

EKOVEST BERHAD (“EKOVEST” OR THE “COMPANY”)

- (I) PROPOSED ACQUISITION OF 20 PARCELS OF FREEHOLD DEVELOPMENT LAND IN MUKIM OF PULAI, DISTRICT OF JOHOR BAHRU, STATE OF JOHOR, MEASURING APPROXIMATELY 38.96 HECTARES OR 96.27 ACRES IN AGGREGATE BY TIMUR TERANG SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, FROM ISKANDAR WATERFRONT HOLDINGS SDN BHD FOR A TOTAL PURCHASE CONSIDERATION OF APPROXIMATELY RM944.62 MILLION TO BE SATISFIED THROUGH THE ISSUANCE OF 911,323,376 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES IN EKOVEST (“ICPS”) AT AN ISSUE PRICE OF RM0.85 PER ICPS AND RM170.00 MILLION IN CASH; AND

- (II) PROPOSED AMENDMENTS TO THE CONSTITUTION OF EKOVEST

(COLLECTIVELY REFERRED TO AS “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of Ekovest (“**Board**”), MIDF Amanah Investment Bank Berhad (“**MIDF Investment**”) and Astramina Advisory Sdn Bhd (“**Astramina Advisory**”) wish to announce that Timur Terang Sdn Bhd (“**TTSB**”), a wholly-owned subsidiary of Ekovest, had on 5 April 2021, entered into the following agreements:

- (i) a conditional sale and purchase agreement with Iskandar Waterfront Holdings Sdn Bhd (“**IWH**”) and Ekovest to acquire 17 parcels of freehold development land held under Title Nos. HSD 459 to HSD 475, Lot Nos. 3742 to 3758, all in the Mukim of Pulau, District of Johor Bahru, State of Johor, measuring approximately 32.49 hectares or 80.28 acres in aggregate (“**Lands 1**”) from IWH for a total purchase consideration of approximately RM785.21 million (“**Purchase Consideration 1**”) which will be satisfied in the following manner:
- (a) approximately RM774.62 million through the issuance of 911,323,376 ICPS at an issue price of RM0.85 per ICPS; and
- (b) approximately RM10.59 million in cash,
- (“**SPA 1**”) (“**Proposed Acquisition 1**”); and
- (ii) a conditional sale and purchase agreement with IWH to acquire 3 parcels of freehold development land held under Title Nos. GRN 90574, GRN 90575 and GM 1424, Lot Nos. 728, 729 and 4354 respectively, all in the Mukim of Pulau, District of Johor Bahru, State of Johor, measuring approximately 6.47 hectares or 15.99 acres in aggregate (“**Lands 2**”) from IWH for a total purchase consideration of approximately RM159.41 million (“**Purchase Consideration 2**”) which will be fully satisfied in cash (“**SPA 2**”) (“**Proposed Acquisition 2**”),

(The Lands 1 and Lands 2, the Purchase Consideration 1 and Purchase Consideration 2, the SPA 1 and SPA 2, as well as the Proposed Acquisition 1 and Proposed Acquisition 2 shall hereinafter be collectively referred to as the “**Lands**”, the “**Total Purchase Consideration**”, the “**SPAs**” and the “**Proposed Acquisitions**” respectively).

In order to facilitate the issuance of the ICPS pursuant to the Proposed Acquisition 1, the Company also proposes to amend and/or include certain clauses in the existing Constitution of the Company (“**Proposed Amendments**”).

In view of the interest of the Interested Directors and Interested Major Shareholders (as defined in Section 9 of this Announcement), the Proposed Acquisitions are related party transactions pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). Accordingly, BDO Capital Consultants Sdn Bhd has been appointed as the independent adviser ("**Independent Adviser**") to advise the non-interested directors and non-interested shareholders of the Company on the Proposed Acquisitions.

Further details on the Proposals, including the salient terms of the ICPS are set out in the ensuing sections of this Announcement.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Acquisitions

The Proposed Acquisitions entail the acquisition of the Lands by TTSB from IWH for a total purchase consideration of RM944,624,870, subject to the terms and conditions of the SPAs.

Pursuant to the SPAs, TTSB shall purchase the Lands free from all encumbrances and with vacant possession, subject to the following:

- (i) all restrictions in interest and conditions of title, whether express or implied, affecting the Lands; and
- (ii) the payment by the Proprietors (as defined below) of the costs for the conversion of the land use category(ies) of the Lands, in such manner as may be determined and prescribed by TTSB, further details of which are set out in Section 2(i) of Appendix I of this Announcement.

A summary of the purchase consideration and the mode of settlement under each of the SPAs is set out below:

SPAs	Lands	Land area			Purchase consideration ⁽¹⁾ (RM)	Mode of settlement	
		Hectares	Acres	Sq ft*		ICPS ⁽²⁾ (RM)	Cash ⁽³⁾ (RM)
SPA 1	Lands 1	32.49	80.28	3,496,821	785,211,786	774,624,870	10,586,916
SPA 2	Lands 2	6.47	15.99	696,660	159,413,084	-	159,413,084
		38.96	96.27	4,193,481	944,624,870	774,624,870	170,000,000

Notes:

* Stands for square feet.

(1) The Total Purchase Consideration, which is equivalent to approximately RM225 per sq ft, is subject to the adjustments as set out in Section 2 of Appendix I of this Announcement.

(2) In accordance with the terms and conditions of SPA 1, 911,323,376 ICPS will be issued at an issue price of RM0.85 per ICPS ("**Issue Price**") and allotted to IWH or its nominee(s) on the 21st business day from the date the SPA 1 becomes unconditional or such other extended date as the parties to the SPA 1 may mutually agree upon in writing ("**Completion Date**").

(3) The cash consideration will be paid on the Completion Date. For the avoidance of doubt, the Completion Date of SPA 2 carries the same meaning as the Completion Date of SPA 1.

Further details on the salient terms of the SPAs are set out in Appendix I of this Announcement whereas further details on the Lands are set out in Section 3 of this Announcement.

For information purposes, IWH had on 21 November 2019 entered into separate conditional sale and purchase agreements with Strait Bay Sdn Bhd ("**SBSB**") and Empomas Holdings Sdn Bhd ("**Empomas**") (collectively, the "**Proprietors**") (as amended by their respective supplemental agreements dated 10 January 2020 and 5 April 2021) (collectively, the "**IWH SPAs**") whereby IWH had agreed to purchase and SBSB and Empomas had agreed to sell the Lands 1 and Lands 2 respectively, for a total purchase price of RM944,624,870 in accordance with the terms and conditions contained therein. However, as at the date of the signing of the SPAs, the IWH SPAs have not been completed as the conditions precedent therein have not been fully met. Notwithstanding these, under the terms of the IWH SPAs, IWH is entitled to sell the Lands prior to the completion of the IWH SPAs and the Proprietors have agreed to effect the registration of the titles to the Lands to IWH or its nominee(s), including any of its subsequent purchaser.

2.1.1 Basis and justification of arriving at the Total Purchase Consideration, Issue Price and conversion price of the ICPS

(i) Total Purchase Consideration

The Total Purchase Consideration, which is equivalent to approximately RM225 per sq ft, was arrived at after taking into consideration the following:

- (a) the market value of the Lands of approximately RM996.65 million or approximately RM238 per sq ft as appraised by Raine & Horne International Zaki + Partners Sdn Bhd ("**Raine & Horne**" or the "**Valuer**") vide its valuation certificate dated 10 March 2021 ("**Valuation Certificate**"); and
- (b) the prospects and development potential of the Lands as described in Sections 5.3 and 5.4 of this Announcement respectively.

The Company had appointed the Valuer to undertake an independent valuation on the Lands and the Valuer had vide its Valuation Certificate ascribed a market value of approximately RM996.65 million or approximately RM238 per sq ft for the Lands on 10 March 2021 using the comparison method. The comparison method involves comparing the Lands with similar properties that were recently transacted in comparable localities. In comparing properties, due consideration was given to factors such as differences in time, location, size, tenure, zoning and other relevant factors to arrive at the opinion of value. For information purpose, a planning approval was granted by Majlis Bandaraya Johor Bahru under reference number MBBJ/U/2016/63/KBM/PS/81 dated 5 July 2017 for the Master Plan of Danga Bay Phase II Development in which the Lands are part of and approved for commercial use. However, the said master plan is still at a preliminary stage with no detailed development components (i.e. types and size of properties to be built). In view of the absence of an approved detailed development plan, the Valuer did not adopt any other method of valuation in arriving at its opinion of the market value of the Lands.

The Total Purchase Consideration of the Lands of approximately RM944.62 million (or approximately RM225 per sq ft) represents an aggregate discount of approximately RM52.03 million or 5.22% to the aggregate market value of the Lands of approximately RM996.65 million (or approximately RM238 per sq ft) as ascribed by the Valuer.

For information purposes, as part of the Company's internal evaluation, the Company had also appointed Nawawi Tie Leung Property Consultants Sdn Bhd ("**NTL**") to conduct a market research and feasibility study on the Lands including the development potential of the Lands. A summary of NTL's market research and feasibility study of the Lands is set out in Section 5.4 of this Announcement.

(ii) **Issue Price and conversion price of the ICPS**

The Issue Price of the ICPS has been fixed at RM0.85 per ICPS, which represents the following:

- (a) a premium of approximately 71.89% over the 5-day volume weighted average market price (“**VWAP**”) of the ordinary shares of Ekovest (“**Ekovest Shares**” or “**Shares**”) up to and including the full trading day of Ekovest Shares on 2 April 2021 prior to the signing of SPA 1 (“**LTD**”) of RM0.4945 per Share.

The Issue Price also represents a premium over the following VWAP of Ekovest Shares:

	VWAP	Premium over VWAP
	(RM)	(%)
1-month VWAP up to and including LTD	0.4962	71.30
3-month VWAP up to and including LTD	0.4758	78.65
6-month VWAP up to and including LTD	0.5053	68.22

(Source: Bloomberg)

- (b) a discount of approximately 8.60% to the latest audited and unaudited consolidated net assets (“**NA**”) per Ekovest Share of RM0.93 as at 30 June 2020 and 31 December 2020.

Each ICPS shall be convertible into 1 new Ekovest Share (“**Conversion Share**”). As such, a total of 911,323,376 new Ekovest Shares will be issued upon full conversion of the ICPS.

Based on the Issue Price and conversion ratio of the ICPS, the implied conversion price is RM0.85 (“**Implied Conversion Price**”) for each Conversion Share, which also represents a premium of approximately 71.89% over the 5-day VWAP of Ekovest Shares up to and including LTD of RM0.4945 per Share and a discount of 8.60% to the latest audited and unaudited consolidated NA per Ekovest Share of RM0.93 as at 30 June 2020 and 31 December 2020 respectively.

The Issue Price and the Implied Conversion Price were arrived at after taking into consideration the following:

- (a) the prevailing market price of Ekovest Shares;
- (b) the rationale for and benefit of the Proposed Acquisitions as set out in Section 4.1 of this Announcement.

For the avoidance of doubt, no consideration will be payable by the ICPS holder(s) upon conversion of the ICPS. The salient terms of the ICPS are set out in Appendix II of this Announcement.

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Having considered the above, the Board is of the view that the Total Purchase Consideration of approximately RM944.62 million, the Issue Price of RM0.85 per ICPS and the Implied Conversion Price of RM0.85 per Conversion Share are deemed reasonable premised on the following:

- (aa) the Total Purchase Consideration of the Lands represents an aggregate discount of approximately RM52.03 million or 5.22% to the aggregate market value of the Lands of approximately RM996.65 million as appraised by the Valuer;
- (bb) the Issue Price and the Implied Conversion Price represent a premium of approximately 71.89% over the 5-day VWAP of Ekovest Shares up to and including LTD of RM0.4945 per Share;
- (cc) the Issue Price and the Implied Conversion Price also represent a premium over the historical closing prices of Ekovest Shares for the past 12 months up to LTD which ranged between RM0.39 and RM0.61;
- (dd) the rationale for and benefits of the Proposed Acquisitions as detailed in Section 4.1 of this Announcement, which includes the prospects and development potential of the Lands as set out in Sections 5.3 and 5.4 of this Announcement respectively;
- (ee) the ability for the Company to limit the cash portion of the Total Purchase Consideration to 18.00% of the Total Purchase Consideration and settle the remaining 82.00% through the issuance of ICPS; and
- (ff) pursuant to the terms of the SPA 1, IWH or its nominee(s) will only be allowed to convert:
 - 50% of the ICPS at any time from the date the ICPS are issued ("**ICPS Issue Date**") up to the maturity date of the ICPS; and
 - in respect of the remaining 50% of the ICPS, up to 10% of the total ICPS for each subsequent anniversaries commencing from the 5th anniversary of the ICPS Issue Date at any time from such year up to the maturity date of the ICPS,

("Staggered Conversion"). The Staggered Conversion of the ICPS would allow the Company to spread out the dilutive effects to its consolidated earnings per Share ("**EPS**") and NA per Share over a period of 10 years to commensurate with the long gestation/development period for Lands 1.

2.1.2 Source of funding

The cash portion of the Total Purchase Consideration of RM170.00 million will be funded via internal funds and/or bank borrowings, the breakdown has yet to be determined.

2.1.3 Ranking of the ICPS and the Conversion Shares

The ICPS shall, upon allotment and issuance, rank equally among themselves in all respects and rank in priority to the holders of the Ekovest Shares and all other classes of shares (if any) in the Company in respect of payment out of the assets of the Company upon any liquidation, dissolution or winding-up of the Company. However, the ICPS shall rank subordinated to all of the Company's creditors in respect of payment of debt and payment out of the assets of the Company upon any liquidation, dissolution or winding-up of the Company.

The Conversion Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Ekovest Shares, save and except that the Conversion Shares will not be entitled to any dividend, right, allotment and/or other distribution which may be declared, made or paid prior to the date of allotment of the Conversion Shares.

2.1.4 Listing status of the ICPS and the Conversion Shares

The ICPS will not be listed nor quoted on the Main Market of Bursa Securities or any other stock exchange. However, an application will be made to Bursa Securities for the listing and quotation of the Conversion Shares on the Main Market of Bursa Securities.

2.1.5 Information on IWH

IWH was incorporated in Malaysia under the Companies Act 1965 on 27 August 2003 as a company limited by shares under the name of Danga Bay Holdings Sdn Bhd and is deemed registered under the Companies Act 2016 ("**Act**"). On 12 May 2011, IWH assumed its present name. The principal activity of IWH is investment holding under the Public-Private-Partnership (PPP) model which key subsidiaries are master developers focusing on urban and economic corridor developments.

As at 26 March 2021, being the latest practicable date prior to the date of this Announcement ("**LPD**"), the issued share capital of IWH is RM1,520,635,154.78 comprising 53,721,108 ordinary shares and 483,489,966 redeemable convertible preference shares ("**RCPS**").

As at LPD, the ordinary shareholders and directors of IWH and their respective ordinary shareholdings in IWH are as follows:

Name	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares	%	No. of ordinary shares	%
Shareholders				
Credence Resources Sdn Bhd (" CRSB ") ⁽¹⁾	33,914,041	63.13	-	-
Kumpulan Prasarana Rakyat Johor Sdn Bhd (" KPRJ ") ⁽²⁾	19,807,066	36.87	-	-
Chow E-Va	1	*	-	-

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Name	<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares	%	No. of ordinary shares	%
Directors				
Tan Sri Dato' Lim Kang Hoo ("TSDLKH")	-	-	33,914,041	⁽³⁾ 63.13
Dato' Lim Hoe ("DLH")	-	-	-	-
Tan Sri Datuk Seri Lim Keng Cheng ("TSDSLKC")	-	-	-	-
Lim Chen Heng	-	-	-	-
Dato' Hj. Mohd Noorazam Bin Dato' Hj. Osman	-	-	-	-
Nor Azleena Binti Abdul Rahman	-	-	-	-
Dato' Avinderjit Singh A/L Harjit Singh	-	-	-	-

Notes:

* Less than 0.005%.

(1) The shareholders of CRSB are TSDLKH (90%), DLH (5%) and TSDSLKC (5%).

(2) KPRJ is wholly-owned by the State Government of Johor.

(3) Deemed interested by virtue of his interest in CRSB pursuant to Section 8 of the Act.

As at LPD, the holders of the RCPS are as follows:

Name	No. of RCPS	%
CRSB	305,226,375	63.13
KPRJ	178,263,591	36.87

2.1.6 Liabilities to be assumed by the Company

There is no liability, including any contingent liability or guarantee, to be assumed by the Company arising from the Proposed Acquisitions.

2.1.7 Additional financial commitment required

Save for the future development costs for the Lands which cannot be ascertained at this juncture, the Board does not foresee any additional financial commitment arising from the Proposed Acquisitions.

2.1.8 Original costs and dates of investment of the Lands

The original costs and dates of investment of the Lands by IWH and the Proprietors are set out in Section 3 of this Announcement.

2.2 Proposed Amendments

The Proposed Amendments entail amendments to the Constitution of the Company to facilitate the issuance of the ICPS pursuant to the Proposed Acquisition 1.

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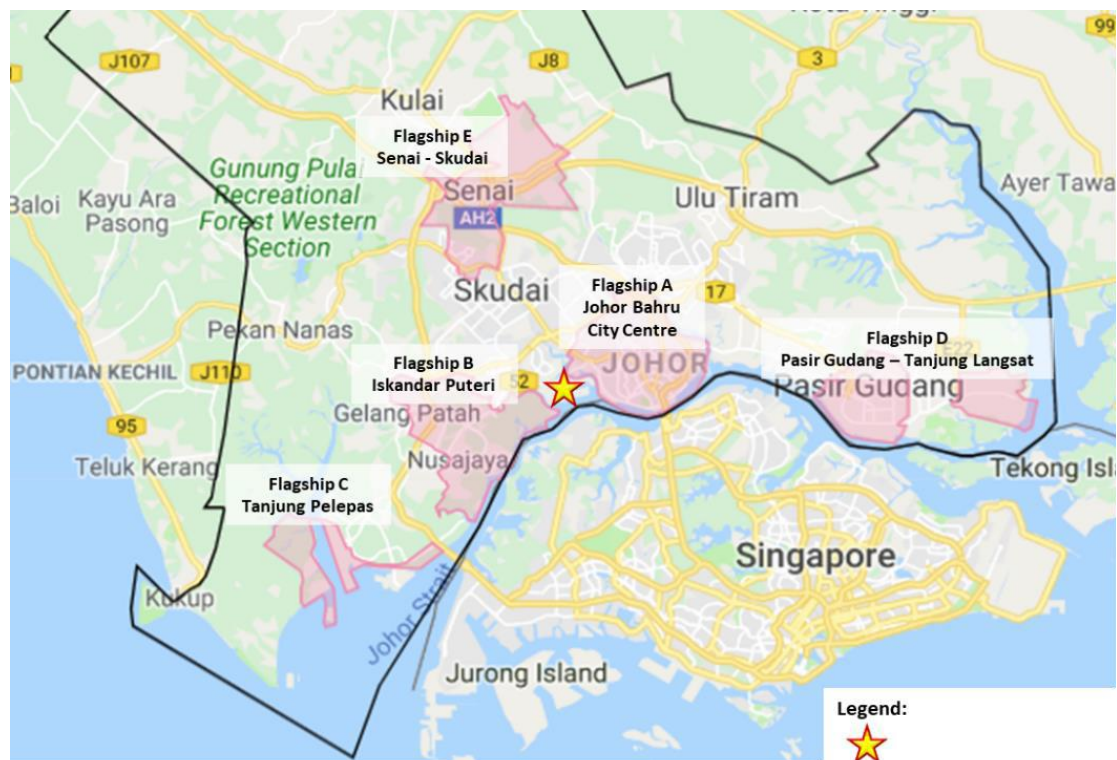
3. INFORMATION ON THE LANDS

The Lands, comprising 20 parcels of freehold land with a total area of approximately 38.96 hectares or 96.27 acres, are located in the Mukim of Pulai, District of Johor Bahru, State of Johor. The Lands which are generally flat to undulating in physical terrain with some low-lying areas, are located within Kampung Tanjung Danga which is easily accessible from the Johor Bahru city centre via Skudai Highway, onto Lebuhraya Sultan Iskandar (*also known as Coastal Highway*) and onto Jalan Sungai Temon Asli via the 2nd exit.

The Lands are strategically located between Johor Bahru city centre and Iskandar Puteri (*formerly known as Nusajaya*), both of which are within Iskandar Malaysia, and are highly accessible and connected with major highways via Lebuhraya Sultan Iskandar, a toll-free highway that connects the Lands to the Johor Bahru city centre and Iskandar Puteri. These major highways are the North-South Highway, Second Link Expressway, Malaysia-Singapore Second Link Expressway, Pasir Gudang Highway, Eastern Dispersal Link Expressway (EDL), Jalan Bertingkat Skudai, Jalan Tun Abdul Razak, Lebuhraya Sultan Iskandar, Senai-Desaru Expressway, Skudai-Pontian Highway and Jalan Besar.

The Lands are also located about 12 kilometres (“km”) to the northwest of the Johor Causeway and about 25 km to the northeast of the Second Link Expressway. Further, Senai International Airport (*formerly known as Sultan Ismail International Airport*) is about 30 minutes’ drive northward from the Lands.

The location map of the Lands is set out below:



Developments within 5 km of the Lands are predominantly mixed residential and commercial. Currently, the only residential development adjacent to the Lands is Taman Laguna, a 77-acre residential scheme. Taman Laguna was completed in 2015 and comprises about 500 landed properties most of which are double storey terraced houses, and a high-rise tower known as ‘Laguna Heights’. Other established townships that can also be found within the vicinity are Bukit Indah, Taman Perling and Taman Sutera, all of which are predominantly landed developments with a few towers of medium cost apartments. Unlike Taman Laguna, commercial activities in these townships are anchored by shopping malls including AEON mall at Bukit Indah, Perling Mall at Taman Perling and Sutera Mall at Taman Sutera.

More high-end developments can be found towards Iskandar Puteri such as Horizon Hill, East Ledang, Ledang Heights and Leisure Farm, which predominantly comprise landed houses and have been homes to some international buyers. Separately, high-end and high-rise developments are generally scattered across Medini and Puteri Harbour.

Iskandar Malaysia was established in 2006 with the objective of transforming southern Johor into an international metropolis and was set to become a regional theme park hub in the country to boost tourism in Malaysia. One of the major international attractions namely Legoland Malaysia Theme Park is located about 15 km from the Lands. Legoland Malaysia Theme Park began its operations in 2012 on a 76-acre site in Medini and is the 1st international theme park in Iskandar Malaysia and the 1st Legoland theme park in Asia.

EduCity, an education hub in Iskandar Puteri with a population of about 4,000 students, is also located 15 km away from the Lands. EduCity offers international and tertiary education from several renowned schools as well as colleges/universities including, among others, Newcastle University Medicine Malaysia (NUMed), University of Southampton, Raffles University Iskandar, Raffles American School, Netherlands Maritime Institute of Technology and Multimedia University. In addition, Bandar Seri Alam, also known as the 'City of Knowledge' is located about 26 km from the Lands. With the presence of several local and international schools and higher learning institutions such as UiTM, UniKL, Masterskill University College of Health Sciences, Excelsior International School, UniWorld International School and Japanese School, this township has a population of more than 20,000 students. A public university, Universiti Teknologi Malaysia (UTM) in Skudai with an estimated 18,000 students, is also located 17 km from the Lands.

*(Sources: Valuation Certificate and Market Research and Feasibility Study for the Lands prepared by NTL dated 1 October 2019 and 4 March 2021 ("**Market Feasibility Report**")*

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Further details on the Lands are as follows:

Particulars	Lands 1	Lands 2																																																																																																				
Identification/postal address (with provisional land area)	17 contiguous parcels of freehold development land in the Mukim of Pulai, District of Johor Bahru, State of Johor bearing the following details:	3 parcels of freehold development land in the Mukim of Pulai, District of Johor Bahru, State of Johor bearing the following details:																																																																																																				
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Title No.	Lot No.	Land area																																																																																																				
		Hectares	Acres																																																																																																			
GRN 90574	728	1.8686	4.6173																																																																																																			
GRN 90575	729	1.8064	4.4638																																																																																																			
GM 1424	4354	2.7970	6.9120																																																																																																			
Total		6.4720	15.9931																																																																																																			
Tenure	Freehold	Freehold																																																																																																				
Registered/Beneficial owner	SBSB ⁽¹⁾	Empomas ⁽¹⁾																																																																																																				
Category of land use	Nil ⁽²⁾⁽³⁾	Nil, except for Lot 4354 which is categorised as agriculture use ⁽²⁾⁽³⁾																																																																																																				
Existing use	Vacant, except for the following: <ul style="list-style-type: none">Lot 3749 which has 4 container cabins situated on it; andLot 3752 which has a semi-permanent building erected on it which is used as parking space for heavy vehicles	Vacant, except for 3 semi-permanent buildings erected on Lot 4354 which are used as parking space for heavy vehicles and other construction materials																																																																																																				
Proposed use/ Development potential	The Lands are intended for mixed development which will consist of different phases of development for residential and commercial properties ⁽³⁾	The Lands are intended for mixed development which will consist of different phases of development for residential and commercial properties ⁽³⁾																																																																																																				

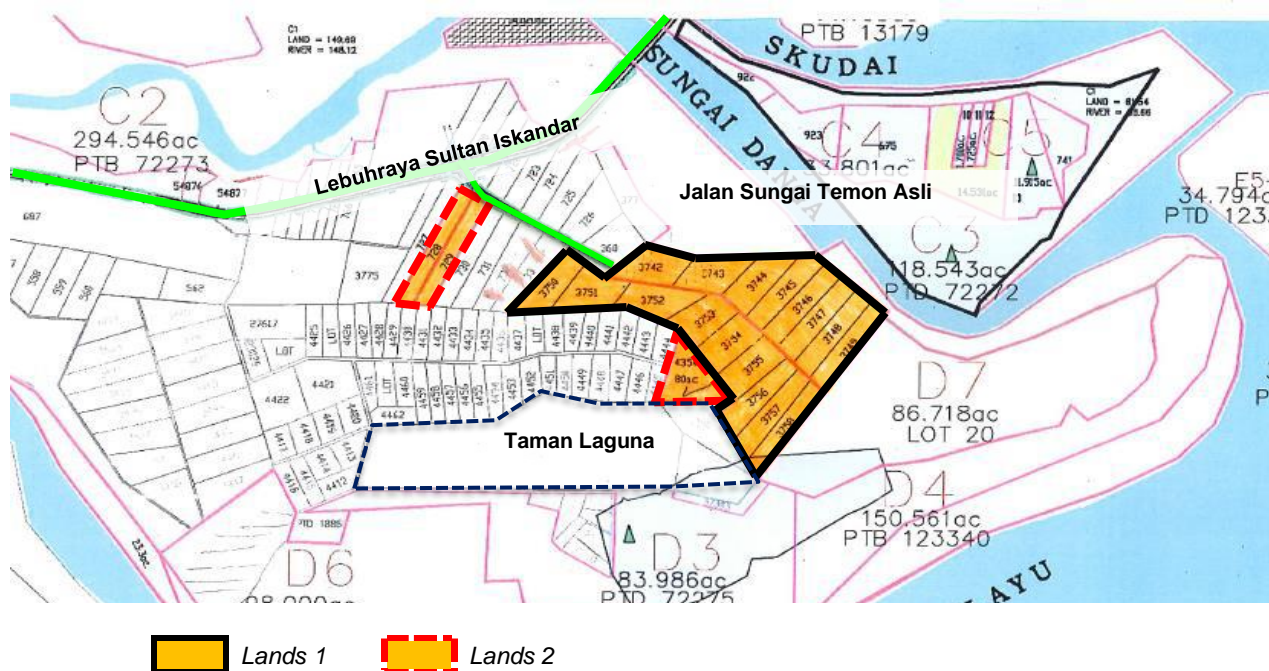
Particulars	Lands 1	Lands 2
Express condition	Nil	Nil, except for Lot 4354 which bears the following conditions: <ul style="list-style-type: none"> this land should be planted with coconut plants; and the landlord of this land shall at all times take measures to preserve this land from erosion according to the instruction required by the Land Administrator
Restriction-in-interest	Nil	Nil
Encumbrances	Charged to Public Bank Berhad vide presentation no. 80699/2008 dated 10 October 2008	Nil
Endorsement	Compulsory acquisition of approximately 2.15 hectares by the relevant authorities	Compulsory acquisition of approximately 0.39 hectares by the relevant authorities
Audited net book value	RM29,321,798 as at 30 September 2019	RM7,397,380 as at 30 September 2019
Date of valuation	10 March 2021	10 March 2021
Market value	RM996,650,000	
Date of investment	21 November 2019	21 November 2019
Original cost of investment	RM785,211,786 ⁽⁴⁾	RM159,413,084 ⁽⁴⁾

(Source: Valuation Certificate)

Notes:

- (1) IWH had on 21 November 2019 entered into the IWH SPAs with the Proprietors to acquire Lands 1 and Lands 2 from them based on the terms and conditions contained therein. As at the date of this Announcement, the IWH SPAs have not been completed as the conditions precedent therein have not been fully met. As such, the Proprietors remain the legal and beneficial owners of the Lands. However, under the terms of the IWH SPAs, IWH is entitled to sell the Lands prior to the completion of the IWH SPAs and the Proprietors have agreed to effect the registration of the titles to the Lands to IWH or its nominee(s), including any of its subsequent purchaser.
- (2) According to the Local Planning Guidelines of Johor Bahru & Kulai 2025 (Draf Perancangan Tempatan Daerah Johor Bahru & Kulai 2025), it was revealed that the Lands are designated for commercial use.
- (3) For information purpose, a planning approval was granted by Majlis Bandaraya Johor Bahru under reference number MBBJ/U/2016/63/KBM/PS/81 dated 5 July 2017 for the Master Plan of Danga Bay Phase II Development in which the Lands are part of and approved for commercial use. However, the said master plan is still at a preliminary stage with no detailed development components (i.e. types and sizes of properties to be built).
- (4) Pursuant to the IWH SPAs, IWH had purchased the Lands 1 and Lands 2 from SBSB and Empomas respectively, at a total purchase price of RM944,624,870. For information purposes, the cost of investment of the Lands 1 and Lands 2 to SBSB and Empomas are RM28,455,000 and RM7,144,459 respectively. The date of investment of Lands 1 by SBSB is on 22 March 2007 whereas the dates of investment of Lands 2 by Empomas are on 20 August 2008 (for Lot 728 and Lot 729) and on 8 November 2008 (for Lot 4354).

For shareholders' information, the exact locations of the Lands within Kampung Tanjung Danga are depicted as follows:



(Source: Market Feasibility Report)

As at the date of this Announcement, neither the Proprietors, IWH nor TTSB has submitted any detailed layout plan for the development of the Lands. Accordingly, it is still too preliminary for TTSB to determine the details of the development of the Lands, expected commencement and completion dates for the development of the Lands, estimated gross development value and development costs, as well as the source of funding to finance the development costs of the Lands at this juncture.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSALS

4.1 Proposed Acquisitions

As at LPD, the Company and its subsidiaries ("**Group**") have total land bank of approximately 233 acres spreading across Kuala Lumpur (34 acres), Johor Bahru, Johor (62 acres), Kuantan, Pahang (12 acres) and Port Dickson, Negeri Sembilan (125 acres). The Proposed Acquisitions will allow the Group to expand its land bank from approximately 233 acres to approximately 329 acres and increase its presence in Iskandar Malaysia, being one of the nation's 3 main economic regions.

Over the past 10 years, Iskandar Malaysia has successfully attracted international investments in various sectors including manufacturing, real estate, education as well as tourism, all of which have not only created more job opportunities in the region but also transformed Johor Bahru into a more vibrant city today. The incoming catalytic infrastructure projects in Johor are expected to further spur investments in Iskandar Malaysia and these include (i) the proposed Johor-Bahru-Singapore Rapid Transit System ("**RTS**"), which will connect the Woodlands North station in Singapore with Bukit Chagar in Johor Bahru; and (ii) the proposed Bus Rapid Transit ("**BRT**") system, which consists of 10 lines and nearly 250 stations and stops that are expected to cover 90% of the transportation needs of the Johoreans. Apart from improving the connectivity of the state and the economy of Johor, these public transportation projects would also attract both local and foreign tourists to the region.

Notwithstanding the soft property market in Johor and Malaysia, the Board is of the view that the Proposed Acquisitions come at an opportune time given the development progress of Iskandar Malaysia and the prospects of the Lands (as set out in Section 5.3 of this Announcement). The Board also recognises that the Proposed Acquisitions are in line with the strategic plans of the Group to establish a strong and dominant presence in all the key growth corridors in Malaysia. The Lands are therefore a potentially valuable addition to the land bank of the Group due to its strategic location and sizeable acreage which would enable the Group to showcase its construction and development expertise in undertaking large scale development projects. This in turn would place the Group on a better footing to grow its property development business.

Furthermore, after taking into consideration NTL's favourable outlook on the potential development of the Lands in its Market Feasibility Report, the summary of which is set out in Section 5.4 of this Announcement, the Board also believes that the Proposed Acquisitions will augur well for the Group and the future development of the Lands is expected to contribute positively to the Group's future earnings in the medium-to-long term and deliver sustainable growth to the Group if the development components on the Lands are planned properly.

In addition to the above, in view of the scale and magnitude of the Proposed Acquisitions (in particular for Lands 1), the Company is proposing to issue the ICPS to satisfy 82.00% of the Total Purchase Consideration. This will enable the Group to minimise its cash outflow for the Proposed Acquisitions to RM170.00 million. Furthermore, the Staggered Conversion of the ICPS would allow the Company to spread out the dilutive effects to its consolidated EPS and NA per Share over a period of 10 years to commensurate with the long gestation/development period for Lands 1. In this regard, the Board is hopeful the future development profits arising from the development of the Lands would help cushion the dilutive effects arising from the conversion of the ICPS.

For information purpose, should the Company opt to settle a larger portion/the entire Total Purchase Consideration in cash, it would be required to either fund the same using bank borrowings or proceeds to be raised from equity funding. Obtaining additional bank borrowings at this juncture would expose the Group to additional interest expense and increase its holding cost for the Lands.

On the other hand, equity fund raising exercises would typically require a larger discount to the prevailing trading price of Ekovest Shares being accorded and hence, the Company would be required to issue more securities to raise the requisite funding. This would lead to a larger dilution to EPS, NA per Share as well as the shareholdings of the shareholders of the Company who do not participate in the equity fund raising exercise, as opposed to the issuance of the ICPS at a premium of approximately 71.89% over the 5-day VWAP of Ekovest Shares up to and including LTD of RM0.4945 per Share.

(Source: Management of the Company)

4.2 Proposed Amendments

The Proposed Amendments are meant to facilitate the issuance of the ICPS pursuant to the Proposed Acquisition 1, which include the incorporation of new articles to set out the rights attached to the ICPS.

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5. OVERVIEW AND PROPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020:+18.2%).

Domestic demand recorded a decline of 4.4% in the fourth quarter of 2020 (3Q2020: -3.3%), mainly due to the subdued private consumption and public investment activities. Net exports grew by 12.4% (3Q2020: 21.9%), with continued expansion in manufactured exports. Private consumption contracted by 3.4% (3Q 2020: -2.1%). Household spending was subdued amid continued weakness in income and employment conditions during the quarter. Spending was also affected by tighter movement restrictions in related states. Nevertheless, the decline in physical spending was partly mitigated by the continued acceleration in online spending. During the quarter, consumer expenditure also remained supported by various stimulus measures including EPF i-Lestari withdrawals, the continued support to affected borrowers under the Targeted Repayment Assistance (TRA) and lower passenger car sales tax.

Public consumption continued to expand, albeit at a more moderate pace of 2.7% in the fourth quarter of 2020 (3Q 2020: 6.9%), supported by spending in emoluments. Gross fixed capital formation (GFCF) contracted further by 11.9% (3Q 2020: -11.6%), as capital spending from both private and public sectors remained relatively weak. By type of asset, investment in structures contracted by 13.1% (3Q 2020: -12.9) while investment in machinery & equipment (M&E) declined by 9.0% during the quarter (3Q 2020:-8.3%).

Private investment recorded a smaller decline of 7.0% (3Q 2020: -9.3%), mainly supported by continued capital spending in existing projects, particularly in the export-oriented industries. Public investment registered a larger decline of 19.8% (3Q 2020: -18.6%). This reflects lower spending on fixed assets by the general government and weaker demand in most sectors which continued to weigh on capital spending by public corporations.

The services sector registered a larger contraction of 4.9% in the fourth quarter of 2020 (3Q 2020: -4.0%), as tighter restrictions on mobility and stricter standard operating procedures (SOPs) affected domestic-oriented activities. The restrictions (e.g. shorter operating hours) and weak sentiments adversely impacted spending, particularly on recreational activity and non-essential retail goods, which in turn weighed on activity in the wholesale and retail trade subsector. This was partially offset by continued growth in the motor vehicle segment. In addition, the weakness in tourism activity amid continued closure of international borders weighed on key sub-sectors, such as food and beverage, accommodation as well as transport and storage. Meanwhile, finance and insurance continued to grow amid sustained loan and deposit growth. Growth in the information and communication sub-sector also improved, amid higher demand for data communication services, particularly broadband. The agriculture sector contracted further by 0.7% (3Q 2020: -0.5%). This was due mainly to weak oil palm output as labour shortages continued to affect harvesting activities, while deteriorating weather conditions towards the end of the year led to operational constraints in production. Growth was also weighed by the continued weaknesses in the rubber, fisheries, forestry and logging subsectors, which partially offset the continued expansion in the livestock and other agriculture subsectors.

The construction sector registered a larger contraction (-13.9%; 3Q 2020: -12.4%). Labour shortages, site shutdowns due to COVID-19 outbreaks and interruptions in progress of selected work packages have affected growth, particularly in the civil engineering and residential sub sectors. The special trade sub sector, however, continued to register positive growth following support from small-scale projects under the PRIHATIN stimulus package.

The mining sector contracted further by 10.6% (3Q 2020: -6.8%). Both crude oil and natural gas production were lower during the quarter, attributed mainly to several facility closures for maintenance purposes.

The manufacturing sector expanded by 3.0% (3Q 20: 3.3%), as robust E&E production more than offset lower activity in the consumer cluster. The strong performance in the E&E sub-sector was supported by sustained global demand for semiconductors components, which has led to a global shortage. This has resulted in a build-up of order backlogs among Malaysian producers which are highly integrated in the global value chain. The positive growth in E&E was partially offset by the weakness in consumer-cluster. In particular, the refining and manufacture of palm-oil related products was affected by disruptions in the agriculture sector amid labour shortages. Several consumer-clusters, such as food and beverages, tobacco, and textiles subsectors, were affected by weaker demand due to the re-imposition of CMCO.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), was slightly lower at -1.5% during the quarter (3Q 2020: -1.4%). This was mainly due to lower inflation for rental and communication services respectively as well as the larger annual decline in retail fuel prices. These were partly offset by higher inflation in other categories, in particular, transport services and food. The lower inflation for communication services followed the lapse in the base effect of higher fixed telephone line call charges introduced in 2019. The lower rental inflation reflects weak demand for housing as income remained weak, as well as the new work arrangements and border closures. Retail fuel prices declined at an annual rate of 19.2% in the fourth quarter (-18.8% in 3Q 2020) although they were relatively stable on a quarterly basis. Following the lower inflation for communication services and rental, core inflation moderated to 0.8% during the quarter (3Q 2020: 1.0%).

For Malaysia, the momentum in economic recovery was affected by the resurgence in COVID-19 cases and the introduction of targeted containment measures in several states in the fourth quarter. While there were minimal restrictions on production capacity, the movement restrictions implemented in selected states partly affected domestic demand during the quarter. For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine rollout from February onwards is also expected to lift sentiments. The balance of risks remains tilted to the downside, stemming mainly from ongoing uncertainties surrounding the dynamics of the pandemic and potential challenges that might affect the rollout of vaccines both globally and domestically.

The average headline inflation was negative at -1.2% in 2020 due mainly to the substantially lower global oil prices. For 2021, headline inflation is projected to average higher, primarily due to higher global oil prices. Underlying inflation, as measured by core inflation, is expected to remain subdued amid continued spare capacity in the economy. The outlook, however, is subject to global oil and commodity price developments.

(Source: Economic and Financial Developments in the Malaysian Economy in 4Q 2020, Bank Negara Malaysia)

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5.2 Overview and outlook of the property market in Malaysia

The Malaysian property market performance recorded a sharp decline in the first half of 2020 (H1 2020) compared to the same period last year (H1 2019). The property sector recorded 115,476 transactions worth RM46.94 billion in H1 2020, a decrease by 27.9% in volume and 31.5% in value compared to H1 2019, which recorded 160,165 transactions worth RM68.53 billion. The residential sub-sector led the overall property market with 65.2% contribution, followed by the agriculture sub-sector with 20.1% share. In terms of value, residential took the lead with 54.6% share, followed by commercial (18.1%).

Residential property

There were 75,318 transactions worth RM25.61 billion recorded in H1 2020, declining 24.6% in volume and 26.1% in value compared to H1 2019. Performance across the states was less than encouraging as all states recorded declines in market activity. Selangor contributed the highest volume and value to the national market share, with 22.8% in volume (17,178 transactions) and 32.9% in value (RM8.44 billion).

In the primary market, the number of new launches in H1 2020 were far behind those recorded in H1 2019. A total of 13,294 units were launched, down by 43.6% against 23,591 units in H1 2019. Against the preceding half year, the launches were lower by 31.6% (H2 2019: 19,444 units).

The residential overhang continued to increase due to slow market absorption of the primary market. There were 31,661 overhang units worth RM20.03 billion, increased by 3.3% in volume (H2 2019: 30,664 units) and 6.4% in value against the preceding half year (H2 2019: RM18.82 billion).

Construction activities remained on a low tone for starts and new planned supply whilst completed units increased slightly. Starts and new planned supply declined by 28.3% to 33,493 units (H1 2019: 46,735 units) and 34.1% to 24,098 units (H1 2019: 36,578 units) respectively. Completion recorded a marginal increase of 0.9% to 27,529 units compared to H1 2019 (27,277 units).

Commercial property

There were 8,118 transactions worth RM8.51 billion recorded, declining by 37.4% in volume and 33.2% in value (H1 2019: 12,962 transactions worth RM12.75 billion). Performance across the states slumped as all states recorded significant declines in market activity. Selangor contributed the highest volume and value to the national market share, with 23.0% in volume (1,870 transactions) and 28.2% in value (RM2.4 billion), while WP Kuala Lumpur came in second in terms of value, with 1,212 transactions worth RM2.09 billion.

The serviced apartment segment, which falls under commercial property albeit its usage as residential, recorded 1,433 transactions worth RM0.97 billion, forming 17.7% of the commercial property transactions volume and 11.5% of the total value. Mirroring the trend of the residential sub-sector, its market performance recorded a decrease of 7 24.2% in volume (H1 2019: 1,891 transactions) and 25.3% in value of transactions (H1 2019: RM1.30 billion).

Serviced apartment overhang continued to increase, accumulating a total of 21,683 units with a value of RM18.64 billion, up by 26.5% in volume and 23.9% in value (H2 2019: 17,142 units worth RM15.04 billion). Meanwhile, the number of unsold under construction and unsold not constructed increased to 35,720 units and 10,874 units, up by 5.6% and 42.0% respectively. On the supply front, construction activity in the serviced apartment segment was less active in H1 2020. Completion, starts and new planned supply declined by 73.6% (4,393 units), 48.5% (11,224 units) and 42.5% (5,489 units) respectively.

The performance of shopping complex softened, accomplishing an overall occupancy rate of 78.6%, decreasing slightly from 79.2% in H2 2019. WP Kuala Lumpur and Selangor recorded 82.4% and 80.0% occupancy rate respectively, followed by Johor (78.1%) and Pulau Pinang (73.3%).

The overall performance of purpose-built offices remained stable at 80.6% in the review period (H2 2019: 80.6%). The occupancy rate for private purpose-built offices moderated at 74.3%, declined further from 74.8% recorded in H2 2019. WP Kuala Lumpur and Pulau Pinang secured higher occupancy rates at 75.8% and 78.6% respectively; whereas Selangor and Johor logged in lower than the national rate at 69.8% and 65.0% each.

Outlook

The property market performance recorded a sharp decline in the first half of 2020 (H1 2020), in consonance with the Malaysian economic performance, which contracted by 17.1% in Q2 2020 (Q1 2020: 0.7%). According to Bank Negara Malaysia, the Malaysian economy is expected to recover gradually in H2 2020 as the economy progressively re-opens and external demand improves. The Malaysia's GDP is projected to experience negative growth within the range of - 3.5% to -5.5% in 2020 before rebounding to pre-Covid levels in 2021.

Further assistance from the government, initiated under the new Short-term Economic Recovery Plan or PENJANA namely the proposed reintroduction of the Home Ownership Campaign (HOC), Real Property Gains Tax (RPGT) exemption and the relaxation of the current 70% financing margin limit for third housing loan onwards.

Despite the cautious optimism towards the nation's projected gradual economic recovery, with the resumption of market activity under the Recovery Movement Control Order (RMCO) and the proposed measures under PENJANA, the property market is more than likely to remain soft for the remaining half of 2020. The pace of improvement will be depending on both domestic and external factors such as political stability, global oil and commodity prices as well as further developments related to the Covid-19 pandemic.

(Source: Press release dated 22 September 2020 - "Malaysian Property Market 1H 2020", Valuation and Property Services Department, Ministry of Finance Malaysia)

5.3 Prospects of the Lands

The Lands are strategically located within the Johor Bahru Waterfront development overlooking Singapore and skyline of the Johor Bahru city centre. The Lands which are located in between the 2 commercial hubs of Iskandar Malaysia (i.e. Johor Bahru city centre and Iskandar Puteri) are also highly accessible given their connectivity to 11 major highways and the ongoing developments of public transportations surrounding the Lands including the Iskandar Malaysia BRT and the proposed RTS.

The BRT which is scheduled to be operational by 2022, is expected to improve the overall public transportation network in Iskandar Malaysia. The BRT is expected to enhance connectivity to about 90% of Iskandar Malaysia (including the Lands) and alleviate current transportation issues such as congestion, lack of and irregular bus services and long waiting period. On the other hand, the proposed RTS, which has commenced construction works in November 2020, is expected to contribute to a more efficient cross-border connectivity between Johor and Singapore. These public transportation plans which were drawn up by the State Government of Johor will enhance the attractiveness of Johor Bahru as an office hub and potentially attract relocations from Singapore to Johor. Given the Lands' close proximity of about 13 km to Johor Bahru downtown and the available tax incentives given by i2M Ventures Sdn Bhd, a subsidiary of Khazanah Nasional Berhad to promote Iskandar Puteri as the destination for global business services, the Lands also have the potential of attracting occupiers who are seeking prime, newer and better quality office space at the fringe of central business district.

Notwithstanding the current oversupply of residential properties in Iskandar Malaysia, the Lands are still attractive for residential developments as tenants and investors look beyond the 2 commercial hubs of Iskandar Malaysia (i.e. Johor Bahru city centre and Iskandar Puteri) in search for affordable homes and residential properties away from the hustle and bustle of the city centres. Residential development on the Lands, if reasonably priced, would also attract first-home buyers and home upgraders as well as foreign buyers from the Malaysia My Second Home (MM2H) programme.

In recent years, the increasing aging population in Singapore has contributed to a higher demand for aged care services and wellness centres in Iskandar Malaysia, mainly due to cheaper cost and its close proximity to Singapore. The State Government of Johor also aims to double Johor's share of the nation's medical tourist arrivals by improving the quality of medical services and facilities at competitive pricing to attract more medical tourists particularly from Singapore, Indonesia and the Philippines. The Lands would therefore stand to benefit from the growing healthcare industry in the region as the availability of medical centres will enhance the liveability of the area and thus attracting potential house buyers.

Given the close proximity to tourist attractions such as the Legoland Malaysia Theme Park and Puteri Harbour, the Lands would also be able to leverage on the growth prospects of the tourism segment. Demand for skilled workforce is also expected to increase and would result in higher demand for higher learning institutions as Iskandar Malaysia's economy continues to grow with more investments being realised. The locational advantage of the Lands being a half-hour drive away from Johor Bahru and Singapore is also poised to gain from any educational developments as well as from potential students to Iskandar Malaysia.

Premised on the above, the Group may consider developing a mixed development that would encompass an integrated urban mixed-use scheme and the Group will carefully select the type of property products to be built that corresponds to the demands and needs of end purchasers with the hope of enhancing or improving the overall attraction and success of the future development on the Lands. As such, the Company is optimistic of the future development potential of the Lands which in turn is expected to improve the Group's revenue and profit from the property development segment as well as the Group's future overall financial performance in the medium-to-long term.

(Source: Management of the Company)

5.4 Executive summary of the Market Feasibility Report

According to NTL, demand for residential from first home buyers and young couples are expected to continue, however, less so from homeowners seeking to upgrade. The Johor property market, which also places heavy reliance on foreign buyers, is estimated to continue to be in oversupply state in the short term. Given the marginal growth of 0.8% year-on-year for the Johor House Price Index as at 3Q 2020, NTL expects house prices to remain stunted in the coming years, depending on the recovery period of the COVID-19 outbreak.

Across the nation, office occupancy decreased to 74.0% in 3Q 2020 as compared to 75.4% in Q3 2019 mainly due to limited take up on new office buildings. However, the average office occupancy rate in Johor increased marginally at 64.8% in Q3 2020 as opposed to 64.7% during the same period in 2019 despite the increase of 0.88 million sq ft in supply, generating an aggregate supply of 13.9 million sq ft purpose built office (PBO) in the state. In view that business closures were largely by small and medium enterprises which typically occupy shop offices, NTL opines that there was minimal impact on the performance of the office market. However, with increased remote working for some business sectors and additional supply of office space, NTL expects vacancy rates to increase in the short-term.

Retail occupancy in Johor also decreased to 74.9% as at Q3 2020, compared to 76.7% a year before, with slower take-up on new spaces potentially driven by halted expansion plans from retailers in light of the COVID-19 pandemic. As recovery for the sector remain uncertain, the challenge remains for mall operators to retain tenants and attract visitors to avoid a further increase in vacancy rate once the economy resumes as per usual.

The COVID-19 pandemic has also curbed tourism activities in the country and subsequently paralysed the hotel sector. Tourist arrivals dropped significantly by 78.6% from January 2020 to September 2020 as national borders were closed. During the period, Malaysia recorded a total of 4.30 million arrivals as compared to 20.11 million arrivals in the same period in 2019. Hotels are now solely relying on domestic tourism activity to continue staying afloat, with many hotel operators shifting towards more innovative use of their space in response to the current market condition.

On a positive note, the Gemas-Johor Bahru Electrified Double-Tracking Project ("**EDTP**") is expected to be completed by October 2022 which would eventually connect Johor to most west coast cities in Peninsular Malaysia. The EDTP is an ongoing project to replace the current single-track rail line with a double-track by laying electrical cabling along a 192-km stretch of track between Johor Bahru and Gemas. This will increase the train capacity and allow the Electric Train Service (ETS) to travel at a higher speed of 140 km per hour.

The RTS which will connect the Woodlands North station in Singapore with Bukit Chagar in Johor Bahru, was also reported to have commenced construction works in November 2020. From the Woodlands North station in Singapore, existing Mass Rapid Transit (MRT) in Singapore will connect the station to most parts of the city state. The RTS is targeted to begin operations in end 2026 and is highly anticipated by the people of Johor, especially those working in Singapore.

NTL is of the view that the various infrastructure projects in Johor could potentially stimulate real estate activities within the region. Among others, the RTS is expected to have the most impact on the Lands premised on its close proximity. Located at just 10 km away, Bukit Chagar Station is reachable within a 10-minute drive and could potentially be one of the major demand drivers for the proposed developments at the Lands.

Premised on the above, NTL opines that the Lands could still potentially be planned as an integrated urban mixed-use scheme with 5 distinct districts namely Riverside Precinct, Healing Village, Lifestyle District, Living Quarter and Leisure Zone while encompassing live, work, learn, heal and leisure activities. The Lands could be developed to include components such as low-to mid-rise residential, office space, retail, hotel, medical and rehabilitation centre, retirement village and higher learning institution.

NTL has recommended a total GFA for the proposed recommended development components on the Lands that ranges from 11.3 million sq ft to 14.7 million sq ft in view of the current market conditions. With a 17-year development timeline from 2023 to 2039, NTL expects that the proposed recommended development components on the Lands could potentially generate an internal rate of return (IRR) of between 10.2% to 12.7% on the back of an estimated gross development value (GDV) that ranges from RM7.76 billion to RM10.20 billion with estimated gross development cost that ranges from RM5.92 billion to RM7.47 billion.

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6. RISK FACTORS

The Proposed Acquisitions are subject to risks inherent to the property development industry which the Group is already involved in. Such risks may include property overhang, adverse changes in real estate market prices, changes in demand for types of residential and commercial properties, competition from other property developers, changes in economic, social and political conditions, delay in completion of the Group's property development projects against the scheduled completion, performance of third party sub-contractors, labour and material supply shortages, fluctuations in the prices of building materials and costs of labour charges as well as adverse changes in property tax, assessment and other statutory charges.

In addition to the risks set out above, the following are risks specifically associated with the Proposed Acquisitions:

6.1 Non-completion of the Proposed Acquisitions

The completion of the Proposed Acquisitions is subject to the fulfilment of the conditions precedent of the SPAs which include, among others, the approval of the non-interested shareholders of the Company for the Proposed Acquisitions and the IWH SPAs becoming unconditional in accordance with the terms and conditions contained therein. Further details of the conditions precedent of the SPAs are set out in Section 1 of Appendix I of this Announcement. If the Company and/or IWH are unable to fulfil or waive any of the said conditions precedent and/or perform their obligations in accordance with the terms of the SPAs, the Proposed Acquisitions may not be completed.

Nevertheless, the Board will take all reasonable steps to ensure that the conditions precedent as set out in the SPAs are met within the stipulated timeframe and that every effort is taken to obtain the necessary approvals and to perform its obligations in accordance with the terms of the SPAs in order to complete the Proposed Acquisitions in a timely manner.

6.2 Risk of non-registration of memoranda of transfer of the Lands

The Lands are currently registered in the name of the Proprietors. Pursuant to the Proposed Acquisitions, IWH is required to ensure that the Lands are transferred by IWH or the Proprietors (as the case may be) and be registered in the name of TTSB or its nominee(s) after the Completion Date. However, there can be no assurance that the memoranda of transfer of the Lands can be successfully registered in the name of TTSB or its nominee(s). Such non-registration could be due to reasons beyond the control of IWH, the Proprietors or TTSB.

Notwithstanding, pursuant to the SPAs, if the registration of the memoranda of transfer of all or any part of the Lands cannot be effected ("**Unregistered Property**") for reasons beyond the control of IWH, the Proprietors or TTSB, TTSB is entitled to terminate the sale and purchase transaction of the Unregistered Property and the Total Purchase Consideration will be adjusted and the corresponding refund will be made accordingly. Details on the computation of the said refund is set out in Section 5 of Appendix I of this Announcement.

Nevertheless, if TTSB does not terminate the sale and purchase transaction of the Unregistered Property, the SPAs also provide for IWH to hold and procure the Proprietors to hold the Unregistered Property as bare trustee for and on behalf of TTSB or its nominee(s) and IWH will procure the Proprietors to give full effect to the irrevocable and unconditional power of attorney, granting TTSB or its nominee(s) the power to fully deal with the Unregistered Property as if it was the true and rightful owner of the Unregistered Property. In addition, IWH will do all such acts and things as may be reasonably required by TTSB or its nominee(s) so that TTSB or its nominee(s) may effectively deal with the Unregistered Property in its capacity as the sole unencumbered beneficial owner.

Nonetheless, the Group believes that the occurrence of such risk is remote and it will take all reasonable steps to ensure that the transfer of the titles to the Lands will be promptly registered and/or perfected with the relevant authorities. The Group will also continue to keep abreast with any update to the regulations of the land authorities.

6.3 Funding risk for the development of the Lands

Given the magnitude of the potential development of the Lands, the Group may be required to seek external financing to fund the development of the Lands in the future. There can be no assurance that the anticipated benefits of the Proposed Acquisitions will be realised or that the Group will be able to generate the desired returns from the future development of the Lands to repay the bank borrowings. In the event of any delay in receipt or absence of the anticipated benefits, the Group's repayment of such borrowings could be delayed and consequently result in higher borrowing costs.

Nevertheless, the Group will continuously monitor the development progress of the Lands by keeping abreast with the development relating to the property market especially in Iskandar Malaysia.

7. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on the issued share capital, substantial shareholders' shareholdings, consolidated NA per Share, consolidated gearing and consolidated EPS of the Company.

The pro forma effects of the Proposed Acquisitions are set out as follows:

7.1 Issued share capital

The pro forma effects of the Proposed Acquisitions on the issued share capital of the Company are as follows:

	No. of Shares	RM'000
Issued share capital as at LPD	2,695,828,002	1,138,871
Add: To be issued pursuant to the Proposed Acquisitions	-	-
	2,695,828,002	1,138,871
Add: Assuming full conversion of the ICPS pursuant to the Proposed Acquisitions	911,323,376	774,625
Enlarged issued share capital	3,607,151,378	1,913,496

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7.2 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Acquisitions on the shareholdings of the substantial shareholders of the Company as at LPD are as follows:

	As at LPD				(I)				(II)			
					After the Proposed Acquisitions				After (I) and assuming full conversion of the ICPS ⁽³⁾			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
TSDLKH	532,526,093	19.75	298,000,032	⁽¹⁾ 11.05	532,526,093	19.75	298,000,032	⁽¹⁾ 11.05	1,352,717,131	37.50	298,000,032	⁽¹⁾ 8.26
EHSB	298,000,032	11.05	-	-	298,000,032	11.05	-	-	298,000,032	8.26	-	-
Lim Seong Hai Holdings Sdn Bhd ("LSHH")	135,680,100	5.03	-	-	135,680,100	5.03	-	-	135,680,100	3.76	-	-
TDSLKC	-	-	135,680,100	⁽²⁾ 5.03	-	-	135,680,100	⁽²⁾ 5.03	45,566,169	1.26	135,680,100	⁽²⁾ 3.76
Datuk Lim Keng Guan	-	-	135,680,100	⁽²⁾ 5.03	-	-	135,680,100	⁽²⁾ 5.03	-	-	135,680,100	⁽²⁾ 3.76
Lim Keng Hun	-	-	135,680,100	⁽²⁾ 5.03	-	-	135,680,100	⁽²⁾ 5.03	-	-	135,680,100	⁽²⁾ 3.76
Lim Pak Lian	-	-	135,680,100	⁽²⁾ 5.03	-	-	135,680,100	⁽²⁾ 5.03	-	-	135,680,100	⁽²⁾ 3.76

Notes:

- (1) Deemed interested by virtue of his interest in EHSB pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his/her interest in LSHH pursuant to Section 8 of the Act.
- (3) Pursuant to the terms of the SPA 1 for the SBSB Lands, IWH has nominated the ultimate shareholders of SBSB to receive the ICPS in place of IWH. For information purposes, SBSB is a wholly-owned subsidiary of Swan Atlantic Sdn Bhd, the shareholders of which are TSDLKH (90%), Dato' Lim Hoe (5%) and TDSLKC (5%). In addition, these nominees will only be allowed to convert the ICPS based on the staggered conversion of the ICPS.

The conversion of the ICPS by these nominees may result in TSDLKH's direct and indirect shareholdings exceeding 33% of the voting shares in the Company and/or the collective shareholdings of TSDLKH and persons acting in concert with him increasing by more than 2% of the voting shares in the Company in any 6-month period. In this regard, TSDLKH will observe his obligation under the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia ("**Rules**") pertaining to the conversion of the ICPS, and will apply for the necessary exemptions available under the Rules, if required.

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7.3 NA per Share and gearing

For illustrative purposes only, based on the audited consolidated statements of financial position of the Company as at 30 June 2020 and on the assumption that the Proposed Acquisitions had been effected on that date, the pro forma effects of the Proposed Acquisitions on the consolidated NA per Share and gearing of the Company are as follows:

		(I)	(II)	(III)
	Audited as at 30 June 2020	Subsequent events up to LPD ⁽³⁾	After (I) and the Proposed Acquisitions	After (II) and assuming full conversion of the ICPS
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	1,117,961	1,138,871	1,138,871	1,913,496
Asset revaluation reserve	82,453	82,453	82,453	82,453
Warrant reserve	-	23,610	23,610	23,610
ICPS	-	-	774,625	-
Retained earnings	1,273,212	1,285,726	⁽⁴⁾ 1,284,226	1,284,226
NA/Equity attributable to the owners of the Company	2,473,626	2,530,660	3,303,785	3,303,785
Non-controlling interests	340,187	443,359	443,359	443,359
Total equity	2,813,813	2,974,019	3,747,144	3,747,144
Number of Shares in issue ('000)	2,654,828	2,695,828	2,695,828	3,607,151
NA per Share (RM) ⁽¹⁾	0.93	0.94	1.23	0.92
Interest-bearing borrowings	6,494,451	6,621,080	6,621,080	6,621,080
Gearing (times) ⁽²⁾	2.63	2.62	2.00	2.00

Notes:

- (1) Calculated based on NA over number of Shares in issue.
- (2) Calculated based on total interest-bearing borrowings over NA.
- (3) After taking into consideration subsequent events up to LPD, including the following events:
 - (i) private placement of 41,000,000 new Ekovest Shares at the issue price of RM0.51 each, which was completed on 29 September 2020;
 - (ii) acquisitions of an aggregate 89,144,200 ordinary shares in PLS Plantations Berhad ("PLS") ("PLS Shares") and 7,087,100 warrants issued by PLS from Limbongan Resources Sdn Bhd, TSDSLKC and LSHH, which were completed on 30 October 2020 ("Acquisitions"), and the corresponding accounting effects arising from the Company's accounting treatment of PLS as a subsidiary pursuant to the increase in the Company's shareholdings in PLS from 32.84% to 57.38% of the total issued PLS Shares upon completion of the Acquisitions; and
 - (iii) mandatory take-over offer extended by the Company on 30 October 2020 to acquire all the remaining securities in PLS not already held by the Company, which closed on 11 December 2020, as well as any additional securities in PLS acquired by the Company pursuant to Section 223 of the Capital Markets and Services Act 2007 ("CMSA"). As at LPD, the Company's shareholdings in PLS amount to approximately 73.08% of the total issued PLS Shares.
- (4) After deducting estimated expenses in relation to the Proposals of RM1.50 million. Such estimated expenses consist of professional fees, regulatory fees, printing and despatch costs for the circular to the shareholders of the Company for the Proposals, costs to convene an EGM and other incidental expenses relating to the Proposals.

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7.4 EPS

For illustrative purposes only, based on the audited consolidated statement of comprehensive income of the Company for the financial year ended ("FYE") 30 June 2020 and the assumption that the Proposed Acquisitions had been effected at the beginning of the said financial year, the pro forma effects of the Proposed Acquisitions on the consolidated EPS of the Company are as follows:

		(I)	(II)	(III)
	Audited for the FYE 30 June 2020	Subsequent events up to LPD ⁽²⁾	After (I) and the Proposed Acquisitions	After (II) and assuming full conversion of the ICPS
Consolidated profit after taxation attributable to owners of the Company ("PATAMI") (RM'000)	47,022	48,045	⁽³⁾ 46,545	46,545
Weighted average number of Shares in issue ('000)	2,654,828	2,685,718	2,685,718	3,597,041
Basic EPS (sen) ⁽¹⁾	1.77	1.78	1.73	1.29

Notes:

- (1) Calculated based on the relevant PATAMI divided by the relevant weighted average number of Shares in issue. For information purpose, the diluted EPS of the Group is equal to the basic EPS of the Group as there were no potential dilutive securities outstanding as at 30 June 2020.
- (2) After taking into consideration subsequent events up to LPD, including the following events:
- (i) private placement of 41,000,000 new Ekovest Shares at the issue price of RM0.51 each, which was completed on 29 September 2020;
 - (ii) the Acquisitions, and the corresponding accounting effects arising from the Company's accounting treatment of PLS as a subsidiary pursuant to the increase in the Company's shareholdings in PLS from 32.84% to 57.38% of the total issued PLS Shares upon completion of the Acquisitions; and
 - (iii) mandatory take-over offer extended by the Company on 30 October 2020 to acquire all the remaining securities in PLS not already held by the Company, which closed on 11 December 2020, as well as any additional securities in PLS acquired by the Company pursuant to Section 223 of the CMSA. As at LPD, the Company's shareholdings in PLS amount to approximately 73.08% of the total issued PLS Shares.
- (3) After deducting estimated expenses in relation to the Proposals of RM1.50 million. Such estimated expenses consist of professional fees, regulatory fees, printing and despatch costs for the circular to the shareholders of the Company for the Proposals, costs to convene an EGM and other incidental expenses relating to the Proposals.

Based on the pro forma effects illustrated above and assuming that there is no change to the consolidated earnings of the Company, the consolidated EPS of the Company is expected to be diluted as a result of the increase in the total number of Shares in issue arising from the conversion of the ICPS into new Shares. However, the Staggered Conversion will enable the Company to spread out the dilutive effect to the consolidated EPS of the Company over the tenure of the ICPS.

Notwithstanding the above, the Board (save for the Interested Directors) is of the view that the future development of the Lands is expected to contribute positively to the Group's future earnings and EPS.

7.5 Convertible securities

As at the date of this Announcement, the Company does not have any convertible security in issue.

8. APPROVALS REQUIRED

The Proposals are subject to and conditional upon approvals being obtained from the following:

- (i) shareholders of Ekovest at an EGM to be convened;
- (ii) Bursa Securities for the listing and quotation of the Conversion Shares on the Main Market of Bursa Securities; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Acquisition 1 and Proposed Acquisition 2 are conditional upon each other. The Proposed Amendments are conditional upon the Proposed Acquisitions.

The Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

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

None of the directors and/or major shareholders of the Company and/or persons connected with them have any interest, whether direct and/or indirect, in the Proposed Amendments.

Save as disclosed below, none of the directors and/or major shareholders of the Company and/or persons connected with them have any interest, whether direct and/or indirect, in the Proposed Acquisitions:

- (i) TSDLKH being the Group Executive Chairman and a major shareholder of the Company, is also a director and a major shareholder of IWH through his interest in CRSB which holds 63.13% equity interest in IWH;
- (ii) TSDSLKC being the Managing Director of the Company, is also a director of IWH and a shareholder of CRSB which holds 63.13% equity interest in IWH;
- (iii) DLH being the Executive Director of the Company, is also a director of IWH and a shareholder of CRSB which holds 63.13% equity interest in IWH;
- (iv) Lim Chen Thai ("**LCT**") being the Executive Director of the Company, is the son of TSDLKH;
- (v) Lim Ding Shyong ("**LDS**") being the Alternate Director to TSDSLKC in the Company, is the son of TSDSLKC;
- (vi) Wong Khai Shiang ("**WKS**") being the Alternate Director to DLH in the Company, is the son of DLH; and
- (vii) EHSB being the major shareholder of the Company, is also a person connected with TSDLKH by virtue of TSDLKH's 94% direct interest in EHSB.

TSDLKH, TSDSLKC, DLH, LCT, LDS and WKS are referred to as the "**Interested Directors**", whilst TSDLKH and EHSB are referred to as the "**Interested Major Shareholders**".

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The direct and/or indirect interests of the Interested Directors and Interested Major Shareholders in the Company as at LPD are as follows:

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%
<u>Interested Directors</u>				
TSDLKH	532,526,093	19.75	298,000,032	⁽¹⁾ 11.05
TDSLKC	-	-	135,680,100	⁽²⁾ 5.03
DLH	14,232,375	0.53	-	-
LCT	3,600,000	0.13	-	-
LDS	-	-	-	-
WKS	750,000	0.03	-	-
<u>Interested Major Shareholders</u>				
TSDLKH	532,526,093	19.75	298,000,032	⁽¹⁾ 11.05
EHSB	298,000,032	11.05	-	-

Notes:

- (1) Deemed interested by virtue of his interest in EHSB pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his interest in LSHH pursuant to Section 8 of the Act.

Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed Acquisitions. The Interested Directors and Interested Major Shareholders will also abstain from voting in respect of their direct and/or indirect interest, if any, in the Company on the resolutions pertaining to the Proposed Acquisitions to be tabled at an EGM to be convened. The Interested Directors and Interested Major Shareholders have also undertaken that they will ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect interest in the Company on the resolutions pertaining to the Proposed Acquisitions to be tabled at an EGM to be convened.

10. TRANSACTIONS WITH THE RELATED PARTY IN THE PAST 12 MONTHS

Save for the Proposed Acquisitions and as disclosed below, the Group has not entered into any transaction with the Interested Directors, Interested Major Shareholder and/or persons connected with them for the 12 months preceding the date of this Announcement:

- (i) recurrent related party transactions ("RRPT") which were undertaken by the Group pursuant to the existing shareholders' mandate in relation to the RRPTs which was obtained on 27 November 2020 and as disclosed in the circular to shareholders of the Company dated 28 October 2020; and
- (ii) the Acquisitions which were completed on 30 October 2020.

11. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company is of the opinion that the Proposals are:

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of the Company.

In forming its view above, the Audit Committee of the Company has taken into consideration the views of the Independent Adviser and considered all aspects of the Proposals, including the following:

- (a) the basis and justification for the Total Purchase Consideration, Issue Price and conversion price of the ICPS;
- (b) the mode of settlement of the Total Purchase Consideration;
- (c) the terms and conditions of the SPAs;
- (d) the rationale for and benefits of the Proposals which include the prospects and development potential of the Lands which is expected to be realised in the medium-to-long term;
- (e) NTL's feasibility study on the Lands vide the Market Feasibility Report; and
- (f) the effects of the Proposals.

12. DIRECTORS' STATEMENT

The Board (save for the Interested Directors), having taken into consideration of the views of the Independent Adviser as well as considered all aspects of the Proposals including the basis and justification for the Total Purchase Consideration, Issue Price and conversion price of the ICPS, mode of settlement, terms and conditions of the SPAs, rationale for and benefits of the Proposals which include the prospects and development potential of the Lands which is expected to be realised in the medium-to-long term, NTL's feasibility study on the Lands vide the Market Feasibility Report as well as the effects of the Proposals, is of the opinion that the Proposals are:

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of the Company.

13. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisitions pursuant to Paragraph 10.02(g) of the Listing Requirements is 70.86%, computed based on the Total Purchase Consideration over the market value of all Ekovest Shares (calculated based on the 5-day VWAP of Ekovest Shares up to and including LTD of RM0.4945 per Share).

14. ADVISERS

MIDF Investment has been appointed as the Principal Adviser to the Company for the Proposals.

Astramina Advisory has been appointed as the Financial Adviser to the Company for the Proposals. Astramina Advisory is also the appointed Transaction Arranger to IWH for the Proposed Acquisitions.

Raine & Horne has been appointed as the Valuer for the Lands.

NTL has been appointed to conduct a market research and feasibility study on the Lands.

In view of the interests of the Interested Directors, Interest Major Shareholders and persons connected with them as disclosed in Section 9 of this Announcement, the Proposed Acquisitions are related party transactions under Paragraph 10.08 of the Listing Requirements. Accordingly, BDO Capital Consultants Sdn Bhd has been appointed as the Independent Adviser to advise the non-interested directors and non-interested shareholders of the Company on the Proposed Acquisitions. The role of the Independent Adviser is:

- (i) to comment as to whether the Proposed Acquisitions are:
 - (a) fair and reasonable so far as the non-interested shareholders of the Company are concerned; and
 - (b) to the detriment of the non-interested shareholders of the Company,and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (ii) to advise the non-interested shareholders of the Company on whether they should vote in favour of the Proposed Acquisitions; and
- (iii) to take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in sub-paragraphs (i) and (ii) above.

15. APPLICATION TO THE AUTHORITIES

Barring any unforeseen circumstances, the application to the relevant authorities in relation to the Proposals is expected to be made within 2 months from the date of this Announcement.

16. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals/consents of the relevant authorities and parties being obtained, the Proposals are expected to be completed by the third (3rd) quarter of 2021.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Ground Floor, Wisma Ekovest, No. 118, Jalan Gombak, 53000 Kuala Lumpur, during normal office hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this Announcement:

- (i) SPAs;
- (ii) Valuation Certificate; and
- (iii) Market Feasibility Report.

This Announcement is dated 5 April 2021.

SALIENT TERMS OF THE SPAs (Cont'd)

The salient terms of the SPAs are as follows:

1. Conditions precedent

The SPAs are conditional upon the following conditions precedent being fulfilled within 6 months from the date of the SPAs or such further extended period as the parties to the respective SPAs ("**Parties**") may mutually agree upon in writing ("**Conditional Period**"):

- (i) the Company obtaining approvals from the following:
 - (a) its shareholders at an EGM to be convened for the Proposed Acquisitions (including the issuance of the ICPS as part payment of the Purchase Consideration 1 and the issuance of the new Ekovest Shares arising from the conversion of the ICPS) in accordance with the terms and conditions of the SPAs; and
 - (b) Bursa Securities for the listing and quotation of the new Ekovest Shares to be issued arising from the conversion of the ICPS on the Main Market of Bursa Securities;
- (ii) the IWH SPAs having become unconditional in accordance with the terms and conditions contained therein i.e. the following conditions precedent stipulated in the IWH SPAs having been fulfilled:
 - (a) the receipt of the approvals from or consents of the following:
 - (aa) the board of directors and shareholders of IWH in respect of the proposed acquisition of the Lands by IWH from the Proprietors in accordance with the terms and conditions of the IWH SPAs;
 - (bb) the financiers or creditors of the Proprietors for the sale and transfer of the Lands in favour of IWH or its nominee(s) in accordance with the terms and conditions of the IWH SPAs, where required;
 - (cc) IWH having obtained the approval of the Securities Commission Malaysia for the initial public offering of IWH's entire issued share capital on the Main Market of Bursa Securities; and
 - (dd) any other party which has entered into any subsisting arrangement, contract or undertaking with the Proprietors in respect of the disposal of the Lands, where required, in each case to the extent that at the completion date of the IWH SPAs, the same shall remain to be completed or performed or remain in force;
 - (b) the completion by IWH of the due diligence on the status of the Lands and the legal standing of the Proprietors and the results thereof being satisfactory to IWH;
 - (c) the Lands being free from all liens, encumbrances and loan redemption liabilities whatsoever; and
 - (d) the receipt of any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the Proprietors and IWH;

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SALIENT TERMS OF THE SPAs (Cont'd)

- (iii) IWH obtaining approvals from or consents of the following:
 - (a) its financiers or creditors for the sale and transfer of the Lands in favour of TTSB or its nominee(s) in accordance with the terms and conditions of the SPAs, where required; and
 - (b) any other party which has entered into any subsisting arrangement, contract or undertaking with the Proprietors in respect of the disposal of the Lands, where required, in each case to the extent that at the Completion Date, the same shall remain to be completed or performed or remain in force, where required;
- (iv) TTSB completing the due diligence on the status of the Lands and the legal standing of IWH and the Proprietors and the results thereof being satisfactory to TTSB;
- (v) the Lands being free from all liens, encumbrances and loan redemption liabilities whatsoever; and
- (vi) the Parties obtaining any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary for purposes of the Proposed Acquisitions,

(collectively referred to as the “**Conditions Precedent**”).

Save for the Condition Precedent as stipulated in sub-paragraph (ii) above, to the extent permissible by law, regulation and any guidelines, TTSB shall be entitled to, in writing, waive in whole or in part and conditionally or unconditionally the Conditions Precedent or any of the approvals, consents, waivers, exemptions, relief and/or requirements provided, required or envisaged under the SPAs which are not required by operation of law.

If any of the Conditions Precedent is not fulfilled within the Conditional Period, then any Party shall be entitled to terminate the SPAs by giving a notice of termination to the other Party, whereupon the Parties shall not have any further rights under the SPAs except in respect of:

- (i) any obligation under the SPAs which will apply after the termination of the SPAs; and
- (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SPAs to either Party prior to such termination.

2. Adjustments to the Total Purchase Consideration

- (i) The Parties acknowledge and covenant that the Total Purchase Consideration has been arrived at on the basis that the Lands are and shall be converted to such category of land use as may be prescribed or required by TTSB at the Proprietors' cost and expense, the cost of which shall be determined by an independent consultant to be jointly appointed by the Proprietors, IWH and TTSB on the Completion Date (“**Land Conversion Cost**”).

An amount equivalent to the Land Conversion Cost shall then be deducted from the Total Purchase Consideration and retained by TTSB on the Completion Date. The Land Conversion Cost shall be arrived at based on the category of land use with the highest premium and be deducted from the aggregate nominal value of the ICPS to be allotted and issued by the Company (for Lands 1) and cash consideration (for Lands 2) to IWH or its nominee(s) (as the case may be).

SALIENT TERMS OF THE SPAs (Cont'd)

- (ii) The Total Purchase Consideration shall also be adjusted accordingly should any of the following events occur:
 - (a) the market value of the Lands being adjusted downwards by the Valuer for whatsoever reason. In such instances, the Total Purchase Consideration shall be adjusted and shall always be at a discount of 5.22% to the revised market value of the Lands, and the cash consideration or the number of ICPS to be allotted and issued (as the case may be) shall be adjusted accordingly.

For the avoidance of doubt, the Total Purchase Consideration will not be adjusted should the market value of the Lands be adjusted upwards by the Valuer for whatsoever reason; or
 - (b) any non-registration of the memoranda of transfer ("**Transfer**") in respect of the Lands, as detailed in Section 5 below.

3. Completion

On the Completion Date, subject to TTSB having paid the cash consideration of RM170.00 million and together with the Company, having effected the allotment and issuance of 911,323,376 ICPS at the Issue Price to IWH or its nominee(s), IWH shall procure the Proprietors to release all the original issue document(s) of title to the Lands and the relevant documents required to effect the transfer of the Lands in favour of TTSB or its nominee(s) as set out in the SPAs ("**Transfer Documents**") and TTSB's solicitors shall thereafter submit all the relevant documents for registration of the Lands at the Land Registry upon completion of the Proposed Acquisitions.

IWH has expressly acknowledged that immediately upon the receipt of the Total Purchase Consideration on the Completion Date, TTSB shall be the sole and absolute beneficial owner of the Lands and TTSB shall have the full rights, title and interests in and to the Lands, and shall be entitled to deal with the Lands in any manner whatsoever as if TTSB is the absolute legal owner of the Lands pending the registration of the Transfer of the Lands in favour of TTSB or its nominee(s).

4. Delivery of vacant possession of the Lands

Vacant possession of the Lands free from all encumbrances shall be deemed delivered to TTSB by IWH on the Completion Date.

If there are squatters on the Lands such that vacant possession of the Lands cannot be delivered to TTSB on the Completion Date, IWH shall procure that the Proprietor:

- (a) relocates the squatters within 3 months from the Completion Date;
- (b) bears all costs involved in the relocation of such squatters at the relevant time notwithstanding Completion; and
- (c) procure that TSDLKH irrevocably and unconditionally undertakes to relocate the squatters within 3 months from the Completion Date and bear all such costs of relocating the squatters if the Proprietor fails to do so.

The Vendor undertakes to procure that the Proprietor and TSDLKH undertake to indemnify TTSB and hold TTSB harmless against:

- (a) any costs incurred by TTSB in contesting or settling any claim, demand, recovery or counter-claim arising from the relocation of the squatters; and
- (b) any loss of profits of TTSB arising from such failure to relocate the squatters, in the event the Proprietor and/or TSDLKH fail to relocate the squatters within 3 months from the Completion Date.

SALIENT TERMS OF THE SPAs (Cont'd)

5. Non-registration of the Transfer of the Lands

In the event the registration of the Transfer of any part or all of the Lands is/are not or cannot be effected at any time upon or after the Completion Date ("**Unregistered Property**") for whatsoever reason not due or attributable to the fault of either IWH, the Proprietors or TTSB, TTSB shall then be entitled to terminate the sale and purchase transaction of the Unregistered Property by serving a notice of termination to IWH and upon such termination:

- (i) the Parties shall mutually agree in good faith to adjust the Total Purchase Consideration by deducting the value of such Unregistered Property based on the following formula:

$$\frac{\text{Total Purchase Consideration}}{\text{Total land area of the Lands}} \times \text{land area of the Unregistered Property}$$

- (ii) IWH shall, within 14 days after receipt of the notice of termination:

- (a) return to TTSB all documents delivered to it by or on behalf of TTSB in respect of the Unregistered Property; and
- (b) surrender to the Company such number of ICPS received by it or its nominee(s) (in the case of Lands 1) or refund or repay to TTSB in cash (in the case of Lands 2) towards the account of the Unregistered Property.

- (iii) TTSB shall, in exchange for the performance by IWH of its obligations as stated in sub-paragraph (ii) above:

- (a) return to IWH all documents delivered to it by IWH in respect of the Unregistered Property;
- (b) procure TTSB's solicitors to return the Transfer Documents of the Unregistered Property to IWH in accordance with the provisions of the SPAs; and
- (c) re-deliver to IWH the vacant possession of the Unregistered Property and remove and withdraw all caveats or other encumbrances entered by it or its nominee(s) over the Unregistered Property, if required.

6. Default and termination**(i) Default by TTSB**

In the event TTSB defaults in the satisfaction of the Total Purchase Consideration in accordance with the provisions of the SPAs, IWH is entitled to give notice to TTSB to terminate the SPAs if TTSB fails to remedy such default within 14 days of the receipt of notice from IWH.

Upon such termination by IWH:

- (a) TTSB shall, within 14 days after the receipt of such notice of termination:
 - (aa) return to IWH all documents delivered to it by or on behalf of IWH;
 - (bb) procure TTSB's solicitors to return the Transfer Documents to IWH in accordance with the provisions of the SPAs; and
 - (cc) re-deliver to IWH the vacant possession of the Lands and remove and withdraw all caveats or other encumbrances entered by it or its nominee(s) over the Lands, if required; and

SALIENT TERMS OF THE SPAs (Cont'd)

- (b) IWH shall, in exchange for the performance by TTSB of its obligations under sub-paragraph (a) above, return to TTSB all documents delivered to it by or on behalf of TTSB.

(ii) Default by IWH

TTSB is entitled to give notice to IWH to terminate the SPAs at any time prior to the Completion Date if any of the following events occur:

- (a) IWH fails, neglects or refuses to complete the Proposed Acquisitions in accordance with the provisions of the SPAs;
- (b) IWH commits any continuing or material breach of any of its obligations under the SPAs which is incapable of remedy or if capable of remedy, is not remedied within 14 days from the date on which notice requiring IWH to do so is given to IWH;
- (c) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding-up of IWH;
- (d) an administrator or receiver or receiver and manager is appointed over or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of IWH;
- (e) IWH becomes insolvent or is unable to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;
- (f) IWH ceases whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the SPAs); or
- (g) any of the warranties given by IWH vide the SPAs is found to be materially untrue or inconsistent.

Upon such termination by TTSB and if TTSB elects not to pursue the remedy by way of specific performance to complete the Proposed Acquisitions,

- (aa) IWH shall, within 14 days after the receipt of such notice of termination, return to TTSB all documents delivered to it by or on behalf of TTSB; and
- (bb) TTSB shall, in exchange for the performance by IWH of its obligations under sub-paragraph (aa) above:
 - return to IWH all documents delivered to it by or on behalf of IWH;
 - procure TTSB's solicitors to return the Transfer Document to IWH in accordance with the provisions of the SPAs; and
 - re-deliver to IWH the vacant possession of the Lands and remove and withdraw all caveats or other encumbrances entered by it or its nominee(s) over the Lands, if required.

SALIENT TERMS OF THE ICPS

The salient terms of the ICPS to be issued pursuant to the Proposed Acquisition 1 are as follows:

- Issue size : Up to 911,323,376 ICPS
- Issue price : RM0.85 per ICPS
- Form and constitution : The ICPS will be issued in registered form and constituted by the Company's Constitution
- Tenure : 10 years commencing from and inclusive of the ICPS Issue Date
- Maturity date : The market day immediately preceding the 10th anniversary from the ICPS Issue Date ("**Maturity Date**")
- Dividend : The ICPS holders shall not be entitled to any dividend
- Conversion ratio : Each ICPS shall be convertible into 1 new Ekovest Share ("**Conversion Ratio**"). For the avoidance of doubt, no additional cash payment is required for such conversion of the ICPS by the ICPS holders.

The Conversion Ratio shall be subject to adjustments from time to time, in the event of any alteration to the share capital of the Company, whether by way of rights issue, capitalisation issue, consolidation of shares, subdivision of shares or reduction of capital or otherwise, in accordance with the provisions of the Company's Constitution. The Conversion Ratio shall also be similarly adjusted in the event of any alteration to share capital of the Company on or before the ICPS Issue Date.

The adjustments shall be adjusted, calculated or determined by the Board in consultation with and certified by an approved adviser or external auditor appointed by the Company, as the case may be.

- Conversion right : (i) The ICPS holders shall have the right to convert the ICPS into new Ekovest Shares based on the Conversion Ratio in the following manner:
- (a) 50% of the ICPS at any time from the ICPS Issue Date up to and including the Maturity Date; and
 - (b) as for the remaining 50% of the ICPS, up to 10% of the total ICPS for each of the subsequent anniversaries commencing from the 5th anniversary of the ICPS Issue Date at any time from such year up to and including the Maturity Date.
- (ii) If any fraction of an Ekovest Share shall arise on conversion of the ICPS, the number of Ekovest Shares to be allotted and issued upon the conversion of the ICPS shall be rounded down to the nearest whole number.
- (iii) The ICPS holders shall give at least 10 business days' notice to the Company prior to the intended date of conversion of the ICPS by specifying (a) the number of ICPS held by each holder to be converted; and (b) the date of conversion of the ICPS which shall be a date within 20 days from the date of such notice.

SALIENT TERMS OF THE ICPS (Cont'd)

Conversion right (cont'd)	: (iv) In the event of (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital (or such part of the issued share capital not at the time owned by the person making the general offer or any persons acting in concert with such offeror); or (b) the court sanctioning a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Subdivision 2 of Division 7 of Part III of the Act or its amalgamation with any other company or companies under the Act; or (c) a capital reduction being undertaken by the Company under Subdivision 4 of Division 1 of Part III of the Act to cancel the entire issued share capital or such part of the issued share capital of the Company, then the ICPS holder who is holding the outstanding ICPS shall be entitled to convert the ICPS into new Ekovest Shares based on the Conversion Ratio.
	(v) Any remaining ICPS that are not converted shall be automatically converted into new Ekovest Shares at the Conversion Ratio by the Maturity Date.
Conversion period	: Subject to the conversion right as mentioned above, the ICPS shall be convertible into new Ekovest Shares on any market day on which the stock market maintained by Bursa Securities, or such other approved securities exchange recognised under the Capital Markets and Services Act 2007 established in substitution of Bursa Securities, is open for trading in securities, at any time during the tenure of the ICPS commencing from and including the ICPS Issue Date and up to and including the Maturity Date.
Redemption	: Not redeemable for cash
Ranking of the ICPS	: The ICPS shall, upon allotment and issuance, rank equally among themselves in all respects and rank in priority to the holders of the Ekovest Shares and all other classes of shares (if any) in the Company in respect of payment out of the assets of the Company upon any liquidation, dissolution or winding-up of the Company. The ICPS shall rank subordinated to all of the Company's creditors in respect of payment of debt and payment out of assets of the Company upon any liquidation, dissolution or winding-up of the Company.
Ranking of the new Ekovest Shares to be issued arising from the conversion of the ICPS	: The new Ekovest Shares to be issued arising from the conversion of the ICPS shall, upon allotment and issuance, rank equally in all respects with the then existing Ekovest Shares, save and except that such Ekovest Shares will not be entitled to any dividend, right, allotment and/or other distribution which may be declared, made or paid prior to the date of allotment of such new Ekovest Shares to be issued arising from the conversion of the ICPS.
Rights of the ICPS holders	The ICPS shall carry no right to vote at any general meeting of the ordinary shareholders of the Company except for the right to vote in person or by proxy or by attorney at such meeting in each of the following circumstances: (i) on a proposal to reduce the share capital of the Company; (ii) on a proposal to dispose of substantially the whole of the Company's properties, businesses and undertakings; (iii) on a proposal that affects the rights and privileges attached to the ICPS;

SALIENT TERMS OF THE ICPS (Cont'd)

Rights of the ICPS holders (*cont'd*) : (iv) on a proposal to wind-up the Company; and
 (v) during the winding-up of the Company.

Where the ICPS holders are entitled to vote at any such general meeting, every ICPS holder who is present in person at such meeting will have 1 vote on a show of hands and on a poll, every ICPS holder who is present in person or by proxy will have 1 vote for every ICPS of which he/she/it holds.

Modification of rights : Unless otherwise required by applicable law, any variation or abrogation of the rights, preferences and privileges of the ICPS holders, by way of amendment of the Company's Constitution or otherwise (including, without limitation, the authorisation or creation of any securities or ownership interests of the Company's ranking, as to participation in the profits or assets of the Company, senior to the ICPS) shall require the consent in writing of the ICPS holders holding at least 75% of the then outstanding ICPS.

Listing status : The ICPS will not be listed, quoted or traded on Bursa Securities or any other stock exchange.

The new Ekovest Shares to be issued arising from the conversion of the ICPS will be listed and quoted on the Main Market of Bursa Securities.

Transferability : The ICPS are freely transferable subject to notification being given to the Company within 7 days after the date of transfer.

Governing law : Laws of Malaysia

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