

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

### SALES OF APARTMENT UNITS IN EKOCHERAS TO RELATED PARTIES BY OUR WHOLLY-OWNED SUBSIDIARY, EKOVEST CAPITAL SDN BHD (FORMERLY KNOWN AS PROMPT CAPITAL SDN BHD)

#### 1.0 INTRODUCTION

The Board of Directors of Ekovest (“**Board**”), wishes to announce that our wholly-owned subsidiary, Ekovest Capital Sdn Bhd (formerly known as Prompt Capital Sdn Bhd) (“**Ekovest Capital**”), had on 29 August 2014 entered into sale & purchase agreements (“**SPA**”) with the Related Parties (as defined in Section 2 below) for the sales of apartment units in EkoCheras (“**Sales**”).

Ekovest Capital is the developer for a mixed development project located in Cheras, Kuala Lumpur known as EkoCheras. EkoCheras is a development on 11.9 acres of land consisting of service apartments, retail shops and shop offices.

#### 2.0 DETAILS OF THE SALES

The Sales comprise of four (4) apartment units in EkoCheras for a total cash consideration of RM2,300,715 (“**Sale Consideration**”). Details of the Sales are as follows:

Purchaser	Interested Directors and/or Major Shareholders	Description of Property	Gross Built-up Area (sq feet)	Selling Price (RM)
Wong Khai Shiuan	<ul style="list-style-type: none"><li>Lim Hoe</li></ul>	Studio apartment in Tower H, EkoCheras (Parcel No: H-28-02)	762	591,308
Wong Khai Leng	<ul style="list-style-type: none"><li>Lim Hoe</li></ul>	Studio apartment in Tower H, EkoCheras (Parcel No: H-28-03)	762	591,308
Lim Sew Hua	<ul style="list-style-type: none"><li>Tan Sri Dato’ Lim Kang Hoo</li><li>Lim Hoe</li><li>EHSB</li></ul>	Studio apartment in Tower H, EkoCheras (Parcel No: H-28-3A)	762	591,308
Wong Ooi Pean	<ul style="list-style-type: none"><li>Tan Sri Dato’ Lim Kang Hoo</li><li>Lim Hoe</li><li>Ekovest Holdings Sdn Bhd (“<b>EHSB</b>”)</li></ul>	Studio apartment in Tower H, EkoCheras (Parcel No: H-08-03)	762	526,791
<b>Total Sale Consideration</b>				<b>2,300,715</b>

(The purchasers above are collectively referred to as “**Related Parties**”)

The nature and extent of interest of the interested directors and/or major shareholders and/or persons connected to them in relation to the Sales are disclosed in Section 9 below.

#### 3.0 SALIENT TERMS OF SALE & PURCHASE AGREEMENT (“SPA”)

The SPA for the Sales is governed by the Housing Development (Control and Licensing) Act 1966 and the Housing Development (Control and Licensing) Regulations 1989. Ekovest Capital utilises a standard form of SPA for all sales to purchasers.

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The salient terms of the SPA include, inter alia, the following:-

- (i) The purchase price shall be paid by purchaser in cash in accordance with the following terms of SPA:-
  - (a) The purchase price shall be paid by the purchaser to Ekovest Capital by instalments and at the time and in the manner as prescribed in the Third Schedule of the SPA.
  - (b) Every notice referred to in the Third Schedule in the SPA requesting for payment shall be supported by a certificate signed by Ekovest Capital’s architect or engineer in charge of the housing development and every such certificate so signed shall be proof of the fact that the works therein referred to have been completed.
- (ii) If any of the instalments set out in the Third Schedule shall remain unpaid by the purchaser at the expiration of the said twenty-one (21) working days period, interest on such unpaid instalment shall commence immediately thereafter and be payable by the purchaser and such interest shall be calculated from day to day at the rate of ten per centum (10%) per annum.
- (iii) If the purchaser :-
  - (a) fails to pay any instalment payable in accordance with the Third Schedule or any part thereof and any interest payable under the SPA for any period in excess of twenty-eight (28) days after the due date of the instalment or interest;
  - (b) fails to pay any sum or sums payable under the SPA for any period in excess of twenty-eight (28) days after the due date of such sum;
  - (c) commits any breach of or fails to perform or observe any material terms or conditions or covenants of the SPA; or
  - (d) before payment in full of the purchase price of the said parcel commits an act of bankruptcy or enters into any composition or arrangement with his creditors or, being a company, enters into liquidation whether voluntary or otherwise;

Ekovest Capital may, subject to the terms of the SPA, annul the sale of the said parcel and forthwith terminate the SPA.
- (iv) Vacant possession of the said parcel shall be delivered to the purchaser within forty eight (48) calendar months from the date of the SPA.

#### 4.0 BASIS FOR THE SALE CONSIDERATION

The Sale Consideration is based on the approved developer selling price to the general public and includes discounts, where applicable, which the general public and non-related party purchaser is also entitled to.

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#### 5.0 RATIONALE FOR THE SALES

As a property developer, the sale of apartment units is in the ordinary course of business of Ekovest Capital. Further, it is also carried out at arm’s length and based on commercial terms not more favourable than those available to the general public and non-related party purchaser.

The Sales reflects the Related Parties confidence in Ekovest and its subsidiaries (“**Group**”) property development project. The Sales is also expected to contribute to the future revenue and cash flow of the Group.

#### 6.0 EFFECTS OF THE SALES

The Sales will not have any effect on the share capital or substantial shareholders’ shareholdings and are not expected to have any material effect on the earnings per share, net assets per share and gearing of the Group for the financial year ending (“**FYE**”) 30 June 2015.

However, the Sales is expected to contribute positively to the future earnings of the Group as and when the profits from the EkoCheras development are recognised. Proceeds from the Sales are expected to be utilised to defray the development cost incurred for the EkoCheres development and also for working capital purposes.

#### 7.0 PERCENTAGE RATIO

The highest percentage ratio applicable to the Sales as per Paragraph 10.02(g) Chapter 10 of Bursa Malaysia Securities Berhad Main Market Listing Requirements is 0.30% being the aggregate value of the Sale Consideration compared to the net assets of the Ekovest Group based on the Company’s latest consolidated audited financial statements for the FYE 30 June 2013.

However, Ekovest had on 8 April 2014 announced the sale of fourteen (14) apartment units in EkoCheras to related parties for a total cash consideration of RM8,551,875 (“**Initial Announcement**”) and the highest ratio applicable is 1.10% being the aggregate value of the sale consideration as per the Initial Announcement compared to the net assets of the Ekovest Group based on the Company’s latest consolidated audited financial statements for the FYE 30 June 2013.

Paragraph 10.12 of the MMLR states that separate transactions may be aggregated as if they were one transaction if the terms of such transactions were agreed upon within a period of 12 months if:-

- (i) the transactions are entered into with the same party or with parties connected with one another; or
- (ii) the transactions involving the acquisition or disposal of various parcels of lands contiguous to each other.

In this regard, the the highest ratio applicable is 1.39% (after aggregation of the consideration of the Initial Announcement and the Sale) based on the latest audited financial statements of the Company for the FYE 30 June 2013.

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**8.0 APPROVALS REQUIRED**

The Sales does not require the approval of shareholders and/or other relevant authorities. The Sales are not conditional or inter-conditional upon any other corporate exercises being or proposed to be undertaken by the Company.

**9.0 TRANSACTIONS WITH THE RELATED PARTIES FOR THE PRECEDING 12 MONTHS**

Saved as disclosed in the Initial Announcement and our circular to shareholders dated 5 December 2013 in relation to the renewal of shareholders’ mandate for recurrent related party transaction of a revenue or trading in nature, there are no other transactions with the Related Parties for the preceding 12 months from date of this announcement.

**10.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

Save as disclosed below, none of our major shareholders and/or directors and/or persons connected to them have any interests, direct or indirect, in the Sales.

**10.1 Interests of major shareholders and/or persons connected to them**

Ekovest Holdings Sdn Bhd (“EHSB”) and Tan Sri Dato’ Lim Kang Hoo are our major shareholders. Tan Sri Dato’ Lim Kang Hoo is also a major shareholder of EHSB. EHSB and Tan Sri Dato’ Lim Kang Hoo are deemed interested as Tan Sri Dato’ Lim Kang Hoo is a sibling of Lim Hoe and Lim Sew Hua and a brother-in law to Wong Ooi Pean.

**10.2 Interests of Directors and/or persons connected to them**

Tan Sri Dato’ Lim Kang Hoo is our Director and is deemed interested as he is the sibling of Lim Hoe and Lim Sew Hua and a brother-in law to Wong Ooi Pean

Lim Hoe is our Director and is deemed interested as she is a sibling of Lim Sew Hua a sister-in-law to Wong Ooi Pean and mother of Wong Khai Shiuan and Wong Khai Leng.

Tan Sri Dato’ Lim Kang Hoo and Lim Hoe have abstained and will continue to abstain from deliberating and voting on the Sales at our relevant Board meetings.

**11.0 STATEMENT BY AUDIT COMMITTEE**

The Audit Committee having considered all aspects of the Sales is of the opinion that the Sales is:-

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders.

Audit Committee is also of the opinion that the discounts, where applicable, is at arm’s length and based on commercial terms not more favourable than those available to the general public and not detrimental to the interest of the non-interested shareholders.

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In forming its view and opinion, the Audit Committee has considered, amongst others, the basis, rationale and financial effects of the Sales as disclosed in Section 4, 5 and 6 above. No independent advice was sought by the Audit Committee as the percentage ratio applicable to the Sales is less than 5%.

**12.0 STATEMENT BY THE BOARD OF DIRECTORS**

The Board, save and except for Tan Sri Dato’ Lim Kang Hoo and Madam Lim Hoe who are deemed interested in the Sales, having considered all aspects of the Sales including but not limited to the basis, rationale and the financial effects of the Sales, is of the opinion that the Sales is in the best interests of our Company and is not detrimental to the interest of the non-interested shareholders.

**13.0 ESTIMATED TIMEFRAME FOR COMPLETION**

The Sales is expected to be completed upon delivery of vacant possession of the apartment units to the Related Parties. As per the terms of the SPA, vacant possession shall be delivered to the purchaser within forty eight (48) months from the date of the SPA.

**14.0 DOCUMENTS FOR INSPECTION**

The SPA will be made available for inspection at our registered office at Ground Floor, Wisma Ekovest, No 118 Jalan Gombak, 53000 Kuala Lumpur, from 8.30 a.m. to 5.30 p.m. from Mondays to Fridays (except public holidays) ) for a period of three (3) months from the date of this announcement.

This announcement is dated 29 August 2014.