

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

EXECUTION OF BINDING TERM SHEETS IN RELATION TO THE PROPOSED ACQUISITION OF FOUR (4) PARCELS OF LANDS MEASURING APPROXIMATELY 15.82 ACRES IN AGGREGATE, ALL LOCATED ALONG THE JOHOR BAHRU-SINGAPORE RAPID TRANSIT SYSTEM LINK ALIGNMENT AND ARE INTENDED FOR POTENTIAL TRANSIT-ORIENTED DEVELOPMENT

1. INTRODUCTION

Reference is made to the Company's announcement on 27 September 2023 whereby the Company had on even date received a letter dated 27 September 2023 (“**Proposal Letter**”) from Tan Sri Dato' Lim Kang Hoo (“**TSDLKH**”), the Group Executive Chairman and a major shareholder of the Company, requesting the Company to consider participating in a reorganisation, rationalisation and merger proposal comprising, amongst others, the proposed acquisition of four (4) parcels of lands measuring approximately 15.82 acres in aggregate, all located along the Johor Bahru–Singapore Rapid Transit System (“**RTS**”) alignment and are intended for potential transit-oriental development (“**TOD**”).

Following thereto, the Board of Directors of the Company (“**Board**”) wishes to announce that the Company had on 27 October 2023 entered into the following:

- (a) a binding term sheet with Mohamad Nor bin Hamid and Lee Hun Yeung (collectively, the “**Vendors of DCMSB**”) (“**TOD 2 Land Term Sheet**”) to acquire two (2) parcels of freehold commercial land held under H.S.(D) 218291, PTB 19264 and H.S.(D) 218292, PTB 19265 respectively, both located at Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor, measuring approximately 269,182 square feet (approximately 6.18 acres) in aggregate, together with a six (6)-storey shopping complex known as “Danga City Mall” and an expo building erected thereon on part of the said lands (collectively, the “**TOD 2 Land**”) from Danga City Mall Sdn Bhd (“**DCMSB**”), in which the Vendors of DCMSB hold the entire equity interest in TOD 2 Land for an indicative purchase consideration of RM210.00 million (“**TOD 2 Land Purchase Consideration**”) (“**Proposed TOD 2 Land Acquisition**”); and
- (b) a binding term sheet with Cheong Meow Yen and Desa Sinarmas Sdn Bhd (collectively, the “**Vendors of KMSB**”) (“**TOD 3 Land Term Sheet**”) to acquire two (2) parcels of leasehold commercial land held under H.S.(D) 580782, Lot 1874 and H.S.(D) 580783, Lot 12242 respectively, both located at Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor, measuring approximately 419,792 square feet (approximately 9.64 acres) in aggregate (collectively, the “**TOD 3 Land**”) from Khazanah Melati Sdn Bhd (“**KMSB**”), in which the Vendors of KMSB hold the entire equity interest in TOD 3 Land for an indicative purchase consideration of RM100.00 million (“**TOD 3 Land Purchase Consideration**”) (“**Proposed TOD 3 Land Acquisition**”).

(Vendors of DCMSB and Vendors of KMSB, the TOD 2 Term Sheet and TOD 3 Term Sheet, the TOD 2 Land and TOD 3 Land, the TOD 2 Land Purchase Consideration and TOD 3 Land Purchase Consideration, as well as the Proposed TOD 2 Land Acquisition and Proposed TOD 3 Land Acquisition shall hereinafter be collectively referred to as the “**Vendors**”, the “**Term Sheets**”, the “**TOD Lands**”, the “**Total Purchase Consideration**”, and the “**Proposed TOD Lands Acquisition**” respectively.)

The parties to the respective Term Sheets (collectively, the “**Parties**”) agree and acknowledge that the Proposed TOD Lands Acquisition, is subject to a due diligence review and assessment by the Company of the appropriate manner of undertaking the Proposed TOD Lands Acquisition and in this respect the Company shall have the right at its discretion and election to undertake Proposed TOD Lands Acquisition by way of the acquisition of the entire issued and paid-up share capital of DCMSB and KMSB (being the registered proprietor of the respective TOD Lands) instead of via the acquisition of the respective TOD Lands (“**Right to Acquire Shares**”).

The indicative Total Purchase Consideration of RM310.00 million shall be subject to valuation to be carried out on the TOD Lands as ascribed by a firm of independent qualified valuer(s) to be appointed by the Company ("**Valuation**") and the completion of the due diligence on the TOD Lands, DCMSB and KMSB ("**Due Diligence**") to the satisfaction of the Company. In the event of any changes to the TOD 2 Land Purchase Consideration and/or TOD 3 Land Purchase Consideration arising from the results of the Valuation, the Due Diligence and/or as a result of the exercise by the Company of the Right to Acquire Shares, the Parties may either agree on an adjustment mechanism for the respective purchase consideration or terminate the respective Term Sheets, upon which no Party shall have any claim against the other Party in respect of the Term Sheets save for any antecedent breach or breach of any obligation under the Term Sheets which is expressly applied after such termination.

The indicative Total Purchase Consideration will be fully satisfied by Ekovest on an agreed completion date, entirely via the issuance and allotment of such number of new ordinary shares in Ekovest ("**Ekovest Shares**") to the respective Vendors (or their nominee(s), if any) or DCMSB and KMSB (as the case may be) at an issue price of RM0.60 per Ekovest Share ("**Issue Price**") ("**Consideration Shares**").

The Issue Price represents a 2.76% premium over the five (5)-day volume weighted average market price ("**VWAP**") of Ekovest Shares up to and including 26 September 2023, being the last full trading day prior to the receipt of the Proposal Letter by the Board of RM0.5839. For information, the Issue Price represents a 28.56% premium over the five (5)-day VWAP of Ekovest Shares up to and including 26 October 2023, being the last full trading day prior to the signing of the Term Sheets of RM0.4667.

For the avoidance of doubt, the Proposed TOD Lands Acquisition is conditional upon, among others, the execution of the relevant definitive agreements ("**Definitive Agreements**") within the agreed timeline stipulated in the Term Sheets, however, the Proposed TOD 2 Land Acquisition and Proposed TOD 3 Land Acquisition are not inter-conditional upon each other.

2. INFORMATION ON THE DCMSB AND KMSB

DCMSB is a company incorporated in Malaysia on 12 March 2003 under the Companies Act 1965 and is deemed registered under the Companies Act 2016 ("**Act**"). As at 26 October 2023, being the latest practicable date of this Announcement ("**LPD**"), DCMSB has a total issued share capital of RM86,421,000 comprising 350,000 ordinary shares and 86,071,000 redeemable preference shares ("**RPS**"). The ordinary shareholders of DCMSB as at LPD are Lee Hun Yeung, who holds 80% ordinary shareholding in DCMSB and Mohammad Nor bin Hamid, who holds 20% ordinary shareholding in DCMSB. Mohammad Nor bin Hamid and Lee Hun Yeung are also the directors of DCMSB. Whilst TSDLKH via companies related to him hold the RPS. DCMSB is the registered and beneficial owner of the TOD 2 Land.

On the other hand, KMSB is a company incorporated in Malaysia on 27 May 1993 under the Companies Act 1965 and is deemed registered under the Act. As at LPD, KMSB has a total issued share capital of RM1,000,000 comprising 1,000,000 ordinary shares. The shareholders of KMSB as at LPD are Cheong Meow Yen, who holds 60% shareholding in KMSB and Desa Sinarmas Sdn Bhd, who holds 40% shareholding in KMSB. Cheong Meow Yen and Mohamad Nor bin Hamid are the directors of KMSB. TSDLKH via a company related to him has extended a loan to KMSB which such loan remains unsettled as at the date of this Announcement. KMSB is the registered and beneficial owner of the TOD 3 Land.

3. RATIONALE FOR THE PROPOSED TOD LANDS ACQUISITION

The Proposed TOD Lands Acquisition is aimed to strengthen the existing property development and investment businesses of Ekovest and its group of companies (“**Ekovest Group**”). The TOD Lands will potentially be developed for transit-oriented development (TOD) along the RTS alignment. The completion of the RTS is expected to have spread over effects on the properties surrounding the RTS stations due to the connectivity and convenience for residents in the area to travel to Singapore. In addition, the higher property prices and rental in Singapore as compared to Malaysia may lead to more individuals who need to travel to/work in Singapore opting for properties surrounding the RTS stations in Malaysia instead of residing in Singapore. As such, the Proposed TOD Lands Acquisition is expected to augur well for the Ekovest Group’s property development and investment businesses moving forward.

4. OTHER SALIENT TERMS OF THE TERM SHEETS

(a) Definitive Agreements

The Definitive Agreements refers to either –

- (i) the sale and purchase agreement to be entered into between each of DCMSB and KMSB; and the Company for the acquisition of the TOD Lands from DCMSB and KMSB; or
- (ii) in the event that the Right to Acquire Shares is exercised, the share sale agreement to be entered into between the respective shareholders of DCMSB and KMSB and the Company for the acquisition of the entire issued and paid-up share capital of DCMSB and KMSB from the respective Vendors.

as the case may be.

(b) Conditions precedent

The obligations of the Parties in respect of the Proposed TOD Lands Acquisition are conditional upon the Parties entering into the Definitive Agreements and the following conditions precedent and such other conditions precedent to be set out in the Definitive Agreements being obtained/fulfilled or waived (as the case may be and to the extent permissible by law) within such period as shall be agreed upon by the Parties and stipulated in the Definitive Agreements:

- (i) the Company being satisfied at its absolute discretion with the results of the Due Diligence;
- (ii) the Company having obtained the approval of its shareholders at an extraordinary general meeting (“**EGM**”) to be convened for the Proposed TOD Lands Acquisition and the issuance of the Consideration Shares to the Vendors or their nominee(s) (if any) or DCMSB and KMSB (as the case may be) in accordance with the terms and conditions of the Definitive Agreements to be entered into, and where required, the waiver of the pre-emptive rights by the shareholders of the Company as provided under section 85(1) of the Companies Act 2016 as well as the executions of the Term Sheets and the Definitive Agreements;
- (iii) the Company having obtained the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities;
- (iv) the respective Vendors having obtained the approval or consent of the financiers/creditors of DCMSB and KMSB or their group of companies (if any), for the Proposed TOD Lands Acquisition, where required;

- (v) the respective Vendors having obtained the approval or consent of the state authority for the transfer of the TOD Lands by DCMSB and KMSB to the Purchaser, where required;
 - (vi) any other approvals, waivers or consents of any authorities or parties as may be required by law of regulation or deemed necessary by the Parties; and
 - (vii) such other conditions precedent as shall be mutually agreed by the Parties and stipulated in the respective Definitive Agreements.
- (c) Exclusivity period and execution of Definitive Agreements
- (i) Subject to the Valuation and the completion of the Due Diligence to the satisfaction of the Company, the Parties shall execute the respective Definitive Agreements within three (3) months from the date of the Term Sheets, with an automatic extension of three (3) months upon the expiry of such three (3) months period, or such further extended date as the Parties may mutually agree upon ("**Expiry Date**").
 - (ii) Prior to the Expiry Date, the Parties agree to cooperate with the relevant other Party only with respect to the Proposed TOD Lands Acquisition and the Definitive Agreements, wherein the Parties, the Parties' subsidiary, parent, holding or related corporations (within the meaning of Section 7 of the Act) or persons connected to them (within the meaning of Section 197 of the Act) shall not, without prior written consent from the other Party, either directly or indirectly (whether alone or jointly or in conjunction with another party) initiate, solicit or entertain any discussion, negotiation, agreement or arrangement or otherwise deal in any way with any other person other than the other Party in connection with the Term Sheets, the Proposed TOD Lands Acquisition or the Definitive Agreements.

5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

TSDLKH being the Group Executive Chairman and a major shareholder of the Company, through few companies related to him, are the holders of redeemable preference shares in DCMSB. TSDLKH is also a lender to KMSB. Accordingly, the Proposed TOD Lands Acquisition are deemed related party transactions.

Lim Chen Thai being the Executive Director of the Company, is a person connected to TSDLKH.

Dato' Lim Hoe being the Executive Director of the Company, is a person connected to TSDLKH.

As such, TSDLKH and persons connected with him (i.e. Lim Chen Thai and Dato' Lim Hoe) have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed TOD Lands Acquisition (including the entry into the Term Sheets and the Definitive Agreements).

TSDLKH will abstain and procure persons connected with him to abstain from voting in respect of their direct and/or indirect interest, if any, in the Company on the resolutions pertaining to the Proposed TOD Lands Acquisition to be tabled at the EGM to be convened.

A detailed announcement on the Proposed TOD Lands Acquisition in accordance with Chapter 10 of the Main Market Listing Requirements of Bursa Securities will be made upon execution of the Definitive Agreements.

Astramina Advisory Sdn Bhd ("**Astramina Advisory**") has been appointed as the Financial Adviser to the Company for the Proposed TOD Lands Acquisition. Astramina Advisory is also the appointed Financial Advisor to TSDLKH in relation to the Proposal Letter.

The Company will be appointing other relevant advisers including the Principal Adviser, independent adviser and valuer (if required) for the Proposed TOD Lands Acquisition in due course.

This announcement is dated 27 October 2023.