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

PROPOSED ACQUISITION BY EKOVEST OF 23.42% EQUITY INTEREST IN PLS PLANTATIONS BERHAD ("PLS") FROM SERUMPUN ABADI SDN BHD ("SASB") FOR A TOTAL CASH CONSIDERATION OF RM76.50 MILLION

1. INTRODUCTION

On behalf of the Board of Directors of Ekovest ("**Board**"), RHB Investment Bank Berhad ("**RHB Investment Bank**") and Astramina Advisory Sdn Bhd ("**Astramina**") wish to announce that Ekovest had on 12 March 2019 entered into a conditional share purchase agreement with SASB for the proposed acquisition by Ekovest of 23.42% equity interest in PLS from SASB for a total cash consideration of RM76.50 million or RM1.00 per ordinary share in PLS ("**PLS Share(s)**") ("**Purchase Consideration**") ("**SPA**") ("**Proposed Acquisition**").

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

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition by Ekovest of 76,500,000 PLS Shares ("**Acquisition Shares**"), representing 23.42% equity interest in PLS from SASB for the Purchase Consideration. The Acquisition Shares will be acquired by Ekovest free from all encumbrances together with all rights attached thereto as at completion of the SPA.

2.1 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited consolidated net assets ("**NA**") of PLS as at 31 March 2018 of RM369.73 million or RM1.13 per PLS Share as well as the following:

(a) the price-to-book ratio ("**PBR**") of public companies listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") which are predominantly involved in oil palm plantation and/or oil palm plantation related businesses, and with market capitalisation of between RM100 million to RM500 million as at 20 February 2019, being the latest practicable date prior to the date of this Announcement ("**LPD**") ("**Comparable Companies**"); and

(b) the enterprise value ("**EV**") to planted area multiples of the Comparable Companies, as set out below:

Comparable Companies	**Market capitalisation (1) (RM'000)**	**PBR (2) (times)**	**EV/planted area multiple (3) (RM'000/hectare)**
Innoprise Plantations Berhad	368,721	1.08	33,005
Kwantas Corporation Berhad	280,510	0.24	35,114
Negri Sembilan Oil Palms Berhad	228,156	0.40	22,462
Cepatwawasan Group Berhad	194,649	0.39	34,999
MHC Plantations Bhd	123,823	0.29	44,588
Min		**0.24**	**22,462**
Max		**1.08**	**44,588**
Simple average		**0.48**	**34,034**
Purchase Consideration		**0.88**	**33,254**

(Source: Bloomberg as at LPD and the latest annual reports and quarterly financial statements of the Comparable Companies)

Notes:

(1) The Board has considered Comparable Companies with market capitalisations of between RM100 million to RM500 million after taking into consideration the market capitalisation of PLS as at LPD of RM294.03 million.

(2) The PBR of each of the Comparable Companies was derived based on the respective closing market prices of the Comparable Companies as at LPD divided by their latest audited NA per share as at their respective financial year end.

(3) The EV/planted area multiple of each of the Comparable Companies was derived based on the following formula:

$$\frac{\textit{EV}}{\textit{Planted area}} = \frac{\textit{Market capitalisation as at LPD + [non-controlling interest + debt – cash]}\ ^\wedge}{\textit{Planted area}\ ^\wedge}$$

^ Information on the non-controlling interest, debt and cash of the Comparable Companies were extracted from their respective latest quarterly financial statements whilst information on the planted area of the Comparable Companies were extracted from their respective latest annual report.

Based on the above, the Board believes that the Purchase Consideration is reasonable due to the following:

(i) while the implied PBR of 0.88 times as represented by the Purchase Consideration is higher than the average PBR of the Comparable Companies, it falls within the range of PBRs of the Comparable Companies of 0.24 times and 1.08 times;

(ii) the implied EV/planted area multiple of RM33,254 as represented by the Purchase Consideration is lower than the average EV/planted area multiple of the Comparable Companies and falls within the range of EV/planted area multiple of the Comparable Companies of RM22,462 and RM44,588; and

(iii) PLS Shares have traded on Bursa Securities between RM0.65 and RM1.30 in the past two (2) years up to LPD.

2.2 Source of funding

The Purchase Consideration will be funded via internal funds.

2.3 Liabilities to be assumed

There is no liability, including any contingent liability and guarantee, to be assumed by the Company pursuant to the Proposed Acquisition.

2.4 Original cost of investment

For information purposes, Iskandar Waterfront Holdings Sdn Bhd ("**IWH**"), a company of which Tan Sri Dato' Lim Kang Hoo ("**TSDLKH**") is an indirect major shareholder, had on 30 December 2015 undertaken a dividend in specie of 76,500,000 PLS Shares, representing its 23.42% equity interest in PLS, to its entitled shareholders in lieu of a cash dividend of RM92,565,000. SASB was nominated by the entitled shareholders of IWH to receive the PLS Shares on their behalf. As such, the original cost of investment by SASB in PLS is RM92,565,000.

2.5 Salient terms of the SPA

The salient terms of the SPA are as follows:

2.5.1 Sale and purchase of the Acquisition Shares

Subject to the fulfillment of the conditions precedent as set out in Section 2.5.2 of this Announcement to the satisfaction of Ekovest, SASB shall sell and Ekovest shall purchase the Acquisition Shares free from all encumbrances whatsoever together with all rights attached thereto as at completion of the Proposed Acquisition (“**Completion**”), upon the terms and conditions set out in the SPA.

2.5.2 Conditions precedent

The sale and purchase of the Acquisition Shares is conditional upon the following conditions precedent (“**Conditions Precedent**”) being obtained on or before 21 days from the date of the SPA or such further extended period as Ekovest and SASB may agree in writing:

(i) the approval of the board of directors of SASB and where necessary the shareholders of SASB, being obtained for the sale of the Acquisition Shares;

(ii) the approval of the board of directors of Ekovest and where necessary the shareholders of Ekovest, being obtained for the purchase of the Acquisition Shares;

(iii) in respect of the direct business transaction, the approval of Bursa Securities for the Acquisition Price, if required; and

(iv) the approval, waivers or consents of any authority or party as may be required by law or regulation.

The SPA shall be deemed unconditional on the date where all the Conditions Precedent are deemed obtained.

For information purposes, all the Conditions Precedent have been fulfilled on 12 March 2019 and the SPA has become unconditional on even date (“**Unconditional Date**”).

2.5.3 Completion

(i) Completion of the Proposed Acquisition shall subject to Section 2.5.3(ii) of this Announcement, take place within seven (7) market days from the Unconditional Date (“**Transaction Date**”) and Completion shall take place in accordance with the Rules of Bursa Securities, Rules of Bursa Malaysia Depository Sdn Bhd and Rules of Bursa Malaysia Securities Clearing Sdn Bhd.

(ii) In the event that the direct business transaction as envisaged under the SPA cannot be effected within the Transaction Date resulting from delays in procuring the approval of Bursa Securities, if required, Ekovest and SASB may mutually agree in writing to extend the Transaction Date for an additional fourteen (14) market days from the expiry of the Transaction Date (“**Extended Transaction Date**”). In the event that the direct business transaction cannot be effected within the Extended Transaction Date, then the SPA shall, unless mutually extended by Ekovest and SASB in writing on terms to be agreed, automatically be terminated and thereafter the SPA shall cease to have any effect and become null and void and neither party shall have any claim against the other party save and except for any antecedent breach.

(iii) Upon the Acquisition Shares having been credited into Ekovest's central depository system account and the Purchase Consideration having been paid to SASB's stockbroker, the SPA shall be completed and the legal and beneficial ownership of the Acquisition Shares shall be deemed to have been transferred to Ekovest.

2.5.4 Representations and warranties

(i) SASB represents and warrants to Ekovest the following:

(a) that SASB is the legal and/or beneficial owner of the Acquisition Shares; and

(b) the execution of the SPA and performance of the obligations assumed thereunder have been duly authorised such that the same constitute valid and legally binding obligations of SASB.

(ii) Ekovest represents and warrants to SASB that the execution of the SPA and performance of the obligations assumed thereunder have been duly authorised such that the same constitute valid and legally binding obligations of Ekovest.

(iii) The parties agree to indemnify the other against any loss, damage and other liabilities that the other may directly or indirectly sustain as a result of its breach of representation or warranty, any representation or warranty not being true and accurate and/or any representation or warranty being misleading. Either party shall additionally be entitled to rescind the SPA by notice to the other if prior to Completion, there is discovered or disclosed any material breach of representation or warranty.

2.5.5 Non-performance

(i) In the event that Ekovest shall refuse or fail to complete the Proposed Acquisition for any reason other than previous breaches of SASB, SASB shall be entitled either to initiate legal proceedings for specific performance or to terminate the SPA and sue for damages.

(ii) In the event that SASB shall refuse or fail to complete the Proposed Acquisition for any reason other than previous breaches of Ekovest, Ekovest shall likewise be entitled either to initiate legal proceedings for specific performance or to terminate the SPA and sue for damages.

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3. INFORMATION ON SASB AND PLS

3.1 Information on SASB

SASB was incorporated in Malaysia on 8 May 2012 under the Companies Act 1965 as a private limited company. The principal activity of SASB is investment holding.

As at LPD, the issued share capital of SASB is RM92,725,000 comprising 10,000 ordinary shares in SASB ("**SASB Shares**") and 92,715,000 redeemable preference shares-series DS in SASB ("**SASB RPS**").

As at LPD, the substantial shareholders and directors of SASB and their respective shareholdings in SASB are as follows:

	<--------------------- Direct --------------------->				<---------------------- Indirect ---------------------->			
Name	**No. of SASB Shares**	**%**	**No. of SASB RPS**	**%**	**No. of SASB Shares**	**%**	**No. of SASB RPS**	**%**
<u>Substantial shareholders</u>								
Credence Resources Sdn Bhd ("**CRSB**")	10,000	100.00	92,715,000	100.00	-	-	-	-
TSDLKH	-	-	-	-	10,000	(1) 100.00	92,715,000	(1) 100.00
<u>Directors</u>								
TSDLKH	-	-	-	-	10,000	(1) 100.00	92,715,000	(1) 100.00
Dato' Lim Hoe ("**DLH**")	-	-	-	-	-	-	-	-

Note:
(1) Deemed interested by virtue of his interest in CRSB.

3.2 Information on PLS

PLS was incorporated in Malaysia on 10 March 1987 under the Companies Act 1965 as a private limited company under the name of Pembinaan Limbongan Setia Sdn Bhd. Subsequently, on 29 April 1994, it was converted into a public limited company and changed its name to Pembinaan Limbongan Setia Berhad. Its shares were listed and quoted on the Second Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 28 February 1995. On 6 October 2009, it assumed its present name. The principal activity of PLS is investment holding whilst its subsidiaries are engaged in management and operation of forest plantation and oil palm plantation as well as civil engineering and construction works.

As at LPD, the issued share capital of PLS is RM69,961,000 comprising 326,700,000 PLS Shares.

As at LPD, the substantial shareholders and directors of PLS and their respective shareholdings in PLS are as follows:

	<------------ Direct ------------>		<----------- Indirect ----------->	
Name	**No. of PLS Shares**	**%**	**No. of PLS Shares**	**%**
Substantial shareholders				
SASB	76,500,000	23.42	-	-
Limbongan Resources Sdn Bhd ("**LRSB**")	74,970,000	22.95	-	-
Tan Sri Dato' Lim Kang Yew	36,175,000	11.07	-	-
Dato' Lim Kang Poh	22,323,000	6.83	-	-
Lee Hun Kheng	-	-	74,970,000	(1) 22.95
Datuk Lim Keng Guan	-	-	81,605,000	(2) 24.98
TSDLKH	-	-	76,500,000	(3) 23.42
CRSB	-	-	76,500,000	(3) 23.42
Directors				
Tan Sri Dato' Lim Kang Yew	36,175,000	11.07	-	-
Lee Hun Kheng	-	-	74,970,000	(1) 22.95
TSDLKH	-	-	76,500,000	(3) 23.42
Dato' Lim Kang Poh	22,323,000	6.83	-	-
Dato' Majid Manjit Bin Abdullah	-	-	-	-
Hisham Bin Mahmood	-	-	-	-
Kang Hui Ling	-	-	-	-
Cho Joy Leong @ Cho Yok Lon	-	-	-	-
Chow Yoon Sam	90,000	0.03	-	-
Lim Chen Thai (alternate director to TSDLKH)	-	-	-	-
Lim Guan Shiun (alternate director to Dato' Lim Kang Poh)	-	-	-	-

Notes:

(1) Deemed interested by virtue of his interest in LRSB.
*(2) Deemed interested by virtue of his interest in LRSB and Lim Seong Hai Holdings Sdn Bhd ("**LSHH**").*
(3) Deemed interested by virtue of his/its interest in SASB.

A summary of the financial information of PLS and its subsidiaries ("**PLS Group**") based on the audited consolidated financial statements of PLS for the financial years ended 31 March 2016 to 31 March 2018 are as follows:

	Financial year ended ("FYE")		
	31 March 2016 (RM'000)	**31 March 2017 (RM'000)**	**31 March 2018 (RM'000)**
Revenue	34,414	71,386	76,638
Loss after taxation	(19,405)	(11,487)	(5,238)
Equity attributable to owners of PLS/NA	411,516	402,222	369,727^

Note:

^ *For information purposes, PLS Group has applied the Malaysian Financial Reporting Standards 141, Agriculture retrospectively from 1 April 2018 and such adoption have resulted in the NA of PLS Group for the FYE 31 March 2018 to be restated to RM190.79 million, as set out in its latest quarterly financial statements for the financial period ended 31 December 2018.*

Further information on the construction projects and properties of PLS Group are set out in the Appendix of this Announcement.

For information purposes, PLS had on 9 October 2018 announced that Brighthill Synergy Sdn Bhd ("**Brighthill**"), a wholly-owned subsidiary of PLS, had on even date entered into the following agreements:

(i) a share subscription agreement to subscribe for 600,000 new ordinary shares in Dulai Fruits Enterprise Sdn Bhd ("**Dulai**") ("**Dulai Shares**") for a total subscription consideration of RM3,000,000 to be satisfied in cash ("**Subscription Agreement**") ("**Proposed Shares Subscription**"); and

(ii) a share sale and purchase agreement with Eric Chan Yee Hong ("**Vendor**") for the acquisition of 800,000 Dulai Shares from the Vendor for a total purchase consideration of RM18,000,000 to be satisfied via issuance of 24,000,000 PLS Shares at an issue price of RM0.75 per PLS Share ("**Share Sale and Purchase Agreement**") ("**Proposed Shares Acquisition**"),

(the Proposed Shares Subscription and Proposed Shares Acquisition are collectively referred to as the "**Proposed Dulai Transaction**").

After the completion of the Proposed Dulai Transaction, PLS will hold 70% equity interest in Dulai through Brighthill, whilst the remaining 30% equity interest in Dulai will be held by the Vendor and the other existing shareholders of Dulai.

In conjunction with the Proposed Dulai Transaction, PLS also proposes to diversify the principal activities of PLS Group to include durian plantation, production, distribution and related businesses ("**Durian Businesses**") ("**Proposed Diversification**").

On 10 December 2018, PLS announced that Bursa Securities had vide its letter dated 7 December 2018 approved the listing and quotation of 24,000,000 PLS Shares to be issued pursuant to the Proposed Shares Acquisition. In addition, PLS had on 28 February 2019 announced that the Subscription Agreement and Share Sale and Purchase Agreement have become unconditional on even date pursuant to the fulfilment of all the conditions precedent.

As at the date of this Announcement, the Proposed Diversification is pending the approval of the shareholders of PLS at an extraordinary general meeting to be held on 19 March 2019. Upon completion of the Proposed Dulai Transaction and Proposed Diversification, PLS Group will also be involved in the Durian Businesses.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is being carried out to transform Ekovest into a larger listed conglomerate with a larger portfolio of diversified businesses. The Proposed Acquisition will allow Ekovest and its subsidiaries ("**Ekovest Group**") to venture into the management and operation of forest plantation and oil palm plantation which is in line with the Company's long term strategy of expanding and diversifying into other businesses in order to reduce reliance on its existing businesses in construction, property development and toll operations.

PLS Group, through its 70%-owned subsidiary, Aramijaya Sdn Bhd ("**Aramijaya**"), is involved in the management, operation and maintenance of Ladang Hutan Ulu Sedili, a forest plantation project that covers a total area of 35,223 hectares ("**ha**") situated within the district of Kota Tinggi and Mersing in the State of Johor ("**LHUS Project Land**"). With approved forest plantation management practices and support from the Johor State Forestry Department, Aramijaya has developed a sustainable management of supply chains from harvesting of planted forest to processed-timber products that ensure quality and production efficiency. Aramijaya also adopts the practice of Agroforestry under the sustainable forest management concept to maximise land use in the LHUS Project Land through crop diversification. The LHUS Project Land has been dominated by Acacia Mangium but other crops such as Oil Palm, Timber Latex Clone and Karas are also cultivated.

In 2006, approval was obtained from the Johor State Government to plant approximately 9,415 ha of oil palm on the LHUS Project Land. Further, in 2006 and 2007, two (2) parcels of agriculture lands located in Mukim Tenglu and Mersing in the State of Johor measuring approximately 2,931 ha were subleased to Aramijaya for approximately 99 years for the development of oil palm plantation. As at 31 March 2018, PLS Group has a total of 12,346 ha of oil palm cultivation land with total planted area of 10,921 ha.

For the past five (5) FYEs 31 March 2014 to 31 March 2018, the revenue of PLS Group has been fluctuating and PLS Group have recorded losses from FYEs 31 March 2015 to 31 March 2018. The Board of Directors of PLS has been deliberating on a new strategic direction for PLS Group which include, among others, diversifying into other viable businesses to improve its financial performance. In this regard, the Proposed Dulai Transaction and Proposed Diversification were undertaken by PLS with the intention of diversifying its source of income from forestry and oil palm plantation to include the Durian Businesses. Further, in conjunction with the Proposed Shares Acquisition, the Vendor had provided a profit guarantee in respect of the actual aggregate audited profit after tax and minority interests of Dulai for the financial years ending 2020, 2021 and 2022 of not less than RM10 million ("**Profit Guarantee**").

Whilst the Board had taken note of the current financial performance of PLS Group, the Board had also taken into consideration the potential and prospects of PLS Group as set out in Section 5.4 of this Announcement. The Board is of the view that the Proposed Acquisition is expected to contribute positively to the long term growth prospects of Ekovest Group as well as enable Ekovest Group to recognise its proportionate share of PLS Group's future profit through the share of earnings in PLS. Further, in line with the Company's long term strategy of expanding and diversifying into other businesses, the Company may consider acquiring more PLS Shares at an opportune time.

5. OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy grew by 4.7% in the 4th quarter ("**4Q**") of 2018 (3rd quarter ("**3Q**") 2018: 4.4%), supported by continued expansion in domestic demand and a positive growth in net exports. Private sector expenditure remained the main driver of domestic demand, while a rebound in real exports of goods and services (+1.3%; 3Q 2018: -0.8%) contributed towards the positive growth of net exports. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.4% (3Q 2018: 1.6%). For 2018 as a whole, the economy expanded by 4.7% (2017: 5.9%).

Domestic demand expanded at a more moderate pace of 5.6% (3Q 2018: 6.9%) during 4Q 2018. Growth was weighed down by a moderation in gross fixed capital formation. Private consumption growth remained robust at 8.5% (3Q 2018: 9.0%), despite the frontloading of purchases during the tax holiday period in 3Q 2018. Income and employment growth continued to drive household spending. Government measures to alleviate cost of living, such as special payments to civil servants and pensioners, also provided some support to consumer spending. Private investment growth moderated to 4.4% (3Q 2018: 6.9%), attributed to slower capital spending across major economic sectors. However, on-going multi-year projects particularly in the manufacturing sector continued to provide support to overall growth.

Public consumption expanded at a slower pace of 4.0% (3Q 2018: 5.2%), attributable to a more moderate growth in supplies and services. Public investment remained in contraction during 4Q 2018 (-4.9%; 3Q 2018: -5.5%), due mainly to a decline in capital spending by public corporations. Gross fixed capital formation expanded marginally by 0.3% (3Q 2018: 3.2%), as private sector capital expenditure moderated amid a contraction in public sector investment. By type of assets, capital spending on structures expanded by 0.8% (3Q 2018: 1.8%), while investment in machinery and equipment declined (-1.5%; 3Q 2018: 5.9%).

On the supply side, major sectors continued to expand, while growth in the commodity-related sectors improved. In the services sector, the wholesale and retail trade subsector remained supported by continued strength in consumer spending. Growth in the manufacturing sector remained driven by continued strength in the electronics and electrical and transport-related production. These improvements were offset by the slower performance in the primary and construction-related clusters amidst slowing regional demand for resource-based manufactures such as chemicals, refined palm oil products and basic iron and steel products. Despite weak palm oil harvesting and rubber tapping activities due to adverse weather conditions, the agriculture sector recorded a smaller decline.

The construction sector registered lower growth due to a moderation in the civil engineering and special trade subsectors. The civil engineering subsector was impacted by near completion of large petrochemical projects and delays in highway construction. Support from early works activity on the special trade subsector waned, as projects transitioned to mid-phase. Growth in the non-residential subsector improved slightly, while growth in the residential subsector remained weak amid the high number of unsold residential properties.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index ("**CPI**"), declined to 0.3% in 4Q 2018 (3Q 2018: 0.5%). For 2018 as a whole, headline inflation averaged at 1.0% (2017: 3.7%), its lowest level since 2009. The decline in headline inflation was due mainly to transport inflation turning negative (4Q 2018: -1.2%; 3Q 2018: 3.0%), reflecting the fixed domestic RON95 petrol and diesel prices during 4Q 2018 compared to the higher fuel prices in the base period of 4Q 2017. The combined outcome of the zerorisation of the Goods and Services Tax and the implementation of the Sales and Services Tax continued to exert an overall downward impact to headline inflation during 4Q 2018. The percentage of items in the CPI basket that had inflation of more than 2% remained low at around 9% in 4Q 2018 (3Q 2018: 9%). Core inflation, excluding the impact of consumption tax policy changes, edged up to 1.6% (3Q 2018: 1.4%). Demand-driven inflationary pressures in the economy remained contained in the absence of excessive wage pressure and some degree of spare capacity in the capital stock.

Amid escalating trade tensions and tighter global financial conditions, the Malaysian economy recorded a respectable growth of 4.7% in 2018. Growth in 2018 was further affected by unanticipated supply disruptions in the commodity-related sectors.

For 2019, as the supply disruptions recede and new production facilities commence, the Malaysian economy is expected to continue to expand at a steady pace. Private sector demand is expected to remain the main driver of growth amid fiscal rationalisation while the external sector would be weighed down by weaker global demand. Although sentiments have moderated from recent highs, private sector expenditure will continue to be supported by fundamental factors such as continued income and employment growth. Risks to growth remain tilted to the downside. These stem mainly from further escalation of trade tensions and tightening of global financial conditions.

In 2019, headline inflation is expected to average moderately higher. The consumption tax policy will exert a temporary impact on headline inflation in 2019, and will start to lapse towards the end of the year. Recent developments in the global oil market have led to lower projected global oil prices. With the floating of domestic fuel prices in January 2019, the lower global oil prices would have a more direct impact on and help contain the increase in headline inflation. However, the trajectory of global oil prices remains uncertain, thereby presenting a risk to the inflation outlook. Underlying inflation, which excludes the impact of the changes in consumption tax policy, is expected to be broadly stable in 2019 in the absence of strong demand pressure.

(Source: Economic and Financial Developments in the Malaysian Economy in 4Q 2018, Bank Negara Malaysia)

5.2 Overview and outlook of the plantation industry in Malaysia

Oil palm

The agriculture sector moderated 0.1% year-on-year during the 1st half of 2018 following lower growth in the oil palm subsector coupled with a contraction in the rubber subsector. These two (2) subsectors accounted for 50.3% to the overall agriculture sector. In 2018, the agriculture sector is expected to decline 0.2% mainly due to lower production and prices for both crude palm oil ("**CPO**") and rubber. Nevertheless, in 2019, the sector is projected to rebound 3.1% driven by improvement in all subsectors, except forestry and logging.

In 2018, value added of the oil palm subsector is projected to decline 0.1% weighed down by a decrease in CPO production following lower fresh fruit bunches ("**FFB**") yield. This is mainly caused by prolonged dry season in Sabah and Sarawak. The reduction in CPO is also partly contributed by the base-effect following post-recovery of El Niño phenomenon in 2017. In addition, the performance of the subsector is expected to be affected by lower demand from the People's Republic of China ("**PRC**") following substitution to other vegetable oils. Exports to India are also expected to be lower on account of higher import tariffs on CPO and refined palm oil. Meanwhile, the oil extraction rate ("**OER**") is expected to improve mainly contributed by better quality of FFB processed in several major CPO producing states. Palm oil closing stock is expected to record 2.9 million tonnes as compared to 2.7 million tonnes in 2017 following weaker exports. In 2018, the price of CPO is expected to average at RM2,300 per tonne following weaker soybean oil price in the global market.

In 2019, the subsector is forecast to turnaround 4.1% with higher output of palm oil backed by improvement in prices at RM2,400 per tonne coupled with an increase in matured areas which is expected to reach 5.5 million ha. Palm oil closing stock is expected to decline to 2.2 million tonnes on account of higher exports to major trading partners. FFB yield per hectare is estimated to improve, while OER is projected to remain steady through enhancement in crops grading procedure. Efforts to improve harvesting and transporting FFB with the continuous implementation of Oil Palm Industry Mechanisation Incentive Scheme are expected to enhance palm oil production and reduce dependency on foreign labour. Furthermore, initiatives to replace low yield and old trees with new and high-yield seedlings are expected to increase OER and FFB yield per hectare by 2020 to meet the rising demand from domestic downstream activities. In addition, further market diversification, particularly to ASEAN, parts of the African continent as well as Central and Eastern Europe is expected to augur well for the oil palm subsector.

(Source: Economic Outlook 2019, Ministry of Finance)

Timber

During the Third Industrial Master Plan ("**IMP3**") period (2006 -2020), the industry will continue to be export driven. The production of timber, including rubberwood, will be enhanced through efficient and effective management of forests and forest plantations, and the promotion in the use of lesser promoted species will be undertaken. Through further improvements in technology, research and development and market promotion, the industry is expected to further expand into specialised bio-composites and other high value-added products to cater for niche markets. It will also progress towards improvements of quality and minimisation of waste, through design development, by creating innovative products, and the enhancement of image through branding. The industry will also continue to strengthen its 'green' image, through undertaking and promoting sustainable development, taking into consideration environmental concerns.

The total investments in the industry for the IMP3 period are targeted at RM25.4 billion or RM1.7 billion per annum. Exports are targeted to grow at an annual rate of 6.4% to reach RM53 billion by 2020.

(Source: Third Industrial Master Plan 2006 – 2020, Ministry of International Trade and Industry)

In 2017, the production of selected timber products such as log (14.4%) and sawn timber (1.5%) recorded decreases. Meanwhile, the production of plywood, veneer and moulding recorded increases of 20.7%, 52.0% and 19.9% respectively. The forestry sector contributed RM7.8 billion or 0.6% of Malaysia's gross domestic product of RM1,353.4 trillion in 2017 as compared to RM9.17 billion or 0.7% of Malaysia's gross domestic product of RM1,230 trillion in 2016. In 2017, the total export earnings of Malaysian timber products amounted to RM23.2 billion, an increase of 5.9% from RM21.9 billion in 2016. For Peninsular Malaysia, export of timber products amounted to RM6.31 billion, an increase of 9.2% from RM5.78 billion in 2016.

(Source: Forestry Department Peninsular Malaysia's Annual Report 2016-2017, Ministry of Natural Resources and Environment Malaysia)

Durian

Upon completion of the Proposed Dulai Transaction and Proposed Diversification, the future performance of PLS Group will also depend on the outlook of the durian industry in Malaysia.

Based on the table below, durian is the most widely planted and harvested fruit in Malaysia in 2017, with 72,391 ha of planted area, representing 35.65% of the total planted area of the major fruit crops, and 35,179 ha of harvested area, representing 28.76% of the total harvested area of the major fruit crops. Further, durian recorded total production of 210,874 metric tonnes ("**mt**") with total production value of RM2.79 billion in 2017, which is the highest production value for the major fruit crops in Malaysia.

Type of fruits	Planted area (Ha)	Harvested area (Ha)	Percentage of harvested area (%)	Production (Mt)	Value of production (RM'000)	Average yield (Mt/Ha)	Potential production (Mt/Ha)
Starfruit	828.28	575.99	69.54	8,748.42	19,246.52	15.19	35.00
Papaya	3,218.87	2,738.03	85.06	83,796.99	120,109.02	30.60	60.00
Cempedak	7,332.74	4,206.76	57.37	26,935.16	87,760.40	6.40	15.20
Sapodila	646.08	328.76	50.89	3,053.83	7,329.20	9.29	29.00
Dokong	4,326.96	1,869.12	43.20	9,133.89	15,527.61	4.89	11.90
Duku	9,981.58	3,285.48	32.92	8,055.46	20,742.81	2.45	10.00
Durian	72,391.34	35,178.80	48.60	210,873.99	2,794,080.33	5.99	13.20
Guava	4,180.42	3,833.71	91.71	84,288.04	210,698.51	21.99	40.00
Langsat	4,920.85	2,238.29	45.49	22,911.56	58,424.49	10.24	5.35
Pomelo	1,161.09	891.56	76.79	13,036.65	28,680.64	14.62	10.50
Sweet Orange	2,753.26	1,516.98	55.10	13,244.57	38,409.26	8.73	24.00
Mango	6,048.29	4,017.55	66.42	16,912.59	149,475.20	4.21	6.50
Mangosteen	3,671.36	1,719.96	46.85	12,623.44	53,018.45	7.34	22.00
Dragon Fruit	680.34	513.39	75.46	6,407.43	25,309.36	12.48	10.00
Pineapple	12,898.44	10,130.76	78.54	340,721.95	668,666.83	33.63	62.00
Jackfruit	5,097.34	3,107.25	60.96	28,042.07	58,554.77	9.02	19.30
Banana	34,894.06	27,564.73	79.00	350,492.59	606,352.18	12.72	24.00
Pulasan	566.71	205.21	36.21	686.96	1,888.45	3.35	8.30
Rambutan	15,995.71	8,193.55	51.22	37,215.01	104,728.17	4.54	8.30
Salak	1,089.02	609.91	56.01	4,215.90	6,319.63	6.91	8.70
Watermelon	10,405.84	9,594.93	92.21	172,275.36	227,403.48	17.95	30.00
Total	**203,088.58**	**122,320.72**	**60.23**	**1,453,671.88**	**5,302,725.31**	**11.88**	

(Source: Table 1-6: Hectareage, Production and Value Production of Major Fruit Crops, Malaysia 2017, Fruit Crops Statistic Malaysia 2017, Department of Agriculture Malaysia)

In addition, based on the table below, the average farm price, wholesale price and retail price of durian have been growing at an average annual growth rate ranging from 6.36% to 46.55%, 3.98% to 30.78% and 7.06% to 24.57% respectively for years 2014 to 2016. In 2017, the annual growth rate of the said average prices have doubled or nearly doubled from 2016.

	Durian					
	Average farm price		**Average wholesale price**		**Average retail price**	
Year	**RM**	**Annual growth rate (%)**	**RM**	**Annual growth rate (%)**	**RM**	**Annual growth rate (%)**
2014	5.10	46.55	5.49	3.98	8.34	7.06
2015	6.13	20.20	7.18	30.78	9.81	17.63
2016	6.52	6.36	8.78	22.28	12.22	24.57
2017	13.25	103.22	16.73	90.55	24.80	102.95

(Source: Fruit Crops Statistic Malaysia 2017, Department of Agriculture Malaysia)

5.3 Overview and outlook of the construction industry in Malaysia

Value added of the construction sector grew 4.8% year-on-year during the 1st half of 2018 supported by the civil engineering subsector. For 2018, the sector is expected to expand, albeit moderately at 4.5% following near completion of several mega projects and overhang, particularly in the non-residential subsector. The growth momentum is expected to improve slightly in 2019, with the sector expanding 4.7%, following an increase in new planned supply in the affordable homes and industrial segments. However, review of several infrastructure projects as well as subdued activities in non-residential subsector is expected to weigh down the sector’s performance.

The civil engineering subsector is expected to remain as the driver of the construction sector in 2018 and 2019 largely supported by on-going projects. Among the infrastructure projects include the Pan Borneo Highway in Sabah and Sarawak; Central Spine Road in East Coast; as well as Mass Rapid Transit Sungai Buloh – Serdang – Putrajaya Line and Light Rail Transit Line 3 in Klang Valley. Meanwhile, in the petrochemical and power plant segment, ongoing projects are the Deepwater Petroleum Terminal 2 at the Refinery and Petrochemical Integrated Development Complex in Pengerang, Johor; Floating LNG 2 in Sabah; and the Central Processing Platform in Bokor, Sarawak. In addition, mixed development projects such as the Tun Razak Exchange and Bukit Bintang City Centre in Kuala Lumpur are expected to support the growth of the subsector.

(Source: Economic Outlook 2019, Ministry of Finance)

5.4 Prospects of PLS Group

For the FYE 31 March 2018, PLS Group recorded revenue of RM76.6 million, of which the plantation segment contributed approximately 98.13% and the construction segment contributed approximately 1.87%.

Plantation segment

For the FYE 31 March 2018, the plantation segment of PLS Group recorded revenue of RM75.2 million, representing an increase of 33.08% over the previous financial year. The improvement was attributable to higher FFB being harvested. Higher FFB production was reported based on the large harvesting area as more immature areas are turning into young mature areas.

PLS Group has been focusing on its core plantation businesses especially oil palm plantation, being its main revenue contributor. As at LPD, PLS Group has approximately 11,000 ha of cultivated oil palm and the total FFB production volume is estimated to double by year 2020.

In line with its objective to value-add and be sustainable in its plantation business, PLS Group intends to venture into palm oil milling. This is expected to be the next milestone for PLS Group's downstream activities, to further enhance their earnings and increase shareholders' value. PLS Group is also exploring the possibility of increasing its plantation land bank to expand its existing oil palm cultivation activities. PLS Group is confident that its oil palm plantation will continue to generate sustainable income and earnings for PLS Group.

For the forest plantation or timber business, PLS Group has continued to undergo maintenance of its Acacia Mangium plantation through a replanting programme. PLS Group is also in the progress of substituting the existing Acacia forest species with a new forest species named Eucalyptus Pellita for better plantation yield and venturing into rubber i.e. timber latex plantation.

Construction segment

For the FYE 31 March 2018, the construction segment of PLS Group recorded revenue of only RM1.4 million, representing a decrease of 90.37% over the previous financial year. The decrease was attributable to there being no new construction project for the financial year and certain parcels of earthfill projects in Johor were completed in the previous financial year.

For the construction segment, PLS Group intends to leverage on projects initiated by the Government under the Eleventh Malaysia Plan and will continue its efforts to tender for new viable construction contracts and/or negotiated contracts from both the public as well as private sectors.

Durian Businesses

Upon completion of the Proposed Dulai Transaction and Proposed Diversification, PLS Group would also be involved in the Durian Businesses. Dulai and the Relevant Entities and Businesses[1] are existing companies with track records in the downstream durian production and distribution businesses and are expected to provide PLS Group with an immediate stream of revenue. In addition, the Relevant Entities and Businesses are accredited frozen durian pulp processing facilities in Malaysia by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC. This enables PLS Group to tap into the large PRC market given the increasing demand for durian pulp, paste and other products in the PRC.

Both PLS and Dulai will be collaborating to expand their upstream durian plantation capacity to meet growing demand and enhance downstream capabilities to produce new and/or better durian-related products. Presently, Dulai produces frozen whole fruit durian, frozen durian seed pulp, frozen durian seedless pulp and frozen durian paste/mixed paste for the local market as well as for export mainly to the PRC, Australia, Hong Kong and the United States of America.

After taking into consideration the above factors and the outlook of the industries in which PLS Group operates, PLS Group's future financial performance is expected to remain challenging as a result of the lower CPO price. Nonetheless, as more young palms attain prime maturity, the FFB production and planted yield is expected to increase and contribute positively to the financial performance of PLS Group. In addition, given the promising potential of the PRC market, as well as the Profit Guarantee, PLS Group is confident that its venture into the Durian Businesses is expected improve the financial performance of PLS Group as well as enhance its profitability and shareholders' value in the longer term.

(Source: Management of the Company)

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[1] As part of the Proposed Dulai Transaction, the Vendor has undertaken to implement an internal reorganisation exercise involving the acquisition of the entire share capital of ARTM Services Sdn Bhd as well as the entire business, assets, licenses and undertaking of Dulai Fruits Enterprise ("**Relevant Entities and Businesses**"). This will enable the consolidation of the Relevant Entities and Businesses of the Vendor to be wholly held and/or owned by Dulai ("**Dulai Internal Re-organisation and Consolidation Exercise**") prior to completion of the Proposed Dulai Transaction. The Dulai Internal Re-organisation and Consolidation Exercise was completed on 2 November 2018.

6. RISK FACTORS

The business activities of PLS Group includes the construction business which Ekovest Group is presently involved in. As such, both entities are exposed to similar risks in the construction industry such as the shortage in supply of labour and materials, increasing labour and material costs, non-performance or unsatisfactory performance of sub-contractors as well as changes in government policy, general economic business and credit conditions.

Other risk factors which may arise from the Proposed Acquisition include the following:

6.1 Investment risk vis-à-vis the financial performance of PLS Group

For the past five (5) FYEs 31 March 2014 to 31 March 2018, the revenue of PLS Group has been fluctuating and PLS Group have recorded losses from FYEs 31 March 2015 to 31 March 2018. Further, the external auditors of PLS Group had in its Independent Auditors' Report dated 17 July 2018 reported certain key audit matters in respect of the audited consolidated financial statements of PLS for the FYE 31 March 2018, which include the following:

(i) PLS Group incurred a net loss of RM5.2 million for the FYE 31 March 2018 and as at 31 March 2018, the Group's current liabilities exceeded its current assets by RM13 million. These are indicative of events or conditions that may cast significant doubt on the abilities of the plantation entity and/or PLS Group to continue as a going concern.

In order to address the above, PLS Group has undertaken the Proposed Dulai Transaction and Proposed Diversification with the intention of diversifying its source of income from forestry and oil palm plantation to include the Durian Businesses. PLS has also anticipated that the Durian Businesses may in the future contribute 25% or more of the net profits of PLS Group and in conjunction with the Proposed Shares Acquisition, the Vendor had provided a Profit Guarantee.

As at the date of this Announcement, the Proposed Diversification is pending the approval of the shareholders of PLS at an extraordinary general meeting to be held on 19 March 2019. In the event the approval of the shareholders of PLS is not obtained for the Proposed Diversification, the Proposed Dulai Transaction and Proposed Diversification will not be completed. Further, the Profit Guarantee was derived based on various bases and assumptions which are deemed reasonable by the management of PLS, but nevertheless subject to uncertainties and contingencies, which may be outside of Dulai's control. Whilst the Board of PLS had taken reasonable steps to assess the achievability of the Profit Guarantee, there can be no assurance that the Profit Guarantee will be met.

Although the Proposed Acquisition is expected to provide Ekovest Group with an additional stream of income through the share of future earnings in PLS as well as reduced reliance on its existing businesses in construction, property development and toll operations, there can be no assurance that the anticipated benefits from the Proposed Acquisition will be realised and the duration required for Ekovest to recoup its investment could be longer than anticipated.

Nevertheless, the Board (save for the Interested Directors as set out in Section 9 of this Announcement) has exercised due care in considering the potential risks and benefits associated with the Proposed Acquisition and believes that the Proposed Acquisition will augur well for Ekovest Group, after taking into consideration, among others, the potential and prospects of PLS Group as set out in Section 5.4 of this Announcement.

6.2 Risks inherent in the plantation industry

Oil palm and timber

The oil palm and timber industries are exposed to certain common risks which include, the threat of substitutes, outbreaks of pests and diseases, fire or other natural disasters, adverse climate conditions, changes in law and tax regulations, fluctuation in foreign exchange rates, labour supply shortage as well as increase in labour and/or other production costs. In addition, the oil palm industry is also exposed to other inherent risks which includes adverse changes in CPO prices and changes in the world demand for edible oil and fats while the timber industry would similarly be exposed to adverse changes in log and timber product prices, changes in demand for log and timber products as well as negative publicity from non-governmental organisations concerned with the effect of timber logging on the environment.

The ability of PLS to manage such risks would depend on various factors, including the ability to keep abreast of the latest technologies, developments to disease prevention methods and plantation operations outlook and other developments in the industry, constantly review the marketing strategies in response to the ever changing market conditions as well as the ability of PLS to effectively implement its business strategies. In order to safeguard the Company's investment in PLS, the management of the Company will continue to monitor and keep abreast of developments in the oil palm and timber industries and where necessary, seek to ensure that PLS puts in place proactive measures to minimise the adverse impact of such changes, if any.

Durian

Upon completion of the Proposed Dulai Transaction and Proposed Diversification, Ekovest Group will also be exposed to risks inherent in the durian industry. Such risks include, among others, adverse developments in the political, economic, regulatory and social conditions of key export markets such as the PRC, adverse weather conditions, natural disasters and other factors that affect the quantity and/or quality of harvest, supply and production of durian fruits, fluctuation in local and international durian prices, increase in labour and/or other production costs, shortages of equipment and labour, labour disputes as well as competition from within Peninsular Malaysia and durian exporters from other countries such as Thailand and Indonesia.

Whilst it is the intention of PLS to limit these risks through continuous monitoring and review of its business strategies, establishing long term relationships with durian suppliers, farmers and smallholders, remaining competitive by taking proactive measures such as harvesting and/or sourcing for good durian fruits, maintaining and enhancing quality of production as well as actively seeking for new opportunities or markets in the durian industry, no assurance can be given that any adverse change in these factors will not have an adverse impact on the Durian Businesses. The management of the Company will continue to monitor the risk management and business strategies implemented by PLS and will continue to ensure that PLS puts in place proactive measures to minimise the impact arising from such adverse changes.

7. EFFECTS OF THE PROPOSED ACQUISITION

7.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the issued share capital and substantial shareholders' shareholdings of Ekovest as the Proposed Acquisition does not involve any issuance of new ordinary shares in Ekovest ("**Ekovest Shares**").

7.2 NA per Ekovest Share and gearing

Save for the estimated expenses relating to the Proposed Acquisition amounting to RM300,000, the Proposed Acquisition is not expected to have any material effect on the NA, NA per Ekovest Share and gearing of Ekovest Group. However, the Proposed Acquisition is expected to enhance the consolidated NA and NA per Ekovest Share through the share of future earnings in PLS.

7.3 Earnings per share ("EPS")

The Proposed Acquisition, which is expected to be completed by the 1st quarter of 2019, is not expected to have any material effect on the earnings and EPS of Ekovest Group for the FYE 30 June 2019. However, the Proposed Acquisition is expected to contribute positively to the earnings and EPS of Ekovest Group through the share of future earnings in PLS.

8. APPROVALS REQUIRED FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is not subject to the approval of the shareholders of Ekovest or any other authorities and/or parties.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the directors, major shareholders and/or any persons connected to them have any interest, direct and/or indirect, in the Proposed Acquisition:

(a) TSDLKH being the Executive Chairman and a major shareholder of the Company, is also a director and major shareholder of SASB, through his indirect interest in SASB through CRSB;

(b) Lim Chen Thai ("**LCT**"), being the alternate director to TSDLKH;

(c) Lim Chen Herng ("**LCH**") being the Executive Director of the Company, is the son of TSDLKH;

(d) DLH being the Executive Director of the Company, is also a director of SASB;

(e) Wong Khai Shiang ("**WKS**"), being the alternate director to DLH;

(f) Tan Sri Datuk Seri Lim Keng Cheng ("**TSDSLKC**") being the Managing Director of the Company, is also a director of CRSB, the holding company of SASB;

(g) Lim Ding Shyong ("**LDS**"), being the alternate director to TSDSLKC;

(h) Ekovest Holdings Sdn Bhd ("**EHSB**") being the major shareholder of the Company, is also a person connected to TSDLKH by virtue of TSDLKH's 94% direct interest in EHSB; and

(i) LSHH being the substantial shareholder of the Company, is also a person connected to TSDSLKC by virtue of TSDSLKC's 25% direct interest in LSHH.

(TSDLKH, LCT, LCH, DLH, WKS, TSDSLKC and LDS are referred to as the "**Interested Directors**", whilst TSDLKH and EHSB are referred to as the "**Interested Major Shareholders**".)

Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed Acquisition.

The direct and/or indirect interests of the Interested Directors, Interested Major Shareholders and persons connected to them in Ekovest as at LPD are set out below:

	<------------ Direct ------------->		<----------- Indirect ------------>	
Name	**No. of Ekovest Shares**	**%**	**No. of Ekovest Shares**	**%**
<u>Interested Directors</u>				
TSDLKH	431,705,221	20.18	260,750,022	(1) 12.19
LCT	-	-	-	-
LCH	-	-	-	-
DLH	10,578,250	0.49	-	-
WKS	750,000	0.04	-	-
TSDSLKC	10,833,000	0.51	155,099,300	(2) 7.25
LDS	-	-	-	-
<u>Interested Major Shareholders</u>				
TSDLKH	431,705,221	20.18	260,750,022	(1) 12.19
EHSB	260,750,022	12.19	-	-
<u>Person connected</u>				
LSHH	155,099,300	7.25	-	-

Notes:

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

(2) Deemed interested by virtue of his interest in LSHH.

10. AMOUNT TRANSACTED WITH THE INTERESTED DIRECTORS AND INTERESTED MAJOR SHAREHOLDERS FOR THE PRECEDING 12 MONTHS

Save for recurrent related party transactions ("**RRPT**") which were undertaken by Ekovest Group pursuant to the existing shareholders' mandate in relation to RRPTs which was obtained on 27 November 2018 and as disclosed in the circular to shareholders of the Company dated 30 October 2018, there were no transactions entered into by Ekovest Group with the Interested Directors (including persons connected to them) and Interested Major Shareholders for the past 12 months preceding the LPD.

11. DIRECTORS' STATEMENT

The Board (save for the Interested Directors), after having considered all aspects of the Proposed Acquisition including the terms and conditions of the SPA, the basis and justification for the Purchase Consideration, the rationale for the Proposed Acquisition, the prospects of PLS Group and the pro forma effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of Ekovest.

12. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee, after having considered all aspects of the Proposed Acquisition including the terms and conditions of the SPA, the basis and justification for the Purchase Consideration, the rationale for the Proposed Acquisition, the prospects of PLS Group and the pro forma effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of Ekovest and the terms of the Proposed Acquisition are fair, reasonable and on normal commercial terms and hence, will not be detrimental to the interests of the non-interested shareholders.

13. ADVISERS

RHB Investment Bank and Astramina have been appointed as the Principal Adviser and Financial Adviser to Ekovest for the Proposed Acquisition respectively.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the 1^{st} quarter of 2019.

15. PERCENTAGE RATIO FOR THE PROPOSED ACQUISITION

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is 4.34% computed based on the latest audited consolidated financial statements of Ekovest for the FYE 30 June 2018.

16. DOCUMENTS FOR INSPECTION

The SPA is 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 three (3) months from the date of this Announcement.

This Announcement is dated 12 March 2019.

INFORMATION ON THE CONSTRUCTION PROJECTS AND PROPERTIES OF PLS GROUP

1. INFORMATION ON THE CONSTRUCTION PROJECTS OF PLS GROUP

As at LPD, PLS Group does not have any construction project on hand. Information on the recent major projects completed by PLS Group as at LPD are set out below:

Recent major projects completed

Project name/Location	Reclamation Works/ Danga Bay, Johor Bahru	Reclamation Works/ Danga Bay, Johor Bahru
Type of construction	Supply and delivery of earthfill for reclamation works at A2 Island and Parcel F2	Supply, deliver and spread of earthfill material for reclamation works at Parcel C2, C3, D4, D7 and E5 Island
Project owner	Pembinaan KS Tebrau Sdn Bhd	Pembinaan KS Tebrau Sdn Bhd
Contract value (RM million)	34.19	68.08
Commencement date	29 December 2010	15 November 2013
Completion date	5 December 2014	14 November 2015

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2. INFORMATION ON THE PROPERTIES OF PLS GROUP

2.1 Summary of the properties of PLS Group

	Property 1		Property 2	Property 3	Property 4
Location	HS (D) 4382 PTD 15688, Mukim Mersing, Mersing, Johor Bahru	HS (D) 5236 PTD 7221, HS (D) 5237 PTD 17532, HS (D) 5238 PTD 17555, Mukim Mersing, Mersing, Johor Bahru	HS (D) 4670 PTD 2140, Mukim Tenglu, Mersing, Johor Bahru	No. 21, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru	No. 22, Block A, Level 2, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru
Description/Existing use	Oil palm estate		Oil palm estate	Apartments/Vacant	Apartments/Vacant
Land tenure	Leasehold 99 years expiring on 11 July 2105	Leasehold 99 years expiring on 15 November 2108	Leasehold 99 years expiring on 21 October 2106	Leasehold 99 years expiring on 22 March 2085	Leasehold 99 years expiring on 22 March 2085
Area	849.84 ha	90.335 ha	1,990.557 ha	1,043 square feet ("**sq ft**")	1,043 sq ft
Total planted area (ha)	920.23		1,980.90	-	-
Age of building	-		-	17 years	17 years
Encumbrance	Charged to Bank Pertanian Malaysia Berhad (Agrobank)	Nil	Charged to Bank Pertanian Malaysia Berhad (Agrobank)	Nil	Nil
Audited net book value as at 31 March 2018 (RM'000)	80,000		168,000	105	104

	Property 5	Property 6	Property 7	Property 8	Property 9
Location	No. 21, Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru	No. 22, Block A, Level 3, Apartment Titiwangsa, Jalan Padi Malinja 1, Bandar Baru UDA, 81200 Johor Bahru	Plot 12, Jalan Simen 1, Kawasan Pelabuhan Johor, 81700 Pasir Gudang, Johor Bahru	No.G-12, No. 1-12, No. 2-12, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru	No.G-13, No. 1-13, No.2-13, Blok 6, Danga Bay, Jalan Skudai, 80200 Johor Bahru
Description/Existing use	Apartments/Vacant	Apartments/Vacant	Chipping plant factory	3-storey shop office/Aramijaya's head office	3-storey shop office/ Aramijaya's head office
Land tenure	Leasehold 99 years expiring on 22 March 2085	Leasehold 99 years expiring on 22 March 2085	Leasehold 19 years expiring on 30 December 2022	Freehold	Freehold
Area	1,043 sq ft	1,043 sq ft	543,743 sq ft	3,413 sq ft	3,348 sq ft
Age of building	17 years	17 years	13 years	11 years	11 years
Encumbrance	Nil	Nil	Nil	Nil	Nil
Audited net book value as at 31 March 2018 (RM'000)	101	101	5,939	763	763

(Source: PLS' Annual Report 2018 and the management of the Company)

2.2 Summary of the plantation properties cultivated on lands not owned by PLS Group

For information purposes, a privatisation agreement was entered into by PLS with the State Government of Johor, YPJ Holdings Sdn Bhd ("**YPJH**") and Aramijaya on 4 December 2002 for the privatisation of the management, operation and maintenance of the LHUS Project Land ("**Privatisation Agreement**"). Under the Privatisation Agreement, YPJH was granted the right to undertake the forest plantation project within the LHUS Project Land for a period of 60 years from the possession date of the LHUS Project Land (excluding the water catchment area of approximately 10,000 ha). In that respect, Aramijaya, a joint venture company of YPJH and PLS, was identified to manage, operate and maintain the forest plantation project pursuant to the Privatisation Agreement.

Further, Aramijaya had on 3 August 2010, entered into a sub-development agreement with YPJH for the rights to develop approximately 30,000 acres of forest land in the State of Johor for the planting of rubber trees and/or timber species for a period of 30 years with an option to extend for another 30 years.

Based on the above, a summary of the plantation properties cultivated on lands not owned by PLS Group are as follows:

	Ladang Hutan Ulu Sedili		**Ladang Hutan Terosot**
Location	Situated within the district of Kota Tinggi and Mersing in the State of Johor		Mukim of Mersing, District of Mersing, State of Johor
Description/Existing use	Part 1: Cultivated Oil Palm at Site 3 and Site 8	Part 2: (a) Cultivated Acacia Replanting (b) Timber Latex Clone (c) Karas (d) Durian (e) Degraded forest and water catchment	Terosot 1: Cultivated Rubber (Timber Latex Clone)
Land tenure	60 years concession period expiring on 3 December 2062		Sub-development agreement between YPJH and Aramijaya for 30 years lease, which commenced on 11 June 2009 with an option to extend for another 30 years
Total land area (ha)	9,415	25,808 *	937.45
Total planted area (ha)	8,019.83	2,474.53	716.60
Market value (RM'000)	642,000	429,762	57,000
Date of valuation	31 March 2018	31 March 2018	31 March 2018
Valuer	VPC Alliance (JB) Sdn Bhd		
Method(s) of valuation	Comparison and Investment methods		

(Source: PLS' Annual Report 2018 and the management of the Company)

Note:

* *Approximately 12,006.84 ha out of the total land area of 25,808 ha is for degraded forest and water catchment.*

2.3 Age profile and FFB production of the oil palm estates

(a) The age profile of PLS Group's oil palm as at 31 March 2018 are as follows:

Oil palm profile category	Age (Years)	Ha	Percentage (%)
Immature	3 and below	1,773	16
Mature (Young)	4 to 9	8,857	81
Mature (Prime)	10 to 19	291	3
Mature (Old)	20 and above	-	-
Total planted	**-**	**10,921**	**100**

(b) The FFB production of the oil palm estates and the yield for the past three (3) FYEs 31 March 2016 to 31 March 2018 are as follows:

	FYE 31 March 2016	FYE 31 March 2017	FYE 31 March 2018
Production (mt)	51,618	81,883	118,392
Yield (MT/ha)	9.22	11.57	12.94

(Source: PLS' Annual Report 2018)

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