

EKOVEST BERHAD (“EB” or “COMPANY”)

- **PROPOSED PROVISION OF FINANCIAL ASSISTANCE IN FAVOUR OF MCC LAND (TMK) PTE. LTD., A 29%-OWNED JOINT VENTURE COMPANY OF EKOVEST DEVELOPMENT (S) PTE. LTD., WHICH IN TURN IS A WHOLLY-OWNED SUBSIDIARY OF EKOVEST BERHAD**

Unless otherwise stated, the exchange rate that has been used for the purpose of this announcement is SGD1.00 : RM3.11, being the middle rate quoted by BNM as at 5.00 p.m., 24 August 2021, being the latest practicable date prior to the announcement

1. INTRODUCTION

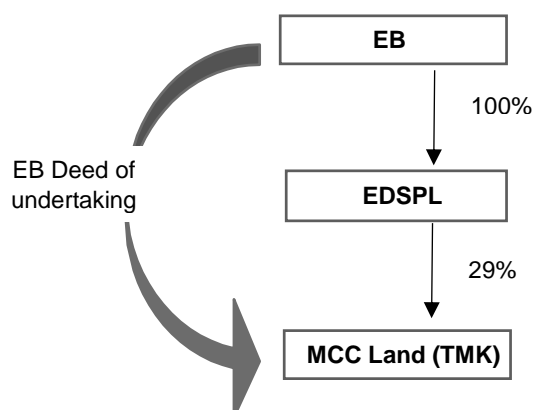
The Board of Directors of EB wishes to announce that the Company is proposing to provide financial assistance to MCC Land (TMK) Pte. Ltd. (“**MCC Land (TMK)**”), a 29%-owned joint venture company of Ekovest Development (S) Pte. Ltd. (“**EDSPL**”), which in turn is a wholly-owned subsidiary of the Company, in the form of deed of undertaking for banking facilities obtained by MCC Land (TMK) from licensed financial institutions based in Singapore (“**Proposed Provision of Financial Assistance**”). As part of the conditions for the banking facilities offered by the financial institution, each ultimate shareholder in MCC Land (TMK) is to provide a deed of undertaking based on the following:-

- (a) both MCC Land (Singapore) Pte. Ltd. and The Place Holdings Limited (being the ultimate shareholder of Sky Vision Management Pte. Ltd.) to jointly and severally provide a deed of undertaking; and
- (b) EB to execute a deed of undertaking in proportion to their indirect equity interest in MCC Land (TMK) (“**EB Deed of Undertaking**”).

For information purposes, on 30 December 2020, EDSPL had entered into a Shareholders’ Agreement with MCC Land (Singapore) Pte. Ltd. and Sky Vision Management Pte. Ltd. for the development of a 99-year lease site measuring 8,880 square metres located at Lot 11220N of Mukim 27 situated at Tanah Merah Kechil, Singapore (“**Land Parcel**”) for a mixed-use development comprising residential flats with carpark, communal facilities and a commercial component at first storey with basement (“**TMK Development**”).

Please refer to Section 2 of this announcement for the details of the banking facilities and salient terms of the EB Deed of Undertaking.

The Proposed Provision of Financial Assistance is illustrated in the diagram as follows:-



The EB Deed of Undertaking is deemed to be a provision of financial assistance pursuant to Paragraph 8.23(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

Further to the above, as the Proposed Provision of Financial Assistance is to a joint venture company of EB (via EDSPL) and that the estimated total quantum of the Proposed Provision of Financial Assistance under the EB Deed of Undertaking is up to Singapore Dollars Seventy Seven Million Two Hundred and Seventy Nine Thousand and Two Hundred (SGD77,279,200) (equivalent to approximately RM240,338,312.00) and is more than 5% of the net tangible asset ("**NTA**") of EB based on its latest audited consolidated financial statements for the financial year ending ("**FYE**") 30 June 2020, the Company is required to issue a circular to its shareholders and seek its shareholders' approval in a general meeting pursuant to Paragraph 8.23(2)(c) of the Listing Requirements.

2. DETAILS OF THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE

2.1 DETAILS ON THE FACILITIES TO BE OBTAINED BY MCC LAND (TMK)

The total aggregate principal amount of the facilities obtained by MCC Land (TMK) is up to Singapore Dollars Two Hundred and Sixty Six Million Four Hundred and Eighty Thousand (SGD266,480,000) and to ensure that MCC Land (TMK) has access to the required funding for the TMK Development project in the following manner:-

No.	Utilisation	Amount (SGD)
1.	Term loan facility to part finance the purchase price of the Land Parcel (" Land Loan ")	186,800,000
2.	Term loan facility to part finance the differential premium payable for the TMK Development	7,700,000
3.	Revolving credit facility to finance up to SGD50.55 million of the total construction cost for the TMK Development	50,550,000
4.	Bridging facility to finance 100% of the GST to be incurred for the purchase of the Land Parcel	17,430,000
5.	Banker guarantee to be issued to relevant authorities for the TMK Development	4,000,000
	Total	266,480,000

(collectively referred to as "**Banking Facilities**")

Further to the above, pursuant to Paragraph 8.23(2)(c) of the Listing Requirements, as the Proposed Provision of Financial Assistance is to the joint venture company of EB (via EDSPL) and that the estimated total quantum of the Proposed Provision of Financial Assistance constitutes approximately 9.72% of the NTA of EB based on its latest audited consolidated financial statements for the FYE 30 June 2020, the Company is required to issue a circular to its shareholders and seek its shareholders' approval in a general meeting.

Any additional form of financial assistance to be provided by EB in excess of the quantum specified under the Proposed Provision of Financial Assistance may require a separate approval from the Company's shareholders, as and when required.

2.2 SALIENT TERMS OF EB DEED OF UNDERTAKING

By way of continuing security for the payment and discharge of the Banking Facilities and for the performance of all the other obligations of the MCC (TMK) ("**Borrower**"), EB will irrevocably and unconditionally covenants and undertakes to the security agent that:

- a) EB will complete or ensure completion of the TMK Development in accordance with the project consents, the development plans and the construction schedule and EB will, on demand by the security agent, provide the Borrower with such funding up to its proportion as may be necessary for the purposes above;
- b) EB will provide the Borrower with funding up to its proportion to meet the portion of the development costs which is not financed by the Banking Facilities, such funding to be provided at any time and from time to time on demand by the security agent, when such development costs are incurred and payable and remain unfunded;
- c) EB will provide funding up to its proportion for any cost overrun which remains unfunded at any time and from time to time on demand by the security agent when any cost overrun is determined by the facility agent in its absolute discretion to have arisen;
- d) EB will provide the Borrower with funding up to its proportion to meet any cashflow deficiency and/or funding shortfall in respect of the TMK Development, such funding to be provided at any time and from time to time on demand by the facility agent when such deficiency or shortfall is determined by the facility agent in its absolute discretion to have occurred and remains unfunded;
- e) EB will ensure, either by way of loan or equity or both, that the Borrower has sufficient funds to enable the Borrower to pay any amount when due in respect of the financing and to procure that the Borrower will duly perform and comply with all such payment obligations in accordance with the terms of the finance documents and, if for any reason the Borrower does not make payment of any such sums payable by the Borrower under the finance documents, it will within ten (10) business days of demand by the facility agent pay to the facility agent such sums and in the manner specified in the relevant finance documents, provided that the amount recoverable from EB shall not exceed its proportion of the outstanding Banking Facilities;
- f) If at any time, the ratio of the Land Loan outstanding at that time, to the prevailing open market value of the Land Parcel as stated in the most current valuation report ("**Security Margin (LL)**") shall exceed seventy five percent (75%) or if, on and after commencement of construction of the TMK Development project, the ratio of all Banking Facilities outstanding at that time, to the security value ("**Security Margin (Facilities)**") shall exceed eighty percent (80%), EB will, if the Borrower fails to comply with provisions under the facility agreement, within thirty (30) days of demand by the facility agent or such longer period as the financial institutions may specify in their absolute discretion:
 - (i) provide or procure to be provided further security, up to its proportion, (including cash deposits) acceptable to the financial institutions; and/or
 - (ii) reduce the outstanding Banking Facilities or pay to the security agent the sum required up to its proportion for the reduction of that Banking Facilities to be credited to an account charged to the security agent and the security

agent is authorised to withdraw and apply the said sum towards reduction of the relevant Banking Facilities;

so that the Security Margin (LL) shall not exceed seventy five percent (75%) or the Security Margin (Facilities) shall not exceed eighty percent (80%).

- g) In the case where further security is provided under (f) above, EB will execute and deliver and/or procure the execution and delivery to the security agent for the benefit of the financial institutions of such security documents as the security agent may from time to time require.

3. INFORMATION ON MCC LAND (TMK)

MCC Land (TMK) was incorporated in Singapore on 4 December 2020. As at the LPD, the issued share capital of MCC Land (TMK) is SGD4,000,000 comprising 4,000,000 ordinary shares. The principal activity of MCC Land (TMK) is real estate developer activity.

The directors of MCC Land (TMK) are Lim Chen Herng, Zhang Wei, Chen Xiaodong and Liu Yaqin.

The shareholders and their shareholdings in MCC Land (TMK) as at the LPD are as follows:-

Name of Shareholder	No of Shares	%
MCC Land (Singapore) Pte. Ltd.	2,040,000	51.0
EDSPL	1,160,000	29.0
Sky Vision Management Pte. Ltd.	800,000	20.0
Total	4,000,000	100.0

As at the LPD, MCC Land (TMK) does not have any subsidiary or associate company.

As MCC Land (TMK) has just been incorporated on 4 December 2020, there is no audited accounts prepared for its FYE 31 December 2020.

4. INFORMATION ON THE TMK DEVELOPMENT

MCC Land (TMK) had on 10 February 2021 entered into a Building Agreement with the President of the Republic of Singapore for the Land Parcel for a lease term of ninety-nine (99) years in consideration of Singapore Dollars Two Hundred and Forty-Eight Million Nine Hundred and Ninety Thousand (SGD248,990,000.00) paid by way of premium.

The Land Parcel is situated in a well-matured district and nestled in the blossoming region in the East of Singapore, facing the low-rise landed house to enjoy the unblock sea view. It is opposite to the Tanah Merah MRT Station, which is situated on the Green Line and is directly connected to Pasir Ris in the east and Jurong East in the west. It is only 1 stop to Bedok Central and 2 stops to Changi Airport and also directly linked to City Hall MRT in the city. The Land Parcel is also close to two major expressways in the PIE and ECP, which is connected to anywhere in the Singapore island.

The TMK Development is expected to consist of 280 residential units and 1 storey of commercial component measuring approximately 2,000 meter square with a total expected gross development value of Singapore Dollars Four Hundred and Eighty Seven million (SGD487,000,000.00).

5. RATIONALE FOR THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE

The Proposed Provision of Financial Assistance is to facilitate MCC Land (TMK) to obtain the required funding which is to finance the acquisition of the Land Parcel and to finance the TMK Development. The availability of expedient funding would help to avoid unnecessary delays for MCC Land (TMK) to complete the Land Parcel acquisition and also to ensure that the TMK Development can commence work immediately.

The Proposed Provision of Financial Assistance is preferred as compared to raising the equity capital of MCC Land (TMK) after considering the following factors:-

- i. The Proposed Provision of Financial Assistance would facilitate MCC Land (TMK) to access external financing to immediately commence the TMK Development and put its business on stream without requiring its shareholders to inject additional equity, of which may require a substantial amount of time and effort in order for each of the shareholders to raise sufficient funding on its own in an expedient manner;
- ii. The EB Deed of Undertaking is provided as security for MCC Land (TMK), its associate company, to secure banking facilities for MCC Land (TMK) to complete the Land Parcel Acquisition and to carry out the TMK Development; and
- iii. The Proposed Provision of Financial Assistance is in proportion to the shareholding of EDSPL in MCC Land (TMK), which is deemed as fair and reasonable.

6. RISK FACTORS

The EB Group is principally involved in construction, property development and infrastructure concession in Malaysia. The EB Group (via EDSPL) is embarking on its maiden property development project overseas, namely in Singapore. Notwithstanding the above, the risk factors relating to the Proposed Provision of Financial Assistance include, but not limited to, the following:-

Risk of default by MCC Land (TMK)

The EB Deed of Undertaking may be called upon or claimed by the aforesaid financial institutions in any event of default by MCC Land (TMK) in respect of the Banking Facilities, which as a consequence, EB will be required to fulfill its obligations under the EB Deed of Undertaking, up to the proportion of EDSPL shareholding in MCC Land (TMK), to the aforesaid financial institutions. As such, in the event the EB Deed of Undertakings are called upon, it may have an adverse impact on the financial position of EB Group.

Nevertheless, the Group will continuously monitor the progress of the TMK Development and the cash flows of MCC Land (TMK) to ensure that it is able to meet its obligations to the financial institutions.

7. EFFECTS OF THE PROPOSED PROVISION OF FINANCIAL ASSISTANCE

The Proposed Provision of Financial Assistance will not have any effect on the issued share capital and substantial shareholders' shareholding of EB. In addition, the Proposed Provision of Financial Assistance will not have any material effect on the consolidated NA, gearing and earnings of EB for the FYE 30 June 2021.

Notwithstanding the above, in the event MCC Land (TMK) does not meet its obligations to the financial institutions, EB will be required to assume its obligations under the EB Deed of Undertaking.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Provision of Financial Assistance pursuant to Paragraph 10.02(g) of the Listing Requirements is 9.72%, computed based on the quantum of the Proposed Provision of Financial Assistance over the consolidated NA of EB based on its latest audited consolidated financial statements for the FYE 30 June 2020.

9. APPROVALS REQUIRED

The Proposed Provision of Financial Assistance is subject to the following approvals being obtained:-

- a) the approval of shareholders of EB being obtained at the forthcoming EGM of the Company;
- b) the approval of Bank Negara Malaysia for financial guarantee issued by resident to non-resident; and
- c) any other relevant authorities and/or parties, if required.

The Proposed Provision of Financial Assistance is not conditional upon any other corporate exercises undertaken or to be undertaken by the Company.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors and/ or major shareholders of EB and/ or persons connected to them have any interest, whether direct or indirect, in the Proposed Provision of Financial Assistance.

11. DIRECTORS' RECOMMENDATION

The Board, after taking into consideration all the relevant aspects of the Proposed Provision of Financial Assistance including but not limited to the rationale and effects of the Proposed Provision of Financial Assistance, is of the opinion that the Proposed Provision of Financial Assistance is fair and reasonable and is in the best interest of the Company and not detrimental to the Company and its shareholders.

12. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Board expects the EB Deed of Undertaking to subsist throughout the tenure of the Banking Facilities or until the full repayment of the Banking Facilities, in accordance with the terms and conditions of such Banking Facilities.

This announcement is dated 25 August 2021.