

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

TYPE : GENERAL ANNOUNCEMENT
SUBJECT : OTHERS
DESCRIPTION : STRATEGIC COLLABORATION AGREEMENT BETWEEN EKOVEST BERHAD AND CHINA RAILWAY DONGFANG GROUP SDN BHD

1. INTRODUCTION

The Board of Directors of Ekovest (“**Board**”) wishes to announce that the Company had on 26 November 2019 entered into a strategic collaboration agreement with China Railway Dongfang Group Sdn Bhd (“**CRDF**”), a wholly owned subsidiary of China Railway Group Limited (“**CREC**”), to establish a broad-based multi-angle and non-exclusive collaboration and strategic cooperation arrangement in relation to construction, development, infrastructure, airport and seaport and other development activities in Malaysia and in the Asia Pacific Region (“**Collaboration**”) upon such terms and subject to such conditions as may be mutually agreed upon by the parties (“**Strategic Collaboration Agreement**”).

(the Company and CRDF to be collectively referred to as “**the Parties**”)

2. INFORMATION ON CRDF

CRDF was incorporated in Malaysia on 27 May 2016 as a private limited company. CRDF is a wholly owned subsidiary of CREC, a company incorporated in the People’s Republic of China, whose shares are listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong.

CREC and its group of companies (collectively, “**CREC Group**”) have 120 years of history and has become a pioneer and forerunner railway construction company since 1894. The CREC Group has contributed to the infrastructure construction of China and improved the development of the railway construction of China and the global transport infrastructure environment. As one of the world’s largest construction and engineering contractors, the CREC Group takes a leading position in infrastructure construction covering railways, highways, bridges, buildings, urban rail transits, water conservancies, hydropower stations, airports, harbors and docks and marine works and others. The CREC Group has built more than 2/3 of China’s national railway network, 90% of China’s electrified railways, 1/8 of the national expressways and 3/5 of the urban rail transit system. Currently, the CREC Group has achieved world advanced level in bridge construction and holds a leading position in tunnel and subway construction in China and represents the highest technical standard in China’s railway electrification.

3. SALIENT TERMS OF THE STRATEGIC COLLABORATION AGREEMENT

It is the Parties’ intention, subject to terms to be mutually agreed upon, to jointly participate and undertake ventures or projects to be identified via one or more special purpose vehicle companies to be established by the Parties, which may involve the equity participation of both Ekovest Group and CRDF and/or their related corporations. The levels of participation, funding obligations and contributions of the Ekovest Group and CRDF and/or their related corporations are to be mutually agreed upon by the Parties having regard to the scope and nature of the Parties’ contributions to the identified ventures or projects, with the intention of offering distinct commercial and economic benefits, participation and leadership rights to each party.

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CRDF will endeavour, as it deems appropriate and fit, to bring in and secure the cooperation of various industry experts and specialists and transfer technology to promote and undertake large scale joint investments in various industries in Malaysia, including without limitation to real estate, highway, airport, seaport and industrial park construction.

The Parties shall act in good faith at all times and exercise their best endeavours and efforts to negotiate in good faith and execute such agreements as the Parties may agree upon pursuant to the ventures or projects under the Collaboration in order to achieve the economic and commercial objectives of the Collaboration.

The Parties have mutually agreed to enter into this Strategic Collaboration Agreement as an expression of their intention to deal with each other on a non-exclusive basis.

4. VALIDITY

The Strategic Collaboration Agreement shall continue and remain in full force and effect until its termination by either party serving a notice of termination in writing of not less than one (1) month to the other party.

5. EFFECTS OF THE STRATEGIC COLLABORATION AGREEMENT

The Strategic Collaboration Agreement is not expected to have a material effect on the earnings, net assets and gearing of the Company and of the Group for the financial year ending 30 June 2020.

The Strategic Collaboration Agreement will not have any effect on the issued and paid up share capital of the Company as well as its director or its substantial shareholdings.

6. RATIONALE

The Collaboration is to jointly explore new ventures and projects which draw on and combine the respective unique resources, expertise, knowledge and experience of the Ekovest Group and the CREC Group to identify opportunities in various industry sectors in Malaysia and in the Asia Pacific Region, including but not limited to opportunities in the infrastructure, property development and construction sectors.

7. APPROVAL REQUIRED

The Strategic Collaboration Agreement is not subject to the approval of the shareholders of Ekovest or any other relevant authorities.

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8. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

None of the Directors, major shareholders and/or persons connected with a Director or a major shareholder of the Company, have any interest, direct or indirect, in the Strategic Collaboration Agreement.

9. DOCUMENTS FOR INSPECTION

The Strategic Collaboration Agreement is available for inspection at the Registered Office of the Company at Ground Floor, Wisma Ekovest, No. 118 Jalan Gombak, 53000 Kuala Lumpur (except for public holidays) for a period of three months from the date of this announcement.

This announcement is dated 26 November 2019.