

# ECM LIBRA FINANCIAL GROUP BERHAD (“ECMLFG” OR THE “COMPANY”)

## PROPOSED DISPOSAL

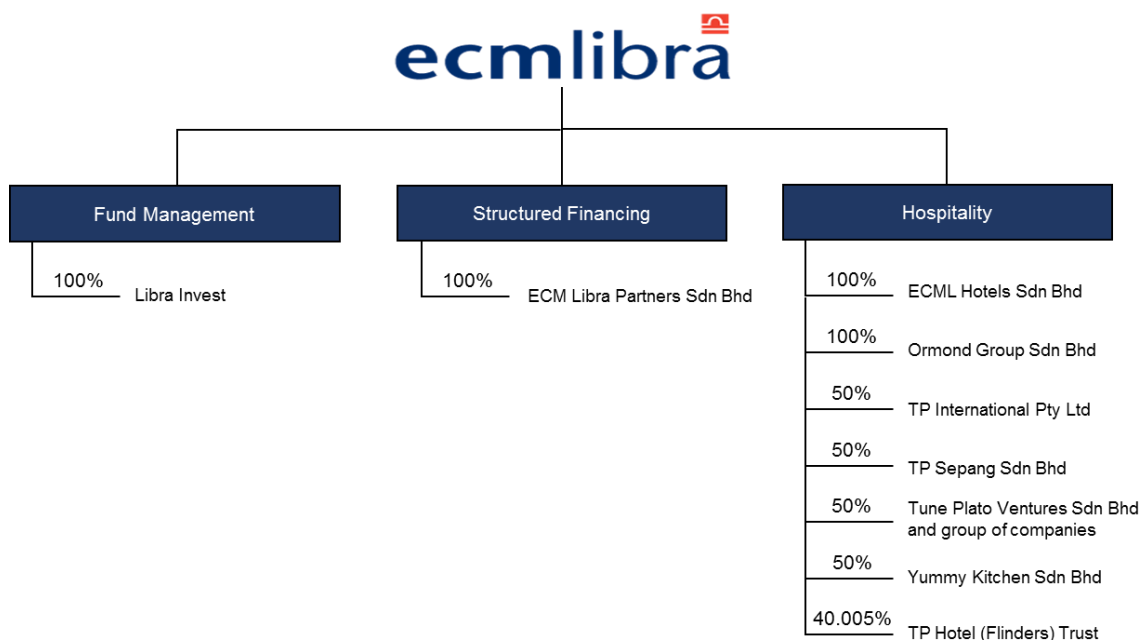
### 1. INTRODUCTION

On behalf of the Board of Directors of the Company (“**Board**”), Mercury Securities Sdn Bhd (“**Mercury Securities**” or the “**Principal Adviser**”) wishes to announce that the Company had on 28 March 2019 entered into a conditional share purchase agreement (“**SPA**”) with Kenanga Investors Berhad (“**Purchaser**”) in relation to the proposed disposal of all shares representing 100% equity interest in Libra Invest Berhad (“**Libra Invest**”) (*which as at the date of the SPA comprise 6,500,000 ordinary shares*) (“**Sale Shares**”) for a provisional cash consideration of RM50.07 million (“**Provisional Disposal Consideration**”), subject to adjustments and upon the terms and conditions as set out in the SPA (“**Proposed Disposal**”).

### 2. DETAILS OF THE PROPOSED DISPOSAL

The Proposed Disposal entails the Company disposing of 100% equity interest in Libra Invest to the Purchaser for a Provisional Disposal Consideration of RM50.07 million, subject to the Premium Adjustment and Differential NA Adjustment (*both as defined in Section 2.1.2 of this Announcement*) (“**Disposal Consideration**”) and upon the terms and conditions as set out in the SPA.

Libra Invest is currently a wholly-owned subsidiary of ECMLFG, as shown in the corporate structure of ECMLFG’s group of companies (“**ECMLFG Group**” or the “**Group**”) below:-



Libra Invest is a fund management company licensed under the Capital Markets and Services Act, 2007 (“**CMSA**”). The company is principally engaged in the management of unit trust funds and the provision of fund management services.

As at 28 February 2019, being the latest practicable date prior to this Announcement (“LPD”), Libra Invest has an issued share capital of RM6,500,000 comprising 6,500,000 ordinary shares, which are wholly held by ECMLFG. As at the LPD, the directors of Libra Invest (*all Malaysians*) are as follows:-

Name	Designation
(i) Datuk Kamarudin bin Md Ali	Independent Non-Executive Chairman
(ii) Khairudin bin Ibrahim	Independent Non-Executive Director
(iii) Mahadzir bin Azizan	Independent Non-Executive Director
(iv) Lee Wei Chung	Executive Director
(v) Ong Lei Hua	Executive Director

The contributions of Libra Invest to the Group in terms of total assets, revenue and profit after tax (“PAT”) attributable to owners of the Company for the financial year ended (“FYE”) 31 December 2018 are as follows:-

	Audited		
	As at 31 December 2018	For the FYE 31 December 2018	
At group level	Total assets (RM'000)	Revenue (RM'000)	PAT attributable to owners of the Company (RM'000)
Libra Invest	16,409	12,452	1,658
ECMLFG Group	191,471	41,450 <sup>1</sup>	5,136
<b>Percentage of contribution (%)</b>	<b>8.6</b>	<b>30.0</b>	<b>32.3</b>

Pursuant to the Proposed Disposal, the control of Libra Invest will be transferred from the Company to the Purchaser. Accordingly, upon the loss of control, Libra Invest will cease to be a subsidiary of ECMLFG and its financials will be deconsolidated from the Group’s financial performance and position.

Please refer to Appendix I of this Announcement for more information on Libra Invest.

## 2.1 Salient terms of the SPA

### 2.1.1 Agreement to sell the Sale Shares

On and subject to the terms of the SPA, ECMLFG agrees to sell and the Purchaser agrees to purchase the Sale Shares free from any encumbrances and together with all rights and advantages attaching to them as at the completion of the sale and purchase of the Sale Shares which shall be (i) a date that falls on the 10<sup>th</sup> business day following (a) the date on which the last condition precedent is satisfied or waived (“**Unconditional Date**”) or (b) the date of the parties’ agreement in relation to the Premium Adjustment (*if applicable*), as the case may be, or (ii) such other date as may be mutually agreed in writing by the parties (“**Completion Date**”).

<sup>1</sup> For the purpose of computing the percentage of contribution, the revenue of the ECMLFG Group shown in the table is inclusive of ECMLFG’s share of revenue from its joint ventures.

ECMLFG shall retain the trade name “Libra”, the corresponding logo or trade mark, and all domain names bearing or including the name “Libra” subject to the Purchaser having the right to use and enjoy (*and wherever applicable, including administrator’s right*) the said intellectual properties free of charge for a period of 12 months after the Completion Date for the purposes of facilitating the transition or integration of the operations and businesses of Libra Invest to and with the Purchaser. Such right granted to the Purchaser shall not prevent or restrict ECMLFG from using the said intellectual properties.

The Purchaser undertakes to expeditiously do all things necessary, including changing the name of Libra Invest after the Completion Date so that the Purchaser shall cease to use and enjoy the abovementioned intellectual properties as soon as practicable. The Purchaser agrees to indemnify ECMLFG against any losses which ECMLFG may incur as a result of the Purchaser’s unauthorised use of the said intellectual properties after the expiry of the said 12 months’ period.

### 2.1.2 Consideration

The Provisional Disposal Consideration for the Sale Shares shall be RM50.07 million, determined based on the base amount of RM15.07 million (*which is equivalent to the audited net assets (“NA”) of Libra Invest as at 31 December 2018*) (“**Base Amount**”) plus a premium of RM35.00 million (“**Premium**”), and is subject to the following:-

- (i) an adjustment to the Premium for an amount equivalent to the Premium Addition (*as defined herein*) or Premium Deduction (*as defined herein*), as the case may be (“**Premium Adjustment**”); and
- (ii) an adjustment to the Base Amount for an amount equivalent to the difference (“**Differential NA**”) between the Base Amount and the unaudited NA of Libra Invest as at the last day of the month immediately preceding the Completion Date (“**Closing NA**”) to reflect the latest unaudited NA of Libra Invest (“**Differential NA Adjustment**”).

The Provisional Disposal Consideration shall be payable in cash by the Purchaser in the following manner:-

- (i) a deposit of RM4.80 million (“**Deposit**”) to an escrow agent upon execution of the SPA (*to be deposited and held in an interest-bearing account with a reputable licensed bank in Malaysia*) and the parties shall cause the escrow agent to pay the Deposit (*together with all interest thereon*) to ECMLFG on the Completion Date; and
- (ii) the balance of the Provisional Disposal Consideration to ECMLFG on the Completion Date.

The Purchaser shall be entitled to deduct any amount equivalent to the aggregate indebtedness owing to Libra Invest by any member of the ECMLFG Group on the Completion Date, for the purposes of settling any such indebtedness in full.

### Premium Adjustment

As at the close of business on the Unconditional Date, if the assets under management (“**AUM**”) of Libra Invest excluding the AUM in respect of Libra Shariah Liquidity Fund and Libra Shariah Liquidity Fund 3 (“**Relevant AUM**<sup>2</sup>”) is:-

- (i) lower than the amount of RM2,481,560,000, being the total value of the Relevant AUM of Libra Invest as at 28 February 2019, computed without taking into account the accrued interest and charges in respect of the private mandate accounts of Libra Invest for February 2019 (“**Reference Value**”) by 30% or more, the Purchaser may elect by notice in writing to ECMLFG to:-
  - (a) terminate the SPA and the parties shall forthwith cause the escrow agent to pay the Deposit (*together with all interest thereon*) in full to the Purchaser, and thereupon neither party shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPA;
  - (b) proceed to completion of the SPA; or
  - (c) agree with ECMLFG an amount to be deducted from the Premium (“**Premium Deduction**”). The parties shall act in good faith and use their reasonable endeavours to agree on the Premium Deduction in writing by a date not later than 5 business days following the Unconditional Date, or another date to be mutually agreed by the parties in writing; or
- (ii) higher than the Reference Value by 30% or more, ECMLFG may elect by notice in writing to the Purchaser to:-
  - (a) terminate the SPA and the parties shall forthwith cause the escrow agent to pay the Deposit (*together with all interest thereon*) in full to the Purchaser, and thereupon neither party shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPA;
  - (b) proceed to completion of the SPA; or
  - (c) agree with the Purchaser an amount to be added to the Premium (“**Premium Addition**”). The parties shall act in good faith and use their reasonable endeavours to agree on the Premium Addition in writing by a date not later than 5 business days following the Unconditional Date, or another date to be mutually agreed by the parties in writing.

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<sup>2</sup> For the purposes of determining the Relevant AUM, the following shall be excluded:-

- (i) all and any AUM for which notice has been given to or by any client of Libra Invest to terminate the engagement of or mandate to Libra Invest or to withdraw any such AUM from Libra Invest, on or before the close of business of the Unconditional Date, notwithstanding that the termination or withdrawal may only take effect after the Unconditional Date; and
- (ii) the accrued interest and charges in respect of the private mandate accounts of Libra Invest for the month in which the Unconditional Date falls on.

If the parties reach an agreement on the Premium Deduction or the Premium Addition, as the case may be, the parties shall proceed to completion of the SPA on a date that falls on the 10<sup>th</sup> business day following the date of the said parties' agreement, on which date such Premium Deduction and Premium Addition will be adjusted against the balance consideration payable.

However, if the parties are unable to agree to the Premium Deduction or the Premium Addition, as the case may be, the Purchaser (*in the case of the Premium Deduction*) or ECMLFG (*in the case of the Premium Addition*) shall be entitled to terminate the SPA and upon such termination, the parties shall forthwith cause the escrow agent to pay the Deposit (*together with all interest thereon*) in full to the Purchaser, and thereupon neither party shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPA.

#### Differential NA Adjustment

ECMLFG shall within 10 business days after the Completion Date deliver to the Purchaser a certified true copy of the management accounts of Libra Invest as at the last day of the month immediately preceding the Completion Date ("**Closing Management Accounts**"). ECMLFG and the Purchaser shall as soon as reasonably practicable but no later than 10 business days following receipt of the Closing Management Accounts by the Purchaser, agree on the Differential NA Adjustment, failing which, cause the reporting accountant appointed to determine and issue a statement ("**Adjustment Statement**") to certify the Closing NA and Differential NA and deliver the Adjustment Statement to ECMLFG and the Purchaser within 10 business days of the appointment of the reporting accountant.

The amount equivalent to the Differential NA Adjustment shall be payable by ECMLFG or the Purchaser, as the case may be, to the other party within 5 business days following the date of the parties' agreement on the Differential NA Adjustment or the date of the Adjustment Statement.

#### **2.1.3 Conditions precedent**

The Proposed Disposal is conditional upon satisfaction or waiver of the following conditions precedent ("**Conditions Precedent**") within 6 months from the date of the SPA or such other date as may be agreed in writing by the parties ("**Cut-off Date**"):-

- (i) the passing at a general meeting of ECMLFG of the requisite resolutions approving the Proposed Disposal in accordance with the Companies Act, 2016 ("**Act**") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**");
- (ii) the approval of the Securities Commission Malaysia ("**SC**") for the sale and purchase of the Sale Shares pursuant to the CMSA and the relevant guidelines issued by the SC; and
- (iii) the approval of Bank Negara Malaysia ("**BNM**") for the purchase of the Sale Shares by the Purchaser pursuant to the Financial Services Act, 2013 and the relevant guidelines issued by BNM.

If the Conditions Precedent are not satisfied or waived on or before the Cut-off Date, either party may, in its sole discretion, terminate the SPA and the parties shall forthwith cause the escrow agent to pay the Deposit (*together with all interest thereon*) in full to the Purchaser, and thereupon, neither party shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPA.

#### **2.1.4 Confirmatory due diligence**

Prior to the Completion Date, the Purchaser shall be entitled to carry out a confirmatory due diligence on Libra Invest based on the scope agreed by the parties and in relation to facts and matters occurring or arising between the date of the SPA and the Completion Date, for the purposes of assessing the accuracy of the relevant ECMLFG's warranties as specified in the schedule to the SPA ("**Relevant Warranties**") ("**Confirmatory Due Diligence**").

If the Purchaser, in the course of the Confirmatory Due Diligence, identifies any matter, event or circumstance that results or may result in any of the ECMLFG's warranties being untrue, inaccurate or misleading in any material respect, the parties shall discuss in good faith to address such matter, event or circumstance to the satisfaction of the Purchaser.

In the event the parties shall fail to reach an agreement within 5 business days (*or such other period as may be agreed by the parties*) from the date on which a party notifies the other party of any such matter, event or circumstance, the Purchaser may terminate the SPA and in which case, the parties shall forthwith cause the escrow agent to pay the Deposit (*together with all interest thereon*) in full to the Purchaser, and thereupon, neither party shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPA.

#### **2.1.5 Breach of obligations for completion of SPA**

If ECMLFG fails to comply with any of its obligations for completion of the SPA by the Completion Date, the Purchaser shall be entitled by written notice to the other to:-

- (i) terminate the SPA without liability on its part and:-
  - (a) the parties shall cause the escrow agent to pay the Deposit (*together with all interest thereon*) in full to the Purchaser; and
  - (b) ECMLFG shall pay a cash sum equivalent to the Deposit as liquidated damages to the Purchaser,and thereupon, the Purchaser shall have no further claims (*including any claim for specific performance*) against ECMLFG;
- (ii) effect the completion of the SPA so far as practicable having regard to the defaults which have occurred; or
- (iii) fix another new date for completion of the SPA.

If the Purchaser fails to comply with any of its obligations for completion of the SPA by the Completion Date, ECMLFG shall be entitled by written notice to the other to:-

- (i) terminate the SPA without liability on its part and the parties shall cause the escrow agent to pay the Deposit (*together with all interest thereon*) in full to ECMLFG and thereupon, ECMLFG shall have no further claims (*including any claim for specific performance*) against the Purchaser;
- (ii) effect the completion of the SPA so far as practicable having regard to the defaults which have occurred; or
- (iii) fix another new date for completion of the SPA.

#### **2.1.6 Termination**

At any time prior to the completion of the SPA:-

##### Termination by ECMLFG

If the Purchaser is in a default or breach of its warranties as set out in the SPA in a material respect, ECMLFG shall be entitled to give a notice in writing to the Purchaser specifying such default or breach and requiring the Purchaser to remedy or make good of such default or breach within 14 days from the date of such notice. If the Purchaser fails, neglects or refuses to remedy or make good of such default or breach within the said 14 days' period, the SPA shall be terminated without any requirement or need of further notice and the parties shall forthwith cause the escrow agent to pay the Deposit (*together with all interest thereon*) in full to ECMLFG and thereupon, ECMLFG shall have no further claims (*including any claim for specific performance*) against the Purchaser.

##### Termination by the Purchaser

If ECMLFG is in a default or breach of its undertakings, covenants, representations, warranties as set out in the SPA (*excluding the Relevant Warranties*) or other obligations in the SPA in a material respect, the Purchaser shall be entitled to give a notice in writing to ECMLFG specifying such default or breach and requiring ECMLFG to remedy or make good of such default or breach within 14 days from the date of such notice. If ECMLFG fails, neglects or refuses to remedy or make good of such default or breach within the said 14 days' period, the SPA shall be terminated without any requirement or need of further notice and:-

- (i) the parties shall cause the escrow agent to pay the Deposit (*together with all interest thereon*) in full to the Purchaser; and
- (ii) ECMLFG shall pay a cash sum equivalent to the Deposit as liquidated damages to the Purchaser,

and thereupon, the Purchaser shall have no further claims (*including any claim for specific performance*) against ECMLFG.

If ECMLFG is in a default or breach of any of the Relevant Warranties in a material respect, the Purchaser shall be entitled to give a notice in writing to ECMLFG specifying such default or breach and requiring ECMLFG to remedy or make good of such default or breach within 14 days from the date of such notice. If ECMLFG fails, neglects or refuses to remedy or make good of such default or breach within the said 14 days' period, the Purchaser may, in its sole discretion, terminate the SPA and in which case, the parties shall forthwith cause the escrow agent to pay the Deposit (*together with all interest thereon*) in full to the Purchaser and thereupon, neither party shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPA.

#### **2.1.7 Restrictive covenants**

ECMLFG covenants with and undertakes to the Purchaser that no member of the ECMLFG Group will in any Relevant Capacity, without the prior written consent of the Purchaser, during the Restricted Period:-

- (i) directly or indirectly carry on, be engaged in or be economically interested in any business which is of the same or similar type to the business of Libra Invest as now carried on or which is or is likely to be in competition with the business of Libra Invest as now carried on;
- (ii) canvass or solicit, or attempt to canvass or solicit, the custom of any person, firm or company who has within 2 years prior to completion of the SPA been a client of Libra Invest; or
- (iii) save for the personnel to be identified by ECMLFG and notified to the Purchaser and who shall be transferred to ECMLFG prior to completion of the SPA without any cost or liability to Libra Invest, induce or solicit for, or seek to induce or solicit for, any person who is at the date of the SPA or who during the Restricted Period becomes an employee of Libra Invest to terminate his employment with Libra Invest.

The restrictions above shall not operate to prohibit any member of the ECMLFG Group from (i) holding or being interested in up to 5% of the outstanding issued share capital of a company listed on any recognised stock exchange; or (ii) fulfilling any obligation pursuant to the SPA and any agreement to be entered into pursuant to the SPA.

For the purposes of this paragraph,

**"Relevant Capacity"** shall mean for its own account or in any other manner and whether through the medium of any company or entity controlled by it (*for which purpose there shall be aggregated with its shareholding or ability to exercise control over the shares held or control exercised by any person connected with ECMLFG*). A person is deemed to be connected with ECMLFG if it is (i) a corporation controlled by, controlling or under the common control of any member of the ECMLFG Group or (ii) a person who is acting in concert with or is accustomed to act in accordance with the instructions or directions of any member of the ECMLFG Group whether pursuant to an agreement, understanding or otherwise; and



**“Restricted Period”** shall mean:

- (i) for the purposes of paragraphs 2.1.7(i) and 2.1.7(ii) above, 5 years commencing on the Completion Date; and
- (ii) for the purposes of paragraph 2.1.7(iii) above, 2 years commencing on the Completion Date.

## **2.2 Basis and justification for the Disposal Consideration**

The Disposal Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration, amongst others, the following:-

- (i) audited NA of Libra Invest as at 31 December 2018 of RM15.07 million used in determining the Provisional Disposal Consideration;
- (ii) Premium, Premium Adjustment and Differential NA Adjustment;
- (iii) cost of investment in 100% equity interest in Libra Invest of RM12.24 million based on the Company’s audited financial statements for the FYE 31 December 2018; and
- (iv) audited profit after tax of Libra Invest of RM1.66 million for the FYE 31 December 2018.

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In justifying the Disposal Consideration, the Board has taken into consideration, amongst others, the following:-

- (i) rationale of the Proposed Disposal as set out in Section 3 of this Announcement;
- (ii) Premium Adjustment for variance in Reference Value by 30% or more;
- (iii) Differential NA Adjustment to reflect the Closing NA; and
- (iv) valuation multiples implied by the Provisional Disposal Consideration as compared to those implied by precedent transactions involving the acquisition or disposal of asset management companies by banking / financial services groups listed on Bursa Securities (“**Precedent Transactions**”)<sup>3</sup>. The Precedent Transactions were selected based on the principal activities of the acquiree companies, which are broadly similar to the principal activities of Libra Invest but may not be directly comparable to Libra Invest in terms of, amongst others, the composition of business activities, scale of operations, type of financial products offered, client and asset base, track record, financial performance, risk profile and future prospects. The details of the Precedent Transactions are as follows:-

Date of agreement	Details of Precedent Transaction	Consideration	Price-to earnings ratio (“PER”) <sup>(a)(c)</sup>	Premium-to earnings ratio <sup>(b)(c)</sup>	Price-to-AUM ratio <sup>(b)</sup>	Premium-to-AUM ratio <sup>(b)</sup>
		(RM'million)	(x)	(x)	(%)	(%)
11.01.2018	Disposal by CIMB Group Sdn Bhd of:- (i) 20% equity interest in CIMB-Principal Asset Management Berhad to Principal International (Asia) Limited; and (ii) 10% equity interest in CIMB-Principal Islamic Asset Management Sdn Bhd to Principal Finance Services Inc.	470.29	25.02	20.44	4.04	3.30
13.12.2017	Acquisition by Maybank Asset Management Group Berhad of 100% equity interest in Amanah Mutual Berhad from Amanah Saham Nasional Berhad	16.12	9.78	not applicable (at a discount)	not available	not available

<sup>3</sup> The Board takes cognisance that there is no standalone asset management company listed on Bursa Securities (as asset management companies are mostly part of a wider banking / financial services group) that may be adopted as comparable companies for the purpose of evaluating the Provisional Disposal Consideration. Accordingly, in assessing the Provisional Disposal Consideration, the Board has instead considered the Precedent Transactions to provide an indication of the prevailing market expectations in relation to the valuation of Libra Invest.

Date of agreement	Details of Precedent Transaction	Consideration	Price-to earnings ratio ("PER") <sup>(a)(c)</sup>	Premium-to earnings ratio <sup>(b)(c)</sup>	Price-to-AUM ratio <sup>(b)</sup>	Premium-to-AUM ratio <sup>(b)</sup>
		(RM'million)	(x)	(x)	(%)	(%)
13.12.2017	Acquisition by Maybank Asset Management Group Berhad of 100% equity interest in Singapore Unit Trusts Limited from PNB International Limited	34.88	14.77	not applicable <i>(at a discount)</i>	not available	not available
13.12.2017	Subscription by Permodalan Nasional Berhad of new ordinary shares in Maybank Asset Management Group Berhad <i>(representing 20% of the enlarged total number of ordinary shares)</i>	50.00	not applicable <i>(loss-making)</i>	not applicable <i>(loss-making)</i>	0.64 <i>(based on AUM on 31.12.2017)</i>	0.06 <i>(based on AUM on 31.12.2017)</i>
19.09.2014	Acquisition by Affin Hwang Asset Management Berhad of 100% equity interest in Asian Islamic Investment Management Sdn Bhd from Nikko Asset Management Asia Limited and Affin Hwang Investment Bank Berhad	23.00	4.15	1.61	1.48 <i>(based on AUM on 31.03.2014)</i>	0.57 <i>(based on AUM on 31.03.2014)</i>
14.08.2014	Acquisition by Hwang Investment Management Berhad of 100% equity interest in AFFIN Fund Management Berhad from AFFIN Investment Bank Berhad	55.00	5.63	4.23	2.97 <i>(based on AUM on 31.12.2013)</i>	2.23 <i>(based on AUM on 31.12.2013)</i>
23.07.2014	Acquisition by CIMB-Principal Asset Management Company Limited of 100% equity interest in Finansa Asset Management Limited from Finansa Public Company Limited	22.00 <i>(then equivalent to 225 million Thai bahts)</i>	not available	not available	0.62 <i>(based on AUM on 30.06.2014)</i>	not available
04.07.2014	Disposal by Apex Equity Holdings Berhad of 57% equity interest in Apex Investment Services Berhad to various purchasers i.e. Med-Bumikar Mara Sdn Bhd, Clement Chew Kuan Hock, Ng Seng Leong and Law Chee Kheong	11.10	17.21	2.51	not available	not available

Date of agreement	Details of Precedent Transaction	Consideration	Price-to earnings ratio ("PER") <sup>(a)(c)</sup>	Premium-to earnings ratio <sup>(b)(c)</sup>	Price-to-AUM ratio <sup>(b)</sup>	Premium-to-AUM ratio <sup>(b)</sup>
		(RM'million)	(x)	(x)	(%)	(%)
22.01.2014	Acquisition by AFFIN Holdings Berhad of:- (i) 70% equity interest in Hwang Investment Management Berhad from Hwang-DBS (Malaysia) Berhad and Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Almarhum Tuanku Ja'afar; and (ii) 49% equity interest in Asian Islamic Investment Management Sdn Bhd from Hwang-DBS (Malaysia) Berhad	257.93	11.74	9.67	1.81 <i>(based on AUM on 31.01.2013)</i>	1.46 <i>(based on AUM on 31.01.2013)</i>
<b>High</b>			<b>25.02</b>	<b>20.44</b>	<b>4.04</b>	<b>3.30</b>
<b>Average</b>			<b>11.75</b>	<b>6.41</b>	<b>1.93</b>	<b>1.52</b>
<b>Low</b>			<b>4.15</b>	<b>0.02</b>	<b>0.62</b>	<b>0.06</b>
<b>Libra Invest</b> <i>(based on the Provisional Disposal Consideration, PAT, net tangible assets and AUM for the FYE 31 December 2018)</i>			<b>29.47</b>	<b>20.60</b>	<b>0.93</b> <i>(based on AUM on 31.12.2018)</i>	<b>0.65</b> <i>(based on AUM on 31.12.2018)</i>

*(Sources: Bloomberg, Companies Commission of Malaysia, press releases and announcements on Bursa Securities)*

Notes:-

(a) The PER is computed based on:-

- (i) the financial information of the acquiree company as referred to in the announcements; or  
(ii) if item (i) is not available, the latest audited financial statements of the acquiree company prior to the date of agreement.

(b) The premium is based on consideration less net tangible assets of the acquiree company.

(c) For the purpose of computing these multiples, the PAT (where required) is translated based on the middle exchange rate as at 5.00 p.m. sourced from Bank Negara Malaysia's website and to the extent of information available, adjustments are made to exclude one-off income and/or expenses such as write-off / impairment of assets and gain or loss on disposal of assets.

The Provisional Disposal Consideration represents:-

- (i) a PER of 29.47x and a premium-to-earnings multiple of 20.60x, both of which are higher than those implied by the Precedent Transactions; and
- (ii) a price-to AUM ratio of 0.93% and a premium-to-AUM ratio of 0.65%, both of which are within the range of multiples implied by the Precedent Transactions.

### **2.3 Cost of investment**

Libra Invest was acquired by the Company pursuant to the merger between Avenue Capital Resources Berhad and ECM Libra Berhad which was completed on 16 June 2006. Based on the Company's audited financial statements for the FYE 31 December 2018, its cost of investment in Libra Invest is RM12.24 million.

### **2.4 Information on the Purchaser**

Kenanga Investors Berhad was incorporated in Malaysia on 2 August 1995 as a public limited company under the name of Utama SSSB Trust Management Berhad. It changed its name to CMS Trust Management Berhad on 19 June 2000 before assuming its present name on 13 October 2010.

The company is principally engaged in the promotion and management of collective investment schemes and management of investment funds.

As at the LPD, Kenanga Investors Berhad has in issue 13,465,300 ordinary shares and 5,000,000 redeemable preference shares, all of which are held by Kenanga Investment Bank Berhad.

As at the LPD, the directors of Kenanga Investors Berhad are as follows:-

- (i) Datuk Syed Ahmad Alwee Alsee;
- (ii) Syed Zafilen Bin Syed Alwee;
- (iii) Peter John Rayner;
- (iv) Imran Devindran Bin Abdullah; and
- (v) Ismitz Matthew De Alwis.

They do not have any direct and indirect shareholding in the company.

### **2.5 Liabilities to be assumed by the Purchaser**

Save for those as stated in the financial statements of Libra Invest, there are no liabilities (*including any contingent liabilities and guarantees*) to be assumed by the Purchaser.

## 2.6 Proposed utilisation of proceeds

The Provisional Disposal Consideration arising from the Proposed Disposal of RM50.07 million are intended to be utilised as follows:-

<u>Purpose</u>	<u>Estimated timeframe for utilisation from completion of the Proposed Disposal</u>	<u>RM'million</u>	<u>%</u>
Reinvestment into hospitality business <sup>(a)</sup>	Within 36 months	49.63	99.12
Estimated expenses for the Proposed Disposal <sup>(b)</sup>	Within 3 months	0.44	0.88
<b>Total</b>		<b>50.07</b>	<b>100.00</b>

Notes:-

(a) *Majority of the proceeds arising from the Proposed Disposal is intended to be reinvested into the Group's hospitality business. Such reinvestment may be in the form of capital expenditure and/or future investments within the Group's hospitality business. This is in line with the Group's diversification into the hospitality industry as set out in the circular to shareholders of the Company dated 27 November 2017.*

*Further, the Group will from time to time identify and evaluate potential opportunities and/or corporate proposals involving the businesses of the Group which may include acquisitions of strategic investments and/or assets as well as joint ventures or partnerships in the hospitality industry. The proceeds arising from the Proposed Disposal will provide the Group with the necessary funds to capitalise on such opportunities and/or proposals as and when they arise. As at the LPD, the Board has not identified any such investment to be made. In the event that the Group proposes to undertake such investment, an announcement will be made to Bursa Securities in accordance with the provisions of the Listing Requirements and where required, the Company will convene an extraordinary general meeting to seek shareholders' approval.*

*As the actual utilisation of proceeds will depend on the requisite quantum and timing of development and/or future investments as well as the Group's operating needs, the breakdown of proposed utilisation of proceeds cannot be determined at this juncture.*

(b) *This comprises professional fees, fees payable to authorities, printing, advertising and other miscellaneous expenses related to the Proposed Disposal. If the actual expenses are higher than the amount allocated, the deficit will be funded out of amount allocated for reinvestment into hospitality business. On the other hand, if the actual expenses are lower than the amount allocated, the excess will be reallocated towards reinvestment into hospitality business.*

Any excess / (shortfall) of proceeds as a result of the Premium Adjustment and/or Differential NA Adjustment will be adjusted against the allocation for reinvestment into hospitality business.

Pending the utilisation of proceeds for the abovementioned purposes, the proceeds will be placed in interest-bearing deposits with licensed financial institutions and/or short-term money market instruments.

### 3. RATIONALE OF THE PROPOSED DISPOSAL

The Proposed Disposal provides an avenue for ECMLFG to unlock and realise the value of its investment in Libra Invest at an attractive premium. As set out in Section 2.2 of this Announcement, the Provisional Disposal Consideration represents a PER of 29.47x and a premium-to-earnings multiple of 20.60x, both of which is higher than those implied by the Precedent Transactions. Arising from the Proposed Disposal, the Group is expected to recognise a pro forma gain on disposal of RM35.00 million based on the Provisional Disposal Consideration and subject to the Premium Adjustment and Differential NA Adjustment (*before deducting estimated expenses in relation to the Proposed Disposal of RM0.44 million*).

Further, since the FYE 31 January 2013, after the disposal of the Group's investment banking business, the Group has experienced fluctuations in its revenue and earnings, partly due to exposure to fluctuations of the financial markets. This can also be observed in the historical financial performance of Libra Invest for the past 3 financial periods as follows:-

	Audited		11-month financial period ended ("FPE")
	FYE 31 December 2018 (RM'000)	FYE 31 December 2017 (RM'000)	31 December 2016 (RM'000)
Revenue	12,185	14,081	11,210
Profit before tax ("PBT")	2,031	2,584	1,282

On 12 December 2017, the shareholders of ECMLFG have approved the proposed diversification of the Group's business to include hotel ownership and management. The said business diversification is expected to benefit the Group in the following manner:-

- (i) providing a new revenue and earnings stream to mitigate volatility of the Group's financial performance; and
- (ii) apart from deriving the economic benefits from operating the hotels, the Group may also benefit from capital appreciation from long term increase in the property values.

The intended reinvestment of Disposal Consideration into the Group's hospitality business (*see Section 2.6 of this Announcement for further details of proposed utilisation of proceeds*) is in line with and a continuation of the Group's business diversification initiative and accordingly, is expected to also contribute towards the Group's attainment of the abovementioned benefits.

### 4. RISK FACTOR IN RELATION TO THE PROPOSED DISPOSAL

The risk factor in relation to the Proposed Disposal is set out below:-

#### Loss of contribution from Libra Invest

Pursuant to the Proposed Disposal, the control of Libra Invest will be transferred from the Company to the Purchaser. Accordingly, upon the loss of control, Libra Invest will cease to be a subsidiary of ECMLFG and its financials will be deconsolidated from the Group's financial performance and position.

As set out in Sections 2.6 and 3 of this Announcement, the proceeds arising from the Proposed Disposal are intended to be channelled towards growing the Group's hospitality business. However, there is no assurance that the Group will be able to generate the desired return from the hospitality business.

This risk is mitigated by:-

- (i) the Group leveraging upon the “Tune Hotels.Com” franchise’s existing and established hospitality management, operations and support services, infrastructure, branding as well as customer awareness and loyalty;
- (ii) through common interests in certain hotel ownership and operation, the Group is able to leverage upon the expertise of Plato Capital Limited which has experience in investing, developing and monetising overseas hotel properties;
- (iii) the Group developing its own expertise and experience in hospitality management and operations with the benefits of collaboration with “Tune Hotels.Com” franchise owner and the leverage upon the expertise of Plato Capital Limited to develop new hotel brand to expand into different segment of the hospitality business; and
- (iv) the strategic / prime locations of the hotel properties (*in which the Group has interest*) in Malaysia and Australia, both reputed as popular tourist destinations, supported by the respective government’s concerted efforts to improve and encourage tourism.

## 5. EFFECTS OF THE PROPOSED DISPOSAL

### 5.1 Issued share capital and substantial shareholders’ shareholdings

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders’ shareholdings of the Company as it does not involve any issuance of new shares by the Company.

### 5.2 NA, NA per share and gearing

For illustrative purposes, assuming that the Proposed Disposal had been effected at the end of the FYE 31 December 2018, the pro forma effects of the Proposed Disposal on the NA, NA per share and gearing of the Group are as follows:-

	Audited as at 31 December 2018 (RM’000)	Pro forma after the Proposed Disposal (RM’000)
Share capital	107,546	107,546
Retained earnings	64,690	99,250 <sup>(a)</sup>
Other reserves	1,899	1,899
<b>Total equity / NA</b>	<b>174,135</b>	<b>208,695</b>
Borrowings	9,941	9,941
No. of ordinary shares (‘000)	479,926	479,926
NA per share (RM)	0.36	0.43
Gearing (times)	0.06	0.05

Note:-

- (a) After accounting for the pro forma gain arising from the Proposed Disposal of RM35.00 million and the estimated expenses in relation to the Proposed Disposal of RM0.44 million. The pro forma gain on disposal of the entire equity interest in Libra Invest is calculated based on the Provisional Disposal Consideration of RM50.07 million (subject to the Premium Adjustment and Differential NA Adjustment) less the audited NA of Libra Invest as at 31 December 2018 of RM15.07 million, assuming that the Proposed Disposal had been effected at the end of the FYE 31 December 2018.



### 5.3 Earnings and earnings per share (“EPS”)

As the Proposed Disposal is tentatively anticipated to be completed in the 3<sup>rd</sup> quarter of 2019, the Group is expected to recognise a pro forma gain on disposal of approximately RM35.00 million (*before deducting estimated expenses in relation to the Proposed Disposal of RM0.44 million*) for the financial year ending 31 December 2019, computed as the difference between (i) the Provisional Disposal Consideration of RM50.07 million (*subject to the Premium Adjustment and Differential NA Adjustment*) and (ii) the audited NA of Libra Invest as at 31 December 2018 of RM15.07 million.

On the other hand, upon the loss of control, Libra Invest will cease to be a subsidiary of ECMLFG and its financials will be deconsolidated from the Group’s financial performance and position.

For illustrative purposes, assuming that the Proposed Disposal had been effected at the beginning of the FYE 31 December 2018, the pro forma effects of the Proposed Disposal on the earnings and EPS of ECMLFG are as follows:-

	Amount (RM'000)	Basic EPS <sup>(a)</sup> (sen)
PAT attributable to owners of the Company for the FYE 31 December 2018	5,136	1.30
Less: Deconsolidation of PAT of Libra Invest for the FYE 31 December 2018	(1,658)	(0.42)
<b>Pro forma PAT attributable to owners of the Company for the FYE 31 December 2018 before accounting for the one-off pro forma gain arising from the Proposed Disposal and related estimated expenses</b>	<b>3,478</b>	<b>0.88</b>
Add: One-off pro forma gain arising from the Proposed Disposal assuming effected at the beginning of the FYE 31 December 2018 <sup>(b)</sup>	36,658	9.26
Less: Estimated expenses in relation to the Proposed Disposal	(440)	(0.11)
<b>Pro forma PAT attributable to owners of the Company for the FYE 31 December 2018</b>	<b>39,696</b>	<b>10.03</b>

Notes:-

- (a) Computed based on the weighted average number of ECMLFG’s shares in issue of 395,893,952 for the FYE 31 December 2018.
- (b) Assuming that the Proposed Disposal had been effected at the beginning of the FYE 31 December 2018, the pro forma gain arising from the Proposed Disposal is approximately RM36.66 million, calculated based on the Provisional Disposal Consideration of RM50.07 million (subject to the Premium Adjustment and Differential NA Adjustment) less the audited NA of Libra Invest as at 31 December 2017 (and after the impact arising from adoption of Malaysian Financial Reporting Standard 15) of RM13.41 million.

### 5.4 Convertible securities

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

## 6. APPROVALS REQUIRED

The Proposed Disposal is subject to the approvals being obtained from:-

- (i) the shareholders of the Company at an extraordinary general meeting to be convened in relation to the Proposed Disposal;
- (ii) the SC for the sale and purchase of the Sale Shares as it will result in the change in the controller<sup>4</sup> of Libra Invest;
- (iii) the BNM for the purchase of the Sale Shares by the Purchaser; and
- (iv) any other relevant authorities or parties, if required.

The Proposed Disposal is not conditional upon any other corporate exercise being or proposed to be undertaken by the Company.

## 7. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is 32.3%, based on ECMLFG's latest audited consolidated financial statements for the FYE 31 December 2018.

## 8. INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

ECMLFG (*holding company of Libra Invest*) is the vendor in relation to the Proposed Disposal. As at the LPD, the Directors and major shareholders of ECMLFG and persons connected with them and their shareholdings in ECMLFG are as follows:-

Name of Directors	Direct interest		Indirect interest	
	No. of shares	%	No. of shares	%
Dato' Seri Kalimullah bin Masheerul Hassan (Executive Chairman)	66,154,362	13.78	-	-
Lim Kian Onn (Managing Director)	30,569,525	6.37	130,387,186 <sup>(a)</sup>	27.17
Datuk Kamarudin bin Md Ali (Independent Non-Executive Director)	50,000	0.01	-	-
Dato' Othman bin Abdullah (Independent Non-Executive Director)	-	-	-	-
Mahadzir bin Azizan (Independent Non-Executive Director)	-	-	-	-
Gareth Lim Tze Xiang <sup>(b)</sup> (Non-Independent Non-Executive Director)	-	-	-	-

<sup>4</sup> A controller means a person who:-

- (a) is entitled to exercise, or control the exercise of, not less than 15% of the votes attached to the voting shares in the Capital Markets Services Licence ("CMSL") holder;
- (b) has the power to appoint or cause to be appointed a majority of the directors of the CMSL holder; or
- (c) has the power to make or cause to be made, decisions in respect of the business or administration of such CMSL holder, and to give effect to such decisions or cause them to be given effect to.

Notes:-

- (a) *Deemed interest of 27.17% by virtue of his interest in Plato Capital Limited and his interest via Garynma Trust which holds all the shares 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.*
- (b) *Gareth Lim Tze Xiang is a person connected with Lim Kian Onn by virtue of being his son.*

Name of major shareholders	Direct interest		Indirect interest	
	No. of shares	%	No. of shares	%
Dato' Seri Kalimullah bin Masheerul Hassan	66,154,362	13.78	-	-
Lim Kian Onn	30,569,525	6.37	130,387,186 <sup>(a)</sup>	27.17
Truesource Pte Ltd	56,694,973	11.81	-	-
Plato Capital Limited	-	-	56,694,973 <sup>(b)</sup>	11.81
Garynma MY Capital Limited	72,255,050	15.06	-	-
Garynma MY Holdings Limited	-	-	72,255,050 <sup>(c)</sup>	15.06
Julius Baer Trust Company (Singapore) Limited	-	-	72,255,050 <sup>(d)</sup>	15.06
Tune Group Sdn Bhd	110,150,480	22.95	-	-
Tan Sri Dr Anthony Francis Fernandes	-	-	110,150,480 <sup>(e)</sup>	22.95
Datuk Kamarudin bin Meranun	-	-	110,150,480 <sup>(e)</sup>	22.95

Notes:-

- (a) *Deemed interest of 27.17% by virtue of his interest in Plato Capital Limited and his interest via Garynma Trust which holds all the shares 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.*
- (b) *Deemed interest of 11.81% by virtue of Plato Capital Limited, being the holding company of Truesource Pte Ltd pursuant to Section 8(4) of the Act.*
- (c) *Deemed interest of 15.06% by virtue of Garynma MY Holdings Limited, being the holding company of Garynma MY Capital Limited pursuant to Section 8(4) of the Act.*
- (d) *Deemed interest of 15.06% 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.*
- (e) *Deemed interest of 22.95% by virtue of his interest in Tune Group Sdn Bhd pursuant to Section 8(4) of the Act.*

Lim Kian Onn also has indirect interest of less than 5% in Kenanga Investment Bank Berhad (holding company of the Purchaser).

Save as aforementioned, none of the Directors and major shareholders of ECMLFG and/or persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

The Proposed Disposal is not deemed as a related party transaction pursuant to Paragraph 10.08(11)(l) of the Listing Requirements as none of the Directors and major shareholders of ECMLFG and/or persons connected with them has an interest of 10% or more in Kenanga Investment Bank Berhad which owns 100% equity interest in the Purchaser.

## 9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Disposal, including the salient terms of the SPA, the basis and justification for the Disposal Consideration, the rationale and effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company.

**10. ADVISER**

Mercury Securities has been appointed as the Principal Adviser for the Proposed Disposal.

**11. APPLICATION TO THE RELEVANT AUTHORITIES**

Barring any unforeseen circumstances, the application to the relevant authorities in relation to the Proposed Disposal is expected to be made within 1 month from the date of this Announcement.

**12. ESTIMATED TIMEFRAME FOR COMPLETION**

Subject to all required approvals being obtained, the Proposed Disposal is expected to be completed in the 3<sup>rd</sup> quarter of 2019.

**13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Company's registered office at 2nd Floor, West Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur during normal business hours on Mondays to Fridays (*except public holidays*) for a period of 3 months from the date of this Announcement:-

- (i) Constitutions of ECMLFG and Libra Invest;
- (ii) audited consolidated financial statements of ECMLFG for the 11-month FPE 31 December 2016, FYE 31 December 2017 and FYE 31 December 2018;
- (iii) audited financial statements of Libra Invest for the 11-month FPE 31 December 2016, FYE 31 December 2017 and FYE 31 December 2018; and
- (iv) SPA.

This Announcement is dated 28 March 2019.

**1. HISTORY AND BUSINESS**

Libra Invest was incorporated in Malaysia on 27 September 1995 as a public limited company under the name of Allied Unit Trusts Bhd. Subsequently, the company has changed its name to Phileoallied Unit Trust Management Bhd (*on 27 June 1997*), Avenue Unit Trust Management Berhad (*on 22 April 2002*) and Avenue Invest Berhad (*on 6 June 2005*) before assuming its present name on 5 May 2011.

Libra Invest is a fund management company licensed under the CMSA. The company is principally engaged in the management of unit trust funds and the provision of fund management services.

As at 31 December 2018, Libra Invest manages 14 unit trust funds, 3 wholesale funds and privately managed funds with a total fund size of RM5.40 billion investing in, amongst others, equity securities, fixed income securities and/or money market instruments. Its clients include pension funds, public listed companies, state funds, high net worth individuals and retail investors.

**2. SHARE CAPITAL**

As at the LPD, Libra Invest has an issued share capital of RM6,500,000 comprising 6,500,000 ordinary shares.

**3. SOLE SHAREHOLDER**

Libra Invest is a wholly-owned subsidiary of ECMLFG.

**4. DIRECTORS**

As at the LPD, the directors of Libra Invest (*all Malaysians*) are as follows:-

<b>Name</b>	<b>Designation</b>
(i) Datuk Kamarudin bin Md Ali	Independent Non-Executive Chairman
(ii) Khairudin bin Ibrahim	Independent Non-Executive Director
(iii) Mahadzir bin Azizan	Independent Non-Executive Director
(iv) Lee Wei Chung	Executive Director
(v) Ong Lei Hua	Executive Director

They do not have any direct and indirect interest in Libra Invest.

**5. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES**

As at the LPD, Libra Invest does not have any subsidiaries, associated companies and joint ventures.

**6. FINANCIAL INFORMATION**

A summary on the financial information of Libra Invest based on its audited financial statements for the 11-month FPE 31 December 2016, FYE 31 December 2017 and FYE 31 December 2018 are as follows:-

	<b>Audited</b>		
	<b>FYE 31 December 2018 (RM'000)</b>	<b>FYE 31 December 2017 (RM'000)</b>	<b>11-month FPE 31 December 2016 (RM'000)</b>
Revenue	12,185	14,081	11,210
PBT	2,031	2,584	1,282
PAT	1,658	2,124	1,004
Current assets	17,647	14,489	15,847
Current liabilities	4,171	3,143	3,630
Share capital	6,500	6,500	6,500
Total equity / NA	15,067	13,165	14,941
Total borrowings	-	-	-
Number of shares / Weighted average number of shares in issue ('000)	6,500	6,500	6,500
Gross EPS (RM) <sup>(a)</sup>	0.31	0.40	0.20
Net EPS (RM) <sup>(b)</sup>	0.26	0.33	0.15
NA per share (RM)	2.32	2.03	2.30
Current ratio (times)	4.23	4.61	4.37
Gearing (times)	-	-	-

Notes:-

(a) Computed based on PBT divided by weighted average number of shares in issue.

(b) Computed based on PAT divided by weighted average number of shares in issue.

For comparison and analysis purposes only, the results for 11-month FPE 31 December 2016 have been annualised as follows:-

	<b>Annualised results for 11-month FPE 31 December 2016 (RM'000)</b>	<b>11-month FPE 31 December 2016 (RM'000)</b>
	Revenue	12,229
PBT	1,399	1,282
PAT	1,095	1,004

**6.1 Commentary of past performance**

FYE 31 December 2018 vs FYE 31 December 2017

Revenue decreased by 13.42% to RM12.19 million for the FYE 31 December 2018 from RM14.08 million for the FYE 31 December 2017, mainly due to reduction in management fees as a result of lower AUM as well as unfavourable market conditions.

In line with the decrease in revenue cushioned by lower operating costs due to reduction in staff costs, Libra Invest made a lower PBT of RM2.03 million for the FYE 31 December 2018, decreased by 21.32% from a PBT of RM2.58 million for the FYE 31 December 2017.

For the reasons discussed above, Libra Invest's PAT decreased by 21.70% to RM1.66 million for the FYE 31 December 2018 from RM2.12 million for the FYE 31 December 2017.

FYE 31 December 2017 vs 11-month FPE 31 December 2016 (annualised)

Revenue increased by 15.13% to RM14.08 million for the FYE 31 December 2017 from RM12.23 million (*annualised based on the results for the 11-month FPE 31 December 2016*), mainly due to higher portfolio management fee income.

In line with the increase in revenue offset by higher operating costs due to increase in trailer fees and commission expenses, Libra Invest made a higher PBT of RM2.58 million for the FYE 31 December 2017, increased by 84.29% from a PBT of RM1.40 million (*annualised based on the results for the 11-month FPE 31 December 2016*).

For the reasons discussed above, Libra Invest's PAT increased by 92.73% to RM2.12 million for the FYE 31 December 2017 from RM1.10 million (*annualised based on the results for the 11-month FPE 31 December 2016*).

11-month FPE 31 December 2016 (annualised) vs FYE 31 January 2016

Revenue increased by 1.92% to RM12.23 million (*annualised based on the results for the 11-month FPE 31 December 2016*) from RM12.00 million for the FYE 31 January 2016 due to higher portfolio management fee income.

In line with the increase in revenue coupled with lower operating costs due to lower personnel expenses, Libra Invest made a higher PBT of RM1.40 million (*annualised based on the results for the 11-month FPE 31 December 2016*), increased by 483.33% from a PBT of RM0.24 million for the FYE 31 January 2016.

For the reasons discussed above, Libra Invest's PAT increased by 1,471.43% to RM1.10 million (*annualised based on the results for the 11-month FPE 31 December 2016*) from RM0.07 million for the FYE 31 January 2016.

**6.2 Accounting policies and audit qualification**

For the 11-month FPE 31 December 2016, FYE 31 December 2017 and FYE 31 December 2018:-

- (i) there were no accounting policies adopted by Libra Invest which are peculiar to Libra Invest due to the nature of its business or the industry it is involved in, which had effects on the determination of income or financial position of Libra Invest; and
- (ii) Libra Invest's external auditors had not issued any audit qualification on its financial statements.