EKOVEST BERHAD ("EKOVEST" OR THE "COMPANY")

PROPOSED PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF EKOVEST

1. INTRODUCTION

On behalf of the Board of Directors of Ekovest ("**Board**"), AmInvestment Bank Berhad ("**AmInvestment Bank**") and Astramina Advisory Sdn Bhd ("**Astramina Advisory**") wish to announce that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of Ekovest ("**Proposed Private Placement**").

For shareholders' information, the objective of the Proposed Private Placement is to introduce strategic and/or institutional investors to improve Ekovest's current shareholding mix while raising the required funds for the Company and its subsidiaries' ("**Ekovest Group**" or "**Group**") business expansion. In addition to the Principal Adviser and Financial Adviser, the Company has also appointed the Joint Placement Agents (as set out in Section 9 of this Announcement) to assist with the identification of institutional investors and the Board has fixed the issue price for the first tranche of the Proposed Private Placement at RM0.435 per new ordinary share in Ekovest ("**Ekovest Share**" or "**Share**"), representing a discount of approximately RM0.0435 or 9.09% over the five (5)-day volume weighted average market price ("**VWAMP**") of Ekovest Shares up to and including 29 August 2023, being the last trading day of Ekovest Shares prior to the date of this Announcement ("**LTD**"), of RM0.4785 per Ekovest Share.

Further details of the Proposed Private Placement are set out in the ensuing sections of this Announcement.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 obtained from the shareholders of the Company at the Company's 37th annual general meeting ("**AGM**") convened on 9 December 2022, whereby the Board has been authorised to issue and allot new Ekovest Shares not exceeding 10% of the total number of issued shares of Ekovest for the time being ("**General Mandate**"). The General Mandate shall continue to be in force until the conclusion of the next AGM of the Company.

2.1 Placement size

The Proposed Private Placement will entail the issuance of up to 269,582,800 new Ekovest Shares ("**Placement Shares**"), representing up to 10% of the total number of Ekovest Shares in issue. As at 21 August 2023, being the latest practicable date prior to the date of this Announcement ("**LPD**"), the total issued share capital of Ekovest was RM1,138,870,432.438 comprising 2,695,828,002 Shares.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on the total number of issued Ekovest Shares immediately preceding the implementation of the Proposed Private Placement.

2.2 Placement arrangement

The Placement Shares will be placed out to independent third party investor(s) ("**Placees**") to be identified. The Placees shall be persons or parties who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007.

In accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Placement Shares will not be placed to the following persons:

(i) a director, major shareholder or chief executive of Ekovest or the holding company of Ekovest ("**Interested Persons**");

(ii) a person connected with the Interested Persons; and

(iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

Subject to market conditions and the availability of suitable investor(s), the Proposed Private Placement may be implemented in tranches within six (6) months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities, or any extended period as may be approved by Bursa Securities. The implementation of the Proposed Private Placement in tranches will provide the Company with the flexibility to procure suitable investors to subscribe for the Placement Shares.

2.3 Basis and justification for the issue price of the Placement Shares

The Board has fixed the issue price for the first tranche of the Proposed Private Placement at RM0.435 per Ekovest Share, representing a discount of approximately RM0.0435 or 9.09% over the five (5)-day VWAMP of Ekovest Shares up to and including LTD, of RM0.4785 per Ekovest Share.

The issue price for the remaining Placement Shares not placed out under the first tranche of the Proposed Private Placement shall be fixed by the Board based on prevailing market conditions and at a discount of not more than 10% to the five (5)-day VWAMP of Ekovest Shares immediately preceding the price-fixing date for each subsequent tranche.

However, for illustration purposes throughout this Announcement, the illustrative issue price for the remaining Placement Shares is assumed to be RM0.435 per Ekovest Share.

2.4 Ranking of the Placement Shares

The Placement Shares shall, upon issuance and allotment, rank equally in all respects with the then existing Ekovest Shares, save and except that the Placement Shares will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to or on the date of issuance and allotment of the Placement Shares.

2.5 Listing and quotation of the Placement Shares

An application will be made to Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities.

2.6 Use of proceeds

Assuming an illustrative issue price of RM0.435 per Placement Share, the Company is expected to raise gross proceeds of up to RM117,268,518 from the Proposed Private Placement. The gross proceeds raised from the Proposed Private Placement are expected to be used in the following manner:

Purpose	Note	RM	Estimated timeframe for use of proceeds *
Construction project	(i)	86,000,000	Within 18 months
General working capital	(ii)	28,468,518	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	(iii)	2,800,000	Within three (3) months
Total		**117,268,518**	

Notes:

* *From the date of listing of each tranche of the Placement Shares.*

(i) *The proceeds are intended to be used to partially fund the construction cost of the Group's construction project, namely the Rapid Transit System Link ("**RTS Link**") project, which is presently estimated to be RM1.34 billion.*

*Ekovest Construction Sdn Bhd, a wholly-owned subsidiary of the Company ("**ECSB**"), had on 5 July 2022 accepted the Letter of Award by Adil Permata Sdn Bhd ("**APSB**"), the appointed main contractor of Malaysia Rapid Transit System Sdn Bhd ("**MRTS**"), to participate as the engineering, procurement and construction contractor for the RTS Link project, for a contract sum of RM1.979 billion. The contract sum was subsequently reduced to approximately RM1.43 billion following a reduction in the construction scope for the project.*

*The RTS Link project includes, among others, the construction of a railway shuttle link measuring approximately 4 kilometers ("**km**") (Malaysia: 2.7 km and Singapore: 1.3 km) connecting Bukit Chagar, Johor Bahru and Woodlands Singapore. The RTS Link will be a modern light rail transit system which will provide high volume, fast and efficient transportation system between the two (2) stations. The link will be integrated with public transport systems at both stations, providing an alternative means of transportation that is expected to help alleviate the congestion at immigration checkpoints for both countries.*

*As an international link between Malaysia and Singapore, the RTS Link project also includes the building of a new immigration, customs and quarantine complex ("**ICQ**") facility next to the station at Bukit Chagar, Johor Bahru, Malaysia. Similarly, the RTS link station in Woodlands, Singapore will also have customs, immigration and quarantine ("**CIQ**") facilities. The Malaysian ICQ and Singaporean CIQ facilities will be co-located within the same building, allowing the entire immigration process of leaving and entering both countries to be completed at the departing station.*

Construction works for the RTS Link project commenced in early July 2022 and the expected date of practical completion for the project is 30 June 2025. As at LPD, the percentage completion for the RTS Link project is 24.36% and the Company has incurred construction cost amounting to RM0.31 billion which was funded through a syndicated loan. The remaining construction cost will be funded through a combination of internal funds, bank borrowings and equity funding.

(ii) *Represents gross proceeds allocated for general working capital requirements of the Group, the breakdown of which is as follows:*

	RM
Staff costs which include staff salaries, directors' remuneration and contributions to the Employees Provident Fund Board and the Social Security Organisation	*7,117,000*
General administrative expenses such as advertising and marketing expenditures, utilities etc	*2,847,000*
Payment to suppliers and creditors	*17,081,000*
Other operating expenses such as upkeep of machinery and other assets	*1,423,518*
Total	***28,468,518***

(iii) The estimated expenses consist of professional fees, introducer fees, placement fees, fees payable to the authorities and other incidental expenses to be incurred for the Proposed Private Placement. Any variation in the actual amount of expenses will be adjusted to or from the gross proceeds allocated for general working capital.

The actual gross proceeds to be raised from the overall Proposed Private Placement is dependent on the final issue price and the number of Placement Shares to be issued under the subsequent tranches of the Proposed Private Placement. In the event the actual gross proceeds to be raised from the Proposed Private Placement is higher or lower than the estimated gross proceeds as set out in the table above, such variance will be adjusted to or from the gross proceeds allocated for general working capital.

Pending the use of the proceeds to be raised from the Proposed Private Placement for the purposes as set out above, such proceeds will be placed in interest-bearing deposits with licensed financial institution(s) and/or short-term money market financial instrument(s), as the Board may deem fit. Any interest income earned from such deposit(s) and/or any gain arising from such instrument(s) will be used to fund the Group's working capital requirements.

2.7 Details of equity fund raising exercises undertaken by the Company in the past 12 months

The Company has not undertaken any other equity fund raising exercise in the past 12 months preceding the date of this Announcement.

3. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will allow the Company to onboard strategic and/or institutional investors to improve Ekovest's current shareholding mix while raising the requisite funds to partially fund the construction cost of the RTS Link project as well as the working capital requirements of the Group as set out in Section 2.6 of this Announcement.

After due consideration of the various methods of fund raising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue to raise funds premised on the following reasons:

(i) it will enable the Company to raise the requisite funds without having to incur additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing;

(ii) it will allow the Company to raise funds expeditiously as the General Mandate has been obtained, as opposed to other forms of fund raising such as a rights issue which is likely to take a longer time to complete and may involve financial support from the major shareholders and/or underwriting arrangements; and

(iii) it will strengthen the financial position and capital base of the Company and may potentially enhance the liquidity of Ekovest Shares.

In addition to the rationale for the Proposed Private Placement, the Board has also considered the following factors before embarking on the Proposed Private Placement:

(a) Steps taken/to be taken to address the Group's financial concerns

The Group's business segments include construction operations, property development, toll operations, plantation, food and beverages, property investment and others. For the financial year ended ("**FYE**") 30 June 2023, the construction operations, property development and toll operations contributed 47.31%, 12.45% and 25.75% of the Group's total revenue.

For the FYE 30 June 2022 and FYE 30 June 2023, the Group recorded a loss after tax ("**LAT**") of RM123.4 million and RM109.1 million respectively, for reasons set out below.

For the FYE 30 June 2022, the Group's LAT was mainly due to reduced construction activities undertaken during the Movement Control Order ("**MCO**") period imposed by the Government of Malaysia to contain the spread of the coronavirus disease 2019 (COVID-19). Although the construction industry was allowed to operate under strict standard operating procedures, the lockdown had disrupted the supply chain of the entire construction industry, resulting in slower lead time for supply of building materials. Additionally, the Group recognised a deferred tax expense from toll operations' segment in FYE 30 June 2022 amounting to RM63.5 million due to the unrecognition of deferred tax asset for unabsorbed business losses pursuant to Section 44(5F) of the Income Tax Act, which was effective from year of assessment 2019.

For the FYE 30 June 2023, the Group's LAT was attributed to a marginal loss from the Group's business operations of RM9.5 million and deferred tax expense from toll operations' segment amounting to RM87.2 million due to the unrecognition of deferred tax asset for unabsorbed business losses.

In its attempt to return to profits, the Group will focus on the Group's major business segments as follows:

Construction operations

In order to enhance the Group's construction activities, ECSB had on 5 July 2022 accepted the Letter of Award by APSB, the appointed main contractor of MRTS, to participate as the engineering, procurement and construction contractor for the RTS Link project, for a contract sum of RM1.979 billion. The contract sum was subsequently reduced to approximately RM1.43 billion following a reduction in the construction scope for the project. ECSB's participation in the RTS Link project has enabled the Group to replenish its construction order book and this is expected to contribute positively to the financial performance of the Group for the next two (2) financial years. Further details of the RTS Link Project is set out in Note (i) of Section 2.6 of this Announcement.

The Group's construction segment reported a higher revenue of RM528.7 million for the FYE 30 June 2023 as compared to RM380.8 million in the FYE 30 June 2022. The increase was due to commencement of the RTS Link project in July 2022 from which the Group recorded revenue of RM313.8 million during the FYE 30 June 2023 which was offset by the reduced construction works for DUKE Phase 3 amounting to RM153.4 million as it is nearing completion stage. Nonetheless, despite the higher revenue, this segment's profit improved marginally from RM85.9 million in FYE 30 June 2022 to RM89.9 million. This was mainly due to the higher operating costs for the RTS Link project in comparison to the Group's other construction projects. However, the Board believes that the RTS Link project will continue to contribute positively to the Group's future construction revenue and earnings. In addition, the Group has been and will continue to explore new opportunities for infrastructure projects in Malaysia.

Property development

The property development segment for the FYE 30 June 2023 reported a higher revenue of RM139.1 million as compared to RM35.6 million for the FYE 30 June 2022. The increase was due to the sale of completed units in EkoCheras which gradually improved after the relaxation of MCO restrictions. Sales of completed units in EkoCheras also improved after approval was obtained in September 2022 from Dewan Bandaraya Kuala Lumpur for the release of Bumiputera property units for sale to non-Bumiputeras. Following this, the property development segment reported an improved profit of RM12.1 million in the FYE 30 June 2023 (FYE 30 June 2022: RM4.5 million).

The Company is also finalising its financial assessment for the relaunch of the Group's EkoTitiwangsa project as well as the necessary applications to the relevant authorities.

<u>Toll operations</u>

The toll operations segment registered a higher revenue of RM287.7 million in the FYE 30 June 2023 as compared to RM191.7 million in the FYE 30 June 2022, representing an increase of approximately 50.1%. The increase was attributed to higher toll collection receipts due to the increase in traffic volume post MCO period and contribution from the newly opened Wangsa Maju section of the Setiawangsa-Pantai Expressway ("**SPE**") highway. In addition, the Group received a total of RM79.5 million in toll compensation from Lembaga Lebuhraya Malaysia for the freezing of toll rates for the years 2020 and 2021. As a result of the increase in revenue, this sector reported a higher profit of RM258.8 million in the FYE 30 June 2023 as compared to RM156.3 million in the FYE 30 June 2022. Following the upliftment of the MCO since October 2021, the Group had experienced a steady increase in toll revenue for Duke Phase-1 and Phase-2 and the full opening of the SPE in the near future is expected to contribute positively to the Group's toll operations segment.

In addition to the above, the use of the proceeds to be raised from the Proposed Private Placement to partially fund the Group's construction project will aid the Group's plans to ramp up the Group's construction activities moving forward.

Further information on the financial performance of the Group for the last four (4) FYEs 30 June 2020 to 30 June 2023 are set out in Appendix I of this Announcement.

(b) Adequacy of the proceeds raised from the Proposed Private Placement

As at 30 June 2023, the Group's cash and bank balances (including investment funds and short term deposits) stood at RM675.34 million. While the Company believes that the Group's current cash and bank balances are adequate to meet the Group's working capital requirements for its day-to-day operations, the Company is proposing to undertake the Proposed Private Placement to introduce strategic and/or institutional investors into Ekovest's current shareholding mix while raising the required funds for the Group's business expansion.

The Board is of the view that the Proposed Private Placement will enable the Group to expand its business without relying on conventional debt financing for which the Group will be required to incur interest costs and service principal repayments.

Based on the issue price of RM0.435 per Placement Share, the Group is expected to raise gross proceeds of approximately RM117.27 million from the Proposed Private Placement, of which RM86.0 million is being earmarked for the Group's construction project. Under the present circumstances, the Board is of the view that the Proposed Private Placement is adequate to finance the short to medium term business expansion plans of the Group.

(c) The impact of the Proposed Private Placement and the value expected to be created from the Proposed Private Placement to the Company and the shareholders

The Board recognises that the Proposed Private Placement is not expected to result in an immediate improvement of the Group's financial performance. It is also stated in Section 5.4 of this Announcement that the Proposed Private Placement is not expected to have any material impact on the earnings per Share ("**EPS**") of the Group for the financial year ending 30 June 2024.

However, the Proposed Private Placement would allow the Company to introduce strategic and/or institutional investors as shareholders, amidst the Group's on-going recovery after the COVID-19 pandemic. The Company believes that such investors have longer investment horizons and their entry will help improve shareholders' confidence in the Company's prospects.

Although the percentage shareholdings of the shareholders of the Company will be diluted as a result of the new Shares to be issued pursuant to the Proposed Private Placement, the Company is hopeful that the anticipated benefits from the proposed use of the proceeds from the Proposed Private Placement will contribute positively to the overall business and financial performance of the Group. This in turn is expected to create value for the shareholders of the Company.

4. OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded moderately in the second quarter ("**2Q**") of 2023 (2.9%; first quarter ("**1Q**") 2023: 5.6%), weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. Household spending was supported by further growth in employment and wages. Meanwhile, investment activity was underpinned by capacity expansion, progress of multi-year projects and higher fixed asset spending by the government. Continued recovery in inbound tourism partially offset the slower goods export growth. Growth during the quarter was also affected by the high base effect in 2Q 2022 when the economy experienced strong growth from reopening effects and policy measures. On the supply side, the services and construction sectors continued to support growth. Meanwhile, production in the agriculture and mining sectors were affected by hot weather and plant maintenance. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.5% (1Q 2023: 0.9%).

With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. Tourist arrivals are expected to continue rising, which would support tourism-related activities. Governor Datuk Abdul Rasheed Ghaffour explained, "Risks to Malaysia's growth outlook is subject to downside risk stemming primarily from weaker-than-expected global growth. There are, however, upside risk factors such as stronger-than-expected tourism activity and faster implementation of projects."

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2023, Press Release by Bank Negara Malaysia on 18 August 2023)

4.2 Overview and outlook of the construction industry in Malaysia

The construction sector rebounded by 5% in 2022, mainly attributed to the positive performance of non-residential buildings and specialised construction activities subsectors. The increasing demand for industrial buildings was supported by the improvement in private investment and robust domestic economic activities. The acceleration of infrastructure projects such as East Coast Rail Link and Rapid Transit System Link also support the sector's performance.

In addition, the development of residential property remains active which boded well with the implementation of measures under the Budget 2022, including a total government guarantee of up to RM2 billion via Skim Jaminan Kredit Perumahan as well as housing projects for low-income group with an allocation of RM1.5 billion.

The construction sector is anticipated to increase by 6.1% in 2023 with all subsectors recording a better performance. The implementation of new projects such as upgrading the Klang Valley Double Track Phase 2 and acceleration of ongoing infrastructure projects which include East Coast Rail Link, Light Rail Transit Line 3 and fifth-generation cellular network rollout will spearhead the civil engineering subsector. In addition, the approved investment for projects in the manufacturing sector is anticipated to come on stream and subsequently create a greater demand for non-residential buildings. Activities in the residential buildings subsector are projected to grow steadily, supported by an increase in the supply of affordable houses in line with the Twelfth Malaysia Plan strategy. In addition, continuous Keluarga Malaysia Home Ownership Initiative incentive to encourage home ownership is expected to spur demand for residential buildings.

(Source: Economic and Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)

4.3 Overview and outlook of the property market in Malaysia

The property market recorded a total of 389,107 transactions worth RM179.07 billion for 2022. This indicated an increase of 29.5% in volume and 23.6% in value compared to 2021. Of the total transactions recorded in the review year, 20.7% (80,373) and 76.5% (297,700) were transfers dated 2021 and 2022 respectively while the remaining percentage share was for prior years' transfer. Primary market formed 13.8% (53,698 transactions) of the total transactions (purchase from developers) while secondary market took up the remaining 86.2% (335,409 transactions).

Volume of transactions across the sub-sectors showed upward movements. Residential, commercial and industrial, agriculture and development land sub-sectors recorded year-on-year growths of 22.3%, 46.3%, 44.5%, 44.6% and 35.7% respectively.

Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded an increase of 22.6%, 16.7%, 24.8%, 50.5% and 16.6% respectively.

The residential sub-sector led the overall property market, with 62.5% contribution in volume. This was followed by agriculture (21.1%), commercial (8.4%), development land and others (5.9%) and industrial (2.1%). In terms of value, residential led with 52.6% share, followed by commercial (18.2%), industrial (11.8%), agriculture (10.0%) and development land and others (7.4%).

Residential property

There were 243,190 transactions worth RM94.28 billion recorded in 2022, increased by 22.3% in volume and 22.6% in value as compared with 2021. Secondary market formed about 80.0% (194,749 transactions) of the total transactions while primary market (purchase from developers) formed nearly 20.0% (48,441 transactions).

The primary market recorded more than 54,000 newly-launched units in 2022. In spite of the increase in new launches, market remained cautious as the numbers were lower than those recorded in the pre-pandemic years. Sales performance was moderate at 36.0%.

The residential overhang situation improved as the numbers reduced compare to previous year. A total of 27,746 overhang units worth RM18.41 billion recorded in 2022, reduced by 24.7% and 19.2% in volume and value respectively against 2021 (36,863 units worth RM22.79 billion).

The rental market was generally stable with upward movements recorded in choice areas served with efficient connectivity, adjacent to the Light Rail Transit and Mass Rapid Transit stations as well as those located nearby higher learning institutions. In Wilayah Persekutuan Kuala Lumpur, residential market was generally stable for terrace houses while high-rise charted upward trend in several strata schemes namely 11 Mont Kiara, Almaspuri, 1 Razak Mansion, The Z Residence and Trinity Aquata.

Commercial property

There were 32,809 transactions worth RM32.61 billion recorded in 2022, increased by 46.3% in volume and 16.7% in value as compared with 2021 (22,428 transactions worth RM27.94 billion). The increase in all states and major transactions involving shopping complex and purpose-built office recorded in the review period contributed to the overall improved market.

In Wilayah Persekutuan Kuala Lumpur, ground floor shop rents remained high in Changkat Bukit Bintang from RM22,000 to RM30,200 per month. Pandan Indah, Bandar Tasik Selatan and Fraser Business Park experienced an increase of 7.3%, 6.8% and 6.1% respectively.

The performance of shopping complex continued to moderate in 2022, as the occupancy rate declined to 75.4%. Correspondingly, the available space escalated to 4.31 million square metre ("**s.m.**") from the 817 buildings throughout the country. Rentals of retail space were generally stable in Klang Valley with mixed movements in selected complexes. Suria KLCC fetched a higher rental per month ranging from RM376 per square metre ("**p.s.m.**") to as high as RM2,231 p.s.m. at concourse level; several units recorded decreases of 2.3% to 10.2%. Rental at Semua House recorded increases of 3.0% to 7.7% with rental ranging from RM133 p.s.m. to RM341 p.s.m..

The office rental market portrayed mixed performance in 2022. In Kuala Lumpur, several office buildings witnessed double digit growth namely Menara Perak (16.9%) and Wisma Boustead (15.7%). A higher rental was seen at Wisma Genting, Jalan Sultan Ismail ranging between RM118.41 p.s.m. to 131.32 p.s.m..

2023 outlook

According to the Ministry of Finance, Malaysia's economy is expected to grow moderately between four to five percent in 2023, backed by strong fundamentals and diversified economic structure, coupled with ongoing policy support to cushion the impact of the rising cost of living and mitigate the downside risk stemming from the prolonged geopolitical uncertainties and tightening global financial conditions. Bank Negara Malaysia also anticipated domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects.

The property market is expected to continue its momentum with various initiatives outlined by the Government under the revised Budget 2023 which, among others, include:

1. Full stamp duty exemption on instrument of transfer and loan agreement for the purchase of the first residential home priced up to RM500,000 by Malaysia citizens being retained until 31 December 2025.

2. Increase of stamp duty remission from 50% to 75% for the purchase of the first residential properties priced between RM500,000 to RM 1 million by Malaysian citizens and applicable for sale and purchase agreements executed until 31 December 2023.

3. Full stamp duty exemption up to RM1 million and 50% stamp duty remission for the remaining balance on transfers of property by way of love and affection between family members (father to child and grandfather to grandson).

4. Allocation of RM460.2 million for the building of new homes and home renovations in rural areas.

5. Allocation of RM389.5 million will be channelled to the People's Housing Programme.

6. Allocation of RM358 million for the construction of affordable homes under Rumah Mesra Rakyat programme by Syarikat Perumahan Negara Berhad.

7. Allocation of RM462 million for the construction of 23,000 houses under Projek Perumahan Awam Malaysia.

8. Increase the guarantees of up to RM5 billion via Syarikat Jaminan Kredit Perumahan in assisting gig workers such as e-hailing workers in obtaining home financing up to RM500,000.

On the infrastructure development front, the government has proposed allocations on several ongoing and new projects under the revised Budget 2023 which are expected to spur the economic activities, among others:

- Pan Borneo Highway and Sarawak-Sabah Link Road
- Mass Rapid Transit 3 – Government to review project cost
- To relieve road congestion at tourist hotspots:
  - A new road from Habu to Tanah Rata, Cameron Highlands, Pahang for RM480 million;
  - Jalan Tun Hamzah up to the intersection of Semabok Lebuh AMJ Daerah Melaka Tengah to be upgraded at a cost of RM300 million;
  - A road and bridge over Sungai Sepang to be built to connect Bukit Pelandok, Port Dickson and Sungai Pelek, Sepang for RM160 million; and
  - An overtaking lane on Senai Desaru Expressway to be built, and Lebuhraya Utara Selatan from Yong Peng Utara to Senai Utara – Phase 1, Johor to be upgraded from four to six lanes, in phases at the cost of RM525 million.
- Expansion and improvement of airport capacity in Penang and Subang
- RM1.5 billion to develop new rural roads and village link roads.

As the country's gross domestic product ("**GDP**") growth is projected to be moderately lower than the previous year and in line with other countries in the region, the property market performance is expected to be cautiously optimistic given the unpredictable external environment. The accommodative policies, continuous government support, well execution of measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under Rancangan Malaysia Ke-12 are expected to remain supportive of the property sector.

(Source: Annual Property Market Report 2022, Valuation and Property Services Department, Ministry of Finance Malaysia)

4.4 Overview and outlook of the toll industry in Malaysia

In 2021, the amount of traffic using tolled highways in Malaysia has decreased by 13.04%, from 1,255.03 million in 2020 to 1,091.37 million vehicles in 2021. Among the main factors contributing to this decrease is the implementation of the MCO and National Recovery Plan ("**NRP**") to curb the spread of the COVID-19 epidemic. Cross-state movement had been restricted except for vehicles involved in essential services starting from January 1, 2021 until October 10, 2021 in line with the implementation of MCO and NRP. Starting from October until December 2021, the amount of traffic on the highway has experienced an increase due to the announcement of cross-state permits by the government.

Throughout the implementation of the MCO and NRP in 2021, the cross-state control order and the implementation of working from home by the public and private sector has caused a decrease in traffic on highways within the city and interstate. The three (3) highways that have recorded a significant decrease in traffic are the Terowong Jalan Raya dan Pengurusan Air Banjir (SMART), Lebuhraya Kuala Lumpur-Karak and Lebuhraya Utara-Selatan highways.

On 22 December 2021, part of the SPE, which is Section 4 involving the alignment from Setiawangsa to Taman Melati, was opened to public to help disperse public in the surrounding area with free toll lanes until end of February 2022. Until 31 December 2021, as many as 27,049 traffic has been recorded using this highway.

(Source: Highway Authority Malaysia's Annual Report 2021)

In 2022, the traffic volume of toll highways increased by 56% to 1.7 billion vehicles, mainly due to increasing travel activities especially during festive seasons, school holidays and general election. In 2023, the land transport segment is expected to grow following the operation of the Mass Rapid Transit Putrajaya Line, Damansara-Shah Alam Elevated Expressway and Sungai Besi-Ulu Kelang Elevated Expressway.

(Source: Economic and Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)

4.5 Overview and outlook of the durian and oil palm industry in Malaysia

Durian

Durian continued to be the most widely planted and harvested fruit in Malaysia in 2021, with 85,280.29 hectares of planted area representing 43.8% of the total planted area of major fruit crops, and 57,973.68 hectares of harvested area representing 41.7% of the total harvested area of the major fruit crops. In addition, durian recorded total production of 448,271.51 metric tonnes with total production value of RM8.46 billion in 2021, which is the highest production value for the major fruit crops in Malaysia.

The average farm price, wholesale price and retail price of durian have been growing at an average annual growth rate of 10.35%, 7.22% and 3.55% respectively, for years 2018 to 2021 as set out below:

	Durian					
	Average farm price		Average wholesale price		Average retail price	
Year	RM	Annual growth rate (%)	RM	Annual growth rate (%)	RM	Annual growth rate (%)
2018	18.08	36.45	20.69	23.67	27.73	11.81
2019	19.86	9.85	25.34	22.47	30.33	9.38
2020	18.79	(5.39)	20.72	(18.23)	27.53	(9.23)
2021	18.88	0.48	20.92	0.97	28.15	2.25

(Source: Fruit Crops Statistic Malaysia 2021, Department of Agriculture Malaysia)

Under the Twelfth Malaysia Plan (2021-2025), export promotion efforts will be enhanced to increase exports of high value products to traditional and new markets. Premium and high value agricultural produce, such as birdnest, Musang King durian and MD2 pineapple will be actively promoted through various platforms.

(Source: Twelfth Malaysia Plan, 2021-2025, Economic Planning Unit)

<u>Oil palm</u>

The Malaysian oil palm industry fared better in 2022 compared to 2021 with slight increase in crude palm oil ("**CPO**") production and export. With the exception of the second quarter of 2022, the production of CPO recorded higher performance in other quarters as compared to the same period in 2021. The year 2022 ended with higher CPO production by 1.9% and palm oil export by 0.9%. Other key industry indicators also witnessed higher performance such as yield of fresh fruit bunches ("**FFB**") and palm oil stocks, while national oil extraction rate ("**OER**") and imports of palm oil witnessed declines. The tight supply situation had pushed prices to a new record of high annual average price at RM5,087.50/tonne in the palm oil history and boosted total export revenue to RM137.89 billion.

The total oil palm planted area was recorded at 5.67 million hectares in 2022, a decrease of 1.1% as against 5.74 million hectares in the previous year. Sarawak remained as the largest oil palm planted state with 1.62 million hectares or 28.6% of the total Malaysian oil palm planted area, followed by Sabah with 1.51 million hectares or 26.6%. Oil palm planted area in Peninsular Malaysia amounted to 2.54 million hectares or 44.8%.

In 2022, CPO production increased by 1.9% to 18.45 million tonnes as against 18.12 million tonnes recorded in 2021. The higher production was due to higher FFB processed, which rose 3.4% due to better FFB yield of estates with higher marginal by 0.1% to 15.49 tonnes/hectare in 2022 vis-à-vis 15.47 tonnes/hectare in 2021. The average FFB yield increased by 0.1% to 15.49 tonnes/hectare in 2022 as against 15.47 tonnes/hectare in 2021. The national OER performance decreased by 1.5% to 19.70 percent as opposed to 20.01 percent in 2021, mainly due to a lower proportion of ripe FFB processed by palm oil millers throughout Malaysia. The year 2022 recorded the lowest OER performance after two (2) decades where in 2001 the national OER was recorded at 19.22 percent.

Total exports of palm oil and other palm-based products in 2022 amounted to 24.72 million tonnes, higher by 1.8% from 24.28 million tonnes recorded in 2021. Total export earnings also rose by 27.1% to RM137.89 billion as against RM108.52 billion in 2021 because of higher prices. In 2022, export earnings of palm oil alone surged significantly by 27.7% to RM82.49 billion as against RM64.61 billion in 2021. Similarly, palm oil export volume increased marginally by 0.9% to 15.71 million tonnes as compared to the previous year attributed to higher demand, particularly from United Arab Emirates, Saudi Arabia, Japan, Bangladesh, Egypt and Turkiye. Exports of Malaysian palm kernel oil in 2022 declined by 3.6% to 1.04 million tonnes from 1.08 million tonnes in 2021 in view of lower demand particularly from the European Union ("**EU**"), Egypt and Ukraine. Palm kernel cake exports also decreased by 6.7% to 2.15 million tonnes in 2022 as against 2.30 million tonnes in 2021 due to lower demand from Pakistan, Vietnam and Saudi Arabia. Similarly, exports of palm-based oleochemical products decreased by 5.2% to 2.73 million tonnes in 2022 from 2.88 million tonnes in 2021. The lower export volume was as a result of lower demand from the United States of America, Taiwan, South Korea, Nigeria and Canada.

Imports of palm oil decreased by 3.2% to 1.14 million tonnes in 2022 as compared to 1.18 million tonnes recorded in 2021. The decreased in imports was due to higher domestic production of palm oil by 1.9% or 337,066 tonnes. Almost all palm oil imports (both crude and processed) were sourced from Indonesia.

Palm oil end stocks in December 2022 closed higher for the second consecutive year in 2022 by 0.58 million tonnes or 36.0% to 2.20 million tonnes vis-à-vis 1.61 million tonnes in December 2021. The higher stocks were primarily due to higher CPO production by 1.9% or 0.34 million tonnes and higher palm oil opening stocks by 27.6% or 0.35 million tonnes as compared to that of in 2021.

In 2022, the prices of all oil palm products were traded higher. CPO price was traded higher by 15.4% or RM680.50/tonne to RM5,087.50/tonne as compared to RM4,407.00/tonne in 2021. The highest traded price for 2022 was in May at RM6,873.00/tonne, while the lowest was in October at RM3,682.00/tonne. A number of factors accounted for the higher CPO prices in 2022 such as firmer prices of soybean and Brent crude oils in the global market, weaker Ringgit as against the United States Dollar ("**USD**"), which made palm oil more competitive than other vegetable oils and the prolonged Ukraine-Russia war, which disrupted the sunflower oil supply chain globally, causing a surge in the demand for palm oil as a replacement for sunflower oil. Aside of this, the higher prices were also supported by Indonesia's CPO export ban and increased export levies, India's lower vegetable oil import duty and drought in Argentina, which kept supply tensions high in the oilseeds market and led to higher vegetable oil prices.

Prices of processed palm oil products in the world market were also traded higher in 2022. Refined, bleached and deodourised ("**RBD**") palm oil price was traded higher by RM523.50 or 11.0% to RM5,272.00/tonne, RBD palm olein price was higher by RM602.00 or 12.6% to RM5,366.50/tonne, RBD palm stearin price was higher by RM171.50 or 3.7% to RM4,769.50/tonne and palm fatty acid distillate price was higher by RM80.50 or 1.9% to RM4,313.50/tonne.

The average price of palm kernel ("**PK**") in 2022 increased by 12.4% or RM345.00/tonne, to RM3,118.00/tonne compared to RM2,773.00/tonne in 2021. The higher PK price was mainly due to the higher domestic price of crude palm kernel oil ("**CPKO**"). The CPKO price in 2022 increased by RM652.50 or 11.5% to RM6,327.00/tonne from RM5,674.50/tonne in 2021. The higher CPKO prices in 2022 were in tandem with the firmer world lauric oil prices, namely palm kernel oil, which price was higher by 5.3% to USD1,598.00/tonne and coconut oil, which was higher by 0.2% to USD1,621.00/tonne in 2022.

The average FFB prices at 1% OER for Peninsular Malaysia, Sabah and Sarawak were registered at RM55.52, RM50.17 and RM50.50 respectively, in 2022. These prices were higher as against in 2021 in tandem with the higher prices of CPO and PK in 2022. Based on the average OER for each region, the average price of FFB for Peninsular Malaysia was equivalent to RM1,087.00/tonne, Sabah RM1,016.00/tonne and Sarawak RM983.00/tonne.

(Source: Overview of The Malaysian Oil Palm Industry 2022, Malaysian Palm Oil Board)

The oil palm subsector is expected to grow supported by an increase in CPO production. In line with the expectation of better production, the average CPO price is forecast around RM4,000 per tonne. Furthermore, external factors including availability of other edible oils is projected to weigh on CPO price.

(Source: Economic and Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)

4.6 Prospects of Ekovest Group

Since the upliftment of the MCO in late 2021, the Group had experienced a steady increase in toll revenue for Duke Phase-1 and Phase-2 and it is now looking forward to the upcoming full opening of SPE. The Board is optimistic that that the toll collections from Duke Phase-1 and Phase-2 as well as SPE will enable the group to generate a consistent revenue stream which is expected to contribute positively to the financial results of the Group.

The Board and the management of the Company have also made sustainable earnings a priority and have been exploring opportunities which will enable the Group to replenish its construction orderbook and property development pipeline. On the construction front, the Group is now involved in the RTS Link project which has a contract sum of approximately RM1.437 billion which will be recognised over the next two (2) financial years. While the RTS Link project in on-going, the Group will continue to explore new opportunities for other infrastructure projects in Malaysia.

The management of the Company is also in advance stages of planning for an upcoming new property development for the Group, namely EkoTitiwangsa. Barring unforeseen circumstances, the Group expects to submit the relevant documents to the relevant authorities by the end of 2023.

While construction operations, property development and toll operations have historically been the major revenue and earnings drivers of the Group, PLS Plantations Berhad ("**PLS**"), a subsidiary of the Company, is currently in a transition phase from its core business in traditional oil palm plantation to the broader agrofood industry. However, PLS' transition to a more diversified range of upstream and downstream activities will require a longer gestation period. For instance, the gestation period for durian trees is about four (4) to five (5) years and as such, PLS' revenue from the durian segment is presently derived from trading activities. PLS has also entered into various cash crops joint ventures for the purpose of intercropping with cash crops, durian and other plantations. PLS is currently engaged in discussions with multiple stakeholders to enhance its access to the Chinese market.

PLS successful transition will allow the Group to expand and diversify is revenue stream and reduce dependency and reliance on the Group's existing businesses in construction, property development and toll operations.

Premised on the above and after considering the overview of the Malaysian economy as well as the construction, property, toll, durian and oil palm industries, the Board remains cautiously optimistic of the prospects of the Group.

5. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

5.1 Issued share capital

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

	No. of Shares	Amount
		(RM)
Issued share capital as at LPD	2,695,828,002	1,138,870,432
Add: To be issued pursuant to the Proposed Private Placement	(1) 269,582,800	(2) 117,268,518
Enlarged issued share capital after the Proposed Private Placement	**2,965,410,802**	**1,256,138,950**

Notes:

(1) Calculated based on 10% of the total number of issued shares of the Company as at LPD.

(2) Assuming an issue price of RM0.435 per Placement Share.

5.2 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Private Placement on the shareholdings of the substantial shareholders of the Company based on the Record of Depositors as at LPD are as follows:

	As at LPD				**After the Proposed Private Placement**			
	<------------- Direct ------------>		**<------------ Indirect ----------->**		**<-------------- Direct ------------>**		**<------------- Indirect ---------->**	
Name	**No. of Shares**	**% [1]**	**No. of Shares**	**% [1]**	**No. of Shares**	**% [2]**	**No. of Shares**	**% [2]**
Tan Sri Dato' Lim Kang Hoo ("**TSDLKH**")	532,526,093	19.75	298,000,032	[3] 11.05	532,526,093	17.96	298,000,032	[3] 10.05
Ekovest Holdings Sdn Bhd ("**EHSB**")	298,000,032	11.05	-	-	298,000,032	10.05	-	-

***Notes**:*

(1) Based on 2,695,828,002 issued Ekovest Shares as at LPD.

(2) Based on the enlarged number of 2,965,410,802 Ekovest Shares after the Proposed Private Placement.

(3) Deemed interested by virtue of his interest in EHSB.

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5.3 Net assets ("NA") per Ekovest Share and gearing

Based on the audited consolidated statements of financial position of the Company as at 30 June 2022, the pro forma effects of the Proposed Private Placement on the consolidated NA, NA per Ekovest Share and gearing of the Company are as follows:

	Audited as at 30 June 2022	**After the Proposed Private Placement**
	(RM'000)	**(RM'000)**
Share capital	1,138,871	[3] 1,256,139
Asset revaluation reserve	82,453	82,453
Translation reserve	8	8
Retained earnings	1,186,879	[4] 1,184,079
NA/Equity attributable to the owners of the Company	2,408,211	2,522,679
Non-controlling interests	453,806	453,806
Total equity	**2,862,017**	**2,976,485**
Number of Ekovest Shares in issue ('000)	2,695,828	2,965,411
NA per Ekovest Share (RM) [1]	0.89	0.85
Interest-bearing borrowings	6,522,738	6,522,738
Gearing (times) [2]	2.71	2.59

Notes:

(1) Calculated based on NA over number of Ekovest Shares in issue.

(2) Calculated based on total interest-bearing borrowings over NA.

(3) Assuming an issue price of RM0.435 per Placement Share.

(4) After deducting estimated expenses in relation to the Proposed Private Placement of RM2.80 million.

5.4 Earnings per Share ("EPS")

The Proposed Private Placement is not expected to have any material effect on the earnings and EPS of the Group for the financial year ending 30 June 2024.

The Proposed Private Placement is expected to contribute positively to the future earnings of the Group as a result of the use of proceeds as detailed in Section 2.6 of this Announcement. However, the EPS of the Group will reduce correspondingly as a result of the increase in the number of Shares arising from the issuance of the Placement Shares.

5.5 Convertible securities

The Company does not have any convertible security in issue as at LPD.

6. APPROVALS REQUIRED

The Proposed Private Placement is subject to and conditional upon the following approvals being obtained:

(i) Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities; and

(ii) the approvals/consents of any other relevant authorities and/or parties, if required.

The Board intends to issue and allot the Placement Shares under the General Mandate. As such, the Proposed Private Placement does not require the approval of the shareholders of the Company.

The Proposed Private Placement is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders and/or chief executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Private Placement.

8. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Private Placement including the rationale and pro forma effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

9. ADVISERS AND PLACEMENT AGENTS

AmInvestment Bank has been appointed as the Principal Adviser and Placement Agent to the Company for the Proposed Private Placement. AmInvestment Bank's roles and responsibilities as Principal Adviser include, among others, advising on the appropriate procedures to be followed in compliance with the relevant rules and regulations of various authorities in Malaysia, assisting in the preparation and release on the Company's behalf the necessary announcement(s) to Bursa Securities and preparation of the relevant documents and applications for submission to Bursa Securities for its approval.

Astramina Advisory has been appointed as the Financial Adviser to the Company for the Proposed Private Placement and its roles and responsibilities include:

(i) to source, refer or introduce third party strategic investors for the Proposed Private Placement;

(ii) to advise on the overall implementation strategy for the Proposed Private Placement including the structure, pricing, terms and conditions, financial aspects and timing;

(iii) to assist in reviewing and/or commenting on the announcements, listing application and any other relevant documents in relation to the Proposed Private Placement;

(iv) to liaise and coordinate with all relevant parties to ensure smooth and timely implementation of the Proposed Private Placement; and

(v) to provide general financial advice and to assist the Company in resolving any other related issues in relation to the Proposed Private Placement.

Public Investment Bank Berhad and UOB Kay Hian Securities (M) Sdn Bhd have also been appointed as the Joint Placement Agents for the Proposed Private Placement.

10. APPLICATION TO THE RELEVANT AUTHORITIES

The application to the relevant authorities for the Proposed Private Placement will be made within one (1) month from the date of this Announcement.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Proposed Private Placement is expected to be completed by the 4th quarter of 2023.

This Announcement is dated 30 August 2023.

FINANCIAL INFORMATION OF THE GROUP

1. FINANCIAL INFORMATION

A summary of the financial information of the Group as extracted from the audited financial statements of the Company for the last three (3) financial years ended ("**FYE**s") 30 June 2020 to 30 June 2022 and the unaudited financial statements of the Company for the FYE 30 June 2023 are as follows:

	<-----------------------------Audited-------------------------->			Unaudited
	FYE 30 June 2020	**FYE 30 June 2021**	**FYE 30 June 2022**	**FYE 30 June 2023**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Revenue	1,268,281	1,354,335	808,500	1,117,470
Gross profit	274,666	394,437	283,257	372,922
Profit before tax/(Loss) before tax	90,707	120,401	(40,513)	(9,509)
Profit after tax ("**PAT**")/(Loss) after tax ("**LAT**")	28,743	19,445	(123,446)	(109,062)
PAT/(LAT) attributable to				
- Owners of the Company	47,448	43,394	(125,179)	(110,853)
- Non-controlling interests	(18,705)	(23,949)	1,733	1,791
Weighted average number of Ekovest Shares in issue ('000)	2,654,828	2,685,718	2,695,828	2,695,828
Basic earnings/(loss) per Ekovest Share (sen) (1)	1.79	1.62	(4.64)	(4.11)

Note:

(1) Calculated based on PAT/(LAT) attributable to the owners of the Company over the weighted average number of Ekovest Shares in issue for the financial year/period.

Financial commentary

(i) FYE 30 June 2023 compared to FYE 30 June 2022

The Group's revenue of RM1,117.5 million for the FYE 30 June 2023 was RM308.9 million or 38.2% higher than the RM808.6 million revenue recorded in FYE 30 June 2022. The increase in revenue was mainly attributable to improvements recorded by the Group's construction, property development and toll operations business segments.

For the construction segment, the Group recorded revenue of RM528.7 million, representing an increase of RM147.9 million or 38.9% as compared to the revenue of RM380.8 million in FYE 30 June 2022. The increase was due to commencement of the RTS Link project in July 2022 from which the Group recorded revenue of RM313.8 million during the FYE 30 June 2023 which was offset by the reduced construction works for DUKE Phase 3 amounting to RM153.4 million as it is nearing completion stage.

For the property development segment, the Group recorded revenue of RM139.1 million, representing an increase of RM103.5 million or 290.7% as compared to the revenue of RM35.6 million in FYE 30 June 2022. The increase was due to the sale of completed units in EkoCheras which gradually improved after the relaxation of MCO restrictions. Sales of completed units in EkoCheras also improved after approval was obtained in September 2022 from Dewan Bandaraya Kuala Lumpur for the release of Bumiputera property units for sale to non-Bumiputeras.

For the toll operations segment, the Group recorded revenue of RM287.8 million, representing an increase of RM96.0 million or 50.1% as compared to the revenue of RM191.7 million in FYE 30 June 2022. The increase was attributed to higher toll collection receipts due to the increase in traffic volume after the relaxation of MCO restriction and contribution from the newly opened Wangsa Maju section of the SPE highway. In addition, the Group received a total of RM79.5 million in toll compensation from Lembaga Lebuhraya Malaysia for the freezing of toll rates for the years 2020 and 2021.

Despite the improvement in revenue for the FYE 30 June 2023, the Group continued to record a LAT of RM109.1 million in FYE 30 June 2023 as compared to a LAT of RM123.4 million in FYE 30 June 2022. The LAT for the financial year was mainly attributable to:

(a) a marginal loss from the Group's business operations of RM9.5 million; and

(b) deferred tax expense from toll operations' segment amounting to RM87.2 million due to the unrecognition of deferred tax asset for unabsorbed business losses pursuant to Section 44(5F) of the Income Tax Act.

(ii) FYE 30 June 2022 compared to FYE 30 June 2021

The Group's revenue for FYE 30 June 2022 decreased by RM545.8 million or 40.3% to RM808.5 million from RM1,354.3 million in FYE 30 June 2021. The decrease in revenue was mainly due a decline in revenue from the Group's construction operations in line with reduced construction activities during the financial year. In the first half of the financial year, on-site construction activities were still recovering and adjusting to the effects of MCO. Although the construction industry was allowed to operate under strict SOPs during the MCO period, the lockdown had disrupted the supply chain of the entire construction industry, resulting in slower lead time for supply of building materials.

The Group recorded a LAT of RM123.4 million in FYE 30 June 2022 as compared to a PAT of RM19.4 million in FYE 30 June 2021. This was mainly due to:

(a) losses from the Group's business operations of RM40.5 million on the back of a lower revenue, as compared to a profit before tax of RM120.4 million in FYE 30 June 2021; and

(b) deferred tax expense from toll operations' segment in FYE 30 June 2022 amounting to RM63.5 million (FYE 30 June 2021: RM47.0 million) due to the unrecognition of deferred tax asset for unabsorbed business losses pursuant to Section 44(5F) of the Income Tax Act. The deferred tax expense was however partially offset by a lower corporate tax expense of RM19.2 million (FYE 30 June 2021: RM53.9 million).

(iii) FYE 30 June 2021 compared to FYE 30 June 2020

The Group's revenue for FYE 30 June 2021 increased by RM86 million or 6.8% to RM1,354.3 million from RM1,268.3 million in FYE 30 June 2020. The increase in revenue was mainly due to the increase in revenue from the Group's construction operations and plantation segments as a result of the increase in construction works for DUKE Phase 3 project and River of Life projects and the new revenue stream provided from the plantation segment i.e. through PLS after the MGO.

Despite the improvement in revenue, the Group recorded a lower PAT of RM19.4 million in FYE 30 June 2021 as compared to a PAT of RM28.7 million in FYE 30 June 2020. This was mainly due to deferred tax expense from toll operations' segment amounting to RM62.2 million due to the unrecognition of deferred tax asset for unabsorbed business losses pursuant to Section 44(5F) of the Income Tax Act.

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