

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

PROPOSED OFFER

Information in this Announcement relating to Iskandar Waterfront City Berhad (“**IWCity**”) is sourced from publicly available information as well as management of IWCity as at 11 December 2017, being the latest practicable date prior to this Announcement (“**LPD**”).

1. INTRODUCTION

- 1.1 On 31 October 2017, the Company announced that it had on 27 October 2017 received a proposal letter from Tan Sri Dato’ Lim Kang Hoo (“**TSDLKH**”), a major shareholder of the Company, in relation to a reorganisation exercise involving, *inter alia*, the proposed acquisition by the Company of approximately 62% equity interest in IWCity (*i.e.* excluding ordinary shares in IWCity (“**IWCity Shares**”) held by Iskandar Waterfront Holdings Sdn Bhd (“**IWH**”)) (“**Proposal Letter**”).
- 1.2 On 28 November 2017, on behalf of the Board of Directors of Ekovest (“**Board**”), Mercury Securities Sdn Bhd (“**Mercury Securities**”) (*Principal Adviser*) and Astramina Advisory Sdn Bhd (“**Astramina**”) (*Financial Adviser*) jointly announced that the Board had:-
- (i) received a letter of undertaking dated 27 November 2017 from IWH, wherein IWH undertakes that, *inter alia*, it shall not accept the offer to be made by Ekovest and it will consent to an application for the delisting of IWCity (*if any*) made by Ekovest;
 - (ii) formalised the establishment of a due diligence working group; and
 - (iii) appointed independent property valuers to undertake valuation on the material properties of IWCity.
- 1.3 On 30 November 2017, Mercury Securities and Astramina, on behalf of the Board, jointly announced that upon finalisation and deliberation of the relevant information and documentation pertaining to the proposal as stipulated in the Proposal Letter, including the valuation reports by the independent property valuers, the non-interested Directors shall then further deliberate on the proposal and whether to put forth the proposal for consideration of the non-interested shareholders of Ekovest.
- 1.4 On 18 December 2017, the Board (*save for the Interested Directors as set out in Section 11 of this Announcement*), after having considered all aspects of the Proposed Offer, decided to present the Proposed Offer to the non-interested shareholders of Ekovest for consideration at an extraordinary general meeting (“**EGM**”) of the Company to be convened.

In accordance with Paragraph 9.10(1) of the Rules on Take-overs, Mergers and Compulsory Acquisitions (“**Rules**”), Mercury Securities and Astramina had on even date, on behalf of the Company, served a notice of conditional voluntary general offer (“**Notice**”) on the board of directors of IWCity informing them of the Company’s intention to undertake a conditional voluntary general offer (“**Proposed Offer**”) to acquire all the Offer Shares in IWCity comprising the following:-

- (i) 837,388,857 IWCity Shares, representing the entire issued share capital of IWCity as at the LPD; and
- (ii) any new IWCity Shares that may be issued prior to the closing date of the Proposed Offer arising from the exercise of outstanding employee share options in IWCity (“**IWCity ESOS Options**”) as further detailed in Section 1.5 of this Announcement,

(collectively referred to as the “**Offer Shares**”)

for a consideration of RM1.50 per Offer Share ("**Offer Price**"), which shall be satisfied by way of:-

- (i) a cash consideration of RM1.50 for every 1 Offer Share surrendered ("**Cash Option**"); or
- (ii) a share exchange based on an exchange ratio of 1 new ordinary share in Ekovest ("**Ekovest Share**") to be issued at an issue price of RM1.50 each ("**Issue Price**") ("**Consideration Share**") for every 1 Offer Share surrendered ("**Share Exchange Option**").

1.5 IWCity has an existing Employees' Share Option Scheme which is valid for 5 years from 26 September 2014 and may be extended for another 5 years. As at the LPD, there are 109,861,000 IWCity ESOS Options which remain unexercised by the holders of such options.

1.6 Ekovest does not hold any IWCity Shares as at the LPD.

1.7 Save as disclosed below, Ekovest has not received any irrevocable undertakings from other holders of the Offer Shares to accept or not to accept the Proposed Offer:-

- (i) IWH has on 27 November 2017 irrevocably undertaken not to accept the Proposed Offer in respect of all its 315,846,069 IWCity Shares (*representing approximately 37.72% equity interest in IWCity*) ("**IWH Undertaking**"); and
- (ii) Lim Seong Hai Holdings Sdn Bhd ("**LSHH**") has on 15 December 2017 irrevocably undertaken not to accept the Proposed Offer in respect of all its 776,000 IWCity Shares (*representing approximately 0.09% equity interest in IWCity*) ("**LSHH Undertaking**").

(collectively, the IWH Undertaking and LSHH Undertaking are referred to as the "**Undertakings**").

1.8 It is the intention of the Company to acquire as many IWCity Shares as possible. Accordingly, in conjunction with the Proposed Offer, Ekovest intends to purchase IWCity Shares via acquisitions from the open market and/or direct business transactions during the offer period at a consideration of not more than the Offer Price (*excluding stamp duty and commission*).

On even date, Ekovest had entered into a conditional share sale agreement with Kumpulan Prasarana Rakyat Johor Sdn Bhd ("**KPRJ**") ("**KPRJ SSA**") to acquire all 53,595,267 IWCity Shares held by KPRJ (*representing approximately 6.40% equity interest in IWCity*) for a total cash consideration of RM80,392,900.50 or RM1.50 per IWCity Share which is equivalent to the Offer Price. The KPRJ SSA is conditional upon Ekovest having obtained the approval of its shareholders at an EGM of the Company to be convened, which shall not be later than 6 months from the date of KPRJ SSA or such later date as may be mutually agreed upon.

Upon the KPRJ SSA becoming unconditional, Ekovest and the persons acting in concert with Ekovest for the purpose of the Proposed Offer ("**PACs**") will trigger an obligation to undertake a mandatory general offer and accordingly, the voluntary general offer pursuant to the Proposed Offer will become a mandatory general offer.

1.9 Arising from the Undertakings and KPRJ SSA, the Proposed Offer will effectively be applicable to the remaining Offer Shares held by the minority shareholders of IWCity only.

- 1.10 The Company does not intend to maintain the listing status of IWCity on the Official List of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and will accordingly procure IWCity to take the requisite steps to withdraw its listing status from the Official List of Bursa Securities in accordance with Chapter 16 of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") in the event that IWCity does not meet the public shareholding spread requirement as a result of the Proposed Offer. In such event, IWH and LSHH (*as indicated in their Undertakings*) will consent to such delisting application.
- 1.11 In the event Ekovest receives acceptances of not less than nine-tenths in value of the Offer Shares (*i.e. excluding IWCity Shares already held by Ekovest and the PACs as at the date of the Proposed Offer*) on or before the closing date of the Proposed Offer, Ekovest intends to invoke the provisions of Section 222 of the Capital Markets and Services Act, 2007 to compulsorily acquire all the remaining Offer Shares from the holders of the Offer Shares who have not accepted the Proposed Offer.

2. DETAILS OF THE PROPOSED OFFER

2.1 Consideration

- (i) The consideration for the Offer Shares will be satisfied via the following options, at the election of the holders of the Offer Shares ("**Holders**").
- (a) Cash Option; or
- (b) Share Exchange Option.
- (ii) If IWCity declares, makes or pays any dividend and/or other distribution ("**Distribution**") on or after the date of the Notice but prior to the closing date of the Proposed Offer and the Holders are entitled to retain such Distribution, Ekovest may reduce the Offer Price by the amount equivalent to the net Distribution per IWCity Share which the Holders of such Offer Shares are entitled to retain. Accordingly, this may reduce the cash amount to be received by a Holder who elects for the Cash Option and the number of Consideration Shares to be received by a Holder who elects for the Share Exchange Option.
- As at the date of this Announcement, there is no outstanding Distribution being declared or made by IWCity.
- (iii) On the other hand, if Ekovest declares, makes or pays any Distribution (*save for the Ekovest Final Dividend 2017 as set out below*) on or after the date of the Notice but prior to the full settlement of consideration for the Offer Shares to the Holders who elect for the Share Exchange Option, Ekovest will adjust the Issue Price after taking into account the net Distribution per Ekovest Share which the Holders of Offer Shares are not entitled to receive. Accordingly, this will increase the number of Consideration Shares to be received by a Holder who elects for the Share Exchange Option.

Ekovest had on 30 October 2017 announced a first and final dividend for the financial year ended ("**FYE**") 30 June 2017 of 2 sen per Ekovest Share of which the entitlement date is 29 December 2017 and the payment date is 26 January 2018 ("**Ekovest Final Dividend 2017**"). For the avoidance of doubt, Ekovest will not be making any adjustment to the Offer Price and/or Issue Price pursuant to the Ekovest Final Dividend 2017.

- (iv) The Holders may accept the Proposed Offer in respect of all or part of their Offer Shares. In the event of any revision or adjustment to the Offer Price and/or Issue Price resulting in fractional entitlements to the Holders who accept the Proposed Offer ("**Accepting Holders**"), Ekovest will not pay fractions of a sen (*for Cash Option*) or issue fractions of a Consideration Share (*for Share Exchange Option*) to the Accepting Holders. The entitlement of the Accepting Holders in respect of their valid acceptances of the Proposed Offer will be rounded down to the nearest whole sen or nearest whole Consideration Share accordingly.
- (v) Ekovest will acquire the Offer Shares based on the acceptance of the Proposed Offer by the Holders in accordance with the provisions of the document outlining the terms and conditions of the Proposed Offer ("**Offer Document**"). Such acceptance will be deemed to constitute an irrevocable and unconditional warranty by the Accepting Holders that the Offer Shares, to which such acceptance relates, are sold:-
 - (a) free from any moratorium, claim, charge, lien, pledge, encumbrance, option, right of pre-emption, third party right and equity from the date of the acceptance; and
 - (b) with all rights, benefits and entitlements attached thereto, including where applicable, the right to all dividends and distributions declared, made or paid on or after the date of the Notice, subject to the adjustments referred to in Sections 2.1(ii) and 2.1(iii) of this Announcement.

2.2 Conditions of the Proposed Offer

The Proposed Offer is conditional upon the following:-

- (i) Ekovest having received, on or before the closing date of the Proposed Offer, valid acceptances in respect of the Offer Shares (*provided that such acceptances are not, where permitted, subsequently withdrawn*), which would result in:-
 - (a) in the case of a voluntary general offer, Ekovest individually holding more than 50% of the voting shares of IWCity; or
 - (b) in the event the voluntary general offer becomes a mandatory general offer, Ekovest and the PACs collectively holding more than 50% of the voting shares of IWCity

("Acceptance Condition");
- (ii) approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities;
- (iii) approval of the shareholders of Ekovest in relation to the Proposed Offer (*including shareholders' approval, where required in accordance with the Listing Requirements, for the purchase of IWCity Shares via acquisitions from the open market and/or direct business transactions during the offer period at a consideration of not more than the Offer Price (excluding stamp duty and commission)*) at an EGM of the Company to be convened; and
- (iv) waiver, exemption, consent or approval of any other relevant authorities or parties, if required.

The Acceptance Condition and all other conditions must be fulfilled by the statutory timeline as prescribed under the Rules, failing which the Proposed Offer shall lapse and all acceptances received under the Proposed Offer must be returned to the Accepting Holders immediately.

2.3 Total consideration and number of Consideration Shares to be issued

The total consideration and number of Consideration Shares to be issued by the Company pursuant to the Proposed Offer would depend on the level of acceptances received under the Proposed Offer.

For illustrative purposes, the total consideration and number of Consideration Shares to be issued by the Company pursuant to the Proposed Offer based on the Minimum Acceptance Scenario and the Maximum Acceptance Scenario are as follows:-

- Minimum Acceptance Scenario** - Assuming:-
- (i) as a result of the KPRJ SSA becoming unconditional, the voluntary general offer pursuant to the Proposed Offer becomes a mandatory general offer and Ekovest will acquire the 6.40% equity interest held by KPRJ in IWCity in cash; and
 - (ii) Ekovest receives valid acceptances resulting in Ekovest holding an additional 5.59% equity interest (*hence, in total 11.99% equity interest in IWCity*) and arising therefrom together with the 38.01% equity interest held by the PACs as at the LPD, meeting the Acceptance Condition (*based on 837,388,857 total issued shares and assuming NO EXERCISE of IWCity ESOS Options*)
- Maximum Acceptance Scenario** - Assuming Ekovest receives valid acceptances in respect of all the Offer Shares (*other than those held by IWH and LSHH*) resulting in Ekovest holding 630,627,788 IWCity Shares or 66.57% equity interest and arising therefrom together with the PACs, holding 100.00% equity interest in IWCity (*based on 947,249,857 total issued shares after FULL EXERCISE of 109,861,000 IWCity ESOS Options*)

	Minimum Acceptance Scenario	Maximum Acceptance Scenario
Number of IWCity Shares to be acquired	100,405,360	630,627,788
Offer Price (RM)	1.50	1.50
Total consideration (RM)	150,608,040	945,941,682

Assuming all the Accepting Holders elect for the Share Exchange Option, the number of Consideration Shares to be issued by the Company and the enlarged share capital of Ekovest after the completion of the Proposed Offer are as follows:-

	Minimum Acceptance Scenario		Maximum Acceptance Scenario	
	No. of Ekovest Shares	%	No. of Ekovest Shares	%
Issued share capital of Ekovest as at the LPD	2,139,202,893	97.86	2,139,202,893	77.23
Number of Consideration Shares to be issued by the Company pursuant to the Proposed Offer	46,810,093 ⁽¹⁾	2.14	630,627,788	22.77
Enlarged issued share capital of Ekovest after the completion of the Proposed Offer	2,186,012,986	100.00	2,769,830,681	100.00

Note:-

- (1) Under the Minimum Acceptance Scenario, Ekovest will acquire 53,595,267 IWCity Shares held by KPRJ in cash.

2.4 Ranking of the Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Ekovest Shares, save and except that the holders of such Consideration Shares shall not be entitled to any Distribution, in respect of which the entitlement date precedes the date of allotment of such Consideration Shares.

2.5 Listing of the Consideration Shares

The Consideration Shares will be listed on the Main Market of Bursa Securities, subject to approvals being obtained from:-

- (i) Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities; and
- (ii) the shareholders at an EGM of the Company to be convened for the issuance of the Consideration Shares.

2.6 Method of settlement

Except with the consent of the Securities Commission Malaysia, which would only be granted in certain circumstances in which all Holders are treated similarly, and save for Ekovest's rights to adjust the Offer Price and/or Issue Price as set out in Sections 2.1(ii) and 2.1(iii) of this Announcement, settlement of the consideration to which the Holder is entitled under the Proposed Offer will be implemented in full in accordance with the terms of the Proposed Offer without regard to any lien, right of set-off, counter-claim or other analogous rights to which Ekovest may otherwise be or claim to be entitled against the Holder. This, however, is without prejudice to Ekovest's rights to make any claim against the Accepting Holders after such full settlement in respect of a breach of any of the warranties set out in Section 2.1(v) of this Announcement.

If the Company deems an acceptance to be complete and valid in all respects in accordance with the terms and conditions set out in the Offer Document, the settlement for the Offer Shares will be effected in the following manner:-

Cash Option	Share Exchange Option
<p>The settlement for the Offer Shares will be effected through remittance in the form of cheque, banker's draft or cashier's order which will be despatched by ordinary mail to the Accepting Holders (<i>or their designated agents, as they may direct</i>) at their own risk within 10 days from:-</p> <ol style="list-style-type: none">(i) the date the Proposed Offer becomes or is declared wholly unconditional, if the valid acceptances are received during the period when the Proposed Offer is still conditional; or(ii) the date of the valid acceptances, if the valid acceptances are received during the period after the Proposed Offer is or has become or has been declared wholly unconditional.	<p>The settlement for the Offer Shares will be effected through allotment, issuance and crediting of Consideration Shares to the Accepting Holders' securities accounts within 14 days from:-</p> <ol style="list-style-type: none">(i) the date the Proposed Offer becomes or is declared wholly unconditional, if the valid acceptances are received during the period when the Proposed Offer is still conditional; or(ii) the date of the valid acceptances, if the valid acceptances are received during the period after the Proposed Offer is or has become or has been declared wholly unconditional.

2.7 Source of funding

The cash consideration for the Proposed Offer will be funded using a combination of bank borrowings and internally generated funds of the Company, the breakdown of which has yet to be finalised at this juncture.

2.8 Liabilities to be assumed by the Company

Save for the bank borrowings to finance the Proposed Offer, Ekovest will not assume any additional liabilities pursuant to the Proposed Offer, other than the liabilities (*including contingent liabilities and guarantees*) of IWCity's group of companies ("**IWCity Group**") as recorded in its consolidated financial statements.

2.9 Additional financial commitment required

The Company does not expect to incur any additional financial commitment to put the business of the IWCity Group on-stream as the IWCity Group is already a going concern / operating entity.

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3. INFORMATION ON IWCITY

IWCity was incorporated in Malaysia as a public limited company under the name of Granite Industries Berhad on 31 December 1968 and was listed on the Main Market of Bursa Securities on 5 March 1985. Subsequently, it changed its name to Tebrau Teguh Berhad on 10 July 2003 before assuming its present name on 2 July 2014.

The principal activity of IWCity is investment holding. The details of the subsidiaries and associates of IWCity as at the LPD are as follows:-

Subsidiaries

Name of subsidiaries	Country of incorporation	Equity interest %	Principal activities
Bayou Bay Development Sdn Bhd	Malaysia	100	Property development
Tebrau Bay Sdn Bhd	Malaysia	100	Property development and construction
Tebrau Bay Constructions Sdn Bhd	Malaysia	100	Construction of infrastructure and buildings
Southern Crest Development Sdn Bhd	Malaysia	100	Investment holding
Success Straits Sdn Bhd	Malaysia	100	Dormant
Trillion Greencity Sdn Bhd	Malaysia	100	Dormant
Bayou Management Sdn Bhd	Malaysia	100	Property holding and development

Associates

Name of associates	Country of incorporation	Equity interest %	Principal activities
Aset Nusantara Development Sdn Bhd	Malaysia	49	In liquidation
Tropicana Danga Senibong Sdn Bhd	Malaysia	30	Property developer
Greenland Tebrau Sdn Bhd	Malaysia	20	Property developer

As at the LPD, the issued share capital of IWCity is RM725.02 million comprising 837,388,857 IWCity Shares. In addition, there are 109,861,000 outstanding IWCity ESOS Options as at the LPD.

As at the LPD, the substantial shareholders of IWCity and their respective interests in IWCity Shares are as follows:-

Name	Direct		Indirect	
	No. of IWCity Shares	% ⁽¹⁾	No. of IWCity Shares	% ⁽¹⁾
IWH	315,846,069	37.72	-	-
KPRJ	53,595,267	6.40	315,846,069 ⁽²⁾	37.72
Credence Resources Sdn Bhd	-	-	315,846,069 ⁽²⁾	37.72
TSDLKH	-	-	315,846,069 ⁽³⁾	37.72

Notes:-

- (1) Computed based on 837,388,857 IWCity Shares as at the LPD.
- (2) Deemed interested by virtue of its interest in IWH pursuant to Section 8 of the Companies Act, 2016 (“Act”).
- (3) Deemed interested by virtue of his interest in IWH through Credence Resources Sdn Bhd pursuant to Section 8 of the Act.

As at the LPD, the directors of IWCity and their respective interests in IWCity Shares are as follows:-

Name	Direct		Indirect	
	No. of IWCity Shares	% ⁽¹⁾	No. of IWCity Shares	% ⁽¹⁾
Dato’ Hj Ayub bin Mion (Independent Non-Executive Chairman)	-	-	-	-
TSDLKH (Executive Vice Chairman)	-	-	315,846,069 ⁽²⁾	37.72
Datuk Lim Keng Guan (Executive Director)	-	-	776,000 ⁽³⁾	0.09
Wong Khai Shiuan (Executive Director / Chief Executive Officer)	10,000	-(4)	-	-
Izaddeen bin Daud (Non-Independent Non-Executive Director)	-	-	-	-
Khoo Boon Ho (Senior Independent Non-Executive Director)	-	-	-	-
Bernard Hilary Lawrence (Independent Non-Executive Director)	-	-	-	-
Mohd Salleh bin Othman (Independent Non-Executive Director)	-	-	-	-
Lim Foo Seng (Independent Non-Executive Director)	-	-	-	-
Abd Razak bin Mohd Yusoff (Alternate director to Izaddeen bin Daud)	-	-	-	-
Lim Chen Heng (Alternate director to TSDLKH)	-	-	-	-

Notes:-

- (1) Computed based on 837,388,857 IWCity Shares as at the LPD.
- (2) Deemed interested by virtue of his interest in IWH through Credence Resources Sdn Bhd pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of his interest in LSHH pursuant to Section 8 of the Act.
- (4) Negligible.

Details of the material properties of the IWCity Group

As at the LPD, the IWCity Group has interest in the following material properties:-

- (i) Plentong Land – a 923.85-acre integrated waterfront development along the Straits of Johor, the Tebrau and Plentong Rivers in Johor comprising:-
 - (a) 695.08 acres of mixed residential and commercial development lands known as “Tebrau Bay”; and
 - (b) 6 parcels of mixed development land, being the Alienated Lands (*as defined herein*);
- (ii) Danga Land – 2 parcels of freehold vacant commercial development land measuring approximately 9.61 acres located off Jalan Sungai Danga, Johor Bahru; and
- (iii) Sutera Land – 3 contiguous plots of freehold vacant development land measuring approximately 67.54 acres with a 2nd Stage of Surrender and Re-alienation Approval for housing development, adjoining “The SEED Apartments” sited within the locality of Taman Sutera Utama, Johor Bahru.

In order to ascertain the market values of these material properties, independent property valuers have been appointed and summarised below are the market values of the respective properties:-

Description		Tenure	Land area (acres)	Valuation method ⁽¹⁾	Market value (RM'000)
Plentong Land in Mukim of Plentong, District of Johor Bahru, Johor	Lands for immediate development (<i>Lot 182455 and PTD 229047</i>)	99-year leasehold expiring on 21.01.2097	28.55	Income approach (Residual method)	235,000
	Lands for future development (<i>Lot 156543 and PTD 173048, 222166⁽²⁾, 222167⁽²⁾, 222168⁽²⁾, 222170⁽²⁾, 222171⁽²⁾, 228804, 228807, 228808, 228809, 228828, 228829, 228830, 229048, 229049, 229051, 229052, 229053, 229054, 229055, 229056, 229058, 229059, 229060, 229061, 229062, 229065, 229066, 229081, 229083 and 229088</i>)	Freehold PTD 229061, 229062, 229065, 229081, 229083, 229088 99-year leasehold expiring on (i) <u>31.05.2115</u> PTD 229066 (ii) <u>21.01.2097⁽³⁾</u> Remaining lots	732.12	Comparison approach	2,039,602 ⁽⁴⁾
<u>Valuer</u> C H Williams Talhar & Wong Sdn Bhd (“CBRE-WTW”) <u>Date of valuation</u> 11.12.2017					

Description		Tenure	Land area (acres)	Valuation method ⁽¹⁾	Market value (RM'000)
	Lands sold to Greenland Tebrau Sdn Bhd ⁽⁵⁾ (PTD 222169 ⁽²⁾ , 229071, 229072, 229074, 229075, 229076, 229077 and 229080)	Freehold	105.88	Comparison approach	1,140,000
	Lands designated for low-cost housing use (PTD 228811, 228812, 228814, 228815 and 228825)	99-year leasehold expiring on 21.01.2097	57.30	Income approach (Residual method)	(70,000)
			923.85 ⁽⁶⁾		3,345,000 (rounded)
Danga Land in Mukim of Pulai, District of Johor Bahru, Johor <u>Valuer</u> Raine & Horne International Zaki + Partners Sdn Bhd ("Raine & Horne") <u>Date of valuation</u> 11.12.2017	2 parcels of freehold vacant commercial development land (Lot 726 and 733)	Freehold	9.61 ⁽⁷⁾	Comparison method	146,512
Sutera Land in Mukim of Pulai, District of Johor Bahru, Johor <u>Valuer</u> Cheston International (Johor) Sdn Bhd ("Cheston") <u>Date of valuation</u> 11.12.2017	3 contiguous plots of freehold vacant development land with a 2 nd Stage of Surrender and Re-alienation Approval for housing development (Lot 2476, 2680 and 2734)	Freehold	67.54 ⁽⁸⁾	Comparison method, cross checked using residual method ⁽⁹⁾	192,700
TOTAL			1,001.00		3,684,212

The total audited net book value of land held for property development and property development costs of the IWCity Group as at 31 December 2016 was RM1,012.75 million.

Notes:-

(1) In the valuation of the properties, the valuers have adopted the following valuation methods:-

(i) Residual method

Under the residual method, consideration is given to the gross development value of the project (being the estimated gross proceeds obtainable from the completed development) and deducting therefrom the estimated costs of development including construction costs, professional fees, contribution to authorities, marketing, administrative and legal fees, financing charges, contingencies and developer's profit. The resultant answer is then deferred over the period of time required for the completion of the project to arrive at the market value.

(ii) Comparison method

The comparison method entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility, size and shape of land, tenure, planning provisions, title restrictions if any and other relevant characteristics to arrive at the market value.

(2) These 6 parcels of land represent the Alienated Lands alienated / to be alienated by the State Government to Tebrau Bay Sdn Bhd ("**TBSB**") (a wholly-owned subsidiary of IWCity) pursuant to the Alienation cum Development Agreement dated 8 August 2017 entered between the State Government of Johor Darul Ta'zim ("**State Government**") and TBSB in relation to the Land Compulsory Acquisition and Proposed Alienation and Development as further detailed below:-

(i) Land Compulsory Acquisition

The Land Compulsory Acquisition involves the State Government compulsorily acquiring approximately 121.58 acres of land belonging to TBSB pursuant to the Land Acquisition Act 1960 at a total compensation sum of RM222.80 million. The Land Compulsory Acquisition is not subject to the approval from the shareholders of IWCity.

(ii) Proposed Alienation and Development

The Proposed Alienation and Development involves the alienation of PTD 222169 ("**Alienated Land A**") which also forms part of the lands sold to Greenland Tebrau Sdn Bhd and PTD 222166, 222167, 222168, 222170 and 222171 ("**Alienated Lands B**") (collectively referred to as the "**Alienated Lands**") by the State Government to TBSB at a total cost of RM531,917,632.86. In return, TBSB shall:-

- (a) irrevocably agree that the compensation for the Land Compulsory Acquisition of RM222.80 million shall be deemed to have been paid;
- (b) bear the agreed construction costs of RM189,177,382.86 as well as the ancillary costs of RM9,940,250 in respect of the construction of 570 residential units and 9 shop lots awarded by the State Government to TBSB;
- (c) pay the premium of RM100.00 million for the alienation of the Alienated Lands; and
- (d) make the cash payment of RM10.00 million to KPRJ for the purpose of constructing the multi-purpose hall in Bandar Baru Permas Jaya, Johor Bahru.

The State Government also undertakes to TBSB that it shall cause and procure the state authority and/or relevant authority to review and reduce from the current requirement of TBSB to construct 4,008 units of "Perumahan Rakyat Johor" to enable TBSB to realise on a net saving basis an amount equivalent to RM33,618,635.86 upon such terms to be mutually agreed and confirmed in writing within 5 months from the date of execution. In the event the parties are unable to mutually agree on such terms within the said period, the quantum of TBSB's obligation with respect of the construction costs shall be deemed to be reduced to the sum of RM165,498,997.00 and the State Government shall be liable to pay to TBSB the sum of RM33,618,635.86 towards the construction cost on a progressive basis.

The Alienated Lands will require reclamation as they are presently completely submerged.

The Proposed Alienation and Development is subject to the approval from the shareholders of IWCity at the forthcoming EGM of IWCity to be convened on 28 December 2017. Barring any unforeseen circumstances, the Proposed Alienation and Development is expected to be completed by the 1st half of 2018.

- (3) Upon completion of the land reclamation works of such relevant part of the Alienated Lands B, TBSB shall surrender the relevant issue document of title of that relevant part of the Alienated Lands B to the state authority. The State Government shall cause the state authority to convert and issue a title in replacement for each of the relevant part of the Alienated Lands B from "99 years Leasehold" to "Freehold", within 30 days from the date of surrender of the relevant title without further payment of any premium.
- (4) The market value of the lands for future development has been adjusted to take into consideration that they are not for immediate development, i.e. the holding period and risk factor whereby a discount of 8% over a 5-year period has been applied.
- (5) Land Disposal to Greenland Tebrau
Pursuant to the conditional sale and purchase agreement dated 3 April 2015, TBSB has agreed to dispose of 3 adjoining parcels of land measuring in aggregate 127.92 acres in Plentong, Johor (now identified as PTD 222169, 229071, 229072, 229074, 229075, 229076, 229077 and 229080 measuring approximately 105.88 acres on a net land basis i.e. after surrendering for road reserve and other public amenities) for a cash consideration of RM2,373,079,016 to Greenland Tebrau Sdn Bhd (being a joint venture entity set up pursuant to a 20:80 joint venture between Southern Crest Development Sdn Bhd (a wholly-owned subsidiary of IWCity) and Greenland Malaysia Real Estate Operator Sdn Bhd for the joint development of the said land).

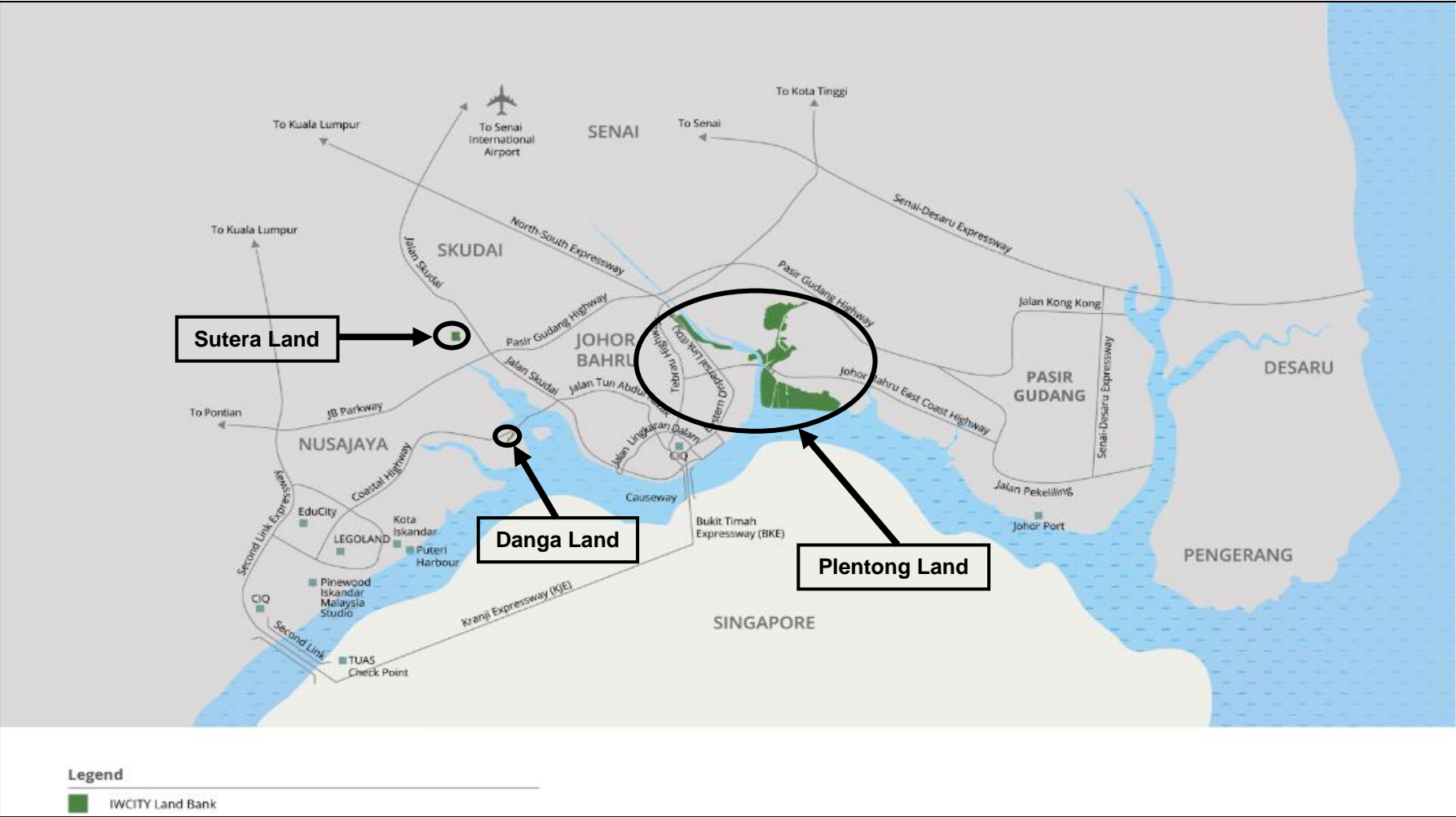
Subsequently, the parties has entered into a supplemental agreement on 5 May 2017 to amend, modify and/or vary certain provisions of the sale and purchase agreement, particularly the terms of payment ("**Greenland Tebrau Supplemental Agreement**"). Pursuant to the Greenland Tebrau Supplemental Agreement, the cash consideration is payable in tranches up to mid-2020. As at the LPD, the remaining balance to be received by TBSB is RM2.09 billion (see Section 5 of this Announcement for further details on payment).
- (6) Including approximately 134.3691 acres of land pursuant to the State Lands application. The authority has agreed to the said State Lands application, subject to the payment of an additional premium. For the purpose of the valuation, CBRE-WTW has estimated the additional premium to be RM50 per square foot based on the premium imposed by the State Government in respect of the Alienated Lands.
- (7) Net land area after deducting a portion of 0.75 acres being acquired by the authorities in 1982 and 2009.
- (8) Net land area after deducting a portion of 1.02 acres being acquired by the authorities in 1972.
- (9) The residual method is used as a guide and check for the reasonableness of the market value derived from the comparison method in view that:-
 - (i) Although the Sutera Land is approved for mixed development in accordance with the 2nd Stage of Surrender and Re-alienation Approval and the premium, quit rent, registration fees, application and preparation of plans as well as contribution to the Drainage and Irrigation Department have been paid, the lots have not been subdivided and individual titles with the 'Building' category of land use have not been issued. In addition, there is no building plans approval granted to the Sutera Land; and
 - (ii) There are adequate comparable sale transactions of similar type of lands within the vicinity of Sutera Land which can be relied upon in arriving at the market value of the property using the comparison method.

(10) Save for the following land titles, the issuance of other land titles is pending:-

	No.	Lot No.	Title No.	Encumbrances
Plentong Land	(1)	Lot 156543	PN 62952	Charged to CIMB Islamic Bank Berhad
	(2)	Lot 182455	PN 39962	Charged to Affin Bank Berhad
	(3)	PTD 173048	HSD 353200	Nil
	(4)	PTD 222169	HSD 554724	Nil
	(5)	PTD 229065	HSD 565055	Nil
	(6)	PTD 229066	HSD 565056	Nil
	(7)	PTD 229071	HSD 565057	Nil
	(8)	PTD 229072	HSD 565058	Nil
	(9)	PTD 229074	HSD 565059	Nil
	(10)	PTD 229075	HSD 565060	Nil
	(11)	PTD 229076	HSD 565061	Nil
	(12)	PTD 229077	HSD 565062	Nil
	(13)	PTD 229080	HSD 565063	Nil
Danga Land	(1)	Lot 726	GRN 90571	Nil
	(2)	Lot 733	GRN 90585	Nil
Sutera Land	(1)	Lot 2476	Geran 81455	Charged to Affin Islamic Bank Berhad
	(2)	Lot 2680	Geran 101213	Charged to Affin Islamic Bank Berhad
	(3)	Lot 2734	Geran 82840	Charged to Affin Islamic Bank Berhad

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The locations of the Plentong Land, Danga Land and Sutera Land are shown on the map below:-



(Source: Management of IWCity)

Please refer to Appendix I of this Announcement for the historical financial information of the IWCity Group as well as the recent property development and construction projects of the IWCity Group.

4. BASIS AND JUSTIFICATION FOR THE OFFER PRICE AND ISSUE PRICE

4.1 Offer Price

The Offer Price was arrived at after taking into consideration the following:-

- (i) the market prices of the IWCity Shares up to 27 October 2017 and up to 15 December 2017, being the last trading day prior to the receipt of the Proposal Letter ("**Proposal Letter LTD**") and prior to the serving of the Notice on the board of directors of IWCity ("**LTD**") respectively.
- (ii) IWCity's audited consolidated net assets ("**NA**") attributable to equity holders of RM596.40 million (RM0.81 per IWCity Share) as at 31 December 2016 and unaudited consolidated NA attributable to equity holders of RM916.59 million (RM1.09 per IWCity Share) as at 30 September 2017;
- (iii) the appraised market value as at 11 December 2017 (RM3,684.21 million) of material properties in which the IWCity Group has interest, as opined by the independent valuers, namely CBRE-WTW, Raine & Horne and Cheston via their respective valuation reports. The details of the said properties are set out in Section 3 of this Announcement.

For illustration purpose only:-

- (a) based on the Offer Price of RM1.50 per Offer Share, the implied total purchase consideration for Ekovest to acquire 100% equity interest in IWCity is RM1,256.08 million (*based on 837,388,857 IWCity Shares as at the LPD*). From Ekovest management's perspective, this means that Ekovest will only need to pay RM28.81 per square foot to have full access / control over the IWCity Group's 1,000-acre land bank which is currently valued at approximately RM84.49 per square foot;
- (b) the Effective Purchase Consideration⁽¹⁾ for the IWCity Group's land bank is approximately RM1,890.28 million (RM43.35 per square foot), representing a discount of 48.7% to the market value of RM3,684.21 million (RM84.49 per square foot);

Note:-

(1) Computed based on:-

	<i>Implied market capitalisation of IWCity based on the Offer Price</i>
+	<i>Total liabilities as at 30 September 2017</i>
-	<i>Total non-property assets as at 30 September 2017</i>
=	<i>Effective Purchase Consideration</i>

- (c) based on the unaudited net book value of IWCity Group's properties as at 30 September 2017 of RM1,550.79 million, this will give rise to an estimated revaluation surplus of RM1,621.40 million (*net of an assumed 24% deferred taxation*). After incorporating such estimated net revaluation surplus, the adjusted unaudited consolidated NA attributable to equity holders of IWCity as at 30 September 2017 will increase from RM916.59 million (RM1.09 per IWCity Share) to RM2,537.99 million (RM3.03 per IWCity Share) ("**Estimated Revised Net Asset Value**"). The Offer Price represents a discount of 50.5% to the Estimated Revised Net Asset Value. Without deferred taxation, the estimated revaluation surplus will be higher at RM2,133.42 million and hence, there will be a corresponding increase in the Estimated Revised Net Asset Value;

- (iv) the completion risk in relation to the on-going Land Disposal to Greenland Tebrau, which is only partially completed (*with deferred payments*) and with the balance to be completed from 2018 to 2020 as well as reclamation risks in relation to the Plentong Land; and
- (v) the outlook of the construction and property sectors in Malaysia, Iskandar Malaysia as well as the prospects of the IWCity Group and the enlarged Ekovest's group of companies ("**Ekovest Group**"), as set out in Sections 7 and 8 of this Announcement.

The Offer Price of RM1.50 per Offer Share represents a premium / (discount) to the following last transacted price and volume weighted average market prices ("**VWAMP**") of IWCity Shares:-

	Price	Premium / (Discount)	
	RM	RM	%
Last transacted price of IWCity Shares as at the LTD	1.32	0.18	13.6
VWAMP of IWCity Shares for the following periods up to and including the LTD			
• 5-day	1.31	0.19	14.5
• 1-month	1.28	0.22	17.2
• 3-month	1.35	0.15	11.1
• 6-month	1.41	0.09	6.4
• 1-year	1.85	(0.35)	(18.9)
Last transacted price of IWCity Shares as at the Proposal Letter LTD	1.40	0.10	7.1
VWAMP of IWCity Shares for the following periods up to and including the Proposal Letter LTD			
• 5-day	1.41	0.09	6.4
• 1-month	1.38	0.12	8.7
• 3-month	1.34	0.16	11.9
• 6-month	1.67	(0.17)	(10.2)
• 1-year	1.85	(0.35)	(18.9)

(Source: Bloomberg)

4.2 Issue Price

The Issue Price was arrived at after taking into consideration the market prices of the Ekovest Shares up to the Proposal Letter LTD and up to the LTD.

The Issue Price of RM1.50 per Consideration Share represents a premium to the following last transacted price and VWAMP of Ekovest Shares (*extracted from Bloomberg which have been adjusted for the effects of any dividend and corporate exercise throughout the period*):-

	Price	Premium	
	RM	RM	%
Last transacted price of Ekovest Shares as at the LTD	0.92	0.58	63.0
VWAMP of Ekovest Shares for the following periods up to and including the LTD			
• 5-day	0.93	0.57	61.3
• 1-month	0.95	0.55	57.9
• 3-month	0.99	0.51	51.5
• 6-month	1.04	0.46	44.2
• 1-year	1.15	0.35	30.4

	Price	Premium	
	RM	RM	%
Last transacted price of Ekovest Shares as at the Proposal Letter LTD	1.16	0.34	29.3
VWAMP of Ekovest Shares for the following periods up to and including the Proposal Letter LTD			
• 5-day	1.16	0.34	29.3
• 1-month	1.13	0.37	32.7
• 3-month	1.12	0.38	33.9
• 6-month	1.19	0.31	26.1
• 1-year	1.18	0.32	27.1

(Source: Bloomberg)

5. RATIONALE AND BENEFITS OF THE PROPOSED OFFER

- 5.1 The Proposed Offer represents an opportunity for Ekovest to participate in the business and prospects of the IWCity Group and access its vast land bank of approximately 1,000 acres in the Iskandar Malaysia region via increasing its equity interest in IWCity at an attractive price.

As set out in Section 4.1(iii)(a) of this Announcement, the implied total purchase consideration for Ekovest to acquire 100% equity interest in IWCity is RM1,256.08 million (*based on 837,388,857 IWCity Shares as at the LPD*), which from management's perspective, Ekovest is effectively paying RM28.81 per square foot to have full access / control over the IWCity Group's 1,000-acre land bank which is currently valued at approximately RM84.49 per square foot.

In comparison, in an outright land purchase, Ekovest may only be able to acquire approximately 41 acres and 257 acres of the same land bank (*at the estimated market value of RM84.49 per square foot*) based on the total consideration under the Minimum Acceptance Scenario (RM150.61 million) and Maximum Acceptance Scenario (RM945.94 million) respectively.

The Offer Price of RM1.50 represents a discount of more than 50% to the Estimated Revised Net Asset Value of IWCity of RM3.03 per IWCity Share (*see Section 4.1(iii)(c) of this Announcement*).

Further details on the prospects of Iskandar Malaysia, the IWCity Group and the enlarged Ekovest Group are set out in Sections 7 and 8 of this Announcement.

- 5.2 The IWCity Group's vast land bank of approximately 1,000 acres is prime waterfront land strategically located in the Iskandar Malaysia region in Johor. These lands have potential for capital appreciation, which is expected to augur well for the Ekovest Group moving forward.

Upon completion of the Proposed Offer, the Ekovest Group will diversify its geographical presence and strengthen its existing property development business with enlarged land bank of more than 1,000 acres. With the enlarged land bank, Ekovest may expand its concept of river beautification and rehabilitation along the Gombak River to Johor Bahru through the land bank of the IWCity Group along the Tebrau River, to be promoted as an iconic development in the State of Johor by the enlarged Ekovest Group.

- 5.3 IWCity is expected to contribute positively to future earnings of the Ekovest Group, backed by the Land Disposal to Greenland Tebrau and launching of new property development projects.

Barring any unforeseen completion risks, the Land Disposal to Greenland Tebrau is expected to also enhance the IWCity Group's cash flow streams over the next few years up to 2020. In accordance with the Greenland Tebrau Supplemental Agreement, the agreed payment schedule for the balance purchase consideration of RM2,135.77 million (*i.e. excluding deposit received*) is summarised below:-

<u>Year</u>	<u>Amount (RM'million)</u>	<u>Collection up to the LPD (RM'million)</u>	<u>Remaining balance (RM'million)</u>
2017	92.65	(46.32)	46.33
2018	310.85	-	310.85
2019	604.08	-	604.08
2020	1,128.19	-	1,128.19
	2,135.77	(46.32)	2,089.45

5.4 Method of settlement

After evaluating various alternatives / instruments in respect of settlement for the Offer Shares, the Board has proposed to include the Share Exchange Option in addition to the Cash Option to allow:-

- (i) the existing shareholders of IWCity to participate in the Ekovest Group's existing businesses and thus, an opportunity to diversify the risk profile of their investment in IWCity to include exposures to Ekovest's businesses;
- (ii) the existing shareholders of IWCity to continue participating in the future growth of IWCity via Ekovest's equity interest in IWCity; and
- (iii) Ekovest to mitigate the amount of cash proceeds required to be raised via bank borrowings and/or other means to satisfy the cash consideration under the Proposed Offer.

6. RISK FACTORS

The following are risk factors in relation to the Proposed Offer:-

6.1 **Non-completion of the Proposed Offer**

The Proposed Offer is conditional upon, amongst others, Ekovest meeting the Acceptance Condition on or before the closing date of the Proposed Offer. Although the closing date of the Proposed Offer may be extended by the Company, such extensions are subject to the statutory requirements of the Rules. In the event the Acceptance Condition is not met by the 60th day from the date of despatch of the Offer Document as permissible under the Rules, the Proposed Offer shall lapse and all acceptances received under the Proposed Offer must be returned to the Accepting Holders immediately.

6.2 **Failure to achieve the expected benefits**

Although the Proposed Offer (*if successful*) is expected to contribute positively towards the Ekovest Group after taking into consideration the rationale and benefits of the Proposed Offer as set out in Section 5 of this Announcement, there is no assurance that the IWCity Group will be able to contribute sufficiently to the earnings of the enlarged Ekovest Group in the future to offset the associated acquisition costs in relation to the Proposed Offer as well as the dilutive impact from the issuance of the Consideration Shares.

Nevertheless, the management of Ekovest is of the view that the prospects for the enlarged Ekovest Group as set out in Section 8 of this Announcement as well as the business performance of IWCity will be positive in the foreseeable future.

6.3 Non-completion of Land Disposal to Greenland Tebrau

Despite the execution of a sale and purchase agreement between TBSB and Greenland Tebrau Sdn Bhd, there can be no assurance that the parties would be able to fulfill the terms and conditions stated therein and therefore, the Land Disposal to Greenland Tebrau may not be completed. There can also be no assurance that the Land Disposal to Greenland Tebrau (*which is only partially completed (with deferred payments) and with the balance to be completed from 2018 to 2020*) can be completed within the agreed time frame. Any delay or non-completion of the Land Disposal to Greenland Tebrau will delay or preclude the IWCity Group from receiving the proceeds from the said disposal.

The management of Ekovest takes note that IWCity will endeavour to take all steps necessary to complete the Land Disposal to Greenland Tebrau by *inter-alia* ensuring that all conditions precedent of the agreement which are within the IWCity Group's control are met on a timely basis.

6.4 Reclamation risks

The IWCity Group is required to undertake reclamation works for the Plentong Land, especially the Alienated Lands to enable development to take place. Reclamation process is complex and tedious in nature and there can be no assurance that the IWCity Group will be able to successfully complete the reclamation works. Failure to obtain relevant approvals for the reclamation and non-compliance with any of their approval conditions may result in stop-work orders being issued to the IWCity Group. During the course of reclamation, the IWCity Group may be exposed to operational risks which include, *inter-alia*, unstable soil conditions post-reclamation, which may result in possible erosion or land cave-in. In the event of such incident occurring, the IWCity Group may incur substantial financial losses as well as possible damage in reputation.

The management of Ekovest takes note that IWCity shall take all measures to secure the necessary approvals and employ a reputable reclamation company with the necessary expertise and capabilities to undertake the reclamation works.

7. INDUSTRY OVERVIEW AND OUTLOOK

7.1 Malaysian economy

The Malaysian economy recorded a stronger growth of 6.2% in the third quarter of 2017 (2Q 2017: 5.8%). Private sector spending continued to be the main driver of growth. The external sector also contributed positively to growth, as real exports expanded at a faster pace (11.8%; 2Q 2017: 9.6%), supported by stronger demand from major trading partners. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (2Q 2017: 1.3%).

Domestic demand grew by 6.6% in the third quarter of the year (2Q 2017: 5.7%), supported by continued expansion in both private sector expenditure (7.3%; 2Q 2017: 7.2%) and public sector spending (4.1%; 2Q 2017: 0.2%). On the supply side, growth was supported by continued expansion across all sectors.

Given the continued strong performance in the third quarter, the Malaysian economy is on track to register stronger growth in 2017. Looking ahead, the economy is poised to register a strong growth that is close to the upper end of the official forecast range of 5.2 – 5.7% in 2017. Growth momentum has been lifted by stronger spillovers from the external sector to the domestic economy. The operating environment has also improved significantly as households and businesses have steadily acclimatised to the adjustments in the global and domestic economic conditions in the past few years.

Leading indicators such as the Department of Statistics Malaysia's composite leading index and MIER Business Conditions Index corroborate expectations for continued expansion of the domestic economy. For 2018, domestic demand is expected to remain the key source of growth. Private consumption will remain the largest driver of growth, supported by continued improvements in income and overall labour market conditions. Investment will be sustained by infrastructure projects and higher capital investment in the manufacturing and services sectors. The external sector will provide additional impetus to the economy, benefitting from the improvement in global growth. Overall, the assessment is for growth to remain strong in 2018.

On the supply side, the improvement in both external and domestic demand will benefit the manufacturing and services sectors. The agriculture sector's growth will be driven by a recovery in crude palm oil (CPO) yields post-El Niño. Growth in the mining sector is projected to be supported by output from the ramping up of production in new oil and gas facilities. In the construction sector, growth will be supported by new and existing civil engineering projects.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2017, Bank Negara Malaysia)

The Malaysian economy is projected to continue its strong growth momentum with real gross domestic product (GDP) expanding between 5% and 5.5% in 2018 (2017: 5.2% and 5.7%). Growth will be mainly driven by resilient domestic demand amid favourable external sector.

On the demand side, household spending will remain as the key source of growth, benefiting from higher income following stable employment conditions and firmer commodity prices. On the supply side, growth is expected to be broad-based with positive contribution from all sectors in the economy.

(Source: Economic Report 2017/2018, Ministry of Finance Malaysia)

7.2 Construction sector in Malaysia

In the construction sector, growth will be supported by new and existing civil engineering projects. Growth in the construction sector moderated during the quarter particularly due to lower non-residential activity in the commercial sub-segment (6.1%; 2Q 2017: 8.3%).

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2017, Bank Negara Malaysia)

Value added of the construction sector recorded a robust growth of 7.4% during the first half of 2017 (January – June 2016: 8.5%), primarily attributed to strong civil engineering activities. Accordingly, total value of completed construction works increased 10.4% to RM68.9 billion involving 18,977 projects (January – June 2016: 11.4%; RM62.4 billion; 20,026 projects). The private sector contributed 63.6% of the total value of construction works. The civil engineering subsector was the major contributor to the total value of construction works constituting 35.3%, followed by non-residential (31%), residential (28.8%) and specialised construction activities (4.8%) subsectors. In 2017, construction sector is expected to expand 7.6% (2016: 7.4%) mainly underpinned by new and existing civil engineering projects, particularly in utilities, transportation and petrochemical segments.

The civil engineering subsector continued to record a double-digit growth of 13.7% (January – June 2016: 17.7%) supported by major infrastructure projects under the Eleventh Malaysia Plan. The residential subsector continued to expand 4.7% (January – June 2016: 6.7%) supported by firm demand for affordable housing in choice locations with easy access. The non-residential subsector grew 4.9% to RM6.4 billion (January – June 2016: RM6.1 billion). The growth was mainly supported by starts for shops and service apartments which rebounded 29.3% and 14% (January – June 2016: -46.7%; -35%), respectively.

(Source: Economic Report 2017/2018, Ministry of Finance Malaysia)

7.3 Property sector in Malaysia

Market activity recorded 153,729 transactions worth RM67.81 billion in the first half year, down by 6.0% in volume but up by a marginal 5.0% in value against similar half of 2016. Residential sub-sector continued to dominate the market, with 61.8% contribution in volume and 48.4% in value. All sub-sectors recorded softer market volume. In terms of value, all sub-sectors recorded growth except for industrial subsector. Development land saw its total value shot up by nearly 30.0% due to several major land dealings namely those in Bandar Malaysia and Tun Razak Exchange (TRX) area, which dated in 2016 and 2015 respectively but concluded in 2017.

For residential property, there were 94,992 transactions worth RM32.85 billion recorded in the review period, declined by 7.0% in volume but value saw a marginal 0.5% increase.

For commercial property, there were 10,375 transactions worth RM11.99 billion recorded, down by 11.0% in volume but value increased by 5.9% due to several major transactions recorded in the year involving shopping complex, purpose-built office and hotels.

The industrial sub-sector recorded 2,421 transactions worth RM5.39 billion, down by 12.8% in volume and 4.2% in value.

For agricultural property, there were 36,369 transactions worth RM6.46 billion recorded in the first half-year. Market volume and value was down by a marginal 1.02% and 1.9% respectively.

(Source: Property Market Report First Half 2017)

7.4 Property market in Johor

The state's property market performance remained soft in H1 2017 as indicated by the moderation of market activity and construction sector. There were 19,111 transactions recorded worth RM9.4 billion, decreased by 7.6% in volume and 13.6% in value against H1 2016 (20,680 transactions worth RM10.87 billion). Residential sub-sector continued to steer the property market, capturing 63.6% of the total transactions followed by agriculture with 22.4%, commercial (7.4%), development land (4.6%), and industrial (1.9%) sub-sectors.

For residential property, the sub-sector's market activity shrank recorded 12,162 transactions worth RM4.08 billion, indicated a reduction of 11.2% and 5.2% in volume and value respectively as compared with H1 2016.

The commercial sub-sector continued to soften. There were 1,421 transactions recorded worth RM1.81 billion, indicating a decline of 10.2% in volume but value showed a marginal increase of 2.4% (H1 2016: 1,583 transactions worth RM1.77 billion).

The industrial sub-sector contributed a small portion to the overall market activity. There were 367 transactions worth RM1.02 billion recorded in the review period, indicating an increase of a mere 2.5% in volume and 10.1% in value respectively (H1 2016: 358 transactions worth RM930.62 million).

(Source: Property Market Report First Half 2017)

7.5 Iskandar Malaysia

Iskandar Malaysia continues to attract a commendable total cumulative committed investment in 2016 despite global uncertainties and not-so-favourable market conditions throughout the year. Iskandar Malaysia secured a total committed investment of RM32.26 billion in 2016, accumulating its total cumulative committed investments at the end of 2016 to RM222.55 billion. Out of these, 54% or RM119.60 billion has been realised on the ground.

(Source: Malaysia Investment Performance Report 2016, Malaysian Investment Development Authority)

From inception to September 2016, the manufacturing sector attracted the lion's share of total cumulative committed investments with an investment sum of RM56.03 billion (26%). This was followed by the retail / mixed development and residential property segments, which accounted for RM58.20 billion (27%) and RM42.92 billion (20%) respectively. This strong showing by the property segment continues in 2016 with the launch of Country Garden Pacificview, Forest City in Gelang Patah and the Iskandar Malaysia Greenland Smart City Experiential Centre (SMARTXP) in Helios Cove, Permas Jaya. The services sector, which encompasses tourism, logistics, healthcare, education, financial and business services and creative industries, accounted for RM17.15 billion (8%).

Such healthy investment performance trends certainly augured well for growth in the Iskandar Malaysia region. In the 2006-2010 period when Iskandar Malaysia was laying the crucial foundation for economic growth, the region's GDP grew at 4.1% per annum to reach RM42.6 billion. From 2011 to 2014, Iskandar Malaysia's GDP grew faster at an average rate of 7.0% per annum, aided by the coming on-stream of such catalytic projects as Johor Premium Outlets, LEGOLAND Malaysia, Puteri Harbour Family Themepark and EduCity, amongst others, as well as the favourable economic development and activities within Iskandar Malaysia.

(Source: 10 Year Progress Report, Iskandar Malaysia)

The Governments of Malaysia and Singapore signed a bilateral agreement on 13 December 2016 for the implementation of the Kuala Lumpur-Singapore High Speed Rail ("HSR"). The Kuala Lumpur-Singapore HSR is a strategic project between both the Governments that aims to facilitate a 90-minute travel time between Kuala Lumpur and Singapore, enhancing business linkages and bringing the people of both countries closer together. The project completion and service operations date are targeted to be in 2026.

(Source: Press releases by MyHSR Corporation Sdn Bhd, 2017)

The Rapid Transit System (RTS) connecting the proposed main terminal at Bukit Chagar, Johor Bahru and Singapore's Thomson-East Coast MRT line via a high bridge is targeted to complete and commence operation by 2024.

(Source: Valuation report by CBRE-WTW)

8. PROSPECTS OF THE IWCITY GROUP AND THE ENLARGED EKOVEST GROUP

Arising from the Proposed Offer, Ekovest stands to participate in IWCity's unique business model, in which as a strategic master developer (*within Flagship A of Iskandar Malaysia*), IWCity is involved in the following activities:-

- (i) Land accumulation – upon completion of the Proposed Alienation and Development, the IWCity Group has a total land bank of approximately 1,000 acres;
- (ii) Land preparation and conversion – preparation of land parcels for development by land reclamation and enhancement through infrastructure development e.g. road construction; and
- (iii) Joint development with strategic partners, typically property developers – this involves the sale of land to the strategic partners, who are also its customers, and IWCity reinvests part of the sale proceeds by taking a minority stake in the joint venture with the strategic partners to undertake development.

A prime example of this is the joint venture with Greenland Malaysia Real Estate Operator Sdn Bhd (*part of a state-owned mega enterprise group in Shanghai with vast experience in property development*) to develop the 127.92 acres of prime waterfront land in Johor fronting Singapore. The said development (*in which IWCity has an effective interest of 20%*) has an estimated gross development value of RM18.4 billion.

This business model allows the IWCity Group to unlock the value of land banks upfront while still enabling the IWCity Group to continue participating in any future upside from the development project and prospects of Iskandar Malaysia via joint venture arrangements with reputable township developers.

In addition to joint venture arrangements, the IWCity Group also develops properties on its own. An example of this is the new development project on the recently acquired 67.5-acre Sutera Land near Taman Sutera (*an established housing and commercial estate*). The gross development value for the entire project is estimated to be more than RM500 million and is targeted to be launched in the 2nd half of 2018 upon submitting and procuring building plan approvals.

IWCity owns approximately 1,000-acre tracts of waterfront properties and developments along the Straits of Johor, the Tebrau and Plentong Rivers. With attractive tracts of waterfront properties in the country, the management of Ekovest is optimistic on the IWCity Group's prospects. Growth in the property development division will continue through a combination of in-house development and also choosing strategic partners to accelerate development plans whilst conserving capital. The management is also closely monitoring the property market conditions and plans to capitalise on the continuing demand for landed residential properties.

Upon successful completion of the Proposed Offer, Ekovest may expand its concept of river beautification and rehabilitation along the Gombak River to Johor Bahru through the land bank of the IWCity Group along the Tebrau River, to be promoted as an iconic development in the State of Johor by the enlarged Ekovest Group.

(Source: Management of Ekovest)

9. EFFECTS OF THE PROPOSED OFFER

Where applicable, the pro forma effects of the Proposed Offer are illustrated based on the following assumptions:-

- Minimum Acceptance Scenario** - Assuming:-
- (i) as a result of the KPRJ SSA becoming unconditional, the voluntary general offer pursuant to the Proposed Offer becomes a mandatory general offer and Ekovest will acquire the 6.40% equity interest held by KPRJ in IWCity in cash; and
 - (ii) Ekovest receives valid acceptances resulting in Ekovest holding an additional 5.59% equity interest (*hence, in total 11.99% equity interest in IWCity*) and arising therefrom together with the 38.01% equity interest held by the PACs as at the LPD, meeting the Acceptance Condition (*based on 837,388,857 total issued shares and assuming NO EXERCISE of IWCity ESOS Options*)
- Maximum Acceptance Scenario** - Assuming Ekovest receives valid acceptances in respect of all the Offer Shares (*other than those held by IWH and LSHH*) resulting in Ekovest holding 630,627,788 IWCity Shares or 66.57% equity interest and arising therefrom together with the PACs, holding 100.00% equity interest in IWCity (*based on 947,249,857 total issued shares after FULL EXERCISE of 109,861,000 IWCity ESOS Options*)

9.1 Issued share capital

(i) Assuming all the Accepting Holders elect for the Cash Option

The Proposed Offer will not have any effect on the issued share capital of the Company as the consideration for the Proposed Offer will be satisfied wholly by cash.

(ii) Assuming all the Accepting Holders elect for the Share Exchange Option

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

	No. of Ekovest Shares ('000)	Issued share capital (RM'000)
<u>Minimum Acceptance Scenario</u>		
Ordinary share capital as at the LPD	2,139,203	755,593 ⁽¹⁾
Consideration Shares to be issued pursuant to the Proposed Offer	46,810	70,215 ⁽²⁾
Enlarged issued share capital	2,186,013	825,808

	No. of Ekovest Shares ('000)	Issued share capital (RM'000)
Maximum Acceptance Scenario		
Ordinary share capital as at the LPD	2,139,203	755,593 ⁽¹⁾
Consideration Shares to be issued pursuant to the Proposed Offer	630,628	945,942
Enlarged issued share capital	2,769,831	1,701,535

Notes:-

(1) Pursuant to Section 74 of the Act, all shares issued before or upon the commencement of the Act shall have no par value or nominal value. Pursuant to Section 618 of the Act, upon the commencement of Section 74, any amount standing to the credit of a company's share premium account shall become part of the company's share capital, notwithstanding a company may, within 24 months upon the commencement of Section 74, use the amount standing to the credit of its share premium account, for certain purposes as prescribed in the Act. The share premium standing upon commencement of Section 74 amounted to RM327.48 million.

(2) Based on the Issue Price of RM1.50 per Consideration Share.

9.2 Substantial shareholders' shareholdings

(i) Assuming all the Accepting Holders elect for the Cash Option

The Proposed Offer will not have any effect on the substantial shareholders' shareholdings as the consideration for the Proposed Offer will be satisfied wholly by cash.

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(ii) **Assuming all the Accepting Holders elect for the Share Exchange Option**

The pro forma effects of the Proposed Offer (*after considering the Undertakings*) on the substantial shareholders' shareholdings in Ekovest based on the register of substantial shareholders of Ekovest as at the LPD are as follows:-

Substantial shareholders	As at the LPD				After the Proposed Offer							
	Direct		Indirect		Minimum Acceptance Scenario				Maximum Acceptance Scenario			
	No. of Ekovest Shares	% ⁽¹⁾	No. of Ekovest Shares	% ⁽¹⁾	Direct		Indirect		Direct		Indirect	
	No. of Ekovest Shares	% ⁽¹⁾	No. of Ekovest Shares	% ⁽¹⁾	No. of Ekovest Shares	% ⁽²⁾	No. of Ekovest Shares	% ⁽²⁾	No. of Ekovest Shares	% ⁽³⁾	No. of Ekovest Shares	% ⁽³⁾
TSDLKH	431,705,221	20.18	260,750,022 ⁽⁴⁾	12.19	431,705,221	19.75	260,750,022 ⁽⁴⁾	11.93	431,705,221	15.59	260,750,022 ⁽⁴⁾	9.41
Ekovest Holdings Sdn Bhd	260,750,022	12.19	-	-	260,750,022	11.93	-	-	260,750,022	9.41	-	-
LSHH	141,656,600	6.62	-	-	141,656,600	6.48	-	-	141,656,600	5.11	-	-
Tan Sri Datuk Seri Lim Keng Cheng	10,833,000	0.51	141,656,600 ⁽⁵⁾	6.62	10,833,000	0.50	141,656,600 ⁽⁵⁾	6.48	10,833,000	0.39	141,656,600 ⁽⁵⁾	5.11
Datuk Lim Keng Guan	-	-	141,656,600 ⁽⁵⁾	6.62	-	-	141,656,600 ⁽⁵⁾	6.48	-	-	141,656,600 ⁽⁵⁾	5.11
Lim Keng Hun	-	-	141,656,600 ⁽⁵⁾	6.62	-	-	141,656,600 ⁽⁵⁾	6.48	-	-	141,656,600 ⁽⁵⁾	5.11
Lim Pak Lian	-	-	141,656,600 ⁽⁵⁾	6.62	-	-	141,656,600 ⁽⁵⁾	6.48	-	-	141,656,600 ⁽⁵⁾	5.11

Notes:-

(1) Computed based on 2,139,202,893 Ekovest Shares as at the LPD.

(2) Computed based on 2,186,012,986 Ekovest Shares after the Proposed Offer based on the Minimum Acceptance Scenario.

(3) Computed based on 2,769,830,681 Ekovest Shares after the Proposed Offer based on the Maximum Acceptance Scenario.

(4) Deemed interest by virtue of his interest in Ekovest Holdings Sdn Bhd pursuant to Section 8 of the Act.

(5) Deemed interest by virtue of his/her interest in LSHH pursuant to Section 8 of the Act.

9.3 NA and gearing

The pro forma effects of the Proposed Offer on the NA and gearing of the Ekovest Group are as follows:-

	Audited as at 30 June 2017 (RM'000)	After the Proposed Offer			
		Minimum Acceptance Scenario ⁽¹⁾		Maximum Acceptance Scenario ⁽²⁾⁽³⁾	
		Assuming all the Accepting Holders elect for the			
		Cash Option (RM'000)	Share Exchange Option (RM'000)	Cash Option (RM'000)	Share Exchange Option (RM'000)
Share capital	428,115	755,593 ⁽⁴⁾	825,808 ⁽⁴⁾	755,593 ⁽⁴⁾	1,701,535 ⁽⁴⁾
Share premium	327,478	-(⁴)	-(⁴)	-(⁴)	-(⁴)
Other reserves	145,326	145,326	145,326	(70,869)	(70,869)
Retained earnings	1,020,970	1,016,470 ⁽⁵⁾	1,016,470 ⁽⁵⁾	936,432 ⁽⁵⁾	936,432 ⁽⁵⁾
Shareholders' fund / NA	1,921,889	1,917,389	1,987,604	1,621,156	2,567,098
Non-controlling interests	379,244	379,244	379,244	705,446	705,446
Total equity	2,301,133	2,296,633	2,366,848	2,326,602	3,272,544
No. of Ekovest Shares ('000)	2,139,203	2,139,203	2,186,013	2,139,203	2,769,831
NA per Ekovest Share (RM)	0.90	0.90	0.91	0.76	0.93
Total borrowings	6,397,292	6,397,292	6,397,292	6,942,560 ⁽⁷⁾	6,642,560
Gearing ratio (times) ⁽⁶⁾	2.78	2.79	2.70	2.98	2.03
Net borrowings	1,843,350	1,998,458	1,928,243	2,824,343	1,878,401
Net gearing ratio (times) ⁽⁸⁾	0.80	0.87	0.81	1.21	0.57

Notes:-

- (1) In the Minimum Acceptance Scenario, Ekovest will hold 100,405,360 IWCity Shares (representing approximately 11.99% equity interest in IWCity). Accordingly, the Company's equity stake in IWCity will be accounted for as other investment.
- (2) In the Maximum Acceptance Scenario, Ekovest will hold 630,627,788 IWCity Shares (representing approximately 66.57% equity interest in IWCity after full exercise of 109,861,000 IWCity ESOS Options). Accordingly, IWCity will be consolidated as a subsidiary of Ekovest.
- (3) Based on the audited consolidated financial statements of Ekovest for the FYE 30 June 2017 and the latest unaudited consolidated financial statements of IWCity for the 6-month financial period ended ("FPE") 30 June 2017 after adjusting for the exercise of 1,000,000 IWCity ESOS Options at the exercise price of RM1.50 in July 2017.
- (4) Pursuant to Section 74 of the Act, all shares issued before or upon the commencement of the Act shall have no par value or nominal value. Pursuant to Section 618 of the Act, upon the commencement of Section 74, any amount standing to the credit of a company's share premium account shall become part of the company's share capital, notwithstanding a company may, within 24 months upon the commencement of Section 74, use the amount standing to the credit of its share premium account, for certain purposes as prescribed in the Act. The share premium standing upon commencement of Section 74 amounted to RM327.48 million.
- (5) After deducting estimated expenses in relation to the Proposed Offer of approximately RM4.50 million.
- (6) Computed as total borrowings divided by total equity.
- (7) The cash consideration for the Proposed Offer will be funded using a combination of bank borrowings and internally generated funds of the Company, the breakdown of which has yet to be finalised at this juncture. For illustration purposes only, we have assumed that Ekovest will utilise bank borrowings of RM300.0 million for this funding purpose.
- (8) Computed as total borrowings less investment funds, short term deposits and cash and bank balances divided by total equity.

9.4 Earnings and earnings per share (“EPS”)

The Proposed Offer is not expected to have an immediate material effect on the earnings of the Ekovest Group for the financial year ending 30 June 2018 as the Proposed Offer is only expected to be completed by the 1st quarter of the calendar year 2018.

Depending on the outcome and level of acceptances received by Ekovest upon closing of the Proposed Offer, Ekovest may gain significant influence or control over IWCity and accordingly, consolidate the results of the IWCity Group. In other cases, the Company’s equity stake in IWCity will be accounted for as other investment.

The EPS of Ekovest will be diluted by the Consideration Shares to be issued to Accepting Holders that elect for the Share Exchange Option. Notwithstanding the dilution, the Proposed Offer is expected to contribute positively to the future earnings of the enlarged Ekovest Group, taking into consideration the prospects of the IWCity Group and the enlarged Ekovest Group as set out in Section 8 of this Announcement.

9.5 Convertible securities

As at the LPD, there are:-

- (i) 304,936,697 outstanding 5-year warrants 2014/2019 issued by Ekovest (*each exercisable into 1 new Ekovest Share at the exercise price of RM0.48*) (“**Ekovest Warrants B**”); and
- (ii) 120,330,000 outstanding employee share options issued by Ekovest (*each exercisable into 1 new Ekovest Share at the exercise price of RM1.30*) (“**Ekovest ESOS Options**”).

Save for the above, the Company does not have any other outstanding convertible securities as at the LPD.

The Proposed Offer will not give rise to any adjustment to the number and exercise price of Ekovest Warrants B and Ekovest ESOS Options.

10. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Offer is subject to the following:-

- (i) approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities;
- (ii) approval of the shareholders of Ekovest in relation to the Proposed Offer (*including shareholders’ approval, where required in accordance with the Listing Requirements, for the purchase of IWCity Shares via acquisitions from the open market and/or direct business transactions during the offer period at a consideration of not more than the Offer Price (excluding stamp duty and commission)*) at an EGM of the Company to be convened; and
- (iii) waiver, exemption, consent or approval of any other relevant authorities or parties, if required.

Barring any unforeseen circumstances, the application to the relevant authorities will be submitted within 5 days from the date of this Announcement.

The Proposed Offer is not conditional upon any other corporate exercise / scheme being undertaken or proposed to be undertaken by the Company.

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

The Directors and major shareholders of Ekovest and/or persons connected with them who are deemed to have an interest, direct and/or indirect, in the Proposed Offer are as follows:-

- (i) TSDLKH (*Executive Chairman and a major shareholder of the Company*), who is also a director and substantial shareholder of IWH (*a major shareholder of IWCity*);
- (ii) Lim Hoe (*Executive Director of the Company*), who is also a director of IWH (*a major shareholder of IWCity*) and the mother of Wong Khai Shiuan (*Executive Director cum Chief Executive Officer and a shareholder of IWCity*) and Wong Khai Shiang (*alternate Director to Lim Hoe and a shareholder of IWCity*);
- (iii) Tan Sri Datuk Seri Lim Keng Cheng (*Managing Director and a substantial shareholder of the Company*), who is also a director of IWH (*a major shareholder of IWCity*) as well as a director and substantial shareholder of LSHH (*a shareholder of IWCity*);
- (iv) Lim Chen Heng, who is the alternate Director to and the son of TSDLKH as well as a director of IWH (*a major shareholder of IWCity*);
- (v) Wong Khai Shiang, who is the alternate Director to and the son of Lim Hoe, a shareholder of IWCity as well as the brother of Wong Khai Shiuan (*Executive Director cum Chief Executive Officer and a shareholder of IWCity*);
- (vi) Lim Ding Shyong, who is the alternate Director to and the son of Tan Sri Datuk Seri Lim Keng Cheng;
- (vii) Chow Yoon Sam (*Independent Non-Executive Director of the Company*) who is also a shareholder of IWCity;
- (viii) Lee Wai Kuen (*Independent Non-Executive Director of the Company*) who is also a shareholder of IWCity;
- (ix) Ekovest Holdings Sdn Bhd (*a major shareholder of the Company*), which is controlled by TSDLKH;
- (x) LSHH (*a substantial shareholder of the Company*), which is also a shareholder of IWCity;
- (xi) Datuk Lim Keng Guan (*a substantial shareholder of the Company*), who is also a director of IWH (*a major shareholder of IWCity*) as well as a director and substantial shareholder of LSHH (*a shareholder of IWCity*);
- (xii) Lim Keng Hun (*a substantial shareholder of the Company*), who is also a director and substantial shareholder of LSHH (*a shareholder of IWCity*); and
- (xiii) Lim Pak Lian (*a substantial shareholder of the Company*), who is also a director and substantial shareholder of LSHH (*a shareholder of IWCity*).

(collectively, (i) to (viii) above are referred to as the “**Interested Directors**”)

The Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings in relation to the Proposed Offer.

As at the LPD, the only major shareholders of Ekovest are TSDLKH and Ekovest Holdings Sdn Bhd. Both TSDLKH and Ekovest Holdings Sdn Bhd will abstain from voting in respect of their direct and/or indirect shareholdings on the relevant resolution pertaining to the Proposed Offer. They will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings on the relevant resolution pertaining to the Proposed Offer at an EGM of the Company to be convened.

12. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Offer pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 49.2%.

13. ADVISERS

Mercury Securities has been appointed as the Principal Adviser and Astramina has been appointed as the Financial Adviser to Ekovest for the Proposed Offer.

14. DIRECTORS' STATEMENT

The Board (*save for the Interested Directors as set out in Section 11 of this Announcement*), after having considered all aspects of the Proposed Offer, is proposing to put forth the Proposed Offer to the non-interested shareholders of Ekovest for consideration at an EGM of the Company to be convened and is of the opinion that the Proposed Offer is in the best interests of the Company.

In addition, the following independent valuers have been appointed to undertake valuation on the material properties of IWCity:-

- (i) CBRE- WTW;
- (ii) Raine & Horne; and
- (iii) Cheston.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposed Offer is expected to be completed in the 1st quarter of calendar year 2018.

16. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) Undertakings;
- (ii) KPRJ SSA; and
- (iii) Notice.

This announcement is dated 18 December 2017.

FURTHER INFORMATION ON THE IWCITY GROUP**Historical financial information of the IWCity Group**

A summary of the historical financial information of the IWCity Group for the FYE 31 December 2014, 31 December 2015 and 31 December 2016 as well as for the 9-month FPE 30 September 2016 and 30 September 2017 is set out below:-

	Audited FYE 31 December			Unaudited 9-month FPE 30 September	
	2014 (RM'000)	2015 (RM'000)	2016 (RM'000)	2016 (RM'000)	2017 (RM'000)
Revenue	157,951	181,636	76,596	45,960	246,354
Profit / (Loss) before tax	6,183	20,554	(14,918)	(12,239)	88,279
Profit / (Loss) after tax	3,362	6,835	(16,026)	(12,200)	33,298
Current assets	916,440	1,183,853	1,239,265	1,168,538	1,531,653
Current liabilities	173,126	560,259	627,604	488,064	646,529
Share capital	334,864	334,864	368,350	368,350	725,022
Shareholders' fund / NA	546,146	552,981	596,395	600,221	916,591
Total borrowings	206,773	199,104	142,387	136,901	242,939
Weighted average number of IWCity Shares ('000)					
- Basic	669,727	669,727	703,214	703,213	818,396
- Diluted	669,727	669,727	703,214	703,213	813,422
Earnings / (Loss) per share (sen)					
- Basic	0.50	1.02	(2.28)	(1.74)	4.07
- Diluted	0.50	1.02	(2.28)	(1.74)	4.09
No. of IWCity Shares ('000)	669,727	669,727	736,700	736,700	837,389
NA per IWCity Share (RM)	0.82	0.83	0.81	0.81	1.09
Current ratio (times)	5.29	2.11	1.97	2.39	2.37
Gearing (times)	0.38	0.36	0.24	0.23	0.27

Commentary on past performance**(i) 9-month FPE 30 September 2017 vs 9-month FPE 30 September 2016**

Revenue increased by 436.0% from RM45.96 million for the 9-month FPE 30 September 2016 to RM246.35 million for the 9-month FPE 30 September 2017, mainly due to higher revenue from the property segment arising from the recognition of land sale to Greenland Tebrau Sdn Bhd.

Accordingly, IWCity made a profit before tax of RM88.28 million for the 9-month FPE 30 September 2017 as compared to a loss before tax of RM12.24 million for the 9-month FPE 30 September 2016. The profit before tax was arrived at after deducting one-off share option expenses (*including subsequent fair value adjustment*) of RM72.10 million in relation to 123,550,000 IWCity ESOS Options granted to its directors and employees.

FURTHER INFORMATION ON THE IWCITY GROUP (Cont'd)

(ii) FYE 31 December 2016 vs FYE 31 December 2015

Revenue decreased by 57.8% from RM181.64 million for the FYE 31 December 2015 to RM76.60 million for the FYE 31 December 2016, mainly due to the recognition of revenue from the 2 parcels of land measuring 92.83 acres compulsorily acquired by the State Government for RM170 million during the FYE 31 December 2015 (*which forms part of the Land Compulsory Acquisition*) ("**Initial Land Compulsory Acquisition**"). However, the decrease in revenue recognised from the property segment was partially offset by the increase in revenue recognised from the construction segment due to the revision of budgeted cost and reduction in liquidated and ascertained damages.

Accordingly, IWCity made a loss before tax of RM14.92 million for the FYE 31 December 2016 as compared to a profit before tax of RM20.55 million for the FYE 31 December 2015, mainly as a result of the decrease in gross profit margin as well as the increase in finance costs incurred arising from delayed completion of the sale and purchase agreement for the acquisition of Sutera Land. The decrease in profit before taxation was slightly offset by the decrease in administrative expenses together with selling and marketing expenses in line with the slowdown in business.

(iii) FYE 31 December 2015 vs FYE 31 December 2014

Revenue increased by 15.0% from RM157.95 million for the FYE 31 December 2014 to RM181.64 million for the FYE 31 December 2015, mainly due to the recognition of revenue from the Initial Land Compulsory Acquisition during the FYE 31 December 2015. However, the increase in revenue recognised from the property segment was partially offset by the decline in revenue contribution from the construction segment.

In line with the higher revenue coupled with the higher gross profit margin attributable to the Initial Land Compulsory Acquisition, the profit before tax of IWCity increased from RM6.18 million for the FYE 31 December 2014 to RM20.55 million for the FYE 31 December 2015.

(iv) FYE 31 December 2014 vs FYE 31 December 2013

Revenue decreased by 37.6% from RM253.06 million for the FYE 31 December 2013 to RM157.95 million for the FYE 31 December 2014, mainly due to lower revenue contribution from the construction segment following completion of Pengerang site clearance and earthwork and Rimbunan Kaseh project.

Accordingly, the profit before tax of IWCity decreased from RM34.61 million for the FYE 31 December 2013 to RM6.18 million for the FYE 31 December 2014.

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FURTHER INFORMATION ON THE IWCITY GROUP (Cont'd)**Property development projects of the IWCity Group**

The current on-going and proposed property development projects of the IWCity Group are as follows:-

- (1) Botanika @ Tebrau Bay
(based on planning permission granted by the Majlis Bandaraya Johor Bahru dated 4 October 2015 and building plan approval dated 20 March 2016)

Name of the development	: Botanika @ Tebrau Bay
Development component / Phase	: An on-going and future development comprising a total of 792 residential units in 3 blocks of apartment and 40 landed residential units
Commencement year	: 2016
Expected completion year	: 2020
Stage / Percentage of completion	: Construction in progress. Piling, main building and infrastructure works certified for on-going development:- Tower B: 45% Tower C: 61%
Percentage of sales	: Based on sale status report as at 16 June 2017:- Tower B: 12% Tower C: 43%
Gross development value	: RM575.78 million
Gross development cost	: RM386.31 million
Source of funds for development	: Internally generated funds and borrowings

- (2) Danga Sutera

The building plan for Danga Sutera development has not been submitted to the relevant authorities for approval. The details of the development are to be finalised.

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FURTHER INFORMATION ON THE IWCITY GROUP (Cont'd)**Construction projects of the IWCity Group**

Other than the construction works pursuant to the Proposed Alienation and Development, the construction projects of the IWCity Group are as follows:-

No.	Project name / Type / Location	Owner of the project	Contract value	Date of contract awarded	Commencement / Expected commencement year	Completion / Expected completion year
(1)	<u>Eastern Dispersal Link Squatter Relocation Program</u> Design and build works for 2,932 low-cost apartment units on Lot PTD 148149, Mukim of Plentong, District of Johor Bahru, Johor	State Secretariat Incorporated Sdn Bhd	RM303 million	16.01.2009	2009	2018
(2)	<u>Pengerang Building & Infrastructural Works Housing</u> Design and build works on Lot PTD 4589 and 4590, Pengerang, Johor	Unit Perancang Ekonomi Negeri Johor	RM335.4 million	14.11.2012	2012	2018
(3)	<u>Universiti Tun Hussein Onn Malaysia ("UTHM")</u> Construction of an administrative and academic block for its electrical and electronic engineering faculty	UTHM	RM18.2 million	10.02.2016	2016	2018

None of the project owners in respect of the projects as disclosed above are directors and/or substantial shareholders of IWCity and/or persons connected with them.