

## **ECM LIBRA GROUP BERHAD (“ECMLG” OR THE “COMPANY”)**

### **PROPOSED ACQUISITION OF ENTIRE EQUITY INTEREST IN DESARU BEACHFRONT 2 SDN BHD (“DB2SB”) BY ECM LIBRA DESARU SDN BHD (“ECML DESARU”), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF ECMLG (“PROPOSED ACQUISITION OF DB2SB”)**

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*(Unless otherwise stated, all abbreviations used herein shall have the same meaning as those mentioned in the announcement dated 8 September 2023 in relation to the Proposed Acquisition of DB2SB).*

The Board wishes to announce the following additional information as required by Bursa Malaysia Securities Berhad.

#### **Section 1**

- 1. To incorporate a statement whether the DB2SB Land and the land owned by DBPSB mentioned in another announcement dated 8 September 2023 are located next to each other.**

The DB2SB Land and the land owned by DBPSB are not contiguous to each other. They are located approximately 1km away from each other.

#### **Section 2.2**

- 2. To state the net profits / losses and net assets /liabilities of DB2SB based on the latest audited financial statements. To disclose if there will be a change in DB2SB’s board of directors upon completion of the Proposed Acquisition of DB2SB and details of the impending change, if applicable.**

Based on the latest audited financial statements of DB2SB as at 31 December 2022, the net losses were RM383,586 and net assets were RM9,453,595.

Upon completion of the Proposed Acquisition of DB2SB, there will be a change in DB2SB’s board of directors and the directors are to be nominated by ECMLG.

### Section 2.3

3. To disclose other salient terms of the SSA, including the termination clauses and relevant penalty clauses for events of default, if any.

#### TERMINATION BY DDH1SB

3.1 If ECML Desaru:

- (a) has a winding-up petition issued against it or is declared wound-up;
- (b) has a receiver appointed over it;
- (c) fails to pay the balance Purchase Consideration in accordance with the provisions of the SSA; or
- (d) fails, neglects or refuses to comply with or perform any of ECML Desaru's obligations, undertakings and covenants,

DDH1SB may give thirty (30) days' written notice to ECML Desaru to remedy the same. If ECML Desaru shall fail to remedy the default or breach on or before the expiry of the thirty (30) days' notice, DDH1SB may at its discretion terminate the SSA.

3.2 Upon termination under paragraph 3.1 above:

- (a) DDH1SB shall forfeit the deposit together with the interest but less the fees payable to the Purchaser's Solicitors as stakeholder ("**Stakeholder Fees**") as agreed liquidated damages;
- (b) a party shall redeliver or cause to be redelivered to the other party all documents received by the other party;
- (c) the SSA shall have no further force or effect and neither party shall have any further claim whatsoever against the other.

3.3 Notwithstanding paragraph 3.2 above and anything to the contrary contained in the SSA, if ECML Desaru defaults in the performance of its obligations and covenants, DDH1SB shall be entitled to either (i) the agreed liquidated damages in accordance with paragraph 3.2(a) above or (ii) the remedy of specific performance against ECML Desaru.

## **TERMINATION BY ECML DESARU**

### 3.4 If DDH1SB:

- (a) has a winding-up petition issued against it or is declared wound-up;
- (b) has a receiver appointed over it;
- (c) fails to release the Transfer Documents in accordance with the provisions of the SSA; or
- (d) fails, neglects or refuses to comply with or perform any of DDH1SB's obligations, undertakings and covenants,

ECML Desaru may give thirty (30) days' written notice to DDH1SB to remedy the same. If DDH1SB shall fail to remedy the default or breach before the expiry of the thirty (30) days' notice, ECML Desaru may at its discretion terminate the SSA.

### 3.5 Upon termination under paragraph 3.4 above:

- (a) DDH1SB shall refund or procure the Purchaser's Solicitors to refund to ECML Desaru all monies already paid together with the interest but less the Stakeholder Fees to ECML Desaru and shall pay holding cost equivalent to five percent (5%) on the deposit per annum calculated on a day-to-day basis, commencing from the date of the SSA up to the date of ECML Desaru's receipt of the refund as agreed liquidated damages;
- (b) a party shall redeliver or cause to be redelivered to the other party all documents received by the other party;
- (c) DDH1SB shall indemnify ECML Desaru for all losses sustained or suffered and expenses incurred as a result of DDH1SB's default; and
- (d) the SSA shall have no further force or effect and neither party shall have any further claim whatsoever against the other.

### 3.6 Notwithstanding paragraph 3.5 above and anything to the contrary contained in the SSA, if DDH1SB defaults in the performance of its obligations and covenants, ECML Desaru shall be entitled to either (i) the agreed liquidated damages in accordance with paragraph 3.5(a) above or (ii) the remedy of specific performance against DDH1SB.

- 4. To clarify if the 20% deposit paid is refundable or not in the event the Proposed Acquisition of DB2SB is not completed due to non-fulfilment of the conditions precedent or termination due to event(s) of default. To also provide details of the refund (e.g. timeline for refund), if applicable.**

The deposit paid would be refundable to ECML Desaru in the event the Proposed Acquisition of DB2SB is not completed due to non-fulfilment of the conditions precedent or the occurrence of the termination event(s) due to DDH1SB's default as stipulated in paragraph 3.4 above. Please refer to paragraph 3 above for completeness.

#### **Section 2.4**

- 5. To elaborate further on the basis of the Purchase Consideration by disclosing the range of properties prices in the surrounding area and to quote the source of such information as well as the details of the relevant transacted properties / land.**

There have not been many recent publicly disclosed property transactions in the immediate vicinity of the acquired property but based on publicly available information obtained via Brickz Research Sdn Bhd, a 5-acre plot of leasehold land in Desaru (PT 8356, Jalan Pantai 3) recently traded in August 2022 for approximately RM9.5 million.

It is, however, important to note that the basis of the Purchase Consideration was determined on a willing-buyer / willing-seller basis and the investment decision primarily on potential returns available to the Group upon completion of the development. Whilst comparable transactions provide a reference point, the investment decision took into account, amongst others, the attractiveness of the Desaru Coast as a tourist and leisure destination, strategic objectives of the Group in expanding its Malaysia property portfolio and the significant operational expertise present within the Group in assessing trading performance and potential returns of the asset upon completion.

#### **Section 3**

- 6. Given that the objective of the Proposed Acquisition of DB2SB is to acquire the DB2SB Land, please clarify the rationale for the Company to acquire the entire equity interest in DB2SB instead of a direct acquisition of the DB2SB Land from DB2SB.**

The acquisition framework took into consideration both the objectives of the seller and the Group as buyer. Fundamentally, the acquisition of the entire equity interest in DB2SB does not prejudice the Group's ability to realise its development objectives.

## **Sections 6.2 and 6.3**

- 7. To explain why the Proposed Acquisition of DB2SB is not expected to have any material effects on the net assets per share and earnings per share of the ECM group of companies given that DB2SB will be an indirect wholly-owned subsidiary of ECM upon completion.**

The DB2SB Land is currently vacant and does not, in its current state, present significant revenue and/or cost impact to the Group. As such, until development commences, there is not expected to be a material effect on the net assets per share and earnings per share of the Group.

This announcement is dated 14 September 2023.