record of ECMLG Group based on the audited consolidated financial statements for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021; and latest unaudited consolidated financial statements for 3-month FPE 31 March 2022 of ECMLG are as follows:

	Audited			Unaudited
	FYE 31 December 2019 (RM'000)	FYE 31 December 2020 (RM'000)	FYE 31 December 2021 (RM'000)	FPE 31 March 2022 (RM'000)
<b><u>Continuing Operations</u></b>				
Revenue	11,743	12,286	13,314	3,861
LBT	(5,020)	(22,611)	(7,171)	(2,749)
LAT	(5,215)	(21,624)	(5,735)	(2,758)
<b><u>Discontinued Operation<sup>(2)</sup></u></b>				
PAT	35,549	-	-	-
Net PAT/(LAT) attributable to:				
- Owners of the Company	30,334	(21,624)	(5,735)	(2,758)
- Non-controlling interests	-	-	-	-
Weighted average number of ECMLG Shares in issue (units '000)	479,926	479,926	479,926	479,926
Net earnings / (loss) per share (sen) <sup>(1)</sup>	6.32	(4.51)	(1.19)	(0.57)
Net dividend per share	-	-	-	-

(Sources: Annual reports of ECMLG Group for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021; and latest unaudited consolidated financial statements for 3-month FPE 31 March 2022 of ECMLG Group.)

**Notes:**

<sup>(1)</sup> Computed based on the net PAT/(LAT) attributable to owners of the Company over the weighted average number of ECMLG Shares in issue for the respective FYEs.

<sup>(2)</sup> Discontinued operations consist of fund management business, pursuant to the disposal of Libra Invest Berhad which was completed on 8 July 2019.

There were no exceptional items in the audited consolidated financial statements of ECMLG Group for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021; and latest unaudited consolidated financial statements for 3-month FPE 31 March 2022.

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**INFORMATION ON ECMLG (CONT'D)**

The financial performances of ECMLG Group for FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and unaudited FPE 31 March 2022 are summarised below:

(i) FYE 31 December 2019

For the FYE 31 December 2019, ECMLG Group recorded a revenue of RM11.74 million, representing an increase of approximately RM4.60 million or 64.38% from the previous financial year. The increase in revenue was mainly contributed by hospitality business segment.

ECMLG Group registered a LAT of RM5.22 million as compared with PAT of RM0.01 million recorded in the previous financial year. The LAT for the financial year was mainly due to loss at investment holding segment of RM6.28 million and lower contribution by structured financing and hospitality segments.

(ii) FYE 31 December 2020

For the FYE 31 December 2020, ECMLG Group recorded a revenue of RM12.29 million, representing an increase of approximately RM0.54 million or 4.62% from the previous financial year. The increase in revenue was mainly contributed by hospitality business segment.

ECMLG Group registered a LAT of RM21.62 million as compared with LAT of RM5.22 million recorded in the previous financial year. The LAT for the financial year was mainly due to losses in hospitality segment which was impacted by the COVID-19 pandemic.

(iii) FYE 31 December 2021

For the FYE 31 December 2021, ECMLG Group reported higher revenue of RM13.31 million, representing an increase of approximately RM1.02 million or 8.30% from the previous financial year. The increase in revenue was due to higher contribution from hospitality business segment resulting from higher rooms occupancies and higher contribution from food and beverage revenue, which resulted from the relaxation of movement restrictions, particularly interstate travel.

ECMLG Group recorded a lower LAT of RM5.74 million as compared with LAT of RM21.62 million recorded in the previous financial year. The LAT for the previous financial year was mainly due to the one-off impairment losses of the hospitality assets of RM7.62 million and non-recurring expenses of RM4.42 million incurred for the acquisition of Tune Hotel Danga Bay, Momo's Kuala Lumpur and The Chow Kit, an Ormond Hotel.

(iv) Unaudited FPE 31 March 2022

For the FPE 31 March 2022, ECMLG Group registered a revenue of RM3.86 million, an increase of RM0.89 million or 29.97% as compared with the revenue of RM2.97 million excluding a one-off dividend income of RM1.50 million received in the previous year corresponding period. The increase in revenue were mainly contributed by the improved performance of the hospitality segment.

ECMLG Group recorded a lower LAT of RM2.76 million as compared with LAT of RM3.79 million excluding a one-off dividend income of RM1.50 million received in the previous year corresponding period. The lower LAT for the financial period is in line with higher room occupancies and higher contribution from food and beverage revenue, which resulted from the relaxation of movement restrictions, particularly interstate travel.

**INFORMATION ON ECMLG (CONT'D)**
**6. STATEMENT OF ASSETS AND LIABILITIES**

The statements of assets and liabilities of ECMLG Group based on the audited consolidated financial statements as at FYE 31 December 2020, FYE 31 December 2020, FYE 31 December 2021 and latest unaudited consolidated financial statements as at FPE 31 March 2022 are as follows:

	<b>Audited</b>			<b>Unaudited</b>
	<b>As at 31 December 2019</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2021</b>	<b>As at 31 March 2022</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	32,688	103,350	100,564	99,825
Intangible assets	-	199	141	123
Right-of-use assets	446	15,463	14,236	13,949
Deferred tax assets	-	1,232	2,807	2,807
Investment in an associate	-	-	5,755	6,467
Investments in joint ventures	65,762	64,902	57,862	58,631
Other Investments	41,381	15,488	2,470	2,470
<b>Total non-current assets</b>	<b>140,277</b>	<b>200,634</b>	<b>183,835</b>	<b>184,272</b>
<b>Current assets</b>				
Inventories	13	200	205	214
Trade and other receivables	25,836	2,284	2,153	2,845
Contract assets	16	77	83	12
Tax recoverable	87	103	94	110
Loans, advances and financing	5,738	5,738	5,967	-
Cash and bank balances and deposits with licensed financial institutions	55,988	16,589	17,705	20,679
<b>Total current assets</b>	<b>87,678</b>	<b>24,991</b>	<b>26,207</b>	<b>23,860</b>
<b>TOTAL ASSETS</b>	<b>227,955</b>	<b>225,625</b>	<b>210,042</b>	<b>208,132</b>

## INFORMATION ON ECMLG (CONT'D)

	Audited			Unaudited
	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 March 2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Loans and borrowings	-	20,754	20,820	20,670
Trade and other payables	5,794	4,442	2,136	2,144
Lease liabilities	248	699	687	355
Contract liabilities	81	131	282	150
Tax payable	49	-	10	-
<b>Total current liabilities</b>	<b>6,172</b>	<b>26,026</b>	<b>23,935</b>	<b>23,319</b>
<b>Non-current liabilities</b>				
Loans and borrowings	18,947	18,411	18,197	18,197
Lease liabilities	289	3,503	2,689	2,939
Deferred tax liabilities	22	10	12	12
<b>Total non-current liabilities</b>	<b>19,258</b>	<b>21,924</b>	<b>20,898</b>	<b>21,148</b>
<b>Total liabilities</b>	<b>25,430</b>	<b>47,950</b>	<b>44,833</b>	<b>44,467</b>
<b>Equity attributable to owners of the company</b>				
Share Capital	107,546	107,546	107,546	107,546
Retained earnings	97,812	76,188	69,454	66,696
Reserves	(2,833)	(6,059)	(11,791)	(10,577)
<b>Total equity</b>	<b>202,525</b>	<b>177,675</b>	<b>165,209</b>	<b>163,665</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>227,955</b>	<b>225,625</b>	<b>210,042</b>	<b>208,132</b>

(Sources: Annual reports of ECMLG Group for the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 and latest unaudited consolidated financial statements for 3-month FPE 31 March 2022 of ECMLG Group.)

As at the LPD, there is no known material change in the financial position of ECMLG Group, subsequent to the latest audited consolidated financial statements for the FYE 31 December 2021.

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**INFORMATION ON ECMLG (CONT'D)**
**7. ACCOUNTING POLICIES**

The audited consolidated financial statements of ECMLG Group for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021 have been prepared based on approved accounting standards in Malaysia and there was no audit qualification for financial statements of ECMLG for the financial period under review.

Save for the adoption of MFRS 16: Leases during the FYE 31 December 2019, there is no significant change in the accounting standards adopted by ECMLG Group which would result in a material variation to the comparable figures for the audited consolidated financial statements of ECMLG Group for the FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021. For further information of the adoptions of MFRS 16 and the impact of the said adoptions, please refer to Note 35 in the Notes to the financial statements in the annual report of ECMLG Group for the FYE 31 December 2019.

**8. BORROWINGS**

As at the LPD, the total outstanding borrowing of ECMLG Group of approximately RM41.72 million is as set out below:

<b>Borrowings</b>	<b>(RM'000)</b>
<b>Short term borrowings:</b>	
Loans and borrowings	20,808
Lease liabilities	560
	<b>21,368</b>
<b>Long term borrowings:</b>	
Loans and borrowings	17,912
Lease liabilities	2,441
	<b>20,353</b>
<b>Total borrowings</b>	<b>41,721</b>

**9. MATERIAL COMMITMENTS**

As at the LPD, the Board confirms that there are no material commitments incurred or known to be incurred by ECMLG that have not been provided for and, upon becoming due or enforceable, may have a material impact on the financial position of ECMLG.

**10. CONTINGENT LIABILITIES**

As at the LPD, there are no contingent liabilities incurred or known to be incurred by ECMLG and, upon becoming due or enforceable, may have a material impact on the financial position of ECMLG.

**INFORMATION ON ECMLG (CONT'D)****11. MATERIAL LITIGATION**

As at the LPD, ECMLG is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of ECMLG and the Board confirms that there are no proceedings, pending or threatened, or of any fact likely to give rise to any proceedings, which may have a material impact on the financial position or the business of ECMLG.

**12. MATERIAL CONTRACTS**

As at the LPD, ECMLG has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the past 2 years prior to the commencement of the Offer Period.

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## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAC. The Board, collectively and individually, accepts full responsibility for the accuracy and completeness of the information contained in this IAC and confirms that, after having made all reasonable enquiries, that to the best of the knowledge and belief:

- (i) there are no other facts and/or information, the omission of which would render any statement or information relating to ECMLG Group in this IAC incomplete, false and/or misleading.
- (ii) all material facts and/or information in relation to the Offer (including those required under the Rules) have been accurately and completely disclosed in this IAC; and
- (iii) opinions expressed by the Board (save for the Interested Directors) in this IAC have been arrived at after due and careful consideration.

Further, the responsibility of the Board in respect of:

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

### 2. CONSENTS

DWA Advisory, Mercury Securities and the Independent Valuers have given and have not subsequently withdrawn their written consent to the inclusion of their names and all references thereto in the form and context in which they appear in this IAC.

### 3. DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

#### 3.1 By ECMLG

##### (i) Disclosure of interests in the Offeror

Not applicable as the Offeror is an individual.

##### (ii) Dealings in the securities of the Offeror

Not applicable as the Offeror is an individual.

##### (iii) Disclosure of dealings in the securities of ECMLG

ECMLG has not dealt, directly or indirectly, in any of its own voting shares or convertible securities during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

**FURTHER INFORMATION (CONT'D)**
**3.2 By the Board**
**(i) Disclosure of interests in the Offeror**

Not applicable as the Offeror is an individual.

**(ii) Dealings in the securities of the Offeror**

Not applicable as the Offeror is an individual.

**(iii) Disclosure of interests in ECMLG**

The disclosure of interests of the directors of ECMLG in accordance with the disclosure requirements of the Rules are set out in Section 4 of Appendix I of this IAC.

**(iv) Disclosure of dealings in the securities of ECMLG**

Save as disclosed below, none of the directors of ECMLG had directly or indirectly, dealt in securities of ECMLG during the period commencing 6 months before the commencement of the Offer Period and up to the LPD:

Name	Date	Nature of transaction	Nature of Interest	No. of ECMLG Shares	% of shareholding in ECMLG <sup>(1)</sup>	Consideration per ECMLG Share (RM)
LKO	31 May 2022	Acquisition from the Vendor via direct business transaction	Direct	19,200,000	4.00	0.2200
	1 June 2022	Acquisition from open market	Indirect	695,800	0.14	0.2200
	2 June 2022	Acquisition from open market	Indirect	3,760,300	0.78	0.2200
	3 June 2022	Acquisition from open market	Direct	378,600	0.08	0.2200
	7 June 2022	Acquisition from open market	Direct	1,914,400	0.40	0.2200
	8 June 2022	Acquisition from open market	Direct	85,600	0.02	0.2200
	10 June 2022	Acquisition from open market	Direct	2,615,700	0.55	0.2100
	13 June 2022	Acquisition from open market	Direct	188,900	0.04	0.2100
	14 June 2022	Acquisition from open market	Direct	75,900	0.02	0.2150
	15 June 2022	Acquisition from open market	Direct	2,117,500	0.44	0.2101
	17 June 2022	Acquisition from open market	Direct	2,652,800	0.55	0.2100
	29 June 2022	Acquisition from open market	Direct	229,100	0.05	0.2100

**FURTHER INFORMATION (CONT'D)**

*Note:*

<sup>(1)</sup> *Computed based on the total number of 479,925,823 issued ECMLG Shares as at the LPD.*

**3.3 By the persons with whom ECMLG or any persons acting in concert with it has any arrangement**

As at the LPD, there is no person with whom ECMLG or any persons acting in concert with it has entered into any arrangement including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to ECMLG Shares which may be an inducement to deal or to refrain from dealing.

**3.4 By the persons with whom ECMLG or any persons acting in concert with it has borrowed or lent**

As at the LPD, there is no person with whom ECMLG or any persons acting in concert with it has borrowed or lent any voting shares or convertible securities of ECMLG.

**3.5 By DWA Advisory**

**(i) Disclosure of interests in ECMLG**

As at the LPD, DWA Advisory does not have any interest, whether direct or indirect, in any voting shares or convertible securities of ECMLG.

**(ii) Disclosure of dealings in securities of ECMLG**

DWA Advisory has not dealt, directly or indirectly, in any of the voting shares or convertible securities of ECMLG during the period commencing 6 months before the commencement of the Offer Period and up to the LPD.

**(iii) Disclosure of interest in ECMLG by funds whose investments are managed by DWA Advisory on a discretionary basis**

As at the LPD, DWA Advisory is not involved in management of funds on a discretionary basis.

**4. ARRANGEMENT AFFECTING DIRECTORS**

(i) As at the LPD, there is no payment or other benefit will be made or given to any director of ECMLG as compensation for loss of office or otherwise in connection with the Offer.

(ii) As at the LPD, there is no agreement or arrangement between any director of ECMLG and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the outcome of the Offer.

(iii) The Offeror and the persons acting in concert with the Offeror have not entered into any material contract in which any directors of ECMLG has a material personal interest.

**5. SERVICE CONTRACTS**

As at the LPD, neither ECMLG nor its subsidiaries have any service contracts with any directors of ECMLG or proposed directors of ECMLG, which have been entered into or amended within 6 months before the commencement of the Offer Period or which are fixed-term contracts with more than 12 months to run.

**FURTHER INFORMATION (CONT'D)**

For the purpose of this section, the term “service contracts” excludes those expiring or determinable by the employing company without payment of compensation within 12 months from the date of this IAC.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of ECMLG at 2nd Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur during normal business hours, i.e. from 8.30 a.m. to 5.30 p.m. (Malaysian time) on Monday to Friday (excluding public holidays) from the date of this IAC up to and including the Closing Date:

- (i) the Constitutions of ECMLG;
- (ii) the audited consolidated financial statements of ECMLG Group for the FYE 31 December 2019, FYE 31 December 2020 and 31 December 2021 as well as the latest unaudited consolidated financial statements for the FPE 31 March 2022;
- (iii) a copy of the Notice dated 31 May 2022;
- (iv) valuation reports and certificates prepared by the Independent Valuers;
- (v) the Offer Document;
- (vi) a copy of the letter from the SC notifying it has no further comments on this IAC dated 5 July 2022; and
- (vii) the letters of consent referred to in Section 2 of this Appendix II.

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