

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

EXECUTION OF HEADS OF AGREEMENT BETWEEN EKOVEST AND TAN SRI DATO’ LIM KANG HOO

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, amongst others, the proposed acquisition by Ekovest of at least 51% or more of the issued share capital of Credence Resources Sdn Bhd (“**Credence**”) from TSDLKH.

Following thereto, the Board of Directors of Ekovest (“**Board**”) wishes to announce that the Company had on 27 October 2023 entered into a binding heads of agreement (“**HOA**”) with TSDLKH to exclusively explore and negotiate further on the proposed acquisition by Ekovest (or its nominee(s)) of up to 700,000 ordinary shares, representing up to 70% of the equity interest in Credence and 87,901,000 redeemable preference shares (“**RPS**”) in Credence (collectively, the “**Sale Shares**”) from TSDLKH for an indicative purchase consideration of approximately RM1.15 billion (“**Purchase Consideration**”), which was arrived at on a willing-buyer, willing-seller basis, after taking into account the audited net assets of Credence as at 31 December 2022 (“**Proposed Credence Acquisition**”).

The Purchase Consideration shall be satisfied by Ekovest on an agreed completion date of the Proposed Credence Acquisition via the allotment and issuance of such number of new ordinary shares in Ekovest (“**Ekovest Shares**”) to TSDLKH at an indicative issue price of RM0.60 per Ekovest Share (“**Issue Price**”) (“**Consideration Shares**”).

For the avoidance of doubt, the Proposed Credence Acquisition is conditional upon, among others, the execution of the relevant definitive agreement(s) between the Company and TSDLKH (collectively, “**Parties**”) (“**Definitive Agreement**”) within the agreed timeline stipulated in the HOA.

2. INFORMATION ON CREDENCE

Credence was incorporated in Malaysia on 11 April 2000, under the Companies Act, 1965 and deemed registered under the Companies Act, 2016. As at the date of this Announcement, Credence has a total issued and paid-up share capital of RM90,636,000 comprising RM1,000,000 ordinary shares and RM89,636,000 RPS. The existing ordinary shareholders of Credence are TSDLKH (90%), Dato’ Lim Hoe (5%) and Tan Sri Datuk Seri Lim Keng Cheng (5%) respectively, which are also the directors of Credence.

The principal activity of Credence is investment holding. Credence is the holding company of Iskandar Waterfront Holdings Sdn Bhd (“**IWH**”) with approximately 63.13% equity interest therein, which in turn holds approximately 34.29% equity interest in Iskandar Waterfront City Berhad (“**IWCity**”), a company listed on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). IWCity is a direct subsidiary of IWH.

IWH group of companies (including IWCity group of companies) has 4,212 acres of land bank in Johor, mainly located in the City Centre of Johor Bahru Waterfront.

For information purpose, TSDLKH had, vide the Proposal Letter, also proposed a merger of the properties and assets of IWH and IWCity under a single entity through the acquisition of the entire issued share capital of all the existing direct subsidiaries of IWH by IWCity (“**Proposed IWH-IWCity Assets Amalgamation**”). In this regard, IWCity had on even date, announced that it and TSDLKH have mutually agreed for an extension of 3 months commencing from 28 October 2023 to 27 January 2024, with an automatic extension of additional 3 months, to grant more time to IWCity to assess, evaluate and deliberate the

Proposed IWH-IWCity Assets Amalgamation in details and to commence discussions and negotiations on the terms of the binding heads of agreement or its equivalent between the parties.

3. RATIONALE FOR THE PROPOSED CREDENCE ACQUISITION

Presently, Ekovest and its group of companies ("**Ekovest Group**") have a total land bank of approximately 240 acres spreading across Kuala Lumpur, Danga Bay (Johor Bahru), Kuantan (Pahang) and Port Dickson (Negeri Sembilan). The Proposed Credence Acquisition provides an opportunity for Ekovest to expand its property development segment vide access to the land bank of Credence and its group of companies ("**Credence Group**") (including those held through IWH and IWCity) of approximately 4,212 acres which are strategically located in Johor. The expansion of the Ekovest Group's land bank in Johor will enable the Ekovest Group to tap into the potential opportunities that may arise from the various government incentives to develop Johor into another financial center of the country. The rapid infrastructure developments such as Rapid Transit System Link may also benefit the property sector in Johor. Accordingly, these lands have potential for capital appreciation, which is expected to augur well for the Ekovest Group moving forward.

The Proposed Credence Acquisition provides an opportunity for Ekovest Group to increase its presence in Iskandar Malaysia and strengthen its existing property development business.

In view that both the Ekovest Group and Credence Group are involved in the property businesses, the Proposed Credence Acquisition is also aimed at mitigating any potential conflict of interests and speculations relating to the alignment of interest of TSDLKH as a major shareholder of the Company.

4. SALIENT TERMS OF THE ASSETS AMALGAMATION AGREEMENT

(a) Purchase Consideration and Issue Price

- (i) The Purchase Consideration was arrived at on a willing-buyer, willing-seller basis, after taking into account the audited net assets of Credence as at 31 December 2022.
- (ii) The Issue Price represents a 2.8% premium to the 5-day volume-weighted average market price ("**VWAP**") of Ekovest Shares up to the market day preceding the date of the Proposal Letter of RM0.5839.

For information, the Issue Price represents a 28.56% premium to the 5-day VWAP of Ekovest Shares up to the market day preceding the date of the Assets Amalgamation Agreement of RM0.4667.

(b) Pre-condition to the Proposed Credence Acquisition

Ekovest shall, immediately (if required) after the execution of the Assets Amalgamation Agreement, but prior to the execution of the Definitive Agreement, submit a consultation paper to the Securities Commission Malaysia ("**SC**") seeking and obtaining its concurrence that:

- (i) the Proposed Credence Acquisition will not result in a significant change in business direction of Ekovest as prescribed under the Equity Guidelines issued by the SC; and
- (ii) the Proposed Credence Acquisition will not trigger the mandatory offer of IWCity arising from the acquisition of a company through upstream entity as prescribed under the Rules on Take-overs, Mergers and Compulsory Acquisitions.

(c) Conditions Precedent

The obligations of the Parties in respect of the Proposed Credence Acquisition are conditional upon the Parties entering into the Definitive Agreement and the following conditions precedent and such other conditions precedent to be set out in the Definitive Agreement 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 Agreement:

- (i) Ekovest being satisfied at its absolute discretion with the results of the due diligence on Credence;
- (ii) TSDLKH having obtained an exemption from the Securities Commission Malaysia under subparagraph 4.08(1)(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions from the obligation of TSDLKH and his PACs to undertake a mandatory take-over offer to acquire all the remaining securities in Ekovest not already owned by them upon the Definitive Agreement becoming unconditional, where required (“**Proposed Exemption**”);
- (iii) Ekovest having obtained the approval of its shareholders at an extraordinary general meeting (“**EGM**”) to be convened for the Proposed Credence Acquisition and the issuance of the Consideration Shares to TSDLKH or his nominees(s) (if any) in accordance with the terms and conditions of the Definitive Agreement, the waiver of the pre-emptive rights by the shareholders of Ekovest as provided under section 85(1) of the Companies Act 2016 and where required, the Proposed Exemption and the executions of the HOA and the Definitive Agreement;
- (iv) TSDLKH having obtained the approval or consent of the financiers/creditors of Credence Group for the Proposed Credence Acquisition, where required;
- (v) TSDLKH having obtained the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving Credence Group, where required;
- (vi) Ekovest having obtained the approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities, where required;
- (vii) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties; and
- (viii) such other conditions precedent as shall be mutually agreed by the Parties and stipulated in the Definitive Agreement.

(d) Execution of Definitive Agreement and exclusivity period

- (i) The Parties shall use their best endeavours and efforts to negotiate in good faith and execute the Definitive Agreement within four (4) months following the date of the HOA, with an automatic extension of three (3) months upon the expiry of such four (4) months period, or such further extended date as the parties may mutually agree upon (“**Expiry Date**”).
- (ii) If the Definitive Agreement together with such other agreements as the parties may agree upon are not executed by the Expiry Date, and if neither party elects to take such action in law as may be necessary to seek to compel the other party by way of specific performance to enter into the Definitive Agreement and to undertake the Proposed Credence Acquisition,

the Heads of Agreement shall terminate. Upon termination of the Heads of Agreement, no party shall have any continuing obligation as provided in the Heads of Agreement to the other save for any antecedent breaches or outstanding obligations as provided in the agreement.

- (iii) The Parties agree, covenant and undertake that they will not, and will ensure that their related corporations will not, directly or indirectly (whether 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 Proposed Credence Acquisition at any time prior to the Expiry Date.

5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

TSDLKH being the Group Executive Chairman and a major shareholder of the Company, is also a director and major shareholder of Credence. TSDLKH is the vendor for the Proposed Credence Acquisition.

Tan Sri Datuk Seri Lim Keng Cheng being the Managing Director of the Company, is also a director and substantial shareholder of Credence.

Dato' Lim Hoe being the Executive Director of the Company, is also a director and substantial shareholder of Credence. She is also a person connected to TSDLKH.

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

Accordingly, TSDLKH, Tan Sri Datuk Seri Lim Keng Cheng, Dato' Lim Hoe and Lim Chen Thai have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed Credence Acquisition.

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 Credence Acquisition to be tabled at the EGM to be convened.

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

Astramina Advisory Sdn Bhd ("**Astramina Advisory**") has been appointed as the Financial Adviser to the Company for the Proposed Credence Acquisition. Astramina Advisory is the appointed Financial Adviser to TSDLKH in relation to the Proposals Letter and also the appointed Transaction Arranger to Credence in relation to the Proposed Credence Acquisition.

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

This announcement is dated 27 October 2023.