



Ekovest Berhad

Registration No: 198501000052 (132493-D)
(Incorporated in Malaysia)

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

Notes to the Interim Financial Report (1st Quarter - 30 September 2021)

A1 Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in compliance with the Malaysian Financial Reporting Standards ('MFRS') 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the Group's annual reports and financial statements for the year ended 30 June 2021.

1.1 Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation adopted are consistent with those of the most recent audited financial statements for the year ended 30 June 2021, except for the adoption of the following Amendments to MFRSs that are effective for the Group from 1 July 2021:

Amendments to MFRS 9, MFRS
139, MFRS 7, MFRS 4 and
MFRS 16

Interest Rate Benchmark Reform – Phase 2

Amendment to MFRS 16

Covid-19-Related Rent Concessions beyond 30 June
2021

The adoption of the above Amendments to MFRSs does not have significant impact on the financial position and financial performance of the Group nor any of the Group's significant accounting policies.

A2 Audit Report

The preceding annual financial statements of the group were not qualified.

A3 Seasonal or Cyclical Factors

Although seasonal or cyclical changes have minimal impact on the operations of the Group, the business is nevertheless susceptible to the vagaries of the construction and property development industries.

A4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 September 2021.



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A5 Changes in the Estimates of Amount Reported Previously With Material Effect in Current Interim Period

Not applicable.

A6 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A7 Dividend Paid

There were no dividend declared or paid for the current quarter ended 30 September 2021.

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A8 Segmental Information

Segmental information is presented in respect of the Group's business segment. Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter (Unaudited)	Preceding Year Corresponding Quarter		Current Financial Year (Unaudited)	Preceding Financial Year	
	30/09/2021 RM'000	30/09/2020 RM'000	Changes %	30/09/2021 RM'000	30/09/2020 RM'000	Changes %
Revenue						
Construction operations	95,987	256,070	(62.52)	95,987	256,070	(62.52)
Property development	4,908	5,450	(9.94)	4,908	5,450	(9.94)
Toll operations	21,396	43,713	(51.05)	21,396	43,713	(51.05)
Plantation	49,846	-	100.00	49,846	-	100.00
Food and beverages	933	1,647	(43.35)	933	1,647	(43.35)
Property Investment & Others	6,790	6,888	(1.42)	6,790	6,888	(1.42)
Total	179,860	313,768	(42.68)	179,860	313,768	(42.68)
Gross profit						
Construction operations	25,585	39,456	(35.16)	25,585	39,456	(35.16)
Property development	1,175	860	36.63	1,175	860	36.63
Toll operations	13,577	31,471	(56.86)	13,577	31,471	(56.86)
Plantation	19,928	-	100.00	19,928	-	100.00
Food and beverages	(668)	(1,661)	(59.78)	(668)	214	(59.78)
Property Investment and others	2,219	4,644	(52.22)	2,219	4,644	(52.22)
Total	61,816	74,770	(17.33)	61,816	74,770	(17.33)

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A8 Segmental Information (Cont'd)

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter (Unaudited)	Preceding Year Corresponding Quarter		Current Financial Year (Unaudited)	Preceding Financial Year	
	30/09/2021 RM'000	30/09/2020 RM'000	Changes %	30/09/2021 RM'000	30/09/2020 RM'000	Changes %
Other income	2,211	5,407	(59.11)	2,211	5,407	(59.11)
Administrative and general expenses	(22,695)	(20,478)	10.83	(22,695)	(20,478)	10.83
Share of result of associate	-	922	NM	-	922	NM
<u>Profit before interest and tax</u>	41,332	60,621	(31.82)	41,332	60,621	(31.82)
Interest income	2,184	2,462	(11.29)	2,184	2,462	(11.29)
Interest expense	(47,942)	(48,369)	(0.88)	(47,942)	(48,369)	(0.88)
<u>Profit / (loss) before tax</u>	(4,426)	14,714	(130.08)	(4,426)	14,714	(130.08)

NM – Not meaningful

A9 Revaluation of Property, Plant and Equipment

There were no amendments in the valuation amount of revalued assets brought forward to the current quarter ended compared to most recent annual financial statements.

A10 Material Subsequent Event

Save for those disclosed in Note B11 on the status of Corporate Exercises, there were no other material events subsequent to the end of the current quarter.



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A11 Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A12 Contingent Liabilities

There were no changes in contingent liabilities subsequent to the quarter and period ended 30 September 2021.

A13 Capital Commitments

Capital commitments of the Group as at 30 September 2021 are as follows –

	RM '000
Approved and contracted for capital expenditure in respect of :	
- concession assets	<u>553,750</u>

A14 Significant Related Party Transactions

The Group has significant related party transactions with companies in which certain directors of the Company have interests, as follows:

	3 months ended 30 September 2021 RM'000
With company in which certain Directors of the Company, have interests:	
Besteel Engtech Sdn Bhd	27,427
Knusford Construction Sdn Bhd	9,443
Knusford Lanscape Sdn Bhd	2,207
Knusford Marketing Sdn Bhd	<u>1,748</u>

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Notes to the Interim Financial Report (1st Quarter - 30 September 2021)

B1 Financial Review

Financial review for current quarter

	Individual Period (1 st Quarter)		Changes	
	Current Year Quarter (Unaudited)	Preceding Year Corresponding Quarter	RM'000	%
	30/09/2021 RM'000	30/09/2020 RM'000		
Revenue	179,860	313,768	(133,908)	(42.68)
Gross profit	61,816	74,770	(12,954)	(17.33)
Profit before interest and tax	41,332	60,621	(19,289)	(31.82)
Profit / (loss) before tax	(4,426)	14,714	(19,140)	(130.08)
Profit / (loss) after tax	(10,903)	6,301	(17,204)	(273.04)
Profit / (loss) attributable to owners of the Company	(6,108)	10,864	(16,972)	(156.22)

Current quarter (“1Q 2022”) against preceding year corresponding quarter (“1Q 2021”)

For the 1Q 2022, the Group registered a revenue of RM179.860 million and loss before tax of RM4.426 million as compared to the revenue of RM313.768 million and profit before tax of RM14.714 million reported in the 1Q 2021.

The performance of the respective operating business segments for the 1Q 2022 under review as compared to the 1Q 2021 is analysed as follow:

Construction operations

The construction sector reported a lower revenue of RM95.987 million for the 1Q 2022 as compared to RM256.070 million in 1Q 2021. Correspondingly, the gross profit has also decreased from RM39.456 million in 1Q 2021 to RM25.585 million in 1Q 2022. The decrease in revenue in the 1Q 2022 was due to lesser construction contribution during this current quarter. In 1Q 2022, the effects of MCO 3.0 and the total lockdown as implemented by the Government of Malaysia had impacted the construction work on-site. Although the construction industry was allowed to operate under strict SOPs, the lockdown had disrupted the supply-chain of the entire construction industry, resulting in slower lead time for supply of building materials.

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B1 Financial Review (cont'd)**Property development**

The property development segment reported a revenue of RM4.908 million for this current quarter as compared to preceding year corresponding quarter of RM5.450 million. This current quarter has continued to reflect the impact of Covid-19 which had affected consumer movement and spending habits. This is reflected in the lower sales for the 3 blocks of service apartments in EkoCheras during this National Recovery Plan Phase 1. However, the gross profit margin in 1Q 2022 is higher than the preceding year corresponding quarter due to lower overheads costs incurred relating to the sale.

Toll operations

The toll operations sector registered a lower revenue of RM21.396 million in 1Q 2022 as compared to RM43.713 million in 1Q 2021. There is a decrease of approximately 51.05% in the toll revenue. In the preceding quarter (1Q 2021), we were in the recovery MCO phase (from 10 June 2020 to 13 October 2020) where the traffic volume was recovering and on an increasing trend as compared to this quarter where we were in MCO 3.0 and total lockdown phase. Many industries are still locked down, not open for business and a lot of companies are implementing work from home policies. This sector reported a lower gross profit of RM13.577 million in 1Q 2022 as against RM31.471 million in 1Q 2021.

Plantation

With the completion of the acquisition of PLS on 30 October 2020, making it a subsidiary of the Group, the Group has a new plantation segment which reported a revenue of RM49.846 million and a gross profit of RM19.928 million. The revenue were mainly contributed from its oil palm plantation and durian plantation, contract farming and manufacturing and trading divisions.

Food and Beverages

The Movement Control Order restricted and lockdown implemented by the Government of Malaysia have resulted in a drop in the revenue for the current quarter from RM1.647 million in 1Q 2021 to RM0.933 million in 1Q 2022. Even during the introduction of National Recovery Plan Phase 1 many F&B outlets were only operating take away without dine-in which affected the revenue.

Property Investment and others

The rental revenue for the current quarter decreased slightly from RM6.888 million in 1Q 2021 to RM6.790 million in 1Q 2022 mainly due to the higher rental rebates given to the tenants in EkoCheras Shopping Mall. We have continued to support and provide rental rebates to ease the rental collections from the tenants, as some non-essential businesses were not permitted to operate.

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B1 Financial Review (cont'd)
Financial review for financial year to date

	Cumulative Period		Changes	
	Current Year To- Date (Unaudited)	Preceding Year Corresponding Period		
	30/09/2021 RM'000	30/09/2020 RM'000	RM'000	%
Revenue	179,860	313,768	(133,908)	(42.68)
Gross profit	61,816	74,770	(12,954)	(17.33)
Profit before interest and tax	41,332	60,621	(19,289)	(31.82)
(Loss) / profit before tax	(4,426)	14,714	(19,140)	(130.08)
(Loss) / profit after tax	(10,903)	6,301	(17,204)	(273.04)
(Loss) / profit attributable to owners of the Company	(6,108)	10,864	(16,972)	(156.22)

Current year to date (“YTD 2022”) against preceding year corresponding period (“YTD 2021”)

For the YTD 2022, the Group registered a revenue of RM179.860 million and a loss before tax of RM4.426 million as compared to the revenue of RM313.768 million and profit before tax of RM14.714 million reported in YTD 2020. Please refer to the above for the analysis of the performance of the respective operating business segments.

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B2 Comparison with preceding quarter results

Financial review for current quarter compare with immediate preceding quarter

	Current Quarter (Unaudited)	Immediate Preceding Quarter (Unaudited)	Changes	
	30/09/2021	30/06/2021	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	179,860	376,168	(196,308)	(52.19)
Gross profit	61,816	157,847	(96,031)	(60.84)
Profit before interest and tax	41,332	141,639	(100,307)	(70.82)
Profit / (loss) before tax	(4,426)	87,537	(91,963)	(105.06)
Loss after tax	(10,903)	(2,318)	(8,585)	370.36
Loss attributable to owners of the Company	(6,108)	(2,658)	(3,450)	129.80

The Group recorded a revenue of RM179.860 million and a loss before tax of RM4.426 million in the current quarter as compared to revenue of RM376.168 million and profit before tax of RM87.537 million in the immediate preceding quarter.

In the current reporting quarter, the Group reported lower revenue mainly due to lower contribution from construction, toll operations and property development as compared to the immediate preceding quarter. These is mainly due to the the effects of MCO 3.0 and total lockdown as implemented by the Government of Malaysia which has decreased the progress of the construction work and also decreased the traffic volume for this current reporting quarter. However, the plantation division has contributed a higher revenue from its oil palm plantation with the increase in the average selling price realised for Fresh Fruit Bunches (FFB) for the month of July 2021 to September 2021 and higher sales from the durian plantation during this harvesting season.

B3 Prospects

As part of our strategy to transform Ekovest into a larger listed conglomerate with a portfolio of diversified businesses, our presence in PLS following the completion of the unconditional mandatory general offer to acquire all the remaining PLS shares and warrants not held by Ekovest has enabled us to venture into the management and operation of oil palm and forest plantations as well as in durian plantation, production, distribution and related businesses. This is in line with the long-term strategy of expanding and diversifying into other businesses to reduce dependency and reliance on our existing businesses in construction, property development and toll operations.



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The Board expects the new plantations segment, the ongoing construction of SPE and the toll revenue to contribute positively to the Group's revenue and earnings in the current financial year. Barring any unforeseen circumstances, the Board is confident that the Group's performance would remain satisfactory for the financial year ending 30 June 2022.

The Company is continuously working closely with Government on various infrastructure projects which has been proposed to the Government. The Board is hopeful that the Company is able to secure some of these projects. The Company is also currently planning to launch property development projects in Klang Valley, with the re-introduction of HOC 2020/2021 it is expected to be an important catalyst to stimulate property sales in Malaysia. However, the Board will review the financial impact and monitor closely on any new property development project before launching.

B4 Forecast/Profit Guarantee

There is no profit guarantee or financial forecast for the current quarter.

B5 Taxation

	Current quarter ended 30 September 2021	3 months ended 30 September 2021
	RM '000	RM '000
Malaysian taxation - current	6,477	6,477
	<u>6,477</u>	<u>6,477</u>

The effective tax rate is higher than statutory tax rate mainly due to the losses incurred by certain subsidiaries and certain expenses not being deductible for tax purposes.

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B6 Group Borrowings

Current Liabilities	CURRENT 1st QUARTER ENDED 30 SEPTEMBER 2021 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2020 RM '000
Bank overdraft		
-secured	17,216	16,395
-unsecured	22,500	-
Bank Term Loans-secured	58,734	7,322
Medium term notes	80,000	50,000
Trade working capital financing	33,183	-
Revolving credit-secured	465,304	480,231
	676,937	553,948

Non-current Liabilities	CURRENT 1st QUARTER ENDED 30 SEPTEMBER 2021 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2020 RM '000
Bank Term Loans-secured	443,060	271,612
Islamic medium term notes	5,380,560	5,392,242
	5,823,620	5,663,854

The Group's total borrowings as compared to the preceding year has increased mainly due to the consolidation of PLS's borrowings in the current reporting quarter.

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B7 Material Litigation

Save as disclosed below as at 30 June 2021, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board are not aware and do not have any knowledge of any proceedings, pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company and its subsidiaries :

- (i) On 3 July 2018, Ekovest Construction Sdn Bhd (“**ECSB**”), a wholly-owned subsidiary of our Company, had initiated an arbitration proceeding against Samling Resources Sdn Bhd (“**SRSB**”) by serving a Notice of Arbitration on SRSB. Thereafter, ECSB had on 2 July 2019 filed a Statement of Case to claim against SRSB based on the following:
- (a) wrongful termination of the joint venture and shareholders’ agreement dated 6 January 2017 entered into between ECSB and SRSB to jointly undertake the development and upgrading of the Pan Borneo Highway in the state of Sarawak, Malaysia for work package contract WPC-02 (Semantan to Sg. Moyan Bridge + KSR Interchanges) (“**Highway Project**”);
 - (b) misrepresentation by SRSB to ECSB, in order to induce ECSB into performing tasks, duties and responsibilities of SRSB prior to the submission of the tender; the procurement of the Highway Project from Lebuhraya Borneo Utara Sdn Bhd (“**LBUSB**”), the project delivery partner for the Highway Project; and managing the Highway Project and all its ensuing duties and tasks;
 - (c) failure to expeditiously and diligently make the necessary applications for the approvals from LBUSB for the sub-contract of the Highway Project to Samling – Ekovest JV Sdn Bhd, a special purpose vehicle incorporated by ECSB and SRSB to undertake the development and upgrading of the Highway Project (“**JV Company**”); and
 - (d) in the alternative, failure to take any step to compel LBUSB to consent to the sub-contract of the Highway Project to the JV Company, which should not have been unreasonably withheld, in which ECSB claims for general damages, interest and costs to be determined by the arbitrator (“**Arbitration Proceedings**”).

The hearing in relation to the Arbitration Proceeding which was fixed from 29 September 2020 to 2 October 2020 were vacated following the order of the Court as detailed in item (ii) below.

- (ii) On 3 February 2020, our Company and ECSB were served by the solicitors of SRSB with a Writ of Summons and Statement of Claim dated 31 January 2020 (“**Claim**”) alleging that our Company and/or ECSB:
- (aa) were negligent in their representation and/or assurances with regards to the technical advice and support and profit margin for the Highway Project;

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- (bb) failed, neglected and/or omitted to discharge their responsibilities with due care and diligence in the implementation and execution of the Highway Project;
- (cc) acted in breach of their fiduciary duties owed to SRSB, including inter alia, the duties under common law and equity; and/or
- (dd) breached and misrepresented in respect of the sub-contractors that were selected, recommended and appointed to carry out the sub-contract works of the Highway Project.

SRSB as plaintiff is claiming against our Company and ECSB as defendants jointly and severally for:

- general damages;
- interest at the rate of 5% per annum pursuant to Section 11 of the Civil Law Act 1956 or at such rate and from such date as the court deems fit and proper until the date of judgement;
- interest at the rate of 5% per annum from the date of judgement until the date of full and final settlement;
- costs; and
- such further and/or other relief as the court deems fit and proper.

ECSB and our Company had on 13 February 2020 and 14 February 2020 respectively filed our/its application for a stay of proceedings of the Claim pending the Arbitration Proceeding (“**Stay Applications**”). During the case management held on 21 April 2020, the Deputy Registrar further directed parties to file their respective affidavits and submissions, and had fixed the hearing of the Stay Applications on 6 July 2020. The hearing of the Stay Applications was then adjourned to 13 July 2020. Further to the filing of the written submissions and reply submissions by the parties’ solicitors, the parties’ solicitors also submitted orally and addressed the High Court Judge’s questions during the hearing fixed on 13 July 2020. Thereafter, the High Court Judge fixed the Clarification/Decision for the Stay Applications on 30 July 2020. On 30 July 2020, the High Court Judge dismissed the Company’s application for a stay of proceedings; and the High Court Judge allowed ECSB’s application for a stay of proceedings pending arbitration but imposed a condition that the arbitration between ECSB and SRSB shall only proceed after the resolution of SRSB’s Claim against the Company at Kuala Lumpur High Court.

On 25 August 2020, the Company has filed its notice of appeal to appeal against the decision of the High Court that dismissed the Company’s Stay Application (“**Company’s Appeal**”), and ECSB had also filed its notice of appeal to appeal partly against the condition imposed by the High Court when allowing ECSB’s Stay Application. The Company and ECSB were advised that the Company’s Stay Application and also the ECSB’s Stay Application should be allowed given that the matters to be decided in the aforementioned proceedings are one of the same and that any contradiction in the decisions arising therefrom would unfairly prejudice one party’s claim against each other.

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Notwithstanding the aforesaid, the Court of Appeal had on 25 November 2021 (after reading the parties' respective written submissions together with all relevant documents) (a) allowed ECSB's appeal and set aside the condition imposed by the High Court Judge that the arbitration between ECSB and SRSB shall only proceed after the resolution of SRSB's Claim against the Company at the Kuala Lumpur High Court; and (b) dismissed the Company's Appeal as the Court of Appeal was of the view that the High Court proceedings between SRSB and the Company could proceed. Following therefrom, the Company is in the midst of seeking legal opinion from our solicitors on the possibility of filing an application to strike out SRSB's Claim against the Company.

On the above matter as a whole, our solicitors are of the opinion that, notwithstanding that the maximum exposure to liabilities and amount of damages, interest and costs pursuant to the Claim cannot be ascertained at this juncture, ECSB has a fair chance of success in the Arbitration Proceeding and the Company has a fair chance of success in the defence to the Claim brought by SRSB as SRSB has failed to expeditiously and diligently make the necessary applications for the approvals from LBUSB for the sub-contract of the Highway Project to the JV Company, and failed to take any step to compel LBUSB to consent to the sub-contract of the Highway Project to the JV Company which should not have been unreasonably withheld. Our solicitors are also of the opinion that the Company has a fair chance of success in the defence to the Claim brought by SRSB as the Company has no involvement after the execution of the JV agreement.

- (iii) On 7 October 2019, ECSB was served by the solicitors of SRSB with a Statement of Claim of the Defendant against the Third Party ("**Third Party Proceeding**").

SRSB is claiming that in the event it is held liable to Greenland Knusford Construction Sdn Bhd ("**GKCSB**") pursuant to the legal proceeding commenced by GKCSB to claim for loss and damage amounting to RM22,537,460.63 arising from alleged fraudulent, negligent representations, misstatements and/or alleged wrongful termination of GKCSB's employment by SRSB ("**Primary Proceeding**"), then SRSB is entitled to claim in this Third Party Proceeding against ECSB, for declaratory relief and consequential order for the following:

- (a) a declaration that the alleged misrepresentations and/or misstatements pleaded by the GKCSB in the Statement of Claim was by ECSB and/or contributed by ECSB;
- (b) a declaration that ECSB owes a duty of care to GKCSB and is in breach of that duty of care;
- (c) a declaration that ECSB owes SRSB a fiduciary duty and/or a duty to take care, and ECSB is in breach of that duty;
- (d) a declaration that ECSB has caused SRSB to be sued by GKCSB in the Primary Proceeding;

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- (e) consequently, and in the event that SRSB is held liable to GKCSB, an order that ECSB is liable to SRSB for an indemnity and/or a contribution in respect of GKCSB's claim;
- (f) costs incurred by SRSB in defending GKCSB's action;
- (g) cost of this Third Party Proceeding; and
- (h) interests.

The pleadings in respect of the Third Party Proceeding closed on 9 December 2019 and the matter was fixed for further case management on 16 July 2020.

On 19 December 2019, SRSB filed an application under Order 14A and/or Order 33 rule 2 and/or rule 5 of the Rules of Court 2012 ("**O. 14A Application**") for determination of six questions of law and for several consequential orders, including (a) that in the event the questions are determined in SRSB's favour, the claim of GKCSB against SRSB be struck out and/or dismissed, and (b) until the determination of the said questions, all proceedings in this matter be stayed. The case management for this O.14A Application was also fixed on 16 July 2020.

On 16 July 2020, the High Court directed for the O.14A Application to be heard first before the amendment application filed by GKCSB, and that parties are to comply with the directions for submissions.

Upon having heard the parties on their submissions, the High Court had on 3 September 2021 dismissed the O. 14A Application with cost to GKCSB. On 27 September 2021, SRSB filed a Notice of Appeal in respect of the O. 14A Application. SRSB had also filed a Notice of Application together with the Affidavit in Support for a stay of proceedings application ("**Stay Application**") on 22 October 2021 and 25 October 2021 respectively. The next e-review date for the instant stay application is fixed on 20 December 2021.

We had sought the necessary legal advice on the above matter and our solicitors are of the opinion that SRSB has a good case in defending GKCSB's claim in the Primary Proceeding on the basis that the allegation made by GKCSB is time barred pursuant to the limitation period of two (2) years for tort under Item 19 of the Schedule of Sarawak Limitation Ordinance. As such, ECSB has good prospects to avoid liability to indemnify SRSB against the amount of loss and damage claimed by GKCSB.

Our Directors are of the opinion that the Third Party Proceeding is not expected to have material operational and financial impact on our Group.

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B8 Dividend Declared

No interim dividend has been declared for the current quarter and period ended 30 September 2021.

B9 Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year Correspondin g Period
	30 September 2021 (Unaudited)	30 September 2020 (Unaudited)	30 september 2021 (Unaudited)	30 September 2020 (Unaudited)
(a) Basis earnings per share				
Net (loss) / profit attributable to owners of the Company (RM'000)	(6,108)	10,864	(6,108)	10,864
Weighted average number of ordinary share issue (‘000)	2,695,828	2,695,828	2,695,828	2,695,828
Basic earnings per ordinary share (sen)	(0.23)	0.40	(0.23)	0.40
(b) Diluted earnings per ordinary share (sen)	(0.23)	0.40	(0.23)	0.40



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B10 Notes to the Statement of Profit or Loss and Other Comprehensive Income

	Current quarter ended 30 September 2021 RM '000	3 months ended 30 September 2021 RM '000
Profit before tax is stated after charging /(crediting) :		
Interest income	(2,184)	(2,184)
Other income including investment income	(2,211)	(2,211)
Interest expense	47,942	47,942
Depreciation and amortization	8,753	8,753

B11 Corporate Exercises

B11 (a)

The Board of Directors of Ekovest Berhad ("**Board**"), had on 21 September 2016, announced our wholly-owned subsidiary, Nuzen Corporation Sdn Bhd ("**Nuzen**") had entered into a binding term sheet with Employees Provident Fund Board ("**EPF**") to dispose a 40% equity interest held in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("**Kesturi**") to EPF.

On 8 November 2016, on behalf of the Board of Directors of Ekovest ("**Board**"), CIMB Investment Bank Berhad ("**CIMB**"), Astramina Advisory Sdn Bhd ("**Astramina**") and AmInvestment Bank Berhad ("**AmInvestment**") announced that Nuzen had entered into a conditional share sale agreement ("**SSA**") with EPF for the disposal of:

- (i) 3,440,400 ordinary shares of RM1.00 each in Kesturi, a wholly-owned subsidiary of Nuzen; and
- (ii) 18,000,000 redeemable preference shares of RM1.00 each in Kesturi,

which represents 40% of the issued and paid-up share capital of Kesturi, for a total cash consideration of RM1,130.0 million, subject to the terms and conditions contained in the SSA ("**Disposal**").

In addition, the Company proposes to undertake the following:

- (i) proposed share split involving the subdivision of every two (2) existing ordinary shares of RM0.50 each into five (5) ordinary shares of RM0.20 each in Ekovest held on an entitlement date to be determined and announced later ("**Share Split**"); and



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- (ii) proposed amendments to the Company's Memorandum and Articles of Association to facilitate the implementation of the Share Split ("**Amendments**").

On 18 November 2016, it was announced that the applications relating to the Share Split have been submitted to Bursa Malaysia Securities Berhad ("**Bursa Securities**") and on 22 December 2016 announced that Bursa Securities resolved to approve the Share Split and listing of and quotation for up to 183,310,470 additional warrants arising from the adjustments to be made pursuant to the Share Split and up to 183,310,470 subdivided shares to be issued arising from the exercise of additional warrants, on the Main Market of Bursa Securities.

On 19 January 2017, the shareholders of the Company have approved the resolutions in respect of the Disposal, Share Split and Amendments.

The Disposal has been completed on 13 February 2017 and in accordance with the terms of the Share Sale Agreement, Nuzen and EPF have entered into the Shareholders' Agreement on 13 February 2017.

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**
B11 Corporate Exercises (cont'd)
B11 (a)

The status of utilisation of proceeds raised from the Proposed Disposal which was completed on 13 February 2017 are as follows:

Purpose	Gross Proceeds (RM '000)	Actual Utilisation (RM '000)	Balance (RM '000)	Deviation (RM '000)	Intended Timeframe for Utilisation
Repayment of borrowings	400,000	400,000	Nil	Nil	Within 6 months
Distribution to shareholders of Ekovest (<i>Note 1</i>)	Between 213,862 and 244,414	213,920	Nil	Nil	Within 6 months
Exit Payment	149,000	Nil	149,000	Nil	(<i>Note 2</i>)
General corporate and working capital	Between 325,168 and 355,720	355,662	Nil	Nil	Within 24 months
Estimated expenses for the Proposal	11,418	11,418	Nil	Nil	Within 6 months
	<u>1,130,000</u>	<u>981,000</u>	<u>149,000</u>		

Remarks :

The total cash consideration for this Proposed Disposal is RM1,130.0 million, which is payable in the following manner :

- (a) On the completion date, EPF shall pay to Nuzen the completion sum of RM921.0 million; and
- (b) Within 7 Business Days following the receipt by Nuzen of a copy of the CPC for Duke Phase-2, EPF shall pay to Nuzen the CPC payment of RM209.0 million, of which the Exit Payment of RM149.0 million is to be deposited into the Designated Accounts and Nuzen shall retain the Exit Payment and all Accrued Income.

Note (1) : The Proposed Distribution represents a cash dividend of RM0.25 per share. The Proposed Dividend has been paid on 8 March 2017 amounting to RM213.92 million. The actual amount paid to the shareholders of the Company is based on the Company's shares outstanding as the entitlement date.

Note (2) : Nuzen is entitled to the full legal and beneficial rights and title to the Exit Payment amounting to RM149.0 million and the Accrued Income but is obligated to retain the Exit Payment and the Accrued Income in the Designated Account. As at to-date, Nuzen has received the CPC Payment which includes the Exit Payment. Amount received to-date is RM1,130.0 million only.



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B11 Corporate Exercises (cont'd)

B11 (b)

On 25 April 2019, the Company had submitted an application to Bursa Securities in respect of the listing and quotation of up to 256,446,959 placement shares to be issued pursuant to the private placement of up to 10% of the total number of issued shares of Ekovest, on the Main Market of Bursa Securities which was subsequently approved on 29 April 2019.

The issue price for the first tranche of the private placement has been fixed on 6 May 2019 at RM0.83 per Placement Share ("First Tranche"). The First Tranche comprised up to 214,812,359 Placement Shares, calculated based on 10% of the total number of issued shares of Ekovest as at 3 May 2019. The issue price of RM0.83 per placement share represents a discount of approximately 7.12% to the five (5)-day volume weighted average market price of Ekovest Shares up to and including 3 May 2019.

On 16 May 2019, the First Tranche of the private placement comprising 214,800,000 placement shares has been completed following the listing and quotation of 214,800,000 placement shares on the Main Market of Bursa Securities. The proceeds raised from this First Tranche placement have been fully utilized according to the approved utilisation purposes.

The remaining placement shares not issued under the First Tranche will be issued in subsequent tranches within six (6) months from 29 April 2019, being the date of Bursa Securities' approval letter for the listing and quotation of the placement shares on the Main Market of Bursa Securities. Subsequently, Bursa Securities had vide its letter dated 23 October 2019, granted an extension of time until 29 April 2020.

On 4 May 2020, Bursa Securities had granted a further extension of time until 29 October 2020 for the Company to complete the implementation of the Private Placement. However, on 29 September 2020, the Company completed the second and final tranche of the Private Placement comprising 41,000,000 Placement Shares at RM0.51 per share for total consideration of RM20,910,000. This proceeds were raised for general working capital purposes.

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
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On behalf of the Board of Directors of Ekovest ("Board"), RHB Investment Bank Berhad ("RHB Investment Bank") and Astramina Advisory Sdn Bhd ("Astramina") announced that Timur Terang Sdn Bhd ("TTSB"), a wholly-owned subsidiary of Ekovest, had on 21 November 2019, 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 Pulai, District of Johor Bahru, State of Johor, measuring approximately 30.49 hectares or 75.34 acres in aggregate from IWH for a total purchase consideration of approximately RM869.69 million which will be satisfied in the following manner:
 - (a) approximately RM849.89 million through the issuance of 849,887,600 ICPS at an issue price of RM1.00 per ICPS; and
 - (b) approximately RM19.80 million in cash ("Proposed Acquisition 1"); and
- (ii) a conditional sale and purchase agreement with IWH to acquire three (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 Pulai, District of Johor Bahru, State of Johor, measuring approximately 6.32 hectares or 15.61 acres in aggregate from IWH for a total purchase consideration of approximately RM180.20 million ("Purchase Consideration 2") which will be fully satisfied in cash.

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.

The parties to the SPAs ("Parties") subsequently noted that there were discrepancies in the land area as stated in the issue documents of title to the Lands ("Land Titles") and those stated in the plans attached to the respective Land Titles. Accordingly, upon the receipt of subsequent clarification from the Land Registry, the Parties had on 10 January 2019 entered into two (2) supplemental agreements to vary certain terms of the SPAs ("Supplemental SPAs") in order to record their agreement on the revised land area of the Lands of 4,193,481 square feet ("sqft") and the consequential adjustment to the total purchase consideration for the Proposed Acquisitions (calculated at the same rate of RM265 per sq ft) as well as the manner in which the said total purchase consideration should be settled.

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad****B11 Corporate Exercises (cont'd)**

On 14 July 2020, TTSB and IWH had vide an exchange of letters dated 14 July 2020 agreed to extend the Conditional Period for another 6 months i.e. from 21 August 2020 to 20 February 2021 for the Parties to fulfill the Conditions Precedent set out in the SPAs. RHB Investment Bank, on behalf of the Company had sought an extension of time until 21 March 2021 to submit the draft Circular in relation to the above Proposals. Bursa Securities had subsequently vide its letter dated 26 January 2021 granted its approval for the EOT.

The Parties were unable to reach an agreement on 21 March 2021 and have therefore decided to allow the SPAs to lapse.

Subsequently on 5 April 2021, on behalf of the Board, MIDF Amanah Investment Bank Berhad ("MIDF Investment") and Astramina announced that TTSB, had re-entered into the following new 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 Pulai, 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 new irredeemable convertible preference shares in Ekovest ("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 Pulai, 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).



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**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
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B11 Corporate Exercises (cont'd)

The above 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 Bursa Securities; and
- (iii) Any other relevant authorities and/or parties, if required.

However, on 4 June 2021, on behalf of the Board, MIDF Investment and Astramina announced that in view of the uptick Covid-19 cases and nationwide lockdown, the Company, IWH and TTSB have vide letters of termination dated 4 June 2021 mutually agreed to terminate the SPA 1 and SPA 2. In view of the above, the transactions have been aborted.

B11 (d)

The Company had on 8 September 2020 received a letter dated 7 September 2020 from IWH ("Letter") in relation to an exclusive offer to the Company to enter into exclusive negotiation with IWH to explore the participation of the Company as a strategic investor in the Bandar Malaysia development project, through the proposed acquisition by the Company of 40% of the equity interest held by IWH in IWH CREC Sdn Bhd ("IWH-CREC") ("Proposal").

IWH, through IWH-CREC, a joint venture vehicle between IWH and China Railway Engineering Corporation (M) Sdn Bhd ("CRECM") (a wholly owned company of the China state-owned company, China Railway Group Limited (CREC), which is a Fortune Global 500 company), had on 17 December 2019 entered into a restated and amended share sale agreement with TRX City Sdn Bhd ("TRXC") (an indirect wholly owned subsidiary of the Ministry of Finance Malaysia) in relation to the acquisition by IWH-CREC of a 60% equity interest in Bandar Malaysia Sdn Bhd to undertake the development of the Bandar Malaysia project.

The Board of Directors of the Company ("Board") wishes to announce that the Board has agreed to commence exclusive negotiation to finalize with IWH in relation to the Proposal, with a view towards entering into agreement within 30 market days from the acceptance of the Letter, unless extended with the consent of both parties.

The Proposal is subject to the approvals, waivers or consents of all relevant parties include, among others, CRECM and TRXC.

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad****B11 Corporate Exercises (cont'd)**

IWH takes cognizance of Ekovest as being one of its long-term trusted business partners that has the necessary skills and technical know-how to undertake largescale infrastructure developments. The Bandar Malaysia Project is a prime national economic project, in which Ekovest's direct participation and investment in IWH-CREC will potentially generate billions in order book sales arising from future infrastructure and development of Bandar Malaysia, which has an estimated gross development value (GDV) of approximately RM140 billion.

The Company had on 8 December 2020 entered into a heads of agreement ("HOA") with IWH in relation to the Proposed Joint Venture which entails the following:

- (i) proposed subscription by Ekovest of new ordinary shares in a special purpose vehicle ("SPV"), which will be a wholly-owned subsidiary of IWH following the completion of the IWH's Reorganisation (as hereinafter defined) undertaken by IWH, comprising 40% of the enlarged issued share capital of the SPV ("Proposed OS Subscription"); and
- (ii) proposed subscription by Ekovest of new redeemable preference shares-A ("RPS-A") and redeemable preference shares-B ("RPS-B") in IWH CREC Sdn Bhd ("IWH-CREC") for the purposes of redeeming 40% of the existing RPS-A and RPS-B held by IWH in IWH-CREC ("Proposed RPS Subscription").

On 15 July 2021, the Company announced that it has been notified by IWH that the Restated and Amended Share Sale Agreement executed between TRXC and IWH-CREC has lapsed. Consequence on the above, the Company and IWH will no longer proceed with the HOA dated 8 December as it is now deemed null and void.

B11 (e)

The Board had on 25 August 2021 announced that the Company is proposing to provide financial assistance to MCC Land (TMK) Pte. Ltd. ("MCC Land (TMK)"), a 29%-owned joint venture company of Ekovest Development (S) Pte. Ltd., which in turn is a wholly-owned subsidiary of the Company, in the form of deed of undertaking for banking facilities by MCC Land (TMK) from licensed financial institutions based in Singapore ("Proposed Provision of Financial Assistance").

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

- a) the approval of shareholders of EB being obtained at the Extraordinary General Meeting on 30 September 2021;
- b) the approval of Bank Negara Malaysia for financial guarantee issued by resident to non-resident; and
- c) any other relevant authorities and/or parties approval; if required.

On 30 September 2021, the shareholders of the Company have approved the resolution in respect of the Proposed Provision of Financial Assistance. Barring any unforeseen circumstances, the Board of Directors expects the above to be completed by the 4th quarter of calendar year 2021.

Other than the above, there is no corporate proposals announced but not completed as at the date of this quarterly report.