

ECM LIBRA FINANCIAL GROUP BERHAD

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

1. Introduction

The Board of Directors of ECM Libra Financial Group Berhad (öECMLFGö or öCompanyö) is pleased to announce that the Company has formed a joint venture (öJoint Ventureö) by incorporating a company in Singapore known as Ormond Group Pte Ltd (Company No. 201910030M) (öJV Companyö) on 28 March 2019. The JV Company is owned in equal proportion (50:50) by the Company and Plato Capital Limited (öPlatoö) (collectively, ECMLFG and Plato are referred to as the öJV Partiesö).

2. Information on Plato

Plato is a limited liability company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited. The principal activity of Plato is investment holding. As at the date of this announcement, the issued share capital of Plato is Singapore Dollars (SGD) 40,875,023 (approximately Ringgit Malaysia (RM) 123.0 million). The directors of Plato are Mr Lim Kian Onn, Mr Michael Kan Yuet Yun PBM, Mr Chong Huai Seng, and Mr Oh Teik Khim. Mr Lim Kian Onn is also the controlling shareholder of Plato.

3. Details of the JV Company

The JV Company was incorporated with an initial share capital of SGD 100. The initial share capital of the JV Company comprises of 100 ordinary shares. The Company has subscribed to SGD 50 fully paid up share capital comprising 50 ordinary shares. The share capital of the JV Company may be increased from time to time subject to the mutual approval of the JV Parties.

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

The principal business activity of the JV Company is the provision of hospitality services including investments in the hospitality industry, developing hotel brands and potentially any other businesses as may be agreed upon by the JV Parties from time to time.

4. Source of funding

The Company intends to finance the cash of SGD 50.00 for the subscription of the initial share capital of the JV Company and the Joint Venture with internally generated funds.

5. Rationale and prospect of the Joint Venture

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

6. Risk factors

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

7. Liabilities to be assumed

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

8. Financial effect of the Joint Venture

The establishment of the JV Company is not expected to have any material impact on the Group's earnings per share and/or net assets per share for the financial year ending 31 December 2019. The Joint Venture will not have any effect on the share capital and substantial shareholders' shareholdings of the Company. In addition, the Joint Venture is not expected to have a material effect on the earnings per share, net assets and gearing of the Group for the financial year ending 31 December 2019.

9. Approvals

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

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

Plato is a major shareholder of ECMLFG. Mr Lim Kian Onn, a Director and major shareholder of ECMLFG, is the Director and controlling shareholder of Plato. Whilst Mr Gareth Lim Tze Xiang, the son of Mr Lim Kian Onn, is the Director of ECMLFG and the Chief Executive Officer of Plato. Mr Lim Kian Onn and Mr Gareth Lim Tze Xiang are deemed interested in the Joint Venture and all matters in relation thereto. They have declared their interest in the Joint Venture and will abstain from deliberation and voting on matters in connection therewith.

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

11. Estimated Timeframe for Completion

The JV Company has been incorporated on 28 March 2019.

12. Audit Committee's Statement

The Audit Committee of the Company, after having considered all aspects of the Joint Venture, is of the opinion that the Joint Venture is in the best interest of the Company, fair and reasonable, and on normal commercial terms, and not detrimental to the interest of the minority shareholders.

13. Directors' Statement

The Board of Directors of the Company (save for Mr Lim Kian Onn and Mr Gareth Lim Tze Xiang), after taking into consideration of all aspects of the Joint Venture, is of the opinion that the Joint Venture is in the best interest of the Company, fair and reasonable, and on normal commercial terms, and not detrimental to the interest of the minority shareholders

14. Percentage Ratio

The highest percentage ratio applicable to the Joint Venture pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 4.02%.

15. Total Amount Transacted with the Related Party for the preceding 12 months

On 16 May 2018, the Company announced the setting up of a joint venture company by the name of Tune Plato Ventures Sdn Bhd in equal proportion (50:50) with Truesource Sdn Bhd, a wholly owned subsidiary of Plato, to venture into joint investments of up to RM14.0 million in the hospitality industry, and potentially any other businesses as may be agreed upon by the joint venture parties from time to time.

The Company tenanted office space at Bangunan ECM Libra to Plato Capital Sdn Bhd, a wholly owned subsidiary of Plato and the tenancy agreement was for a period of not more than 3 years and was not regarded as related party transaction in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad paragraph 10.08(11)(h). The said tenancy agreement ceased after the disposal of Bangunan ECM Libra was completed on 8 May 2018.

Apart from the abovementioned, there were no transactions entered into between ECMLFG and Plato for the preceding 12 months.

This announcement is dated 28 March 2019.