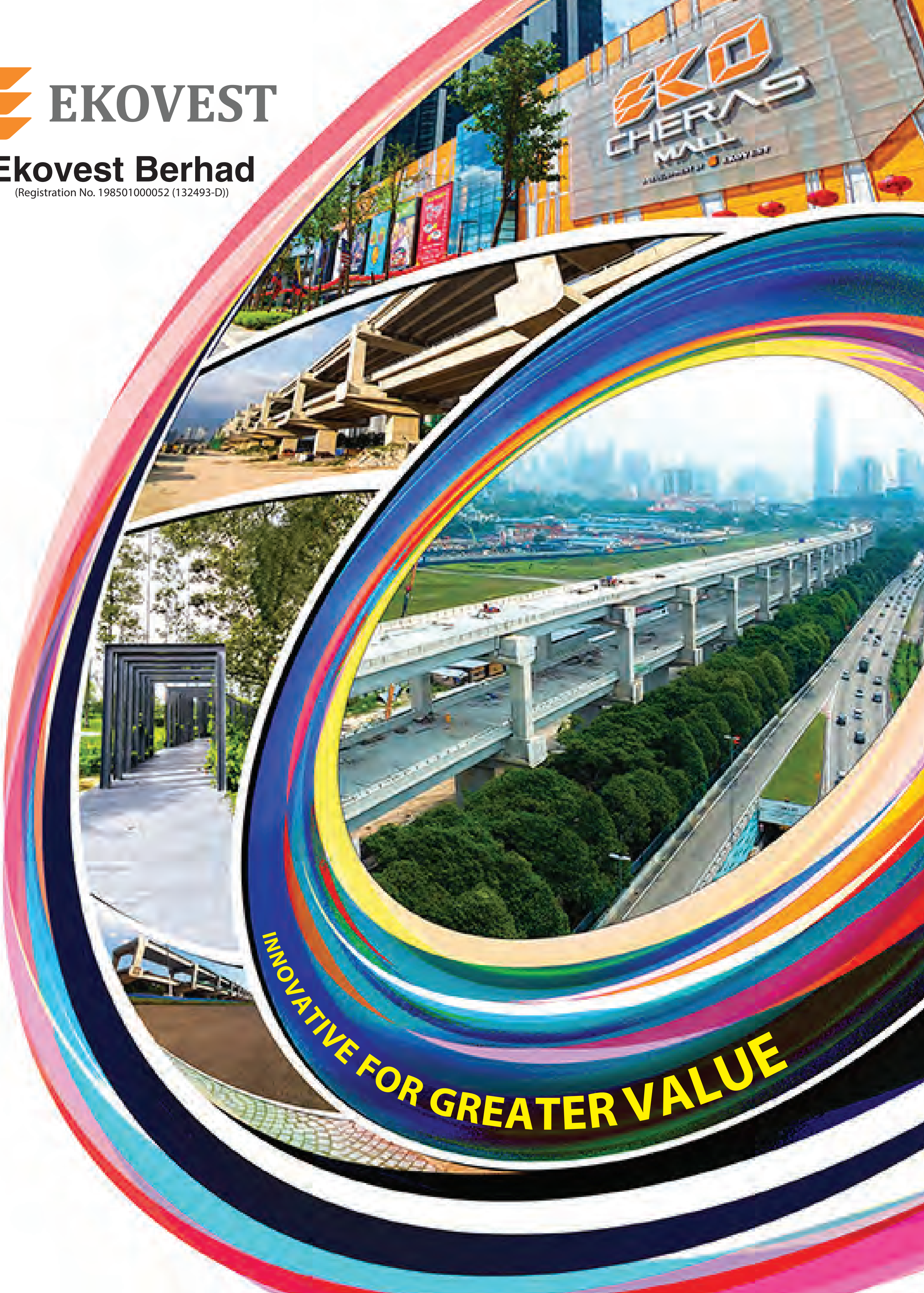
# EKOVEST

## Ekovest Berhad

(Registration No. 198501000052 (132493-D))




# 2020
## ANNUAL REPORT

35TH ANNUAL GENERAL MEETING
OF EKOVEST BERHAD

| | |
|---|---|
| **BROADCAST VENUE** | 3rd Floor, Ekovest Sales Gallery, 122-124, Jalan Gombak, 53000 Kuala Lumpur |
| **DATE** | Friday, 27 November 2020 |
| **TIME** | 10.30 a.m. |

# CONTENTS



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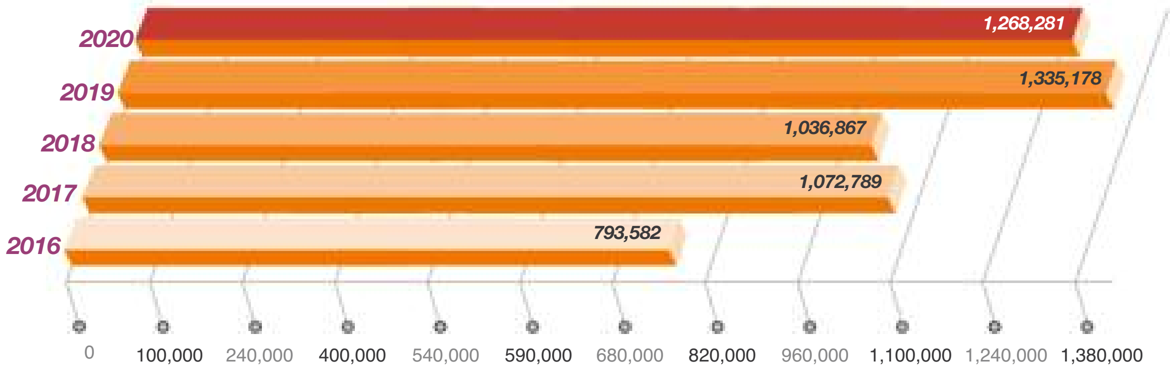
# FINANCIAL HIGHLIGHTS

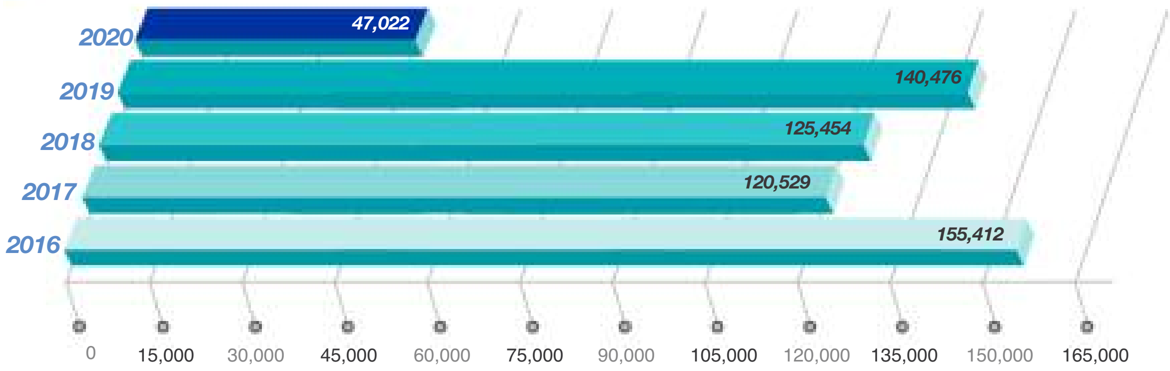
| | Group 2016 RM'000 | Group 2017 RM'000 | Group 2018 RM'000 | Group 2019 RM'000 | Group 2020 RM'000 |
|---|---|---|---|---|---|
| Revenue | 793,582 | 1,072,789 | 1,036,867 | 1,335,178 | 1,268,281 |
| Profit Before Tax | 190,951 | 186,435 | 164,921 | 226,266 | 91,064 |
| Taxation | (35,345) | (65,416) | (50,533) | (95,822) | (62,747) |
| Profit After Tax | 155,606 | 121,019 | 114,388 | 130,444 | 28,317 |
| Non-controlling Interests | (194) | (490) | 11,066 | 10,032 | 18,705 |
| Profit Attributable To Owners of the Company | 155,412 | 120,529 | 125,454 | 140,476 | 47,022 |
| Share Capital | 427,724 | 428,115 | 755,593 | 1,117,961 | 1,117,961 |
| Reserves | 889,414 | 1,499,552 | 1,254,744 | 1,334,119 | 1,355,665 |
| Equity Attributable To Owners of the Company | 1,317,138 | 1,927,667 | 2,010,337 | 2,452,080 | 2,473,626 |
| Represented By: | | | | | |
| Property, Plant and Equipment | 67,290 | 64,417 | 70,248 | 133,922 | 224,580 |
| Investment Properties | 366,420 | 413,411 | 569,803 | 719,560 | 856,284 |
| Right-of-use Assets | - | - | - | - | 10,678 |
| Land Held for Property Development | 121,727 | 218,502 | 359,696 | 507,628 | 517,519 |
| Concession Assets | 2,388,462 | 3,179,661 | 3,828,941 | 4,682,373 | 5,657,254 |
| Intangible Assets | - | - | - | 6,453 | 6,375 |
| Investment In An Associate | - | - | - | 104,348 | 102,716 |
| Investment In a Joint Venture | - | - | - | - | 816 |
| Deferred Tax Assets | 2,554 | 4,495 | 9,854 | 13,163 | 15,406 |
| Trade and Other Receivables | - | - | - | - | 5,132 |
| Current Assets | 1,045,234 | 5,472,396 | 4,909,309 | 4,534,150 | 3,044,556 |
| Current Liabilities | (568,501) | (862,838) | (1,028,577) | (1,344,788) | (1,200,970) |
| Non-current Liabilities | (2,105,979) | (6,183,133) | (6,340,759) | (6,546,580) | (6,426,533) |
| Non-controlling Interests | (69) | (379,244) | (368,178) | (358,149) | (340,187) |
| | 1,317,138 | 1,927,667 | 2,010,337 | 2,452,080 | 2,473,626 |
| Net Assets Per Share (RM) | 1.54 | 0.90 | 0.94 | 0.92 | 0.93 |
| Basic Earnings Per share (Sen) | 18.17 | 5.64 | 5.86 | 6.45 | 1.77 |

# FINANCIAL HIGHLIGHTS

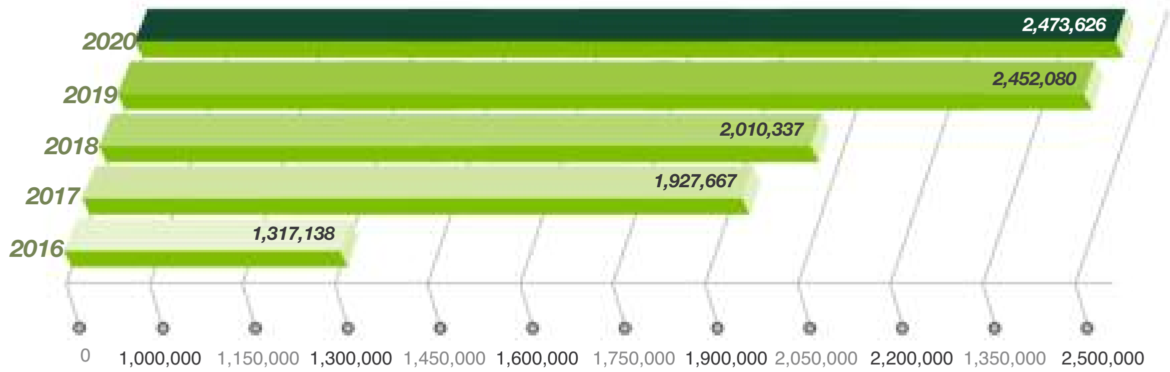
## REVENUE (RM'000)

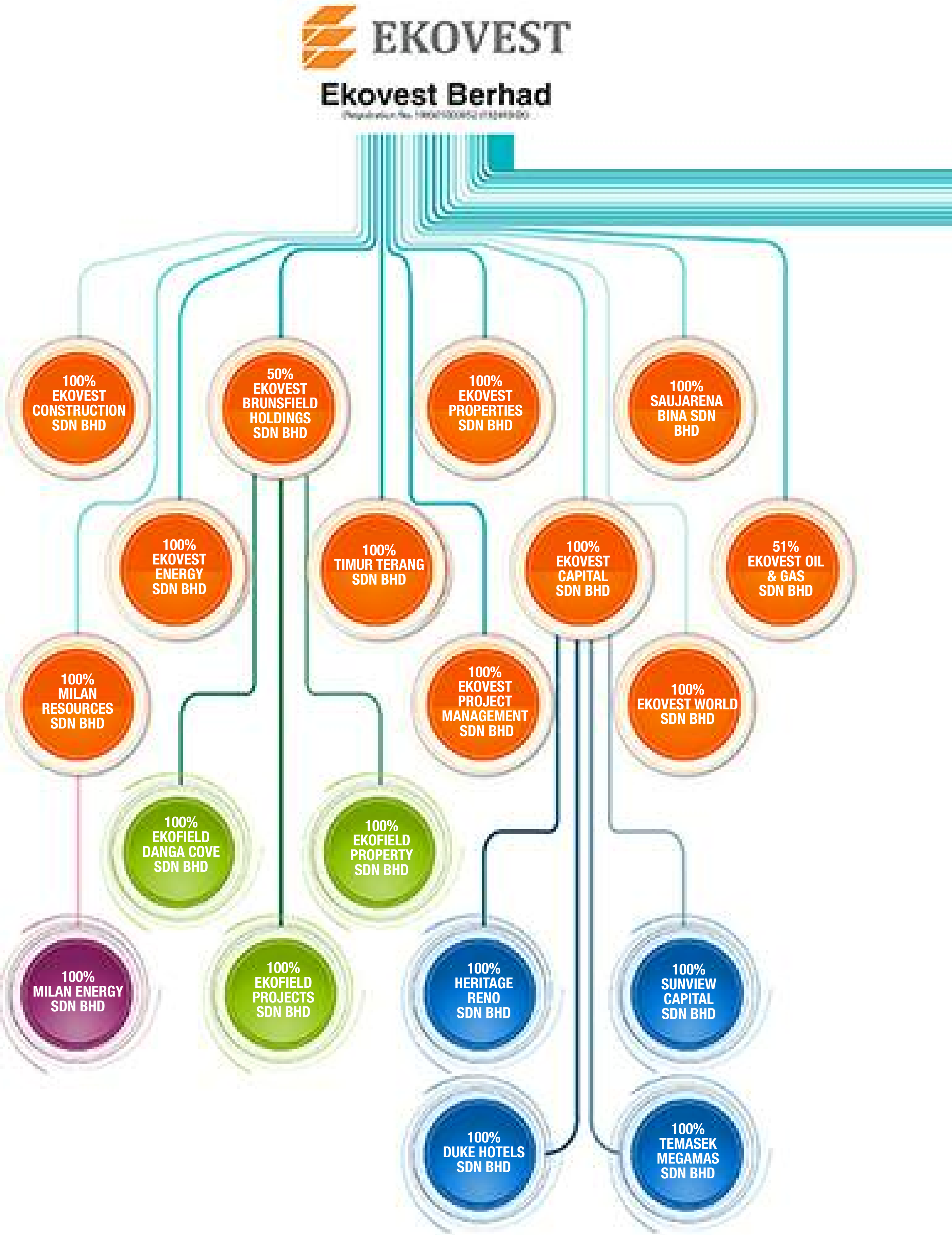



## PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)

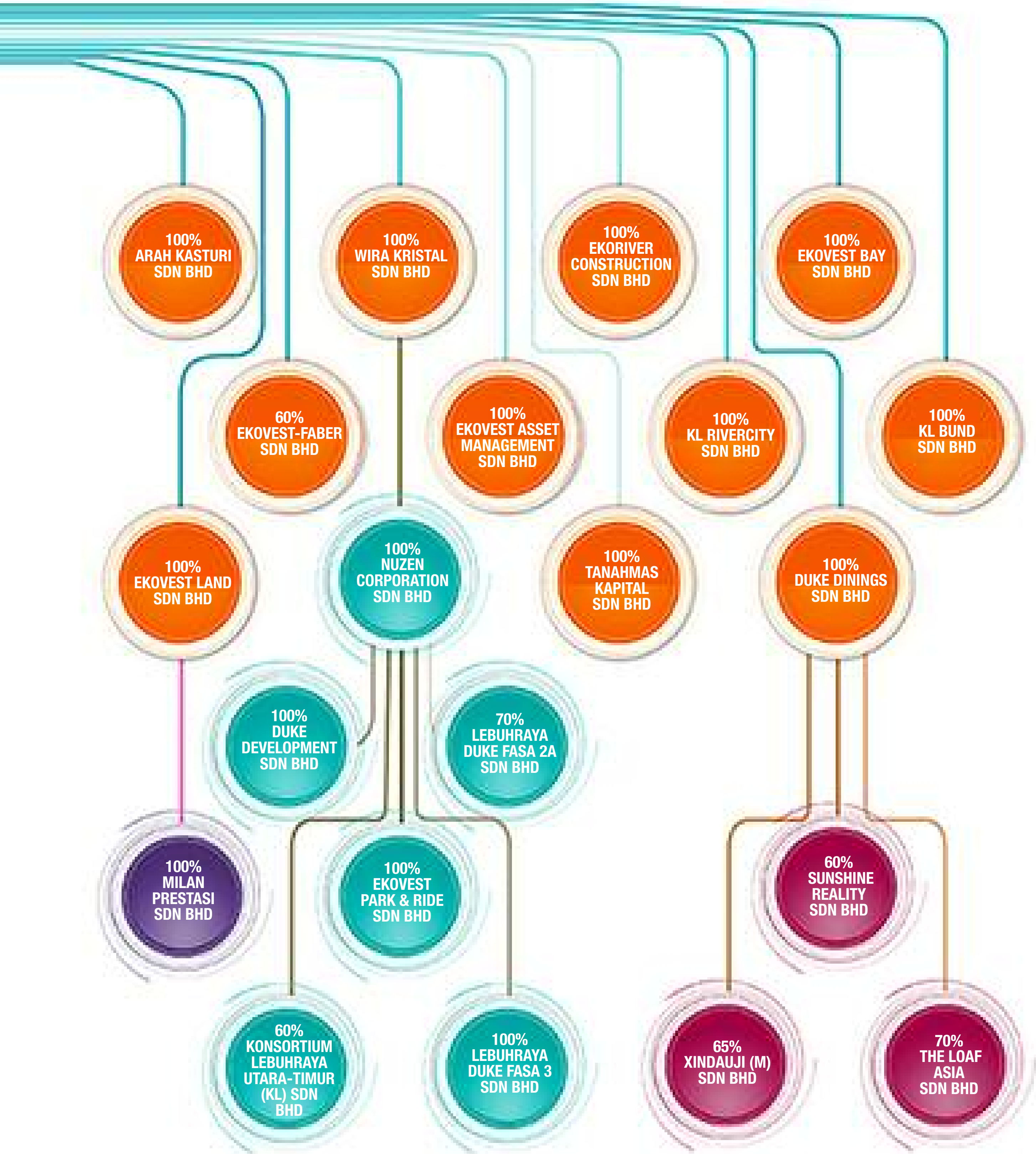


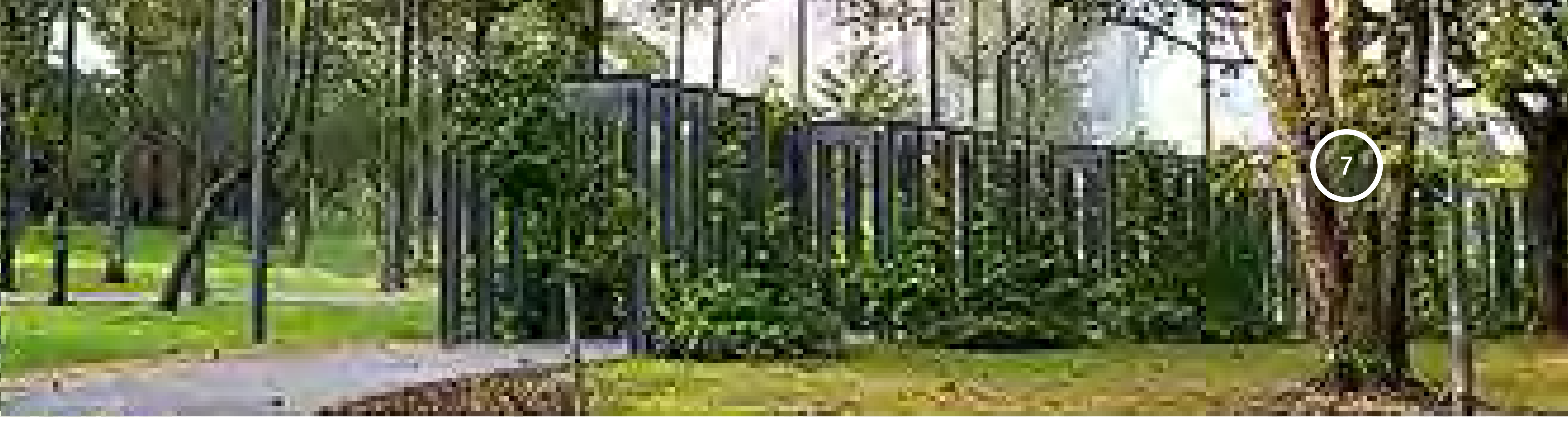

## EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)




EKOVEST
Ekovest Berhad
100% EKOVEST CONSTRUCTION SDN BHD
50% EKOVEST BRUNSFIELD HOLDINGS SDN BHD
100% EKOVEST PROPERTIES SDN BHD
100% SAUJARENA BINA SDN BHD
100% EKOVEST ENERGY SDN BHD
100% TIMUR TERANG SDN BHD
100% EKOVEST CAPITAL SDN BHD
51% EKOVEST OIL & GAS SDN BHD
100% MILAN RESOURCES SDN BHD
100% EKOVEST PROJECT MANAGEMENT SDN BHD
100% EKOVEST WORLD SDN BHD
100% EKOFIELD DANGA COVE SDN BHD
100% EKOFIELD PROPERTY SDN BHD
100% MILAN ENERGY SDN BHD
100% EKOFIELD PROJECTS SDN BHD
100% HERITAGE RENO SDN BHD
100% SUNVIEW CAPITAL SDN BHD
100% DUKE HOTELS SDN BHD
100% TEMASEK MEGAMAS SDN BHD

# GROUP STRUCTURE





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**TAN SRI DATO' LIM KANG HOO**
Executive Chairman

**TAN SRI DATUK SERI LIM KENG CHENG**
Managing Director

**DATO' LIM HOE**
Executive Director

**LIM CHEN THAI**
Executive Director

**KANG HUI LING**
Senior Independent & Non-Executive Director

**LIM TS-FEI**
Independent & Non-Executive Director

**DR. WONG KAI FATT**
Independent & Non-Executive Director

**CHOW YOON SAM**
Independent & Non-Executive Director

**LEE WAI KUEN**
Independent & Non-Executive Director

**WONG KHAI SHIANG**
Alternate Director to Dato' Lim Hoe

**LIM DING SHYONG**
Alternate Director to Tan Sri Datuk Seri Lim Keng Cheng

### COMPANY SECRETARY
Lim Thiam Wah, ACIS

### PRINCIPAL PLACE OF BUSINESS
Ground Floor, Wisma Ekovest
No. 118 Jalan Gombak
53000 Kuala Lumpur
Tel : 03-40215948
Fax : 03-40215943

### AUDITORS
Mazars PLT
Chartered Accountants
Wisma Golden Eagle Realty
11th Floor, South Block
142-A Jalan Ampang
50450 Kuala Lumpur
Tel : 03-21615222
Fax : 03-21613909

### REGISTRARS
Sectrars Management Sdn Bhd
Lot 9-7 Menara Sentral Vista
No. 150 Jalan Sultan Abdul Samad
Brickfields 50470
Kuala Lumpur
Tel : 03-22766138
Fax : 03-22766131

### REGISTERED OFFICE
Ground Floor, Wisma Ekovest
No. 118 Jalan Gombak
53000 Kuala Lumpur
Tel : 03-40215948
Fax : 03-40215943

### STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad

Stock Code : 8877

### LEGAL FORM AND PLACE OF INCORPORATION
A public listed company incorporated in Malaysia and limited by shares

### PRINCIPAL BANKERS
AmBank Berhad
OCBC Al-Amin Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Kuwait Finance House (Malaysia) Berhad
Public Bank Berhad
Hong Leong Bank Berhad
RHB Bank Berhad

### DOMICILE
Malaysia

### WEBSITE
www.ekovest.com.my

Tan Sri Dato'
**Lim Kang Hoo**
Executive Chairman

# EXECUTIVE CHAIRMAN'S STATEMENT

**DEAR VALUED SHAREHOLDERS,**

**ON BEHALF OF THE BOARD OF DIRECTORS OF EKOVEST BERHAD, I WOULD LIKE TO PRESENT TO YOU OUR ANNUAL REPORT AND THE GROUP'S REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020.**

## INDUSTRY TRENDS

The Malaysian Gross Domestic Product registered a contracted growth of -17.1% in the second quarter of 2020 (1Q 2020: -0.7%) due to imposed Movement Control Order (MCO), causing restriction to production activities and slowing demand. On a quarter-on-quarter seasonally - adjusted basis, the economy contracted by -16.5% (1Q 2020: -2.0%).

The output for construction sector contracted at -44.9% (1Q 2020: -6.3%), on account of declined construction activities in civil engineering, residential and special trade subsectors. Performance of construction sector remained weak amid the implementation of MCO affected by COVID-19 pandemic and resulted in disruption to both construction activities and consumer demand.

All sectors except agriculture sector recorded a negative growth. In service and manufacturing sector, negative growth were recorded at 16.2% and 18.3% respectively. Tourism oriented sector recorded the highest decline due to closures of international border and imposition of travel ban in an effort to contain the COVID-19 pandemic. On demand side, private consumption expenditure declined by 18.5%

## FINANCIAL PERFORMANCE

Despite of an eventful, volatile and challenging conditions in financial year ended 30 June 2020 ("FYE2020"), Ekovest Berhad ("Ekovest") delivered another year of profitable financial performance. The results reflect the core strength of Ekovest and its subsidiaries (the "Group") in its construction expertise and the drive to further improve efficiency, cost and operations.

In FYE2020, Ekovest registered revenue of RM1.268 billion, a decrease of 5.02% as compared to RM1.335 billion achieved in the previous financial year ended 30 June 2019 ("FYE2019"). Our construction division contributed RM1,049.5 million or 83%, property development contributed RM30.7 million or 2%, while our toll operations contributed RM154.2 million or 12% to the revenue achieved in FYE2020.

The decrease in the Group's revenue was due to lower construction workdone recognised for DUKE Phase 3 and the River of Life projects as a result of the MCO implemented by the Government of Malaysia on 18 March 2020 as a preventive measure in response to the COVID-19 pandemic. In addition, the extended Recovery Movement Control Order (RMCO) which is still in place had impacted our construction work progress due to the initial suspension of work which consequently resulted in supply chain disruption in the entire construction industry. The border control measures put in place due to COVID-19 pandemic had also impacted the labour force at our construction sites. Our toll operations were not spared from the MCO and RMCO as traffic volumes had reduced significantly, in particular during the peak lockdown months from end-March to mid-June 2020.

The Profit Before Tax ("PBT") for FYE2019 stood at RM91.1 million, a decrease compared to the PBT reported in FYE2019 of RM226.3 million which is in tandem with the decrease in revenue.

## STRATEGIC REVIEW

In FYE2020, it was a challenging year for us where we remained focused on delivering growth and long-term shareholders' value. We took appropriate and deliberate actions to drive performance while maintaining financial prudency. With a fair balance of strength and resilience and sound enterprise risk management, we continued to navigate our way through the challenges to promote and grow the Group's various businesses. Ekovest is proud to have historically stable and reliable earnings with good visibility from the various business sectors.

We are committed to improving the construction industry and we understand the wider impact that our businesses can make in supporting human activity through the delivery of superior quality in our buildings, roads, public spaces, infrastructure and other construction areas.

The Board is also in the midst of deliberating the exclusive offer received by Ekovest to participate as a strategic investor in the Bandar Malaysia development project, through the proposed acquisition of 40% of the equity interest held by Iskandar Waterfront Holdings Sdn Bhd ("IWH") in IWH CREC Sdn Bhd ("IWH-CREC") ("Proposal"). The Bandar Malaysia Project is a prime national economic project, in which Ekovest's direct participation and investment in IWH-CREC will potentially increase our construction order book from future infrastructure and development in Bandar Malaysia. We have the necessary skills and technical know-how to undertake such largescale infrastructure developments. Nevertheless, the Proposal is still subject to the approvals, waivers or consents of all relevant parties including, the shareholders of Ekovest, if necessary.

We have also entered into strategic collaboration with China Railway Dongfang Group, a wholly-owned subsidiary of China Railway Group Limited to establish a broad-based multi-angle and non-exclusive collaboration and strategic cooperation arrangement in relation to construction, development, infrastructure, airport and seaport and other development activities in Malaysia and in the Asia Pacific Region ("Collaboration"). This Collaboration opens up opportunity for Ekovest to jointly explore new ventures and projects which requires unique expertise in local market as well as in the Asia Pacific region.

On 29 September 2020, we had also announced the acquisition of additional stake in PLS Plantations Berhad ("PLS"). Upon its completion, we will increase our shareholding in PLS approximately 57.38% of the total issued shares of PLS. Accordingly, Ekovest is obliged to extend an unconditional mandatory general offer ("MGO") to acquire all the remaining PLS shares and warrants not held by Ekovest.

This is part of our strategy to transform Ekovest into a larger listed conglomerate with a larger portfolio of diversified businesses. Our presence in PLS has enabled us to venture into the management and operation of oil palm and forest plantations as well as in durian plantation, production, distribution and related businesses. This is in line with the long-term strategy of expanding and diversifying into other businesses to reduce dependency and reliance on our existing businesses in construction, property development and toll operations.

In light of the favourable prospects of the Malaysian durian industry, for example the growing demand for durians and durian related products in the People's Republic of China as well as the prospects of the PLS Group, our Board feels that it is timely for Ekovest to increase its shareholdings in PLS, thus making it a subsidiary of Ekovest and consolidate the future earnings of the PLS Group. Having statutory control in PLS will also allow us to assert significant influence over the strategic directions and to grow the businesses under the PLS Group.

While current COVID-19 pandemic had resulted to uncertainties, our strategic focus has put us in a strong position to benefit from longer-term growth. Our hybrid business model creates long-term shareholders' value by harnessing the benefits of our complementary businesses – construction, property development and highway concession. This model limits the impact of economic cycles and allows us to prioritise high-quality businesses, in order to improve margins and deliver disciplined revenue growth.

## DIVIDENDS

To show commitment in granting our shareholders returns, the Board of Directors had on 27 August 2020 recommend a single tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2020. This proposal is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

## APPRECIATIONS

I wish to express my most sincere appreciation to my fellow Board members for their support, commitment and contributions and our senior management team who has been working tirelessly to propel the Group to new heights and my personal gratitude to all employees of Ekovest Group for their dedication and commitment.

Thank you to all our customers, clients, business associates, bankers and the various government and local authorities for their continuing support and confidence in our Group's ability to deliver projects that was entrusted to us.

Last but not least, thank you to our esteemed shareholders for your trust, patience, and continuous confidence in our Company. The Group's operating environment was affected by the recent outbreak of COVID-19 pandemic and we are adjusting to the new normal of doing business. The outlook for the coming financial year would remain challenging with the after effect from COVID-19 pandemic and global economic uncertainties. Nevertheless, the Group has embraced the "New Norm" and has since adapted efficiently in the fulfillment of our business obligations. The Board remained optimistic in delivering positive financial results. We hold the responsibility that you have entrusted to us in high regard and we shall endeavour to deliver an even better financial year ended 2021. We look forward to a very exciting year ahead for the Ekovest Group.

**TAN SRI DATO LIM KANG HOO**
**Executive Chairman**
28 October 2020

**PARA PEMEGANG SAHAM YANG DIHARGAI,**

BAGI PIHAK LEMBAGA PENGARAH EKOVEST BERHAD, SAYA DENGAN SUKACITA INGIN MEMBENTANGKAN KEPADA ANDA LAPORAN TAHUNAN BERSERTA DENGAN PENYATA KEWANGAN KUMPULAN BAGI TAHUN KEWANGAN BERAKHIR 30 JUN 2020.

# KENYATAAN PENGERUSI EKSEKUTIF

## TREND INDUSTRI

Keluaran Dalam Negara Kasar (KDNK) telah merekodkan penguncupan sebanyak -17.1% bagi suku kedua tahun 2020 (S1 2020: -0.7%). Hal ini didorong hasil daripada Perintah Kawalan Pergerakan (PKP) yang telah dikuatkuasakan oleh Kerajaan sejak 18 Mac 2020 yang mana ianya telah mengakibatkan kekangan dari segi aktiviti-aktiviti pengeluaran produk serta jumlah permintaan yang menjadi semakin berkurangan. Jika dibandingkan mengikut suku-ke-suku bagi tempoh yang sama tahun lalu, kadar penguncupan yang dapat dicatatkan adalah sebanyak -16.5% (S1 2020: -2.0%).

Bagi sektor pembinaan pula, kadar penguncupan bagi suku tahun yang sama adalah sebanyak -44.9% (S1 2020: 6.3%). Pengurangan dari segi pelaksanaan aktiviti-aktiviti pembinaan seperti kejuruteraan awam, kediaman serta sub-sektor perdagangan khas adalah menjadi faktor utama kepada kemerosotan tersebut. Prestasi sektor pembinaan negara dilihat akan kekal lemah di sepanjang tempoh pelaksanaan PKP ini yang dipengaruhi oleh pandemik COVID-19. Isu pandemik COVID-19 ini telah memberi kesan langsung terhadap pelaksanaan aktiviti-aktiviti pembinaan serta permintaan pengguna.

Selain daripada sektor pertanian, semua sektor di dalam negara telah merekodkan penyusutan yang agak ketara. Bagi sektor perkhidmatan dan pembuatan contohnya, penyusutan yang telah direkodkan adalah masing-masing sebanyak -16.2% dan -18.3%. Di antara sektor-sektor tersebut, sektor pelancongan adalah sektor yang paling teruk terjejas hasil daripada penutupan sempadan antarabangsa serta perintah larangan perjalanan ke luar negara bagi mengekang penularan pandemik COVID-19 ini di dalam negara. Dari segi permintaan pula, perbelanjaan penggunaan telah direkodkan menyusut sebanyak -18.5%.

## PRESTASI KEWANGAN

Walaupun dalam keadaan yang tidak menentu dan mencabar bagi tahun kewangan berakhir 30 Jun 2020 (“FYE 2020”), Ekovest Berhad (“Ekovest”) buat ke sekian kalinya memperoleh prestasi kewangan yang menguntungkan. Hal ini mencerminkan teras kekuatan Ekovest serta anak-anak syarikatnya (“Kumpulan”) sebagai salah satu pemain utama di dalam sektor pembinaan tempatan yang turut sama memacu ke arah peningkatan dari segi kecekapan, kos dan operasi.

Bagi FYE 2020, hasil pendapatan yang telah dicatatkan oleh Ekovest adalah sebanyak RM1.268 bilion. Hasil pendapatan ini penurunan sebanyak 5.027% berbanding dengan RM1.335 bilion yang telah dicapai bagi tahun kewangan sebelumnya, berakhir pada 30 Jun 2019 ("FYE 2019"). Seksyen pembinaan kami telah menyumbang sebanyak RM1,049.5 juta atau 83% daripada nilai hasil keseluruhan, manakala pembangunan hartanah menyumbang RM30.7 juta atau 2%, sementara operasi tol kami menyumbang RM154.2 juta atau 12% sepanjang tempoh kewangan tersebut.

Untuk pengetahuan pemegang saham semua, penurunan hasil pendapatan ini adalah disebabkan oleh pengurangan dari segi pencapaian nilai siap kerja (*work-done*) bagi Projek Duke Fasa 3 dan River of Life, rentetan daripada arahan PKP seperti yang telah dinyatakan di atas.

Tambahan pula, dengan pelanjutan tempoh Perintah Kawalan Pergerakan Pemulihan (PKPP) yang masih berkuatkuasa sehingga kini, perkara tersebut telah memberi kesan yang negatif terhadap kemajuan kerja-kerja pembinaan akibat daripada kerja-kerja yang telah tertangguh sebelum ini (semasa PKP) serta gangguan terhadap rantaian bekalan untuk industri pembinaan secara keseluruhan.

Langkah-langkah kawalan sempadan yang telah diperkenalkan oleh Kerajaan di dalam membendung penularan COVID-19 ini telah menghadkan jumlah tenaga kerja di tapak bina. Operasi tol juga turut terjejas hasil daripada arahan kedua-dua PKP dan PKPP. Hal ini kerana bilangan trafik telah menyusut secara mendadak, terutamanya pada minggu-minggu terakhir bulan Mac sehingga pertengahan bulan Jun 2020.

Keuntungan Sebelum Cukai ("PBT") untuk FYE2020 adalah berjumlah RM91.1 juta. Ianya merupakan suatu penurunan berbanding dengan PBT yang dilaporkan sebelum ini untuk FYE 2019, iaitu sebanyak RM226.3 juta. Ini adalah sejajar dengan penurunan di dalam hasil pendapatan keseluruhan bagi FYE 2020 di atas.

## TINJAUAN STRATEGIK

FYE2020 merupakan tahun yang amat mencabar di mana kami harus kekal fokus bagi memenuhi pulangan dari aspek peningkatan kemajuan dan nilai kepada pemegang-pemegang saham jangka panjang. Tindakan yang tepat serta responsif telah pun kami ambil demi memacu prestasi Ekovest serta Kumpulannya ke arah yang lebih baik. Dalam masa yang sama kewangan perlu diurus dengan cara berhemah supaya keupayaan Ekovest dan Kumpulannya akan terus kukuh bagi menghadapi hari-hari yang mendatang.

Dengan mengimbangi kekuatan, daya tahan serta pengurusan risiko perusahaan yang cekap, kami yakin segala cabaran dapat kami harungi bagi memastikan kejayaan dari segenap sudut bidang perniagaan yang diceburi oleh Ekovest dan Kumpulannya. Kami amat berbangga kerana memiliki sejarah perjalanan yang unik dan stabil serta hasil perolehan yang meyakinkan yang dapat dilihat menerusi kejayaan-kejayaan yang telah dicapai bagi semua sektor perniagaan tersebut.

Kami amat komited di dalam memperkasa industri pembinaan dan kami juga faham impaknya kepada umum secara keseluruhan yang mana segala usaha kami di dalam sektor-sektor tersebut mampu menyokong urusan seharian penduduk melalui pelaksanaan serta penyiapan bangunan, jalan raya, ruang awam, infrastruktur dan kawasan pembinaan lain yang teratur, seimbang dan berkualiti.

# KENYATAAN PENGERUSI EKSEKUTIF SAMBUNGAN

## TINJAUAN STRATEGIK (SAMBUNGAN)

Selain itu, pihak Lembaga Pengarah juga sedang di dalam kerangka bagi mempertimbangkan tawaran eksklusif yang telah diterima oleh Ekovest untuk mengambil bahagian sebagai pelabur strategik di dalam projek pembangunan Bandar Malaysia, melalui cadangan pemerolehan 40% kepentingan ekuiti yang dipegang oleh syarikat Iskandar Waterfront Holdings Sdn Bhd (“IWH”) di IWH CREC Sdn Bhd ("IWH-CREC") ("Proposal"). Projek Bandar Malaysia adalah projek ekonomi nasional yang utama, di mana penyertaan dan pelaburan langsung Ekovest di dalam IWH-CREC berpotensi meningkatkan buku pesanan (*Order Book*) pembinaan dari segi infrastruktur dan pembangunan masa depan di Bandar Malaysia. Kami mempunyai kemahiran serta pengetahuan teknikal yang diperlukan untuk melakukan pembangunan infrastruktur berskala besar. Sungguhpun begitu, cadangan masih tertakluk kepada persetujuan, pembatalan atau penerimaan semua pihak yang berkaitan termasuk, pemegang saham Ekovest, jika perlu.

Kami juga telah mengadakan kolaborasi strategik bersama dengan China Railway Dongfang Group, anak syarikat milik penuh China Railway Group Limited untuk mewujudkan kerjasama pelbagai sudut dan bukan eksklusif dan pengaturan kerjasama strategik yang berkaitan dengan pembinaan, pembangunan, infrastruktur, lapangan terbang dan pelabuhan serta aktiviti pembangunan lain di Malaysia dan di Asia Pasifik ("Kerjasama"). Kerjasama ini membuka peluang bagi Ekovest untuk turut serta meneroka usaha dan projek baru yang memerlukan kepakaran unik di pasaran tempatan mahupun di rantau Asia Pasifik.

Pada 29 September 2020, tarikh ini merupakan salah satu tarikh penting bagi kami yang mana kami telah mengumumkan pengambilalihan saham tambahan di dalam PLS Plantations Berhad (“PLS”). Setelah selesai proses ini, kami akan meningkatkan pegangan saham kami di dalam PLS iaitu kira-kira 57.38% daripada jumlah saham terbitan PLS. Oleh itu, Ekovest berkewajiban untuk memberikan tawaran umum mandatori tanpa syarat ("MGO") untuk memperoleh semua baki saham dan waran PLS yang tidak dipegang oleh Ekovest.

Ini adalah sebahagian daripada usaha jangka panjang kami untuk melebarkan sayap Ekovest supaya menjadi salah satu konglomerat yang lebih besar dengan portfolio perniagaan yang pelbagai. Kehadiran kami di dalam PLS bakal memungkinkan kami untuk menceburkan diri di dalam bidang pengelolaan dan pengoperasian kebun-kebun kelapa sawit dan ladang hutan termasuklah perladangan durian, pengeluaran, pengedaran dan perniagaan yang berkaitan. Ini sejajar dengan strategi jangka panjang untuk memperluas dan mempelbagaikan perniagaan lain untuk mengurangkan kebergantungan terhadap aktiviti-aktiviti perniagaan sediada seperti pembinaan, pembangunan harta tanah dan operasi tol.

Melihat kepada prospek industri durian yang menguntungkan, misalnya permintaan yang semakin memberangsangkan untuk buah durian serta produk yang berkaitan dengan durian di negara China termasuklah prospek yang telah direncana oleh PLS, pihak Lembaga Pengarah berpendapat bahawa sudah tiba waktunya untuk Ekovest meningkatkan pegangan sahamnya di dalam PLS sehingga menjadikan PLS sebagai salah satu anak syarikat milik Ekovest. Ini dilihat mampu memperkukuhkan pendapatan Ekovest di masa hadapan. Milikan serta kawalan berkanun oleh Ekovest terhadap PLS bakal memungkinkan pengukuhan pengaruh Ekovest yang lebih signifikan ke arah perniagaan yang lebih dinamik di masa akan datang.

Sungguhpun pandemik COVID-19 ini telah mengakibatkan ketidakpastian di beberapa segmen perniagaan kami, strategi tumpuan yang telah kami rangka mampu meletakkan kami di landasan yang tepat demi memperolehi manfaat hasil daripada pertumbuhan jangka panjang. Model perniagaan hybrid yang telah kami wujudkan bakal memberi pulangan dari segi nilai bagi pemegang-pemegang saham jangka masa panjang dengan sektor perniagaan seperti pembinaan, pembangunan harta tanah dan konsesi lebuh raya menjadi peneraju utama ke arah pencapaian matlamat tersebut. Model ini mampu menghadkan kesan kitaran ekonomi dan memungkinkan kami untuk memberi keutamaan terhadap perniagaan yang berimpak tinggi, demi meningkatkan margin dan memberikan pertumbuhan pendapatan yang stabil.

## DIVIDEN

Bagi menzahirkan penghargaan terhadap pemegang-pemegang saham kami, Lembaga Pengarah pada tarikh 27 Ogos 2020 telah mengesyorkan dividen satu peringkat sebanyak 0.5 sen sesaham biasa untuk tahun kewangan berakhir 30 Jun 2020. Cadangan ini tertakluk kepada kelulusan para pemegang saham di Mesyuarat Agung Tahunan Syarikat yang akan datang.

## PENGHARGAAN

Saya ingin merakamkan setinggi-tinggi penghargaan yang tulus ikhlas kepada rakan-rakan ahli Lembaga Pengarah di atas sokongan dan komitmen yang telah diberikan selama ini. Juga, tidak terkecuali kepada barisan pengurusan kanan yang telah berkerja tanpa mengenal erti penat lelah demi memastikan Ekovest serta Kumpulannya mencapai ke tahap seperti yang dikecapi hari ini. Serta, tidak dilupai semua warga kerja Ekovest dan Kumpulannya di atas dedikasi dan komitmen yang telah ditunjukkan.

Terima kasih juga kami ucapkan kepada semua pelanggan, rakan niaga, pihak bank, pelbagai agensi Kerajaan dan pihak berkuasa tempatan dalam terus-menerus memberi sokongan serta keyakinan kepada kami dalam menyempurnakan segala hasrat yang telah diamanahkan kepada kami.

Akhir sekali, terima kasih diucapkan kepada pemegang saham yang amat kami hormati di atas kepercayaan, kesabaran dan keyakinan berterusan ke atas Syarikat Kami. Persekitaran operasi kumpulan kami telah dipengaruhi oleh wabak COVID-19 baru-baru ini dan kami sedang menyesuaikan diri dengan keadaan perniagaan yang baharu. Prospek untuk tahun kewangan akan datang akan lebih mencabar dengan kesan ketidakpastian ekonomi global dan pandemik COVID-19 ini.

Walaupun begitu, kami telah menerapkan frasa "Norma Baru" untuk segala perkara yang sedang atau bakal kami dilakukan. Sejak dari itu, kami telah berjaya menyesuaikan diri dengan efisyennya dalam memenuhi kewajipan serta tanggungjawab kami. Lembaga Pengarah kami tetap optimis dalam memberikan hasil kewangan yang positif. Kami akan terus melaksanakan tanggungjawab yang telah diamanahkan kepada kami dan kami akan berusaha untuk menyampaikan tahun kewangan berakhir 2021 yang lebih baik. Diharapkan tahun-tahun yang datang adalah lebih baik DATO' LIM dari tahun sebelum ini bagi Ekovest serta Kumpulannya.

**TAN SRI DATO 'LIM KANG HOO**
**Pengerusi Eksekutif**
28 Oktober 2020

# 执行主席致辞

## 尊敬的股东们，

我谨代表EKOVEST BERHAD董事部，向您提呈截至2020年6月30日财政年的年度报告和集团报告及财务报表。

## 行业趋势

今年因2019新冠病毒在全球肆虐以及马来西亚政府为了防疫而实施行动管制令(MCO)，导致经济生产活动受到限制与需求放缓，也拖累国内生产总值(GDP)在2020年第二季度萎缩17.1%(2020年首季下跌0.7%)。经过季节性调整后的季度对比，我国经济下跌了16.5%(2020年首季下跌2.0%)。

建筑业的产出也减少44.9%(2020年首季下跌6.3%)，原因是土木工程、住宅和特殊贸易领域的建筑活动放缓。因为2019冠状病毒病而实施的行动管制令，影响了建筑活动和消费者需求，因此拖累建筑业持续陷入疲弱。

除农业领域外，所有行业都面临经济成长萎缩。服务业和制造业分别走低16.2%和18.3%。而这当中以旅游为导向的行业录得最严重跌幅，这是因为实施国家边境关闭和禁止旅游的政令，来控制疫情的原因所致。消费指数也因此下跌18.5%。

## 业绩表现

尽管截至2020年6月30日的财政年度(“FYE2020”)充满了变数、波动和挑战，但怡克伟士(Ekovest Berhad，简称“Ekovest”)又交出了收获盈利的年度表现。该结果反映了Ekovest及其子公司(“集团”)在建筑专业知识方面的核心优势，以及进一步提高效率、成本和运营的动力。

# 执行主席致辞

## 业绩表现 (继续)

在FYE2020，Ekovest录得12.68亿令吉的营业额，与截至2019年6月30日的上一财政年("FYE2019")的营业额13.35亿令吉相比，略为下降5.02%。我们的建筑业务贡献了10.49亿令吉，占整体营业额的83%。房地产发展业务带来了3070万令吉或2%，而我们的大道收费站业务则为FYE2020营业额贡献了1.542亿令吉或12%。

集团收入减少，主要是因为大马政府于2020年3月18日为应对2019年冠状病毒病所实施的MCO，导致Duke第三期和生命之河项目的施工进度放缓。同时，如今还在实行当中的复苏式行动管制令(RMCO)，也影响了我们的施工进度，这是因为，最初的停工打乱了整个建筑行业的供应链。因为2019年冠状病毒病而实施的边境管制措施，也影响了我们建筑工地的劳动人手。此外，由于车流量减少，尤其是在2020年3月底至6月中的封城高峰期，因此我们的收费业务也未能幸免。

2020财年的税前盈利("PBT")为9110万令吉，与2019财年报告的2.263亿令吉税前盈利相比有所减少，与营业额的表现相同。

## 战略回顾

对我们而言，FYE2020是充满挑战的一年，在这段期间我们持续专注在迈向增长以及为股东们创造长期价值。我们采取了恰当与审慎的行动，来推动表现和在财务方面保持审慎。凭借着实力、强韧和安稳的企业风险管理之间的良好平衡，我们继续越过重重挑战，以推动及提升集团的各个业务。多年来各项业务所带来的稳定、可靠且能见度良好的盈利，是Ekovest引以为荣的。

在致力于提升建筑业的同时，我们了解到通过交付具备卓越品质的建筑物、道路、公共空间、基础建设与其他建筑区域将有助于推动人类活动发展，这也证明了我们的业务足以创造的广泛影响及价值。

Ekovest董事部正商议由依海控股私人有限公司独家献议收购依海控股在依海-中铁(马)私人有限公司(IWH-CREC)的40%股份，让Ekovest以战略投资者的身份直接参与大马城发展计划。大马城是大马国内乃至本区域最重大的发展计划，若Ekovest能直接参与投资于此项目，这将有机会增加Ekovest未来的建筑订单。我们拥有相对成熟的技术及科技来承办这庞大的发展计划。然而，这项提案还需获得股东们与有关单位的批准及同意。

## 战略回顾 (继续)

于此同时，我们也与中国中铁集团的全资子公司，中铁东方国际集团（China Railway Dongfang Group）签署了战略合作协议，建立一个广泛及多角度战略合作方案，在建筑，开发，基础设施，机场，港口与其他在马来西亚和亚太地区的合作。这项合作将有助于Ekovest在开拓本地亚太地区市场，也能进一部参与及探索新事业板块和培养新计划所需要的独特专长。

于2020年9月29日，我们宣布收购PLS Plantation Berhad(PLS)股权增加。交易完成后，我们将增加在PLS的控股权至57.38%。相应的，Ekovest有义务进行强制性全面收购建议以获取PLS剩余的股份及凭单。

这是我们Ekovest策略转型的一部分，让Ekovest成为更为广大的上市企业集团及往更多元化业务发展，也让企业有更大的投资组合。参与在PLS能使我们进入种植业的管理与运作如榴莲种植，生产，分销及相关的生意。这符合我们扩大及多元化在其他的领域里长远策略，以减少我们对目前的建筑业，发展业及高速大道经营业务的依赖性。

虽然目前的疫情给我们的一些业务带来了不确定性，但我们的策略重点将促使我们从长期增长中获益。我们多元综合的业务模式，能够得益于建筑、房地产发展和高速大道经营各个业务的优势，从而为股东们创造长期的价值。这种模式能够抵御经济周期发展所带来的冲击，并有助我们优先专注在高品质的业务，以提高赚幅并录得规律与稳定的营业额增长。

## 股息

为了表明我们为股东们带来回报的承诺，董事部已在2020年8月27日建议，在截至2020年6月30日的财政年度派发每股0.5仙的单层股息。这项提案将在公司来临的年度股东大会上，寻求股东们的通过。

# 执行主席致辞

## 致谢

我要向其他的董事部成员致上最真诚的谢意，感谢他们的支持、投入与贡献，还有我们不辞劳苦、致力于推动集团迈向新高峰的管理层。我也向所有Ekovest集团的员工表达我的谢意，感谢他们的奉献与付出。

我也感谢我们所有的客户、商业伙伴、银行家与各个政府及地方政府，感激他们持续不断的支持，还有信任集团能够完成所托付项目的能力。 最后，感谢我们尊贵的股东们对我们公司所给予的信任、耐心和持续的信心。集团的经营环境受到了最近爆发的2019冠状病毒病疫情所影响，而我们也正在对新常态底下的经商模式做出调整与适应。在2019冠状病毒病的余波及充满不确定氛围的全球经济环境中，下一个财政年的前景依然会充满挑战。尽管如此，集团已经接受了“新常态”，并对此在履行我们的业务义务方面进行了实际有效的调整。对于取得正面的财务业绩，董事部还是保持乐观的态度。我们对于您所给予的信任负上最高的责任，我们会努力在财政年度2021交出更好的表现。我们也放眼Ekovest集团在接下来迈向一个非常精彩的一年。

**丹斯里拿督林刚河**
执行主席
2020年10月28日

# MD MANAGING DIRECTOR'S STATEMENT

The last financial year has been a challenging year for the global economy and the COVID-19 pandemic has changed not only our daily lives but has also forced us to evolve and change our perception on the way we do business. Adapting to the new normal and understanding the changes in behaviour and trends post COVID-19 is crucial to ensure sustainability of our business. During this time of crisis, we also took the opportunity to explore other businesses and opportunities which will provide long-term synergies and benefits to the Ekovest Group.

The uncertainties surrounding the Malaysian economic landscape did not help either with the implementation of Movement Control Order (**"MCO"**). Nonetheless, we are grateful for the swift response by the Government to mitigate and reduce the social and economic impact of the MCO by launching various economic stimulus and recovery packages. This has provided a foundation which will pave way for investors' confidence to return and help with the economic growth and spill-over effects moving forward. In this regard, we have and will continue to engage with the Government, ministries and agencies on our various innovative and cost-effective solutions and proposals.

Tan Sri Datuk Seri
**Lim Keng Cheng**
Managing Director

## Construction –
## Putting Safety First

Construction have always been the forte of our company and we expect this to be the same in the years to come. We had delivered more than RM8 billion worth of construction projects to clients all across Malaysia and pride ourselves for being one of the most respected construction players in Malaysia. Ekovest has been leading by example to practise Construction Design and Management (**"CDM"**), which widely practiced in the United Kingdom and Europe. CDM is intended to ensure that the health and safety aspect of a construction project is thoroughly evaluated during the design phase. Our Setiawangsa-Pantai Expressway (**"SPE"** or better known as **"DUKE Phase 3"**) is an urban elevated highway designed mainly above existing road reserves with construction work carried out within and above these public roads. Due to this constraint, one of the major challenges was to ensure the safety of the public during the construction phase and this risk was mitigated via alternative designs and construction work method. We have shared this philosophy with other industry players with the hope to implement it for other projects.

During financial year ended 30 June 2020 (**"FYE2020"**), we continued to focus with the projects in hand, namely our DUKE Phase 3 and had also completed the improvement and beautification works at Taman Tasik Titiwangsa, Kuala Lumpur under the Phase 2 of River of Life project.

The implementation of the MCO on 18 March 2020 to contain the spread of COVID-19 had essentially brought construction works to a near standstill for over three (3) months. Subsequent to the opening of the construction sector, there were a host of challenges that needed immediate attention including breakdown in supply chain of construction materials, labour issues, loss of productivity and adapting to new health and safety protocols and Standard Operating Produres (SOPs) as directed by the Malaysian National Security Council. Although the construction progress of the DUKE Phase 3 was severely hampered, we have put in place several measures to expediate work on site. We look forward to delivering the DUKE Phase 3, another infrastructure milestone for Greater Kuala Lumpur, next year. Upon its completion, the alignment of DUKE Phase 3 will complement the existing DUKE Phase 1 and 2 whereby it will serve the North-South travelling route in Kuala Lumpur and will a be viable alternative to the existing federal roads which are congested during peak hours.

## MANAGING DIRECTOR'S STATEMENT

**Construction – Putting Safety First (Cont'd)**

Looking forward, we are still pursuing to secure more infrastructure projects, especially those which we had received approval-in-principal from the Government. We shall continue to look for opportunities and work towards securing more infrastructure and construction orderbook. The potential increase our construction order book from future infrastructure and development in Bandar Malaysia and also from the collaboration with China Railway Group Limited also augurs well for the Group. Nevertheless, the proposed acquisition of 40% of the equity interest held by Iskandar Waterfront Holdings Sdn Bhd ("IWH") in IWH CREC Sdn Bhd ("IWH-CREC") ("Proposal") is still subject to the approval of our shareholders and other waivers or consents of all relevant parties, if necessary.


EKO
CHERAS
MALL

# Property Development – Monitising Opportunities Post Crisis

EkoCheras Mall successfully opened its doors to public on 18 September 2018. Throughout our opening till now, the mall has successfully achieved 81% occupancy to-date and is anchored by reputable tenants such Village Grocer, Golden Screen Cinemas (GSC) together with other tenant categories from Fashion, F&B, Health and Lifestyle such as H&M, LC Waikiki, DeFacto, The Loaf, Sae Ma Eul, Guardian, Caring Pharmacy, Life & Fitness, Manekineko Karaoke and many more.

Despite the current COVID-19 pandemic and the MCO implemented, EkoCheras Mall has been very supportive towards tenants to ensure both tenants and mall management's sustainability with rebates assistance, implementation and adhering to the new SOPs for the safety of all shoppers, tenants and staff. We have also welcomed new tenants which has opened its door since August 2020.

In addition, EkoCheras Mall is part of a mixed development of 3 residence towers consisting of more than 1,500 units, an office tower consisting of 105 units and a hotel tower consisting of 238 rooms, besides enjoying great connectivity via the Taman Mutiara MRT and the MRR2 highway. Subsequently, this also leads to a consistent, growing crowd and demand towards our supply of quality tenants within the mall.

The management is optimistic on the long-term performance of the mall as the EkoCheras development is able to offer an affordable yet comfortable experience and will be the nucleus of Cheras.

# Infrastructure Concession – Long Term Asset In Greater Kuala Lumpur

Our infrastructure concession and toll operation division (i.e. the operation and management of the DUKE toll concession) was not spared from the MCO and traffic volumes during the three (3) months following the introduction of the MCO has temporarily dipped to approximately 20% of the pre-MCO traffic volume. Since mid-June 2020, traffic volumes have steadily increase as more industries and businesses were allowed to open and movement controls were eased. Nonetheless, we still saw an overall decline in traffic volume compared to previous financial year. There are also worries of a second wave of the COVID-19 pandemic, which could result in lower traffic volumes if movement restrictions are reintroduced. We remain optimistic on the long-term prospect and value of the DUKE as the seamless connectivity it provides will see it become an important road link and network for Greater Kuala Lumpur. The long concession period which we have for this urban highway also provide flexibility for potential future monetisation and value enhancements.

The ripple effect of the MCO on the highway industry has also saw us participate in various stakeholders forums with the Government to further outline the overall policies relating to the industry and to highlight to the Government the predicaments faced by concession holders. We believe that the current infrastructure development model adopted by the Government of Malaysia via Private Public Partnership (PPP) is still relevant and will help accelerate future infrastructure needs in Malaysia.

# Management Discussion And Analysis

The total revenue for FYE 2020 stands at RM1.268 billion, which is a decrease of 5.0% or RM1.335 million as compared to previous year. Breakdown on the revenue for the Ekovest Group in financial year ended 30 June 2019 ("FYE 2019") and FYE 2020 is as below:-

| | FYE2020 RM '000 | FYE2019 RM '000 | Variance RM '000 | % |
|---|---|---|---|---|
| Construction | 1,049,475 | 946,352 | 103,123 | 10.9 |
| Property Development | 30,731 | 196,605 | (165,874) | (84.4) |
| Infrastructure Concession | 154,205 | 176,091 | (21,886) | (12.4) |
| Others | 33,870 | 16,130 | 17,740 | 110.0 |
| **Total** | **1,268,281** | **1,335,178** | **(66,886)** | **(5.0)** |

The decrease in the current financial year revenue as compared to FYE 2019 was due to the reduction of rental income from Ekocheras mall as well as the decrease in traffic volume of DUKE highways. The higher construction work done are recognised for the DUKE Phase 3 and the Phase 2 River of Life project during the entire financial year have also mitigated the decrease in revenue contribution from the property development segment and infrastructure concession segment.

Our RM1.4 billion construction outstanding orderbook remains healthy and is able to provide short-term earnings visibility in addition to having an-ongoing incentive agreement with the Government of Malaysia relating to the design of sewage treatment plants project.

The decrease in FYE 2020 revenue contribution from the property development division is due to the completion and hand over of the service apartments in EkoCheras during the FYE 2019. Furthermore, sales of the completed units in EkoCheras were also affected by the weakening economic conditions and the COVID-19 pandemic. Correspondingly, the gross profit for FYE 2020 has decreased as compared to FYE 2019 which is in tandem with the decrease in revenue and due to additional cost incurred and provided for.

The infrastructure concession division registered a lower revenue of RM154.205 million in FYE 2020 as compared to RM176.091 million in FYE 2019. There is a decrease of approximately 12.4% in the toll revenue, largely due to the decrease in the traffic volume from March 2020 to June 2020.

**MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)**

The profit before tax (**"PBT"**) for FYE 2020 stood at RM91.1 million, which is lower than the PBT reported in FYE 2019 of RM226.3 million. This is mainly due to lower revenue contribution from the property development segment and infrastructure concession segment.

From the balance sheet perspective, we have seen an increase in our Concession Assets from RM4.7 billion in FYE2019 to RM5.7 billion in the current year which is due to on-going construction progress of the DUKE Phase 3.

Similarly, we have also seen a decrease in our Investment Funds from RM2.3 billion in FYE 2019 to RM1.6 billion in FYE 2020 and a decrease in Short Term Deposits and Cash and Bank Balances from RM1.5 billion in FYE 2019 to RM832.6 million in FYE 2020. This is mainly due to the utilisation of funds for the construction and financing requirements of our DUKE Phase 3.

Overall, our capital expenditure and working capital requirements were financed from internal generated cash as well as borrowings from financial institutions. Moving forward, we expect this strategy remain largely intact and will continue to look for project financing structure to ensure the borrowings risk is "ring-fenced" and kept at project level. However, we do acknowledge that some of the projects that we participate in, requires the support and financial capability of the Ekovest Group to be commercially viable for all stakeholders.

The gearing ratio of the Group remains low at 0.31 times for the FYE 2020, lower when compared to 0.41 times in FYE 2019. The gearing ratio calculation above have excluded the Islamic Medium-Term Notes and Reimbursable Interest Assistance totalling RM5.7 billion in FYE 2020 and FYE 2019, which was issued to finance the construction of the DUKE highways.

The net assets per share attributable to equity holders as at FYE 2020 had increase 1.09% to RM0.93 from RM0.92 in FYE 2019, which is mainly due to the net profit recorded in FY2020.

Ekovest had on 17 September 2020 announced the second and final tranche of the Private Placement comprising the issuance of 41,000,000 new Ekovest shares, raising an amount of RM20.91 million. This will help improve our balance sheet position and proceeds raised will be utilised for working capital purposes.

# Appreciation

To our customers, clients, bankers, business partners and associates, thank you for the trust and support you have placed in us.

Thank you to all governmental agencies that have assisted and supported us, especially Kementerian Kewangan, Kementerian Kerja Raya, Kementerian Wilayah Persekutuan, Lembaga Lebuhraya Malaysia and Dewan Bandaraya Kuala Lumpur.

I wish to express my most sincere appreciation to my fellow Board members for their support and contributions.

To the management and employees of Ekovest Berhad, this year has been tough and challenging, but rest be assured that your commitment, hard work and perseverance is appreciated and I would like to thank everyone for it. Together we will weather through this storm and come out stronger and wiser.

Last but not least, thank you to our esteemed shareholders for your trust, patience, unwavering commitment and continuous confidence in us. We hold the responsibility that you have entrusted to us in high regard and we shall endeavour to deliver better value for you in the years to come.

**Tan Sri Datuk Seri Lim Keng Cheng**
Managing Director

28 October 2020

# DIRECTORS' PROFILE

## TAN SRI DATO' LIM KANG HOO

EXECUTIVE CHAIRMAN

MALE, AGE 65, MALAYSIAN

TAN SRI DATO' LIM KANG HOO has been on the Board of Directors of Ekovest Berhad since 30 March 1988. He was appointed as Executive Chairman on 22 November 2010. Y.Bhg. Tan Sri Dato' Lim is a businessman with over 41 years of experience in the construction industry and machinery related industry. He started his involvement in the construction industry soon after completing his secondary education, assisting the family construction business. His dynamism and vision coupled with experience saw the companies that he leads grow by leaps and bound. At present, he is the Executive Chairman of PLS Plantations Berhad and Executive Vice Chairman of Iskandar Waterfront City Berhad which are public companies listed on the Bursa Malaysia and also a Director of several other private limited companies. His vast experience in the construction industry had been instrumental to the growth and development of the Ekovest Berhad Group.

## TAN SRI DATUK SERI LIM KENG CHENG

MANAGING DIRECTOR

MALE, AGE 58, MALAYSIAN

TAN SRI DATUK SERI LIM KENG CHENG was appointed as the Managing Director of Ekovest Berhad on 16 May 2011. He has more than 37 years' experience in diverse range of industries which includes building, civil, design and build turnkey construction projects, machinery trading and property development, having started his career immediately after his high school education. He began his career as a director in a private limited infrastructure company and was responsible behind the success of the infrastructure works in Felda Sahabat, Sabah which is twice the size of Singapore. He also steered the construction of the Labuan Financial Park, a world-class offshore financial haven. Soon after, Tan Sri Datuk Seri Lim oversaw several design and build projects namely Universiti Malaysia Sabah (UMS) and Universiti Tun Hussein Onn in Batu Pahat, Johor whereby both projects were completed in time despite the technical and social challenges faced. He also led the design and build project of the Iskandar Coastal Highway, a high profile infrastructure project in Iskandar Malaysia, Johor. With his vast experience in infrastructure projects, Tan Sri Datuk Seri Lim also contributed significantly to the success of the Duta-Ulu Kelang Expressway (DUKE) and was instrumental in the supplemental concession agreement for the extension of the DUKE. He is also the driving force behind Ekovest group role as the project delivery partner for the River of Life project. He is also a strong advocate of the government current push for the Greater Kuala Lumpur to be the country's engine of growth. He was formerly an Executive Director of Iskandar Waterfront City Berhad, a public listed investment holding company with its principal activities in property development, construction and property management services, and was also the former Executive Director cum Chief Executive Officer of Knusford Berhad, a public listed company principally engaged in machinery trading. Tan Sri Datuk Seri Lim also holds directorship in several private limited companies which includes amongst others, Iskandar Waterfront Holdings Sdn Bhd.

## DATO' LIM HOE
EXECUTIVE DIRECTOR

FEMALE, AGE 68, MALAYSIAN

DATO' LIM HOE was appointed as an Executive Director of Ekovest Berhad on 16 May 2011. After completing her secondary school education and several years of working experience, Dato' Lim joined Ekovest Berhad in 1988 and has since risen to the position of Senior General Manager. She has more than 46 years of working experience in various industries, gaining exposure in the field of finance, management, human resource and corporate matters. She is one of the pioneer during the formative years of Ekovest Berhad. She is also a Director of several private limited companies.

## MR LIM CHEN THAI
EXECUTIVE DIRECTOR

MALE, AGE 26, MALAYSIAN

MR. LIM CHEN THAI was appointed to the Board of Directors of Ekovest Berhad on 26 April 2018 as an Alternate Director and became an Executive Director on 25 February 2020. He graduated with a Bachelor of Banking and Finance from Monash University, Australia. He serves the Ekovest Group of companies in various capabilities since joining them in 2018. Besides, he is also an Executive Director of Knusford Berhad.

## MS KANG HUI LING
SENIOR INDEPENDENT AND NON EXECUTIVE DIRECTOR

FEMALE, AGE 48, MALAYSIAN

MS. KANG HUI LING was appointed to the Board of Directors of Ekovest Berhad on 28 February 2005. She holds a Bachelor of Accounting (Hons) Degree from University of Malaya in 1997. She is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Since her graduation, she acquired 4 years of audit experience in one of the big five audit firm. As audit senior associate, she also gained exposure in the field of operational audit and financial due diligence. Subsequently she joined a medium size multinational consultancy firm as the Finance and Admin Manager where she was responsible for establishing and implementing the company's accounting and operating policies and procedures. She is currently a managing director of consultancy firm providing mainly accounting and financial related services to small medium enterprises. She is also an Independent Non-Executive Director of PLS Plantations Berhad.

## MS. LIM TS-FEI

INDEPENDENT NON EXECUTIVE DIRECTOR

FEMALE, AGE 57, MALAYSIAN

MS. LIM TS-FEI was appointed to the Board of Directors of Ekovest Berhad on 16 May 2013. She graduated with a Degree in Bachelor of Law from the University of Hull, England and was called to the English Bar as a barrister in 1988. Upon her return to Malaysia, she commenced her chambering with Chye, Chow, Chung & Co., a legal firm in Kuala Lumpur. She was called to the Malaysian Bar in 1989 and continued to practise as a legal assistant in the same firm for eight years. She is presently a partner of the firm.

## MR. CHOW YOON SAM

INDEPENDENT NON EXECUTIVE DIRECTOR

MALE, AGE 74, MALAYSIAN

MR. CHOW YOON SAM was appointed to the Board of Directors of Ekovest Berhad on 16 May 2013. He graduated with a Bachelor of Engineering Degree (Civil) Hons from the Universiti Malaya in 1971. He was a member of the Institute of Engineers Malaysia and Board of Engineers Malaysia. During his tenure with Felda, he was the Project Engineer on design and construction of Felda oil palm mills and rubber factories. Subsequently he was the Deputy Director of engineering involved in administration and management of Felda development projects. In 1990 to 1994 he was Project Consultant and Project Manager for Felda joint venture projects. In Felda Ekovest Sdn Bhd he was the Senior General Manager from 1994-2004. He was also an Independent Non Executive Director of Iskandar Waterfront City Berhad from 2013 to 2016. He is currently an Independent Non Executive Director of PLS Plantations Berhad.

## MR. LEE WAI KUEN

INDEPENDENT NON EXECUTIVE DIRECTOR

MALE, AGE 54, MALAYSIAN

MR. LEE WAI KUEN was appointed to the Board of Directors of Ekovest Berhad on 7 October 2013. He holds a Law Degree from London University and MBA Degree from Heriot-Watt University. He was an Executive Director of Protech Yu (Asia) Sdn Bhd, subsidiary of Goldis Berhad from 2007 to 2010. He was involved in the day to day operation of the aquaculture business, in charge of farm development, farm operating and marketing. Prior to his involvement in the aquaculture industry, he was attached with Bumi Hiway & Selia Group of Companies as Head of Legal Department. He has more than 29 years of legal and corporate experience in companies involved in the field of property development, construction and road concession. He is currently the Executive Director of Aqua Genesis Sdn Bhd which is involved in the aquaculture and supply chain for quality seafood. He is also an Independent Non-Executive Director of Knusford Berhad.

## DR. WONG KAI FATT

INDEPENDENT NON EXECUTIVE DIRECTOR

MALE, AGE 73, MALAYSIAN

DR. WONG KAI FATT was appointed to the Board of Directors of Ekovest Berhad on 16 May 2013. He graduated with a Bachelor of Medicine, Bachelor of Surgery from the University of Singapore in 1972. He worked in Johor Bahru General Hospital and Ipoh General Hospital for three years before venturing into his own private practice in Kuala Lumpur.

## MR. WONG KHAI SHIANG

ALTERNATE DIRECTOR TO DATO' LIM HOE

MALE, AGE 41, MALAYSIAN

MR. WONG KHAI SHIANG was appointed to the Board of Directors of Ekovest Berhad on 27 February 2014. He obtained a Bachelor Degree in Civil Engineering from University of Birmingham, United Kingdom in 2000. He has 20 years' experience in the construction and property development industry. Upon graduating, he began his career with Ekovest Group as an Engineer. He is currently the Head of Sales and Marketing of Ekovest Group's property division.

## MR. LIM DING SHYONG

ALTERNATE DIRECTOR TO TAN SRI DATUK SERI LIM KENG CHENG

MALE, AGE 32, MALAYSIAN

MR. LIM DING SHYONG was appointed to the Board of Directors of Ekovest Berhad on 27 February 2014. He graduated with a Bachelor of Engineering in Engineering with Business Management and a Master of Science in Robotics from King's College London. Upon graduating, he entered the Ekovest Group as a Project Engineer since 1 February 2012. He is involved in the planning, design and construction of the extension of Duta-Ulu Kelang Expressway (DUKE 2 & 3) and in Ekovest – MRCB Construction Sdn. Bhd., which has been appointed as the Swiss Challenge Contractor for the proposed improvement and beautification works at Precinct 7 under the River of Life project. He has been involved in the sales and marketing activities as well as mall operations of EkoCheras, Ekovest's maiden property development project in Cheras. He is also a Director in Ekovest Project Management Sdn. Bhd. and is currently involved in the day to day operation of the highways business, in charge of highways development, highways operating and marketing.

### CONFLICT OF INTEREST

There is no conflict of interest between the Directors and the Group except for the related party transactions where the Directors have interest, as disclosed in the Note 44 of the Financial Statements.

### CONVICTION FOR OFFENCES

None of the Directors have been convicted for any offences (except traffic offences) within the past 5 years or any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

### FAMILY RELATIONSHIP

No Director has family relationship with other Directors or major shareholders except for:

Tan Sri Dato' Lim Kang Hoo is a brother to Dato' Lim Hoe, father of Lim Chen Thai, uncle to Tan Sri Datuk Seri Lim Keng Cheng and Mr Wong Khai Shiang and granduncle to Mr Lim Ding Shyong. He is also a major shareholder in Ekovest Holdings Sdn Bhd.

Dato' Lim Hoe is a sister to Tan Sri Dato' Lim Kang Hoo, mother of Mr Wong Khai Shiang, aunt to Tan Sri Datuk Seri Lim Keng Cheng and Mr Lim Chen Thai and grandaunt to Mr Lim Ding Shyong.

Tan Sri Datuk Seri Lim Keng Cheng is a nephew to Tan Sri Dato' Lim Kang Hoo and Dato' Lim Hoe, father of Mr Lim Ding Shyong, cousin to Mr Wong Khai Shiang and Mr Lim Chen Thai.

Mr Lim Chen Thai is a son to Tan Sri Dato' Lim Kang Hoo, nephew to Dato' Lim Hoe, cousin to Tan Sri Datuk Seri Lim Keng Cheng and Mr Wong Khai Shiang, uncle to Mr Lim Ding Shyong.

Mr Lim Ding Shyong is a son to Tan Sri Datuk Seri Lim Keng Cheng, grandnephew to Tan Sri Dato' Lim Kang Hoo and Dato' Lim Hoe and nephew to Mr Wong Khai Shiang and Mr Lim Chen Thai.

Mr Wong Khai Shiang is a son of Dato' Lim Hoe, a nephew to Tan Sri Dato' Lim Kang Hoo, cousin to Tan Sri Datuk Seri Lim Keng Cheng and Mr Lim Chen Thai and uncle to Mr Lim Ding Shyong.

# KEY SENIOR MANAGEMENT

## MR. THAM BENG CHOY
CHIEF EXECUTIVE OFFICER
CONSTRUCTION

MR. Tham Beng Choy, male, aged 60, Malaysian, joined Ekovest Group in 1997 and was appointed as Chief Executive Officer (Construction) in 2016. He was involved in overseeing construction projects undertaken by the Group such as Duta-Ulu Kelang Expressway (DUKE), DUKE Phase 2, Ministry of Education Buildings in Putrajaya, Shapadu Highway and currently, Setiawangsa-Pantai Expressway (SPE). He has more than 34 years of experience in construction industry and was involved in the construction of roadworks, bridges, drainage & utilities, airport, pipelines & storage tanks, pumphouse, administration buildings and others. He graduated with a Bachelor of Civil Engineering with high distinction from Carleton University, Canada in 1985. He is a member of the Hong Kong Institution of Engineers and the Institution of Civil Engineers, UK.

## ENCIK ZULKHANINE BIN SHAMSUDIN
GENERAL MANAGER
CONSTRUCTION

Encik Zulkhanine Bin Shamsudin, male, aged 59, Malaysian. Graduated from Universiti Teknologi Malaysia and holds Bachelor Degree in Civil Engineering. He joined Ekovest Group since 1994. After 14 of his excellent years, the group had appointed him as the Head of Department in 2008. As a civil engineer who has more than 36 years of experience, his involvements in the construction industry cuts across works i.e. infrastructure, civil, building, river engineering, river beautification including as the Project Delivery Partner to the Government for River of Life (ROL) project. To-date, he had helmed jobs worth of more than RM 3.0 billion both in public and private sectors. Projects that he had oversaw among other the construction of new housing scheme for FELDA settlers located in Negeri Sembilan, Pahang and Johor, construction of hospital in Muar, construction of Putrajaya Road Package R3 and construction of Dewan Perdana FELDA. He also had successfully lead the team to complete the design and built project values of RM 800 million, for the construction of Universiti Tun Hussien Onn Malaysia, comprising of academia buildings, library, hostels, main halls and infrastructure works. For river works, he had managed and coordinated remarkably the river beautification and enhancement works surroundings the iconic places of Kuala Lumpur i.e. St. Mary's Cathedral, Leboh Pasar Besar, Dataran Merdeka, Bangunan Sultan Abdul Samad, Panggung Bandaraya, including exuberant water fountain and the lightings system located at Masjid Jamek for the Greater Kuala Lumpur / Klang Valley projects. The projects of which have elevated the image of Kuala Lumpur as one of the top 10 best water district in the world.

## MR. LOH PAK CHUN
GENERAL MANAGER
HIGHWAY CONCESSIONAIRE

MR. Loh Pak Chun, male, aged 58, Malaysian, joined Ekovest Group in year 2009. He was involved in overseeing the construction projects in Johor Bahru and also involved in the construction of PLUS Fourth Lane Widening Project. In year 2015, he was transferred to Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd, a subsidiary of Ekovest Berhad. At present, he is the General Manager in charge of highway operation and maintenance of Duta Ulu-Kelang Expressway (DUKE). He has more than thirty years of experience in the construction industry & civil engineering. He graduated with a Bachelor of Science in Civil Engineering from Memphis State University, Tennessee, USA. He is a member of Institute Engineer Malaysia.

# KEY SENIOR MANAGEMENT

## MR. M.G. MENON
### CHIEF EXECUTIVE OFFICER
### FOOD & BEVERAGE

M. G. Menon, male, aged 60, Malaysian, joined Ekovest Group in January 2019 as CEO (F&B). He was involved in overseeing the re-opening of The Loaf outlets in Langkawi and Klang Valley. He has 35 years of experience in sales & marketing, human resource, front office, food & beverage, ISO audit, finance management, training providing, pre-opening of hotels, running F&B outlets, fit-out at malls and operating the mall business.

He graduated with a Bachelor of Pharmacy Degree from Kasturba Medical college, Manipal, India and used his experiences in both pharmaceutical industry and in the hospitality industry by incorporating best practises and good management abilities. His major accomplishments include restructuring a pharmaceutical company in Nigeria from the brink of closure to a fully operational company and establish the first Good Management Practise Factory in Malaysia for a Taiwan based company. He has worked in the hospitality and tourism industry for 15 years from Director of Sales to being a General Manager of Boutique Hotel in Bali, Indonesia and opening a new boutique hotel for another company in Bali, Indonesia and currently in charge of The Loaf in Malaysia under DUKE Dinings Sdn Bhd.

At present, he is continuing to look at expansion of The Loaf and in the process of acquiring more F&B franchise that will do well in Malaysia being a food haven. Most recent is a joint venture opening of Saemaeul Korean BBQ at food district in EkoCheras Mall.

## MS. JENNIFER KUEK
### HEAD OF ASSETS MANAGEMENT
### EkoCheras Mall

MS. Jennifer Kuek, female, aged 38, Malaysian, joined Ekovest Group in June 2017 as General Manager, Business Development and was appointed as Head of Assets Management in September 2018. She was involved in overseeing the development of EkoCheras. She has more than 12 years of experience in travel luxury retail and downtown luxury retail since her time in Singapore, London and Malaysia. She graduated with a Masters in Business Administration (MBA) in year 2003. She is a member of the Persatuan Pengurusan Kompleks (PPK) Malaysia as well as the Malaysia Retailers Association (MRA). Presently, she is taking charge of EkoCheras Mall.

## MS. LIM SOO SAN
### CHIEF FINANCIAL OFFICER

MS. Lim Soo San, female, aged 50, Malaysians, was appointed as Chief Financial Officer of Ekovest Berhad in 2005. She holds a Bachelor of Accounting Degree from RMIT University, Melbourne, Australia and a Master in Business Administrative majoring in Finance from University of Hull, England. She is member of CPA Australia and the Malaysian Institute of Accountants. She has more than 22 years' experience in accounting and corporate finance areas. Her career includes 5 years stay with a leading accounting firm before joining Ekovest Berhad.

**Conflict of interest**

There is no conflict of interest between the Key Senior Management and the Group except for the recurrent related party transactions where the Key Senior Management have interest, as disclosed in the Note 44 of the Financial Statements.

**Conviction for offences**

None of the Key Senior Management have been convicted for any offences (except traffic offences) within the past 5 years or any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

**Family Relationship**

No Key Senior Management has family relationship with other Directors or major shareholders.

# SUSTAINABILITY STATEMENT

**Despite the challenging business environment, we remain focused in achieving our sustainability aims. Towards this end, we are pleased to report our contributions and activities undertaken during the financial year in continuing this journey.**

## KL 2040 STRUCTURE PLAN

The KL 2040 Draft Structure Plan (PSKL2040) was launched on 18 February 2020 by Federal Territories Ministry and Kuala Lumpur City Hall (DBKL). The vision of PSKL2040 is to make KL an innovative and productive, inclusive and equitable, healthy and vibrant, climate smart and low carbon, efficient and environmentally friendly mobility, integrated and sustainable development - encompassing the social, economic, living environment, natural environment and physical planning aspects city for all.


In order to achieve this vision, PSKL2040 emphasises the need to find a balance in city planning, which involves the integration of land usage with infrastructure plan, transportation, affordable housing development, jobs, public amenities, as well as to maintain the environment and greenery in the city.

The public was given the opportunity to contribute their ideas and feedback on the PSKL2040 and at Ekovest, we have actively participated in this public engagement exercise with DBKL. We had shared our ideas and vision in achieving sustainable cities and communities with focus on low carbon, efficient and environmentally friendly mobility, integrated and sustainable development through traffic dispersal system and new phase of River of Life initiatives.

## TRAFFIC DISPERSAL SYSTEM

The growth rate of motor vehicle ownership far exceeds the growth rate of urban road areas, resulting in greater traffic congestion. Ekovest have proposed numerous traffic dispersal schemes to ease and relief highly congested road like Federal Highway, Jalan Loke Yew, Jalan Kelang Lama, Jalan Sultan Yahaya Petra, Jalan Genting Kelang and Kampung Bharu. Our Duta-Ulu Kelang Expressway Phase 1 and 2 ("DUKE Phase 1 & 2") and the Setiawangsa-Pantai Expressway ("SPE") will help alleviate this issues.

In order to add further value to this traffic dispersal system and provide solution to scarcity of lands in city centers, Ekovest has shares its vision and ideas under the PSKL2040 to maximize the use of lands under the DUKE Phase 1 & 2 Right-of-Way ("ROW"). This is an innovative approach to optimise, redevelop and monetise idle lands along the alignment of the expressway. Some of the potential usages for ROW include integrating large scale developments as well as providing space for retail outlets, green area, playground, parking and sporting facilities for the public to enjoy.

*Figure 1: Proposed Potential Batu Development – Maximizing the usage of land at our existing Batu Toll under the DUKE Phase 1. Mixed developments are planned on top of the existing toll plaza which provides easy access and connectivity while providing a solution for land scarcity in city centers.*


*Figure 2: Conceptual Development Under the Highway Structure – Maximising Idle Land along the ROW*

## PHASE 2 OF RIVER OF LIFE

Phase 2 of River of Life project involving improvement and beautification works at Taman Tasik Titiwangsa, Kuala Lumpur. To enhance the visual setting of the said park, wide-ranging trees have been introduced in order to redefine the spaces to look greener and natural. A number of public amenities, including benches, picnic tables, jogging tracks, trash cans, playground and exercise equipment, have been added in to improve the well-being of the city dwellers.

In addition, a new feature introduced by Ekovest at Taman Tasik Titiwangsa is the "Banjaran Canopy Walkway", where visitors can enjoy walking beside the canopies with surrounding mist, diffuses from the sides of the walkway to bring the ambience of highland forests. The small stream located right below the Banjaran Canopy Walkway also uses the boulders from construction waste. To further ease future replacement and maintenance, all materials used are made locally.

In addition, Ekovest has also proposed to enhance connectivity between recreational nodes (i.e. connectivity between the 2.2km Gombak River, Puah Pond and Taman Tasik Titiwangsa) in order to create a new world class tourist destination. This proposal is designated as a sustainable re-development project that will promote river basin management which will bring benefits for all committees, economies and biological processes in these river basins and also mitigate flooding risk in the city center.

## SUSTAINABILITY DEVELOPMENT GOALS ("SDG")

One of our six identified SDG is Good Health and Well-being. At Ekovest, we continue to maintain our good record on health and safety. As at 30 June 2020, our on-going SPE highway construction has operated 12.7 million hours without loss time injury.

Our SPE is an urban elevated highway designed mainly above existing road reserves. Therefore, one of the major challenges during construction was to ensure the safety of the public road users as construction work is carried out within and above these public roads.

In order to overcome this challenge, management has adopted and applied Construction Design and Management ("CDM"), which is a widely practiced approach in the United Kingdom and Europe. CDM is intended to ensure that the health and safety of the project is carefully considered at the design phase. To overcome the risk of precast panel collapsing, our SPE team changed the design of the parapet wall from precast to cast in situ and enhanced the safety by using the safety platform used earlier for the casting of the deck slab and until the parapet wall is completed. We had shared this idea with other industry player and it hope it's widespread acceptance and implementation will reduce the risk to the road users when passing by the construction areas.

## OUR PAST RECORD OF KEY ACHIEVEMENT

In addition to the above and as reported previously, we have assessed and adopted six (6) relevant SGD goals to our business based on a materiality assessment approach. Following are our record of key achievement for these six (6) goals:

### GOAL: GOOD HEALTH AND WELL-BEING
**Ensure healthy lives and promote well-being for all at all ages.**

**Achievement**

- Providing medical free flu vaccinations to employees annually
- An ISO14001 and ISO18001 certified organisation under Environmental and Occupational Safety and Health Management Systems.

### GOAL: QUALITY EDUCATION
**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.**

**Achievement**

- Implemented the Ekovest Graduate Attachment Programme ("EGAP") programme.

### GOAL: CLEAN WATER AND SANITATION
**Ensure availability and sustainable management of water and sanitation for all.**

**Achievement**

- Completed Sullage Water Treatment Plant (SWTP) project, located at Masjid Jamek. The treated water is being used for water fountains and the blue corridor (Kolam Biru).
- Implemented filtration and treatment system in Kolam Biru Project to ensure the water that flows inside the river is clean, healthy and able to use as alternative water resources and for recreational activities as well as to protect and restore water related ecosystem.

## OUR PAST RECORD OF KEY ACHIEVEMENT (CONT'D)

In addition to the above and as reported previously, we have assessed and adopted six (6) relevant SGD goals to our business based on a materiality assessment approach. Following are our record of key achievement for these six (6) goals: (Cont'd)

### GOAL: AFFORDABLE AND CLEAN ENERGY
**Ensure Access to affordable, reliable, sustainable and modern energy for all.**

**Achievement**

- Created alternative design of Sewage Treatment Plants in Bunus & Batu, that allows the use of renewable energy, which has resulted in lower operating cost.
- Installed solar panels in toll plaza and MRT walkway at our EkoCheras project to promote renewable energy.

### GOAL: SUSTAINABLE CITIES AND COMMUNITIES
**Make cities and human settlements inclusive, safe, resilient and sustainable.**

**Achievement**

- Contributed to the KL Transport Masterplan in building seamless connectivity between public and private transportation system.
- Constructed a covered walkway to ensure safe connection from the Ekovest Mall to the MRT station.
- Applied stringent construction methods to ensure that historical buildings such as Bangunan Sultan Abdul Samad, Masjid Jamek, the High Court Building and Royal Textile Museum are not affected. In addition, the rehabilitation of the area was also designed to ensure that the heritage aesthetic restoration remains intact during the construction work around Precint 7 area (from Masjlid Jamek to Central Market area).
- The design of Bunus Sewage Treatment Plants project has resulted not only in cost savings, but also in more efficient land use and lower operating expenses for the Government.
- Provided greenery elements and disabled / the elderly facilities in EkoCheras which will be implemented for other projects.

### GOAL: PARTNERSHIPS FOR THE GOALS
**Strengthen the means of implementation and revitalise the partnership for sustainable development.**

**Achievement**

- Collaborated with CIDB task force and technical committee to develop Sustainable INFRASTAR, a sustainability rating tool for infrastructure projects.

With respect to the corporate social responsibilities, the Group continues to uphold its values of good corporate citizenship and committed to its three pillars of Corporate Social Responsibility ("CSR") initiatives on Education, Community, Employee & Sustainability. This CSR approach has been a mainstay in our company policy, and each year, becomes more and more significant. Following are the activities and programs carried out in financial year 2020:

CSR WITH SEKOLAH BIMBINGAN JALINAN KASIH 19 Nov 2019

1 2 { FROM LEFT TO RIGHT } 3

1. Ekovest handling over cheque to Pusat Latihan KOR Polis Tentera Diraja (PULAPOT) in conjunction of anniversary celebration.

2. Ekovest Berhad has donated 200 boxes of mineral waters and hand sanitizers to Dewan Bandaraya Kuala Lumpur in addressing the COVID-19 outbreak. We hope that this would provide sufficient assistance to lessen the burden during this unprecedented and challenging times.

3. Ekovest handling over cheque to Sekolah Kebangsaan Klang Gate in conjunction of upon Hari Raya Aidiladha 2019.

# CSR CONTINUED

**Donation to Sekolah Bimbingan Jalinan Kasih**
Ekovest handling over goodies bag to puplis at Sekolah Bimbingan Jalinan Kasih on November 2019 in hope to bring joy and happiness to the kids.

4. **Surau and Masjid donation**
Ekovest handling over cheque to mosque and "Surau" in conjunction of Hari Raya Aidiladha 2019.

4

5

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5. **Donation to Ministry of Finance and Secretary General of Treasury Office**
Ekovest Berhad has donated disposable face mask to Ministry of Finance (MOF) officials and Secretary General of Treasury Office. We strongly believe these respective entities are imperative towards Malaysia economic wellbeing as it provide the key force of essential continuity on nation's financial development and growth moving forward.

6. **Mask Distribution to Road Users**
Ekovest staffs distribute free face mask to road users on July 2020 to create awareness among public on importance of mask wearing in an effort to curb spreading of COVID-19.

**Free RFID installation @ Ekocheras Mall**
Ekovest install free RFID for registered car owners on August 2019.

**Free drinks to Road Users**
Ekovest staffs distribute free drinks to road users on January 2020 relieve their tiredness upon long travelling hours during festive seasons.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance ("CG") Overview Statement is presented in accordance to paragraph 15.25(1) and the provisions in the Practice Note 9 of the Main Market Listing Requirement ("MMLR") and provides an overview of the key corporate governance practices of the Group during the financial year.

In addition to this CG overview statement, the Board has provided specific disclosures on the application of each Practice in its Corporate Governance Report ("CG Report") together with the Annual Report of the Company. Shareholders may obtain this CG Report by accessing to Company's website for further details and are advised to read this CG overview statement together with the CG Report.

In all material aspect, the Company being a Large Company as defined in the Malaysian Code on Corporate Governance ("MCCG") has complied with the Principles and Practices as set out in the MCCG. The explanation for the significant departures of the MCCG practices are reported in the announced CG Report with respect to Practices 4.3 on Board Policy to limit the tenure of Independent Directors to nine (9) years; Practice 11.2 on the adoption of integrated reporting; and Practice 12.3 for exploring technology to facilitate voting in absentia and remote shareholders' participation on General Meeting.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

Principally, the responsibilities of the Board cover strategic plan, oversight of management performance, promote good governance, risk management, succession planning, investor relation and corporate reporting of the Group.

The roles of the Executive Chairman and Group Managing Director are assumed by different Directors. Principally, the Executive Chairman is responsible for leading the strategic direction of the Group while the Group Managing Director executing and managing the business and operations in the Group.

The executive roles of the Chairman enable the Executive Chairman to align the interest of the board, management and shareholders for maximising shareholders' wealth. Nonetheless, in order to safeguard the interest of minority shareholders, the Board comprises majority Independent Non-Executive Directors to enable greater weight of expression of objective and independent views in the board conducts and meetings.

The Board is supported by a qualified and competent Company Secretary. The Company Secretary advises the Board, particularly on the compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.

All Directors have unrestricted access to the advice and services of the Company Secretary and senior management and may seek independent professional advice, at the Company's expense, when necessary, in furtherance of their duties. External advisers may also be invited to relevant Board meetings to furnish the Board with explanations and comments on the relevant agenda items tabled at Board meetings or to provide clarification on issues that may be raised by any Directors.

In conjunction with the introduction of S17A of the Malaysia Anti-Corruption Commission ("MACC") Act 2009, the Board had reviewed and updated its Board Charter and Code of Conduct and Ethics and Whistleblowing Policy during the financial year and incorporated the following new responsibilities on prevention of corruption. In addition, the Group has developed and implemented new framework on anti-corruption covering the Anti-Corruption Policy and Framework, the Anti-Bribery & Gratification Guidelines, the on-boarding screening process and contractual safeguards.

Separately, in order to provide greater comfort to whistle-blowers about the confidentiality of information and identity reported, the Board has assigned the administration of the whistleblowing reporting channel to Internal Audit function. The Board did not receive any complaint from whistleblower during the financial year.

The Board Committees namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee ensure that greater objectivity and independence are provided in the deliberations of specific agenda. The Chairpersons of the respective Board Committees would report to the Board during the Board meetings on matters deliberated in the respective Committees and their proposed actions and recommendations. The ultimate responsibility for the final decision on all matters deliberated at Board Committees are rested with the Board.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

The Board meets at least every quarter and other meeting is convened as and when necessary. All the proceedings at the Board meetings are properly recorded and confirmed by the Board members before being signed by the Executive Chairman. The Board had devised a schedule of matters that shall be reserved for Board's approval covering, inter alia, the acquisition and disposal of major assets, investment in projects, and corporate exercises which are under the purview of the Bursa Securities or the Securities Commission Malaysia.

During the financial year under review, a total of 7 Board meetings were held and the record of attendances of the Directors is as follows:

| Name of Directors | Total Meetings Attended |
|---|---|
| Tan Sri Dato' Lim Kang Hoo | 4/7 |
| Tan Sri Datuk Seri Lim Keng Cheng | 7/7 |
| Dato' Lim Hoe | 6/7 |
| Lim Cheng Herng* | 4/6 |
| Kang Hui Ling | 7/7 |
| Lim Ts-Fei | 7/7 |
| Chow Yoon Sam | 6/7 |
| Dr. Wong Kai Fatt | 7/7 |
| Lee Wai Kuen | 7/7 |
| Lim Chen Thai** | 2/2 |

Note
* *Resigned with effect from 25 February 2020.*
** *An Alternate Director to Tan Sri Dato' Lim Kang Hoo from 10 April 2018 to 24 February 2020 and designated as Executive Director with effect from 25 February 2020.*

The Board recognises the importance to path the way for sustainable growth in the next phase. On this note, during the financial year the Board has explored, identified and evaluated several new investments together with the financial, legal and other professionals.

The Company Secretary updates the Board regularly on any changes to the statutory, corporate and regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors. Also, the External Auditors will brief the Board on changes to the Financial Reporting Standards and Malaysian Financial Reporting Standards that affect the Group's financial statements. In addition, the Board members also attend formal trainings to continuously enhancing their skillsets and knowledge. Details of trainings attended by the Directors during the financial year as follows:

| Name of Directors | | Trainings Date |
|---|---|---|
| Tan Sri Dato' Lim Kang Hoo | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| Tan Sri Datuk Seri Lim Keng Cheng | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| Dato' Lim Hoe | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

The Company Secretary updates the Board regularly on any changes to the statutory, corporate and regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors. Also, the External Auditors will brief the Board on changes to the Financial Reporting Standards and Malaysian Financial Reporting Standards that affect the Group's financial statements. In addition, the Board members also attend formal trainings to continuously enhancing their skillsets and knowledge. Details of trainings attended by the Directors during the financial year as follows: (Cont'd)

| Name of Directors | Trainings | Date |
|---|---|---|
| Lim Chen Thai | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| Kang Hui Ling | Bursa Malaysia Thought Leadership Series Sustainability Inspired Innovations : Enablers of the 21st Century | 23.09.2019 |
| | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| Lim Ts-Fei | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| Chow Yoon Sam | Demystifying The Diversity Conundrum : The Road to Business Excellence | 15.08.2019 |
| | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| Dr. Wong Kai Fatt | Corporate Liability Act - Defense Mechanisms for Management & the Company | 14.05.2020 |
| Lee Wai Kuen | Demystifying The Diversity Conundrum : The Road to Business Excellence | 15.08.2019 |
| | Bursa Malaysia Thought Leadership Series Sustainability Inspired Innovations : Enablers of the 21st Century | 23.09.2019 |
| | Bursa Malaysia Diversity Xperience | 02.10.2019 |
| | Session On Corporate Governance & Anti-Corruption | 31.10.2019 |
| | Corporate Liability Act - Defense Mechanisms for Management and theCompany | 14.05.2020 |

### II. BOARD COMPOSITION

The current composition of the Board comprises of qualified and experienced individuals and their combined expertise and business experience provides insights and diversity of perspective to lead the Group. The profiles of the members of the Board are set out on pages 28 to 31 of this Annual Report.

As at the date of this statement, the Board has nine members and two alternative directors. Four of the nine members are executive members i.e. an Executive Chairman, a Managing Director and two (2) Executive Directors. The remaining five members are Independent Non-Executive Directors constituting the majority members in the Board.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

In accordance to Board Charter, the maximum tenure of an Independent Non-Executive Director shall not exceed the cumulative term of nine (9) years from the date of first appointment as Director or upon the expiry of the on-going term of appointment as Director whichever is the later. Any extension beyond nine (9) years will require Board justification and shareholder approval unless the said Director wishes to be re-designated as non-independent non-executive Director which shall be decided by the Board. Two tier voting process will be applied for retaining an Independent Director beyond twelve (12) years. A resolution was put to vote in the last AGM and the result was to retain Ms. Kang Hui Ling who have served the Board as an Independent Director for 15 years. Going forward, the Board will adopt and formalise its policy to limit its independent directors to nine (9) years by 2022.

When identifying candidates for appointment of Director, the Nomination Committee will consider recommendations from existing Board Members, management, major shareholders and third-party sources before recommending to the Board for further deliberation.

The appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

During the financial year under review, the Nomination Committee carried out a review on the composition of the Board, the performance of the Board, Board Committees and individual Directors and the independence status of Independent Directors. The evaluation was conducted based on the result complied from self-assessment form completed by all Directors.

Overall, the Board is satisfied with the performance and effectiveness of the Board and Board Committees. The Board concluded that the composition of the Board members is made up of individual with mix of skills, experiences and competencies, appropriate qualification for leading the Group and individually, each Board members has also performed and contributed to the Board and Board Committees effectively.

The Independent Directors conducted a self-assessment and declared that they have met the criteria for independence set out in Chapter 1 of the MMLR and they continue to be able to exercise independent judgement and to act in the best interest of the Company.

Apart from the annual performance self-assessment, during the financial year, the Board has engaged a human resource consulting firm to conduct an independent assessment on the board and individual director performance. The assessment was completed and recommendations for improvement were identified and presented to the Board.

### III. REMUNERATION

The Board has defined its remuneration policy in its Board Charter which provides that all Executive Directors and Senior Management shall be remunerated based on the Group's and individual's performances, market conditions and their responsibilities, whilst the remuneration policy for Independent Director emphasises fair remuneration based on their experience, level of responsibilities, special skills and expertise as well as to avoid creating conflicting of interest with their responsibility for bringing objective and independent judgement to the Board.

The determination of Directors' remuneration is subject to Board's approval. The Director concerned should abstain from discussing his or her own remuneration.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION (CONT'D)

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. The amount of Directors' fee for the new financial year proposed for the shareholders' approval at the forthcoming AGM is RM270,000.

The Remuneration Committee has reviewed the remuneration disclosure in the Annual Report and noted no material change in the remunerations of the Executive Directors and top five key senior management. The details of Directors remuneration for the financial year ended 30 June 2020 are as follows:

| Remuneration Received from the Company | Independent Non-Executive Directors | | | | | |
|---|---|---|---|---|---|---|
| | Kang Hui Ling (RM) | Lim Ts-Fei (RM) | Dr. Wong Kai Fatt (RM) | Chow Yoon Sam (RM) | Lee Wai Kuen (RM) | Total (RM) |
| Directors' Fee | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 150,000 |

| Remuneration Received from the Group | Executive Director | | | | | |
|---|---|---|---|---|---|---|
| | Tan Sri Dato' Lim Kang Hoo (RM) | Tan Sri Datuk Seri Lim Keng Cheng (RM) | Dato' Lim Hoe (RM) | Lim Chen Herng (RM) | Lim Chen Thai (RM) | Total (RM) |
| Directors' Fee | 30,000 | 30,000 | 30,000 | 30,000 | - | 120,000 |
| Allowances | 66,000 | 66,000 | - | - | 66,000 | 198,000 |
| Salaries | 1,620,000 | 864,000 | 588,000 | - | 219,000 | 3,291,000 |
| Bonus | 2,700,000 | 480,000 | 300,000 | - | 210,000 | 3,690,000 |
| Benefits-in-Kind | 56,008 | 35,200 | 22,700 | - | 28,554 | 142,462 |
| Defined Contribution Plan | 316,800 | 161,280 | 33,600 | - | 51,480 | 563,160 |
| **Total** | **4,788,808** | **1,636,480** | **974,300** | **30,000** | **575,034** | **8,004,622** |

Note
* *Resigned with effect from 25 February 2020.*
** *An Alternate Director to Tan Sri Dato' Lim Kang Hoo from 10 April 2018 to 24 February 2020 and designated as Executive Director with effect from 25 February 2020.*

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION (CONT'D)

Details of the remuneration of the Top 5 senior management (including salary, bonus, benefits in-kind and other emoluments) for financial year 2020 are as follow:

| Senior Management | Range of Remuneration | | | | |
|---|---|---|---|---|---|
| | RM200,001 – RM250,000 | RM250,001 – RM300,000 | RM300,001 – RM350,000 | RM350,001 – RM400,000 | RM400,001 – RM450,000 |
| Tham Beng Choy (Chief Executive Officer) | - | - | - | - | √ |
| Encik Zulkhanine Bin Shamsudin (General Manager - Construction) | - | - | - | √ | - |
| Loh Pak Chun (General Manager - Highway Concessionaire) | √ | - | - | - | - |
| M.G. Menon (Chief Executive Officer, Food & Beverage) | - | √ | - | - | - |
| Jennifer Kuek (Head of Assets Management) | - | - | √ | - | - |

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

The Board has established an effective and independent ARMC. Collectively, the ARMC possess a wide range of skills to discharge its duties and majority of its members are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process. Presently, the members of ARMC comprising fully Independent Non-Executive Directors and the Chairlady of the ARMC is not the Chairman of the Board.

During the financial year, the team of Executive Directors had proposed various business proposals to the Board. In reviewing these proposals, the ARMC scrutinised each proposal and assess if the proposals complement with the current Group's operations; able to sustain under the inherent economic cyclical risks; and their impact on the Group's financial position and potential dilution on shareholders' equity interest. For those proposals involving the interest of related party, the ARMC further deliberated the arm's length basis of the proposals and consulted corporate advisors on the issue of compliance with the MMLR requirements on significant and related party transactions.

The Group maintains a transparent relationship with the External Auditors in seeking professional advice towards ensuring compliance with applicable financial reporting standards. As part of the ARMC review processes, the ARMC has obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The summary of work of ARMC is reported in the ARMC Report on page 54 and 55.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### II. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the overall and oversight of risk management in the Group covering the systems of risk management and internal control for financial, operational and compliance while the Executive Directors together with the senior management team are primary responsible for managing risks in the Group.

The economic cycle, political, regulatory and environmental risks continue to be the key inherent risks for the Group businesses and are contained through prudence management, close engagement and monitoring by the Board and management. On the other hand, the Group has taken several financial, operational and health and safety initiatives to address the challenges of COVID-19 pandemic which has affected the performance of all the Group's business segments negatively.

Despite the challenging environment, the Board are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control. The Statement on Risk Management and Internal Control of the Group is set out on pages 50 to 53 of this Annual Report providing further details about the risk management and internal control systems as well as the Board's review mechanism.

Separately, the Internal Audit Function is outsourced to an internal audit consulting firm. The internal audit function is headed by a Director who is assisted by a manager and supported by an audit executive. Further details of Internal Audit Function are reported in the CG Report.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. COMMUNICATION WITH STAKEHOLDERS

The Group believes that clear and consistent communication with investors promotes better appreciation of the Company's business and activities and allows the Group's business and prospects to be evaluated fairly. Such information is disseminated via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time. In addition, the Group has used its general meeting corporate website to communicate, disseminate and enrich its communication with is stakeholders..

### II CONDUCT OF GENERAL MEETINGS

The Company's general meetings are an important avenue for dialogue with shareholders. During the general meeting, shareholders are provided with the opportunity to seek clarification on the Group's strategy, performance and major developments.

In order to promote shareholders' participation and engagement with the Board and senior management effectively in the AGM, the Board would ensure that the Notice of the AGM is sent to shareholders at least 28 days ahead of the date of general meeting. The Board would also ensure that this Notice contains details of resolutions proposed along with background information and explanatory notes that are relevant.

In the last AGM, the company had issued its notice of AGM twenty-eight (28) day prior to the meeting. Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on the behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registrars' Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

The Board Chairman and the Chairpersons of the Board Committees will respond to all questions raised by the shareholders during the Annual General Meeting. The Board would ensure suitability of venue and timing of meeting and undertake other measures to encourage shareholders' participation in the meetings.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### II CONDUCT OF GENERAL MEETINGS (CONT'D)

Explanation for each proposed resolution set out in the Notice of AGM will be provided, if needed during AGM to assist shareholders in making their decisions and exercising their voting rights. In line with Paragraph 8.29A(1) of the MMLR, all resolutions set out in the Notice of AGM will be put to vote by poll. The Company will also appoint an independent scrutineer to validate the vote cast in the AGM.

The outcomes and the summary of key matters discussed in the last AGM were announced to Bursa Securities and posted on the Company website respectively.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

I. The annual audited financial statements of the Group and of the Company are drawn up in accordance with the provisions of the Companies Act 2016, applicable financial reporting standards and the Listing Requirements of the Bursa Securities so as to give a true and fair view of the state of affairs of the Group and of the Company for the financial year under review; and

II. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 30 June 2020, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards and disclosure requirements of the Listing Requirements have been followed in the preparation of the financial statements.

This Statement is made in accordance with a resolution of the Board.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 JUNE 2020

## 1. INTRODUCTION

The Board of Directors of Ekovest Berhad ("the Board") is pleased to present this Statement on Risk Management and Internal Control ("Statement") for the financial year ended 30 June 2020. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements and guided by the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("the Guidelines") which was endorsed by the Bursa Malaysia Securities Berhad ("Bursa Securities").

## 2. BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility for maintaining a sound risk management and internal control system for the Group to safeguard the shareholders' investment and the Group's assets, and discharging its stewardship responsibilities in identifying and reviewing risks and ensuring the implementation of appropriate systems to manage risks. The Board also understands the principal risks of the four business segments i.e. construction, property development, toll operation and shopping mall that the Group involves and accepts that all business ventures require balancing of risk and return.

The Board reviews and assesses the adequacy and effectiveness of the systems of risk management and internal control periodically while all Executive Directors and management staff members are responsible for managing the risks in the Group and ensuring the Group's businesses are under control continually.

## 3. RISK MANAGEMENT

The Group has adopted the risk management framework for identifying, evaluating and managing significant risks based on the key processes of ISO 31000 on Risk Management. Under this framework, the Group has defined its Risk Policy detailing the responsibilities of the Board and management and the approach to classify, measure, consolidate and document its risks.

The economic cycle, political, regulatory and environmental risks continue to be the key inherent risks for the Group businesses. These risks are reasonably contained through prudence management, close engagement and monitoring by the Board and management. Nevertheless, during the financial year the Group faced an unprecedent risk and challenge from the outbreak of COVID-19 which has affected the performance of the Group in all its business segments negatively.

In order to mitigate this risk, the Group has undertaken the following measures:

i. Implementing the safety, distancing and sanitisation procedures in accordance with the health authorities to protect the safety of the employees, customers and suppliers at our work place;

ii. Reviewing and adjusting the current business plan in consideration of the Group's financial position, obligation and liquidity;

iii. Performing cost rationalisation exercise through control and reduction of staff and overhead costs, and delaying capital expenditures;

iv. Tightening credit control on debts by increasing follow-up actions and re-negotiating tenancy and offer for property sales;

v. Adjusting and modifying the product offerings for future property development projects; and

vi. Working closely with Government on various infrastructure projects which have been proposed to the Government.

## 4. REVIEW MECHANISM

The Board has delegated and empowered the Audit and Risk Management Committee ("ARMC") with the responsibility in overseeing risk management in the Group. Following are the main review mechanism applied by the ARMC:

i. The ARMC assesses the adequacy and effectiveness of internal controls based on the internal audit findings presented by the Internal Auditors. These reviews are done quarterly where the Internal Auditors will present their internal audit report to the ARMC, and audit issues and action to be taken by management to address control deficiencies will be deliberated;

ii. Management supplements the ARMC's review on internal control and risk management with the presentation of their quarterly financial performance and results to ARMC. In this case, the ARMC will consider the Group's performance vis-à-vis the risks and challenges in the business and measures taken by Management to address these risks and challenges; and

iii. Annually, upon completion of audit, the External Auditors will report to the ARMC on their audit findings. As part of this review, ARMC will obtain feedback from the External Auditors on risk and control issues noted by them in the course of their statutory audit.

## 5. INTERNAL CONTROLS

Internal controls are important to support the function of the risk management system. Therefore, the Group continually reviews and enhances its internal control procedures by incorporating new recommendations provided by its Auditors. The key features of the control framework and procedures in the Group are as follows:

- Delegation and separation of responsibilities between the Board and management and the establishment of various Board Committees and the presence of independent directors to overseeing the financial, compliance and operational performance of the management;

- Organisational structure outlining the lines of responsibilities and hierarchical structure for planning, executing, controlling and monitoring the business operations covering the procurement, tenders, project management, legal administration, human resources, information system, finance and treasury;

- The establishment of Financial Assessment Committee ("FAC") and Technical Assessment Committee ("TAC") with defined limit of approval for selection of tenders. Both FAC and TAC comprise Executive Board Members, Project Director, Head of Contract Department or Quality Surveyor, Project Manager and representative from Finance Department;

- Review and monitoring of budgeting process and variances performance report for contract jobs by the Executive Directors;

- ISO management systems covering ISO 9001:2015 on Quality Management System, ISO 14001: 2015 on Environmental Management System, and OHSAS 18001:2007 on Occupational Safety and Health Management System. These management systems and their underlying standard operating procedures are applied to the operational procedures in the provision of construction, civil engineering works, project management of building, bridges, irrigation systems, motorway, expressway and associated works;

- Review of insurance coverage and adequacy to minimise potential financial risk exposure resulting from construction activities, fire, perils, consequential loss, burglary and public liability; and

- Monthly management reporting procedures for monitoring and tracking of performance of the Group.

## 5. INTERNAL CONTROLS (CONT'D)

In conjunction with the introduction of corporate liability provision under Section 17A of the MACC Act 2009, the Group has during the financial year developed and implemented a new control framework on anti-corruption. The main structure of this Group's anti-corruption framework is:

### a. *The Anti-Corruption Policy and Framework ("ACPF")*

ACPF defines the Board's approach in establishing the adequate procedures to prevent corruption. These policy and framework are developed based on the principles outlined in the Guidelines on Adequate Procedures issued by the Prime Minister's Department of Malaysia.

### b. *Anti-Bribery & Gratification Guidelines ("ABGG")*

ABGG is developed to provide the guidance to the Group's associated persons on ethical business approach and to avoid engaging in bribery activities when dealing with the occasions, practices and deviations for referral, facilitation, gift, hospitality and entertainment, sponsorship and donation.

### c. *On-boarding Screening Process*

The on-boarding screening process aims to identify the Group's corruption risk exposure prior to entering into business dealings with the Group's service provider, contractor, consultant, professional, supplier, commercial agent or distributor. Further, this process will include the keeping of records and appropriate documentation in relation to such dealings.

### d. *Contractual Obligation*

In order to make the responsibilities of compliance with the Group's ABBG compulsory, the Legal Department of the Group has defined the new terms on the contractual anti-corruptions obligations for our suppliers, contractors, agents and consultants. These terms will form part of the terms for all new agreements and contracts entering by the Group in the future.

### e. *Whistleblowing*

In order to strategise with the implementation of the ABBG, the Board has also reviewed and updated its existing Whistleblowing Policy. All associated persons who are aware of, or suspect a violation of the ABGG shall report the violations in accordance with the Group's prescribed whistleblowing procedures.

Both ABBG and whistleblowing policies are posted on the Company website.

## 6. MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities' Guidelines, Management is responsible for identifying risks; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance.

The Board has received assurance from Managing Director and Chief Finance Officer that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

## 7. BOARD ASSURANCE AND LIMITATION

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group and the existing level of systems of internal control and risk management are adequate and effective to enable the Group to achieve its business objectives.

Nonetheless, the Board wishes to reiterate that risk management and internal control are designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

During the current financial year, there were no major internal control weaknesses which led to material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

## 8. REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3) issued by MIA.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

This Statement is made in accordance with the approval by the Board.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## COMPOSITION AND ATTENDANCE OF MEETINGS

The members of the Audit and Risk Management Committee ("ARMC") comprises 5 Independent Non-Executive Directors who remain the same as last financial year.

During the financial year under review, a total of seven (7) meetings were held and the record of attendances of the members is as follows:-

| Name of Member | Attendance at Meetings |
|---|---|
| **Ms Kang Hui Ling**<br>Chairman (Senior Independent and Non-Executive, MIA member) | 7/7 |
| **Ms Lim Ts-Fei**<br>Director (Independent and Non-Executive) | 7/7 |
| **Dr Wong Kai Fatt**<br>Director (Independent and Non-Executive) | 7/7 |
| **Mr Chow Yoon Sam**<br>Director (Independent and Non-Executive) | 6/7 |
| **Mr Lee Wai Kuen**<br>Director (Independent and Non-Executive) | 7/7 |

The Company Secretary is the Secretary of the ARMC.

ARMC meetings were also attended by the External Auditors and the Internal Auditors.

## TERMS OF REFERENCE

The Terms of Reference of ARMC are published on the corporate website of the Company at http://ekovest.listedcompany.com/tor_ac.html for shareholders' reference pursuant to Paragraph 9.25 of MMLR. These terms of reference are updated progressively as and when there are changes, amendments and revisions in the Listing Requirements and the MCCG with respect to the provisions of the composition, roles and responsibilities of the Audit Committee.

Annually, the Nomination Committee will conduct an assessment on ARMC covering its composition, performance and effectiveness in discharging its functions, duties and responsibilities with regards to its Terms of Reference.

## SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE'S

The work carried out by the ARMC during the financial year are as follows:

a) Reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters and considered the impact on the disclosure and presentations of the Group's financial position as well as the approved financial standards before recommending to the Board for further review and approval;

b) Reviewed and scrutinized the various business proposals presented by the Executive Members of the Board. Besides considering the impact of these proposals on the Group's financial position and potential dilution on shareholders' equity interest, the ARMC also assessed and made sure that these proposals complement with the current Group's operations and are able to sustain under the inherent economic cyclical risks. For those proposals involving the interest of related party, the ARMC further deliberated the arm's length basis of the proposals and consulted corporate advisors on the issue of compliance with the Listing Requirements on significant and related party transactions.

## SUMMARY OF WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE'S (CONT'D)

The work carried out by the ARMC during the financial year are as follows: (Cont'd)

c) Reviewed and discussed with the External Auditors upon completion of the 2019 audit on the audit status report, the audit opinion rendered, the key audit matters, audit findings and internal control deficiencies;

d) Reviewed the External Auditors' audit planning memorandum for financial year 2020 covering their scope of audit, methodology and timetable, audit materiality, areas of focus, key audit matter and fraud considerations;

e) Considered and reviewed the changes in or the implementation of major accounting policy changes, any significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters were addressed;

f) Conducted private meeting sessions with the External Auditors and Internal Auditors without the presence of executive Board members and management to discuss matters arising from their audit;

g) Considered and reviewed the performance and independence of the External Auditors and recommended to the Board for re-appointment;

h) Reviewed the Corporate Governance Report, Corporate Governance Overview Statement, Audit and Risk Management Committee's Report, Statement on Risk Management and Internal Control and Sustainability Statement prior to submission to the Board for consideration and approval for inclusion in the Annual Report;

i) Reviewed any related party transactions and conflict of interest situations that may arise within the Company and / or Group including any transaction, procedure or course of conduct that raises questions of management integrity and ensure that these transactions were transacted on arm's length basis and are not detrimental to the interests of the minority shareholders;

j) Reviewed and reported to the Board the state of internal control system of the Group;

k) Reviewed the progress of internal audit plan to ensure that the direction of the audit is appropriate to the business environment, in which the Group is operating;

l) Reviewed the Internal Audit Reports and discussion on the audit findings, recommendations and management's comments on the internal audit issues as well as the follow-up audit status in order to ensure that management responded to the audit findings appropriately; and

m) Reviewed the performance, adequacy of the scope, functions, competency and resources of the internal audit function and ascertained its effectiveness.

## INTERNAL AUDIT FUNCTION

The Para 15.27 of MMLR provides that a listed issuer must establish an internal audit function which is independent of the activities it audits and must ensure its internal audit function reports directly to the ARMC.

The Company has outsourced its internal audit function to an internal audit consulting firm. The audit team members are independent of the activities audited by them. The primary responsibility of this internal audit function is to assist the Board and the ARMC in reviewing and assessing the management systems of internal control and to provide recommendations to strengthen these internal control procedures.

The Internal Auditors have performed their work in accordance with the principles of the international professional practice framework on internal auditing covering the conduct of audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit focus on relevant and appropriate risk areas, an internal audit plan was developed in consultation with the ARMC and management, taking into consideration the Group's structure, risks, on-going and upcoming construction and property development projects, segmental financial performance of the businesses in the Group and recurrent related party transactions. New internal audit plan will be proposed and presented to the ARMC when appropriate for deliberation and approval before internal audit reviews are carried out.

## INTERNAL AUDIT FUNCTION (CONT'D)

The Internal Auditors report to the ARMC during the ARMC's quarterly meetings on the audit findings and areas of improvement for the reviewed areas. Prior to the presentation of reports and findings to the ARMC, comments from the management are obtained and incorporated into the internal audit findings and reports. In addition, the Internal Auditors also conduct follow up audits to ensure that the agreed audit recommendations are implemented.

During the financial year, the Internal Auditors had attended Five (5) ARMC meetings. The summary of work conducted and reported by the Internal Auditors during the ARMC's quarterly meetings in the current financial year are as follows:

i. Evaluated the effectiveness of the general controls of the information system in the Group;

ii. Reviewed and participated in the deliberation of the Corporate Governance Report, the Corporate Governance Overview Statement, Audit and Risk Management Committee's Report, Statement on Risk Management and Internal Control and Sustainability Statement the prior to submission to the Board for consideration and approval for inclusion in the Annual Report;

iii. Reviewed recurrent related party transactions;

iv. Conducted follow-up audits to ascertain status of management implementations of the agreed audit recommendations;

v. Evaluated the effectiveness of delivery of vacant possession of Ekocheras Residential towers; and

vi. Briefed on the Corporate Liability.

The fees incurred during the current financial year for the internal audit function of the Group is RM52,500.

# NOMINATION COMMITTEE STATEMENT

During the financial year, Nomination Committee ("NC") has conducted its annual meeting on 30 August 2019. Except for Mr. Chow who was absent, this meeting was attended by all the members of the NC. The NC comprises 5 Independent Non-Executive Directors and the members of the NC are as follows:

| | | |
|---|---|---|
| Chairperson | : | Ms Kang Hui Ling |
| Member | : | Ms Lim Ts-Fei<br>Dr Wong Kai Fatt<br>Mr Chow Yoon Sam<br>Mr Lee Wai Kuen |

The terms of reference of the Nomination Committee are as follows: -

- Develop, maintain and review the criteria to be used in the recruitment of Directors and annual appraisal of Directors, Board Committee and Board as a whole;
- Assess and recommend to the Board the candidature of directors and appointment of Directors to Board Committees based on the individual and the Directors' competencies, commitment, contribution and performance;
- Facilitate Board induction and identify and assess directors' training needs and programmes;
- Review the boardroom diversity and encourage female participation in the Board;
- Develop the criteria to assess independence and apply these criteria upon admission, annually and when any new interest or relationship develops;
- Examine and review the Board structure, size and composition with a view to present recommendations to the Board on the optimum number of Directors on the Board to ensure its effectiveness and to comply with regulatory requirements; and
- Recommend, if necessary, the service and employment contracts of Executive Directors including their job descriptions & terms of reference.

This Terms of Reference are available at the Company's website at https://ekovest.com.my/ for shareholder's reference.

During the financial year, the NC continues to conduct its annual evaluation of the Board, Board Committees and individual Directors in accordance with the Board mandates provided in the terms of reference of the NC. Following are the explanation on the areas of assessment, deliberations and findings which are consistent with the previous year.

## (i) Annual Assessment of the Independence Status of Independent Directors

The NC, save and except for Ms. Kang Hui Ling, has deliberated the position of Ms. Kang Hui Ling who has served the Board as an Independent Director for more than twelve (12) years and resolved to recommend to the Board to put forth her appointment to be approved by shareholders through a two-tier voting process in the Annual General Meeting. Besides fulling the independence criteria set out in the Listing Requirements, the NC feels that her long service which enable her to contribute more effectively in Audit and Risk Management Committee and Board meetings.

The NC also noted that all Independent Directors of the Board have declared and confirmed that they have complied with the criteria of independent director under the Main Market Listing Requirements and are able to exercise independent judgment and act in the best interest of the Company.

During the financial year, the NC continues to conduct its annual evaluation of the Board, Board Committees and individual Directors in accordance with the Board mandates provided in the terms of reference of the NC. Following are the explanation on the areas of assessment, deliberations and findings which are consistent with the previous year. (Cont'd)

### (ii) Effectiveness and Composition of the Board and Performance of Individual Directors

The NC has reviewed the evaluation forms completed by all Board members and noted that the performance and effectiveness of the Board, Board Committees and individual directors are satisfactory.

The evaluation form also revealed that the present composition of the Board members and the Board Committees comprising individual with the required mix of skills, experiences and competencies, appropriate qualification, expertise and business experience are satisfactory for leading the Group. Accordingly, the NC has recommended to the Board to maintain the current compositions of the Board and Board Committee.

At individual level, the assessment showed that all Board members possess relevant qualification, knowledge, experience and ability to understand the technical requirements, risks and management of the Group's business. Also, all Board members have discharged their duties and responsibilities in a commendable manner and demonstrated their commitment and effort to the affairs of the Company and Group.

Broadly, the criteria used for these performance evaluations are as follows:

| Criteria | Board | Board Committee | Individual Director |
|---|---|---|---|
| Mix and Composition | √ | √ | |
| Quality of Information and Decision Making | √ | √ | |
| Coverage of Activities | √ | √ | |
| Skill sets | √ | √ | √ |
| Character and Personality | | | √ |
| Experience | | | √ |
| Integrity | | | √ |
| Competency | | | √ |
| Time Commitment | | | √ |

### (iii) Terms of Office and Performance of the Audit and Risk Management Committee ("ARMC") and Each of its Members Pursuant to Paragraph 15.20 of the MMLR of Bursa Securities

The NC has reviewed the assessment compiled from the "Audit Committee Self and Peer's Evaluation Form". Overall, it was noted that all members of the ARMC have carried out their duties in accordance with the terms of reference of the ARMC.

### (iv) Re-election of Retiring Directors

Based on the annual assessment of Directors' performance, the NC also recommended to the Board a resolution to put forth for the shareholders' consideration of the re-election of all retiring Directors at the Annual General Meeting.

In addition to the above annual assessment, the Board has engaged a human resource consulting firm to conduct an independent assessment on the board and individual director performance. This assessment exercise was participated by all independent directors while the executive board members were represented by Managing Director. The approaches used in this assessment exercise are behavioral event interview, simulated business scenario and peers' feedbacks. Recommendations for improvement on board dynamics and performance were identified and presented to the Board.


# FINANCIAL STATEMENTS

# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:

I. The annual audited financial statements of the Group and of the Company are drawn up in accordance with the provisions of the Companies Act 2016, applicable financial reporting standards and the Listing Requirements of the Bursa Securities so as to give a true and fair view of the state of affairs of the Group and of the Company for the financial year under review; and

II. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 30 June 2020, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards and disclosure requirements of the Listing Requirements have been followed in the preparation of the financial statements.

This Statement is made in accordance with a resolution of the Board dated 08 October 2020.

# DIRECTORS' REPORT
## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, civil engineering and building works.

The principal activities of the subsidiaries are disclosed in note 11 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Net profit for the year attributable to: | | |
| Owners of the Company | 47,022 | 22,185 |
| Non-controlling interests | (18,705) | - |
| Net profit for the financial year | 28,317 | 22,185 |

## DIVIDENDS

During the financial year, the Company paid a first and final single-tier dividend of 1 sen per ordinary share amounting to RM26,548,280, in respect of the financial year ended 30 June 2019 as disclosed in the Directors' Report of that year, on 12 December 2019.

The directors propose a first and final single-tier dividend of 0.5 sen per ordinary share amounting to RM13,274,140 for the financial year ended 30 June 2020. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, will be accounted for in the statements of changes in equity as an appropriation of retained profits for the financial year ending 30 June 2021.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

## EMPLOYEES' SHARE OPTION SCHEME

The Company's Employees' Share Option Scheme ("ESOS") were governed by the By-Laws which was approved by the shareholders at an Extraordinary General Meeting held on 8 May 2014. The ESOS was implemented on 26 September 2014 and were in force for a period of 5 years from the date of implementation.

The ESOS expired on 25 September 2019.

The details of the ESOS are disclosed in note 25(b) to the financial statements.

## RESERVES AND PROVISIONS

All material transfers, if any, to or from reserves and provisions during the financial year are disclosed in the financial statements.

## SUBSIDIARIES

Details of the subsidiaries are set out in note 11 to the financial statements.

There is no qualified auditor's report on the financial statements of any subsidiary for the financial year in which this report is made.

As at the end of the financial year, none of the subsidiaries hold any shares in the holding company.

## DIRECTORS

The directors in office during the period commencing from the beginning of the financial year to the date of this report are:

Tan Sri Dato' Lim Kang Hoo
Tan Sri Datuk Seri Lim Keng Cheng
Dato' Lim Hoe
Kang Hui Ling
Lim Ts-Fei
Dr Wong Kai Fatt
Chow Yoon Sam
Lee Wai Kuen
Lim Ding Shyong (Alternate to Tan Sri Datuk Seri Lim Keng Cheng)
Wong Khai Shiang (Alternate to Dato' Lim Hoe)
Lim Chen Thai (Appointed on 25 February 2020)
Lim Chen Herng (Resigned on 25 February 2020)

## DIRECTORS OF SUBSIDIARIES

The directors of the Company's subsidiaries (excluding directors who are also directors of the Company) during the period commencing from the beginning of the financial year to the date of this report are:

Ahmad Nasir Bin Mohd Said
Azizul Bin Zainol
Aminuddin Bin Omar Azaddin
Chua Soo Kok
Deng Hie Lang @ Teng Hieh Lang
Gan Tien Chie
Kuek Gek Hia
Kharul Anuar Bin Abdul Basit
Lim Soo San
Lim Fang Ching
Muhammad Noor Bin Abd Aziz @ Hashim
Mohamad Hassan Bin Zakaria
Norsam @ Norsamsida Binti Hassan
Rouziputra Bin Mad Noh
Shaharuddin Bin Mohamed
Tham Beng Choy
Zulkhanine Bin Shamsudin
Zakaria Bin Shaffie
Kim Eun Hee (Appointed on 11 February 2020)

## DIRECTORS OF SUBSIDIARIES (CONT'D)

The directors of the Company's subsidiaries (excluding directors who are also directors of the Company) during the period commencing from the beginning of the financial year to the date of this report are: (Cont'd)

| | |
|---|---|
| Dato' Azmir Merican Bin Azmi Merican | (Resigned on 21 April 2020) |
| R Ramesh A/L Rasu | (Appointed on 1 July 2019 and resigned on 15 November 2019) |
| Nor Hani Binti Othman | (Appointed on 12 September 2019 and resigned on 12 December 2019) |

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of financial year, had interests in shares or debentures as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | At 1-7-2019 | Bought | Sold | At 30-6-2020 |
| Tan Sri Dato' Lim Kang Hoo | | | | |
| - direct interest | 431,705,221 | 100,820,872 | - | 532,526,093 |
| - indirect interest | 298,000,032 | - | - | 298,000,032 |
| Tan Sri Datuk Seri Lim Keng Cheng | | | | |
| - direct interest | 10,833,000 | - | 10,833,000 | - |
| - indirect interest | 131,599,300 | 5,000,000 | 1,992,300 | 134,607,000 |
| Dato' Lim Hoe | | | | |
| - indirect interest | 12,002,375 | 2,230,000 | - | 14,232,375 |
| Chow Yoon Sam | | | | |
| - direct interest | 160,000 | - | - | 160,000 |
| Lim Chen Thai | | | | |
| - direct interest | - | 6,683,100 | 6,083,100 | 600,000 |
| Wong Khai Shiang (Alternate to Dato' Lim Hoe) | | | | |
| - direct interest | 750,000 | - | - | 750,000 |

The following directors had interests in ESOS during the financial year as follows:

| | Number of share options under the ESOS | | | | |
|---|---|---|---|---|---|
| | At 1-7-2019 | Granted | Exercised | Lapsed | At 30-6-2020 |
| Tan Sri Dato' Lim Kang Hoo | 16,000,000 | - | - | 16,000,000 | - |
| Tan Sri Datuk Seri Lim Keng Cheng | 16,000,000 | - | - | 16,000,000 | - |
| Dato' Lim Hoe | 16,000,000 | - | - | 16,000,000 | - |
| Kang Hui Ling | 3,200,000 | - | - | 3,200,000 | - |
| Lim Ts-Fei | 3,200,000 | - | - | 3,200,000 | - |
| Dr Wong Kai Fatt | 3,200,000 | - | - | 3,200,000 | - |
| Chow Yoon Sam | 3,200,000 | - | - | 3,200,000 | - |
| Lee Wai Kuen | 3,200,000 | - | - | 3,200,000 | - |
| Lim Ding Shyong | 3,200,000 | - | - | 3,200,000 | - |
| Wong Khai Shiang | 3,200,000 | - | - | 3,200,000 | - |

## DIRECTORS' BENEFITS

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the shares, warrants or share options granted under the ESOS of the Company and its related corporations.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in note 44(a) to the financial statements which were carried out in the ordinary course of business.

Other benefits and remuneration of the directors are set out in note 45 to the financial statements.

## INDEMNITY

There was no indemnity given for any of the directors of the Group or the Company.

## OTHER INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there all known bad debts had been written off and that allowance for doubtful debts was not required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts inadequate to any substantial extent or render it necessary to make an allowance for doubtful debts in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability which has arisen since the end of the financial year.

## OTHER INFORMATION (CONT'D)

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors:

(a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in note 56 to the financial statements.

## SUBSEQUENT EVENTS

Details of subsequent events after the financial year end are disclosed in note 57 to the financial statements.

## AUDITORS

Auditors' remuneration is set out in note 39 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

## APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

**TAN SRI DATO' LIM KANG HOO**
Director

**TAN SRI DATUK SERI LIM KENG CHENG**
Director

Kuala Lumpur

Date: 08 October 2020

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF EKOVEST BERHAD
INCORPORATED IN MALAYSIA

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Ekovest Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 153.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants* ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (a) Revenue Recognition for Construction Contracts and Property Development Activities

***The risk:***

The Group's revenues and profits are mainly generated from construction contracts and sale of development properties. For the financial year ended 30 June 2020, construction contract revenue and property development revenue amounted to RM1,049 million and RM31 million, respectively, accounting for approximately 83% and 2% of the Group's revenue, respectively.

These revenue which are recognised over the period of the contract, requires management to execise significant judgements in determining the performance obligations as stated in the contracts with customers.

The determination of the percentage of completion requires exercise of significant judgement in estimating the total gross development value/contract revenue and total development/construction costs for each of the projects. The directors consider the reasonableness and the completeness of the estimates, including the Group's obligations to contract variations, claim, cost contingencies and rebates.

There is a risk that the estimated revenue, costs or margins may be significantly different from actuals, resulting in material variance in amount of revenue and/or profit recognised in the current period.

The Group's accounting policies and revenue arising from construction contracts and property development are disclosed in notes 3(q) and 35 respectively, to the financial statements.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matters (Cont'd)

#### (a) Revenue Recognition for Construction Contracts and Property Development Activities (Cont'd)

***Our response:***

(i) We obtained understanding of the revenue recognition process and tested the operating effectiveness of the Group's internal controls relating to approvals of development/construction costs, budgets, authorisation and recognition of revenues and costs;

(ii) We assessed the reasonableness of management's key assumptions used in deriving at the estimates for total development/construction costs for each of these projects, where possible, examining documentary evidence such as letters of award issued, variation orders, historical evidence or results and retrospective review of these estimates;

(iii) We assessed the gross development value/contract revenue against the signed sales and purchase agreements, selling price of the unsold units, rebates offered and construction contracts;

(iv) We recomputed the percentage of completion after considering implications of identified errors (if any) or changes in estimates;

(v) We checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations and tested actual costs incurred and recorded, for the occurrence and accuracy; and

(vi) We enquired the management if there is any delay in completion of projects and assessed the adequacy of any possible foreseeable losses.

#### (b) Valuation of Investment Properties

***The risk:***

The Group's investment properties as at 30 June 2020 amounted to RM856 million.

The Group adopts fair value model for its investment properties. The fair value of the Group's investment properties were based on valuations or update on previous valuations carried out by independent professional valuers. The fair value of the investment properties were determined by reference to the selling prices of recent transactions or asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, development concept and size.

Determination of fair value involves significant judgement in estimating the inputs used that are other than quoted prices.

The Group's accounting policies and disclosures on investment properties are disclosed in notes 3(g) and 6, respectively, to the financial statements.

***Our response:***

(i) We have considered and assessed the independent professional valuers' competence, reputation or relevant experience, objectivity and independence;

(ii) We discussed and obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties;

(iii) We have assessed the reasonableness of key assumptions and inputs used, including, where applicable, selling prices of recent transactions, asking prices of similar properties of nearby location, any adjustments for tenure, location, development concept and size; and

(iv) We performed site visits on major properties.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matters (Cont'd)

### (c) Amortisation and Impairment Assessment of Concession Assets

***The risk:***

As at 30 June 2020, the Group's concession assets amounted to RM5.66 billion, which represents 54% of the Group's total assets. The Group used projected traffic volume as a denominator (of the formula as disclosed in note 3(e) to the financial statements) to amortise the carrying amount of concession assets over the concession period. The assumptions to arrive at the traffic volume projection take into consideration the growth rate and economic conditions.

Further, impairment assessment of concession assets requires significant judgements and estimates on discount rate applied for the calculation of recoverable value and the assumptions used in the cash flow projections, including the projected traffic volume and forecast growth rates over the projection period.

There is a risk that the estimated projected traffic volume, growth rate, discount rate and cash flow projections may be significantly different from actuals, resulting in material variance in the calculated amortisation and recoverable value of the concession assets.

The Group's accounting policies and disclosures on concession assets are disclosed in notes 3(e) and 9, respectively, to the financial statements.

***Our response:***

(i) We considered and assessed the independent traffic consultant's competence, reputation or relevant experience, objectivity and independence;

(ii) We obtained an understanding of the methodology adopted by the independent traffic consultant in estimating the traffic volume projection;

(iii) We assessed the reasonableness of key assumptions, including traffic volume projection, discount rate and forecast growth rates used in cash flow projections;

(iv) We tested the mathematically accuracy of amortisation amount and recoverable amount calculation; and

(v) We performed sensitivity analysis on the projected traffic volume and assumptions used, and assessed the impact to the carrying amount of concession assets.

### (d) Impairment Assessment of Investment in Associate

***The risk:***

As at 30 June 2020, the Group's investment in associate amounted to RM103 million. The Group estimate the recoverable amount of the investment in associate using the value-in-use method ("VIU"). In estimating the VIU, the Group prepared cash flow projections to assess whether there are any indications of impairment amongst others for investment in associate.

The assessment requires significant judgement and estimation on discount rate applied for the calculation of recoverable amount and other assumptions used in the cash flow projections and forecast growth rates over the projection period.

There is a risk that these estimate growth rate, discount rate and cash flow projections may be significantly different from actuals, resulting in material variance in the calculated recoverable value of the investment in associate.

The Group's accounting policies and disclosures on investment in associate are disclosed in note 3(c) and 12, respectively, to the financial statements.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key Audit Matters (Cont'd)

### (d) Impairment Assessment of Investment in Associate (Cont'd)

***Our response:***

(i) We obtained an understanding of the relevant processes and internal controls over the impairment assessment process;

(ii) We assessed the reasonableness of key assumptions, including discount rates, forecast growth rates and methodology used in deriving the present value of the cash flows;

(iii) We corroborated the key assumptions with industry analysts' views and available market information and compared to historical results and cash flows of the associate;

(iv) We tested the mathematically accuracy of recoverable amount calculation; and

(v) We performed sensitivity analysis on the projected cash flows and assessed the impact to the carrying amount of investment in associate.

### *Information Other than the Financial Statements and Auditors' Report Thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS, IFRS and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**MAZARS PLT**
LLP0010622-LCA
AF 001954
Chartered Accountants

**FRANCIS XAVIER JOSEPH**
02997/06/2022 J
Chartered Accountant

Kuala Lumpur

Date: 08 October 2020

## STATEMENTS OF
# FINANCIAL POSITION
### AS AT 30 JUNE 2020

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 224,580 | 133,922 | 3,743 | 3,958 |
| Investment properties | 6 | 856,284 | 719,560 | 22,316 | 23,445 |
| Right-of-use assets | 7 | 10,678 | - | 1,486 | - |
| Land held for property development | 8 | 517,519 | 507,628 | - | - |
| Concession assets | 9 | 5,657,254 | 4,682,373 | - | - |
| Intangible assets | 10 | 6,375 | 6,453 | - | - |
| Investment in subsidiaries | 11 | - | - | 1,437,381 | 1,437,381 |
| Investment in an associate | 12 | 102,716 | 104,348 | 105,837 | 104,681 |
| Investment in a joint venture | 13 | 816 | - | - | - |
| Other investment | 14 | - | - | 267,459 | 276,811 |
| Trade and other receivables | 15 | 5,132 | - | 5,132 | - |
| Amounts owing by subsidiaries | 16 | - | - | 445,585 | 303,931 |
| Deferred tax assets | 17 | 15,406 | 13,163 | - | - |
| Total non-current assets | | 7,396,760 | 6,167,447 | 2,288,939 | 2,150,207 |
| **Current assets** | | | | | |
| Inventories | | 474 | 331 | - | - |
| Contract assets | 18 | 30,969 | 103,096 | 63,759 | 198 |
| Contract costs | 19 | 3,441 | 4,441 | - | - |
| Property development costs | 20 | 344,115 | 346,504 | - | - |
| Trade and other receivables | 15 | 210,425 | 256,840 | 14,926 | 12,900 |
| Amounts owing by subsidiaries | 16 | - | - | 477,282 | 574,116 |
| Current tax assets | | 31,162 | 22,168 | 7,510 | 5,420 |
| Investment funds | 21 | 1,591,322 | 2,281,600 | - | - |
| Short term deposits | 22 | 562,270 | 689,122 | 223,282 | 213,510 |
| Cash and bank balances | 23 | 270,378 | 830,048 | 29,978 | 145,296 |
| **Total current assets** | | 3,044,556 | 4,534,150 | 816,737 | 951,440 |
| **TOTAL ASSETS** | | 10,441,316 | 10,701,597 | 3,105,676 | 3,101,647 |

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | 24 | 1,117,961 | 1,117,961 | 1,117,961 | 1,117,961 |
| Reserves | 25 | 1,355,665 | 1,334,119 | 481,220 | 485,583 |
| Equity attributable to owners of the Company | | 2,473,626 | 2,452,080 | 1,599,181 | 1,603,544 |
| Non-controlling interests | | 340,187 | 358,149 | - | - |
| **Total equity** | | 2,813,813 | 2,810,229 | 1,599,181 | 1,603,544 |
| **Non-current liabilities** | | | | | |
| Hire purchase liabilities | 26 | 4,594 | 6,578 | 287 | 399 |
| Bank term loans | 27 | 186,558 | 320,891 | - | 121,414 |
| Medium term notes | 28 | 5,380,483 | 5,404,634 | - | - |
| Reimbursable interest assistance ("RIA") | 29 | 286,577 | 270,008 | - | - |
| Deferred income | 30 | 284,365 | 292,181 | - | - |
| Provision for heavy repairs | 31 | 8,601 | 6,019 | - | - |
| Lease liabilities | 7 | 7,785 | - | 1,173 | - |
| Deferred tax liabilities | 32 | 267,570 | 246,269 | 1,162 | 1,127 |
| **Total non-current liabilities** | | 6,426,533 | 6,546,580 | 2,622 | 122,940 |
| **Current liabilities** | | | | | |
| Contract liabilities | 18 | 3,585 | 20,536 | - | - |
| Trade and other payables | 33 | 568,118 | 586,849 | 152,937 | 134,889 |
| Amounts owing to subsidiaries | 16 | - | - | 992,251 | 916,594 |
| Lease liabilities | 7 | 3,249 | - | 351 | - |
| Hire purchase liabilities | 26 | 4,347 | 6,043 | 146 | 235 |
| Bank borrowings | 34 | 570,858 | 661,611 | 358,188 | 323,445 |
| Medium term notes | 28 | 50,000 | 38,749 | - | - |
| Current tax liabilities | | 813 | 31,000 | - | - |
| **Total current liabilities** | | 1,200,970 | 1,344,788 | 1,503,873 | 1,375,163 |
| **Total liabilities** | | 7,627,503 | 7,891,368 | 1,506,495 | 1,498,103 |
| **TOTAL EQUITY AND LIABILITIES** | | 10,441,316 | 10,701,597 | 3,105,676 | 3,101,647 |

# STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 30 JUNE 2020

| | Note | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|---|
| **Revenue** | 35 | 1,268,281 | 1,335,178 | 821,050 | 1,072,114 |
| Cost of sales | 36 | (993,258) | (878,898) | (742,896) | (930,776) |
| Gross profit | | 275,023 | 456,280 | 78,154 | 141,338 |
| Other income and gains | 37 | 127,381 | 78,700 | 33,444 | 29,322 |
| Selling and marketing expenses | | (4,544) | (5,633) | - | - |
| Administrative and general expenses | | (122,820) | (88,309) | (17,970) | (16,677) |
| Other expenses | | (7,306) | (10,293) | (6,016) | (4,356) |
| Share of results of an associate | | (2,788) | (333) | - | - |
| Share of results of a joint venture | | 816 | - | - | - |
| Finance costs | 38 | (174,698) | (204,146) | (61,346) | (52,794) |
| Profit before tax | 39 | 91,064 | 226,266 | 26,266 | 96,833 |
| Tax expense | 40 | (62,747) | (95,822) | (4,081) | (7,362) |
| **Net profit for the year** | | 28,317 | 130,444 | 22,185 | 89,471 |
| Other comprehensive income, net of tax | | - | - | - | - |
| **Total comprehensive income for the year** | | 28,317 | 130,444 | 22,185 | 89,471 |
| **Net profit for the year attributable to:-** | | | | | |
| Owners of the Company | | 47,022 | 140,476 | 22,185 | 89,471 |
| Non-controlling interests | | (18,705) | (10,032) | - | - |
| | | 28,317 | 130,444 | 22,185 | 89,471 |
| **Total comprehensive income for the year attributable to:-** | | | | | |
| Owners of the Company | | 47,022 | 140,476 | 22,185 | 89,471 |
| Non-controlling interests | | (18,705) | (10,032) | - | - |
| | | 28,317 | 130,444 | 22,185 | 89,471 |
| Earnings per share of net profit attributable to the owners of the Company | | | | | |
| - Basic and diluted | 41 | 1.77 sen | 6.45 sen | | |

The accompanying notes form an integral part of the financial statements

## CONSOLIDATED STATEMENT OF
# CHANGES IN EQUITY
### FOR THE YEAR ENDED 30 JUNE 2020

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Non-distributable | | | | | | | |
| | Share capital RM'000 | Asset revaluation reserve RM'000 | Warrant reserve RM'000 | Share option reserve RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total RM'000 |
| At 1 July 2018 | 755,593 | 82,453 | 40,251 | 22,622 | 1,109,418 | 2,010,337 | 368,178 | 2,378,515 |
| Total comprehensive income for the year | - | - | - | - | 140,476 | 140,476 | (10,032) | 130,444 |
| Issuance of shares pursuant to: | | | | | | | | |
| - exercise of warrants (Note 25(c)) | 184,105 | - | (39,709) | - | - | 144,396 | - | 144,396 |
| - private placement | 178,284 | - | - | - | - | 178,284 | | 178,284 |
| Share issuance expenses | (21) | - | - | - | - | (21) | - | (21) |
| Expired warrants (Note 25(c)) | - | - | (542) | - | 542 | - | - | - |
| Issuance of shares by a subsidiary to non-controlling interests | - | - | - | - | - | - | 3 | 3 |
| Dividend paid (Note 42) | - | - | - | - | (21,392) | (21,392) | - | (21,392) |
| At 30 June 2019 | 1,117,961 | 82,453 | - | 22,622 | 1,229,044 | 2,452,080 | 358,149 | 2,810,229 |
| Total comprehensive income for the year | - | - | - | - | 47,022 | 47,022 | (18,705) | 28,317 |
| Expired share option (Note 25(b)) | - | - | - | (22,622) | 22,622 | - | - | - |
| Acquisition of a subsidiary company (Note 54) | - | - | - | - | - | - | 240 | 240 |
| Accretion arising from issuance of shares by a subsidiary to non-controlling interests (Note 55) | - | - | - | - | 1,072 | 1,072 | 503 | 1,575 |
| Dividend paid (Note 42) | - | - | - | - | (26,548) | (26,548) | - | (26,548) |
| At 30 June 2020 | 1,117,961 | 82,453 | - | - | 1,273,212 | 2,473,626 | 340,187 | 2,813,813 |

The accompanying notes form an integral part of the financial statements

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2020

| | ← Non-distributable → | | | | |
|---|---|---|---|---|---|
| | Share capital RM'000 | Share option reserve RM'000 | Warrant reserve RM'000 | Retained earnings RM'000 | Total RM'000 |
| At 1 July 2018 | 755,593 | 22,622 | 40,251 | 394,340 | 1,212,806 |
| Total comprehensive income for the year | - | - | - | 89,471 | 89,471 |
| Issuance of shares pursuant to: | | | | | |
| - exercise of warrants (Note 25(c)) | 184,105 | - | (39,709) | - | 144,396 |
| - private placement | 178,284 | - | - | - | 178,284 |
| Share issuance expenses | (21) | - | - | - | (21) |
| Expired warrant (Note 25(c)) | - | - | (542) | 542 | - |
| Dividend paid (Note 42) | - | - | - | (21,392) | (21,392) |
| At 30 June 2019 | 1,117,961 | 22,622 | - | 462,961 | 1,603,544 |
| Total comprehensive income for the year | - | - | - | 22,185 | 22,185 |
| Expired share option (Note 25(b)) | - | (22,622) | - | 22,622 | - |
| Dividend paid (Note 42) | - | - | - | (26,548) | (26,548) |
| At 30 June 2020 | 1,117,961 | - | - | 481,220 | 1,599,181 |

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit before tax | 91,064 | 226,266 | 26,266 | 96,833 |
| Adjustments for: | | | | |
| Amortisation of concession assets | 26,913 | 24,599 | - | - |
| Amortisation of intangible assets | 78 | 39 | - | - |
| Bad debts written off | 19,929 | - | 52 | - |
| Contract costs written off | - | 17,562 | - | - |
| Depreciation | 19,977 | 11,857 | 1,160 | 88 |
| Dividend income | - | - | (50,000) | (100,000) |
| Fair value gain on investment funds | (2,408) | (685) | - | - |
| Finance costs | 174,698 | 204,146 | 61,346 | 52,794 |
| Gain on disposal of investment properties | - | (700) | - | - |
| Interest income | (31,338) | (27,738) | (33,444) | (29,319) |
| Net fair value loss/(gain) on investment properties | 1,703 | (36,574) | 1,129 | - |
| Net loss/(gain) on disposal of property, plant and equipment | 354 | (41) | 412 | 164 |
| Property, plant and equipment written off | 2,075 | 389 | - | - |
| Provision for heavy repairs | 2,582 | 2,192 | - | - |
| Provision for liquidated and ascertained damages and buy back cost | - | 940 | - | - |
| Share of results of an associate | 2,788 | 333 | - | - |
| Share of results of a joint venture | (816) | - | - | - |
| Operating profit before working capital changes | 307,599 | 422,585 | 6,921 | 20,560 |
| Changes in property development costs | 2,389 | (43,799) | - | - |
| Changes in receivables | 13,776 | (30,748) | 83,316 | (82,759) |
| Changes in payables | (19,998) | 118,776 | 146,554 | 495,440 |
| Changes in contract assets/liabilities | 55,176 | 209,700 | (63,561) | (60,235) |
| Changes in contract costs | 1,000 | 7,988 | - | - |
| Changes in inventories | (143) | (331) | - | - |
| Cash generated from operations | 359,799 | 684,171 | 173,230 | 373,006 |
| Interest received | 24,456 | 21,135 | 10,835 | 10,184 |
| Interest paid | (1,776) | (2,422) | (677) | (1,299) |
| Tax paid | (82,870) | (57,058) | (6,136) | (8,088) |
| Net cash generated from operating activities | 299,609 | 645,826 | 177,252 | 373,803 |

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Purchase of property, plant and equipment (Note 46) | (106,831) | (13,715) | (1,499) | (155) |
| Additions to land held for property development | (9,891) | (147,932) | - | - |
| Acquisition of shares in an associate | (1,156) | (104,681) | (1,156) | (104,681) |
| Acquisition of intangible assets | - | (6,492) | - | - |
| Purchase of investment properties | (133,916) | (89,749) | - | (7) |
| Net redemptions of investment funds | 692,686 | 902,867 | - | - |
| Additions to concession assets | (835,660) | (750,229) | - | - |
| Proceeds from disposal of property, plant and equipment | 1,863 | 170 | 513 | 216 |
| Proceeds from disposal of investment properties | - | 1,980 | - | - |
| Withdrawal/(Placement) of short term deposits | 126,852 | (232,991) | (9,772) | 86,872 |
| Withdrawal in Designated Bank Accounts | 65,028 | 139,416 | 14,129 | 148,863 |
| Advances to subsidiaries | - | - | (172,637) | (461,385) |
| Advances to related parties | - | - | (6,352) | - |
| Interest received | 70,359 | 101,516 | 31,022 | - |
| Net cash used in investing activities | (130,666) | (199,840) | (145,752) | (330,277) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Drawdown of bank borrowings | 32,042 | 305,724 | 31,000 | 81,760 |
| Repayment of bank borrowings | (262,049) | (429,283) | (124,000) | (276,000) |
| Proceeds from warrants exercised | - | 144,396 | - | 144,396 |
| Proceeds from issuance of shares | - | 178,284 | - | 178,284 |
| Payment of share issuance expenses | - | (21) | - | (21) |
| Payment of hire purchase liabilities | (6,268) | (7,240) | (201) | (209) |
| Payment of hire purchase term charges | (387) | (233) | (20) | (32) |
| Payment of lease liabilities | (3,722) | - | (422) | - |
| Dividend paid | (26,548) | (21,392) | (26,548) | (21,392) |
| Proceeds from reimbursable interest assistance | - | 460,000 | - | - |
| Proceeds from issuance of shares by a subsidiary to non-controlling interest | 1,575 | 3 | - | - |
| Advances from/(Repayment to) subsidiaries | - | - | (245) | (9,386) |
| Repayment of medium term notes | (38,749) | (16,253) | - | - |
| Repayment of profit element on IMTNs | (327,463) | (329,360) | - | - |
| Interest paid | (32,375) | (52,864) | (15,996) | (29,242) |
| Net cash (used in)/generated from financing activities | (663,944) | 231,761 | (136,432) | 68,158 |
| **NET CHANGES IN CASH AND CASH EQUIVALENTS** | (495,001) | 677,747 | (104,932) | 111,684 |
| **CASH AND CASH EQUIVALENTS BROUGHT FORWARD** | 738,178 | 60,431 | 121,722 | 10,038 |
| **CASH AND CASH EQUIVALENTS CARRIED FORWARD** | 243,177 | 738,178 | 16,790 | 121,722 |
| Represented by: | | | | |
| **CASH AND BANK BALANCES** | 270,378 | 830,048 | 29,978 | 145,296 |
| **BANK OVERDRAFTS (Note 34)** | (22,779) | (22,420) | (13,188) | (9,445) |
| **DESIGNATED BANK ACCOUNTS (Note 23)** | (4,422) | (69,450) | - | (14,129) |
| | 243,177 | 738,178 | 16,790 | 121,722 |

The accompanying notes form an integral part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 1. GENERAL INFORMATION

Ekovest Berhad (the "Company") is a public company limited by shares incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company are disclosed in page 7.

The principal activities of the Company are investment holding, civil engineering and building works. There is no significant change in the Company's principal activities during the financial year.

The principal activities of the subsidiaries are disclosed in note 11 to the financial statements.

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 ("CA 2016") in Malaysia.

The measurement bases applied in the preparation of the financial statements include historical cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All the amounts in the financial statements are rounded to the nearest thousand, unless otherwise stated.

### (a) Application of New or Amended Standards

In the current year, the Group and the Company have applied a number of new standards, amendments and interpretations that become effective mandatorily for the financial periods beginning on or after 1 July 2019.

Except for the adoption of MFRS 16 Leases as disclosed below, the adoption of the amendments and interpretations does not have significant impact on the disclosures or on the amounts reported in these financial statements.

#### MFRS 16 Leases

MFRS 16 replaced MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group and the Company adopted MFRS 16 for the first time for the financial year beginning on 1 July 2019, with the date of initial application of 1 July 2019 by applying the simplified retrospective transition method.

During the financial year, the Group and the Company changed their accounting policies on leases upon adoption of MFRS 16. Under the simplified retrospective transition method, the prior year comparative information was not restated and continued to be reported under the previous accounting policies governed under MFRS 117 Leases and Issues Committee Interpretation 4 - Determining whether an Arrangement Contains a Lease.

The details of change in accounting policy are disclosed below.

#### *Definition of a lease*

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under MFRS 16, the Group and the Company recognise right-of-use assets and lease obligation based on the assessment of the key factors as below:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group and the Company; and

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Application of New or Amended Standards (Cont'd)

#### MFRS 16 Leases (Cont'd)

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under MFRS 16, the Group and the Company recognise right-of-use assets and lease obligation based on the assessment of the key factors as below: (Cont'd)

- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group and the Company have the right to direct the use of the identified asset throughout the period of use.

For contracts entered into before 1 July 2019, the Group and the Company have elected to apply the definition of a lease from MFRS 117 and related interpretations, and such contracts were not reassessed based on definition of a lease of MFRS 16.

Hence, at 1 July 2019, for leases classified as operating leases under MFRS 117, lease obligation were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rates for similar assets on that date. Right-of-use assets are measured at its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group and the Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance lease (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). In the statements of financial position, right-of-use assets continue to be included in property, plant and equipment.

Additionally, the Group and the Company used the following practical expedients when applying MFRS 16 to contracts previously accounted as operating leases under MFRS 117:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- Elected to not include initial direct costs in the measurement of the right-of-use assets for operating leases at the date of initial application, being 1 July 2019.

- Applied the exemption not to recognise right-of-use assets and lease obligation for leases with less than 12 months of lease term at 1 July 2019 and for leases of low value assets, but to account them consistently for the lease expense on a straight-line basis over the remaining lease term.

- Relied on management's historic assessment as to whether leases were onerous immediately before 1 July 2019, instead of performing an impairment review on the right-of-use assets on 1 July 2019.

- Benefitted from the use of hindsight and own judgement for determining the lease term when considering options to extend and terminate leases.

The weighted average lessee's incremental borrowing rate applied is 5.48%.

The Group and the Company present the right-of-use assets and lease obligation separately on the face of statements of the financial position.

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Application of New or Amended Standards (Cont'd)

#### MFRS 16 Leases (Cont'd)

The effects of adopting MFRS 16 Leases to the Group and to the Company as at 1 July 2019 were as follows:

| | Group | | |
|---|---|---|---|
| | 30 June 2019 RM'000 | Changes RM'000 | 1 July 2019 RM'000 |
| **Non-current assets** | | | |
| Right-of-use assets | - | 14,098 | 14,098 |
| **Non-current liabilities** | | | |
| Lease liabilities | - | 14,098 | 14,098 |

| | Company | | |
|---|---|---|---|
| | 30 June 2019 RM'000 | Changes RM'000 | 1 July 2019 RM'000 |
| **Non-current assets** | | | |
| Right-of-use assets | - | 1,857 | 1,857 |
| **Non-current liabilities** | | | |
| Lease liabilities | - | 1,857 | 1,857 |

The reconciliation between the operating lease commitments disclosed applying MFRS 117 as at 30 June 2019 and the lease obligation recognised in the statements of financial position at the date of initial application:

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Operating lease commitments as at 30 June 2019 | 7,743 | - |
| Effect of discount using incremental borrowing rate | (1,328) | - |
| Short term lease | (15) | - |
| Additional lease obligation recognised based on initial recognition of MFRS16 | 7,698 | 1,857 |
| Lease obligation recognised as at 1 July 2019 | 14,098 | 1,857 |

### (b) New or Amended Standards Issued that are not Yet Effective

The Group and the Company have not applied the following standard and amendments that have been issued by the MASB but are not yet effective.

| | | Effective Date |
|---|---|---|
| Amendments to MFRSs | Amendments to References to the Conceptual Framework in MFRS Standards | 1 January 2020 |
| Amendments to MFRS 3 | Definition of a Business | 1 January 2020 |
| Amendments to MFRS 101 and MFRS 108 | Definition of Material | 1 January 2020 |

## 2. BASIS OF PREPARATION (CONT'D)

### (b) New or Amended Standards Issued that are not Yet Effective (Cont'd)

The Group and the Company have not applied the following standard and amendments that have been issued by the MASB but are not yet effective. (Cont'd)

| | | Effective Date |
|---|---|---|
| Amendments to MFRS 9, MFRS 139 and MFRS 7 | Interest Rate Benchmark Reform | 1 January 2020 |
| Amendment to MFRS 16 | Covid-19-Related Rent Concessions | 1 June 2020 |
| Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141 | Annual Improvements to MFRS Standards 2018–2020 | 1 January 2022 |
| Amendments to MFRS 3 | Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 116 | Property, Plant and Equipment - Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137 | Onerous Contracts - Cost of Fulfilling a Contract | 1 January 2022 |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be announced by the MASB |

The adoption of the above standard and amendments are not expected to have significant impact on the financial position and financial performance of the Group and of the Company.

### (c) IFRIC Agenda Decision

In March 2019, the IFRS Interpretations Committee published an agenda decision on IAS 23 Borrowing Costs (MFRS 123 Borrowings Costs) relating to over time transfer of constructed good. It is concluded that receivables, contract assets and inventory (work-in-progress) for unsold units under construction for which revenue is recognised over time are not qualifying assets under IAS 23 (MFRS 123). The MASB has announced that an entity shall apply the change in accounting policy as a result of the agenda decision to financial statements of annual periods beginning on or after 1 July 2020. The Group is currently assessing the impact to its accounting policy pursuant to the agenda decision; and will change its accounting policy (where applicable) on or before the mandatory effective date.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the entities controlled by the Company made up to the end of the financial year.

The Company controls an investee if and only if the Company has all the following:

(i) power over the investee;

(ii) exposure, or rights, to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect the amount of the investor's returns.

When the Company has no majority voting rights of an investee, it considers that it has power over the investee if the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

Non-controlling interests are initially measured at fair value. Subsequently, non controlling interests are the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non controlling interests having a deficit balance.

***Changes of interests in subsidiaries***

The changes of interests in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

When the Company loses control of a subsidiary:

(i) it derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.

(ii) it recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.

(iii) it recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant MFRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in a joint venture.

### (b) Business combination

The Group accounts for each business combination by applying the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Acquisition related costs are recognised as expenses when the costs are incurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Business combination (Cont'd)

On the date of acquisition, goodwill is measured as the excess of (i) over (ii) below:

(i) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interests in the investee; and (iii) the fair value of the Group's previously held equity interest in the investee, if the business combination achieved in stages.

(ii) The net fair value of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, a business combination in which the amount in (ii) above exceeds the aggregate of the amounts in (i) above, the Group recognises the resulting gain in profit or loss.

Measurement period adjustments are adjustments that arise from additional information obtained during 12 months from the acquisition date, about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the reporting date in which the business combination occurs, the Group reports provisional amounts for the business combination. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of the acquisition date.

When the consideration in a business combination includes contingent consideration, the contingent consideration is measured at fair value on acquisition date.

- Subsequent changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

- Subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments: (i) contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity; or (ii) other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

### (c) Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the sharing of control of an arrangement contractually, which exists only when decisions about the relevant activities require unanimous consent of the parties.

Investments in associates or joint ventures are accounted for in the financial statements using the equity method. The results and net assets of associates or joint ventures are accounted using uniform accounting policies for like transactions and other events in similar circumstances. An investment is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence. Under the equity method, the investments are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates or joint ventures. Unrealised gains or losses on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

On acquisition of an investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment, and goodwill is not tested for impairment separately. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Investments in associates and joint ventures (Cont'd)

When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (includes long term interests that form part of the Group's net investment in the associate or joint venture, in substance), equity accounting is discontinued; unless the Group has legal or constructive obligations for such losses.

At each reporting date, the Group determines whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If there is such indication, management recognises impairment loss in profit or loss as the difference between the recoverable amount of the associate or joint venture and its carrying value.

When changes in the Group's interest in an associate or joint venture do not affect the use of equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group discontinues the use of equity accounting from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value and the fair value is regarded as its fair value on initial recognition. Any gain or loss is recognised in profit or loss. In addition, if a gain or loss previously recognised in other comprehensive income by the associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed.

### (d) Investments in subsidiaries, associates and joint ventures (separate financial statements)

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are measured at cost less impairment losses, if any. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

### (e) Concession assets

Concession assets are recognised to the extent that the Group has a right (a licence) to charge users of the public services.

Concession assets refer to expressway development expenditures ("EDE") and park and ride building which comprise development and upgrading expenditures (including interest charges relating to financing of the development) incurred in connection with the concession.

Concession assets are stated at cost less accumulated amortisation and any impairment losses. Amortisation of the concession assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

EDE is amortised over the concession period. The amortisation formula applied in the preparation of the financial statements to arrive at the annual amortisation charge for each financial year is as follows:

$$\frac{\text{Traffic volume for the year}}{\text{(Actual traffic volume for the year + Projected total traffic volume for the subsequent years to the end of the concession period)}} \times \text{(Net book value of EDE at the beginning of the year + Additions for the year)}$$

The projected total traffic volume is based on the latest available base case traffic projection prepared by independent traffic consultants.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Concession assets (Cont'd)

The traffic volume projection is independently reviewed on a periodic basis.

Park and ride building is amortised based on straight-line over remaining concession period.

When an indication of impairment exists, the concession assets are subject to impairment test.

### (f) Property, plant and equipment

#### *(i) Measurement basis*

Property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as profit or loss when incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal, the difference between the net disposal proceeds and the net carrying amount is recognised in the profit or loss.

#### *(ii) Depreciation*

Freehold land and capital work-in-progress are not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on the straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

The principal annual rates used for this purpose are:

| | |
|---|---|
| Buildings | 2% |
| Equipment, plant and machinery | 4% - 20% |
| Motor vehicles | 20% |
| Office equipment | 10% - 33 1/3% |
| Furniture and fittings | 10% |
| Renovation | 10% - 20% |

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

### (g) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met; and excludes the costs of day-to-day servicing of an investment property.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Investment properties (Cont'd)

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of reporting period. Gains or losses arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories; its fair value at the date of reclassification becomes its cost for subsequent accounting.

### (h) Leases

The Group and the Company recognised and measured their leases in accordance with MFRS 16 Leases effective from 1 July 2019. The financial impact to the Group's and the Company's financial statements on initial adoption of MFRS 16 Leases is disclosed in note 2(a) to the financial statements.

**Recognition and measurement in financial year ended 30 June 2020**

***The Group as Lessee***

Right-of-use assets and corresponding lease liabilities are recognised with respect to all lease agreements, except for short-term leases and leases of low value assets.

For short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease or incremental borrowing rate, where applicable. Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments, less lease incentives; (ii) variable lease payments based upon an index or a rate; and (iii) payments of penalties for terminating the lease.

The right-of-use assets comprise the corresponding lease liability, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts on the lease commencement date. The depreciation periods and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Variable lease payment (not based upon an index or a rate) are recognised as an expense in the period in which it is incurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (h) Leases (Cont'd)

**Recognition and measurement in financial year ended 30 June 2020 (Cont'd)**

***The Group as Lessor***

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

**Recognition and measurement before 1 July 2019**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

***(i) Finance lease***

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Property, plant and equipment acquired by way of finance leases are stated at amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses. In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the leases, if this is determined; if not the Group's incremental borrowing rate is used.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or investment properties.

***(ii) Operating lease***

An operating lease is a lease other than a finance lease. Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight-line basis over the period of the lease.

Leasehold land which in substance is an operating lease is classified as prepaid lease payment.

### (i) Intangible assets

***(i) Franchise rights***

Franchise fees represent amount paid or payable in respect of the new outlets opened. The franchise fees are capitalised and amortised on a straight-line basis over the granted franchise rights periods of 4 years. The franchise fees are amortised from the effective date of franchise agreement.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Intangible assets (Cont'd)

#### *(ii) Trademark*

The cost of trademark acquired represents its fair value as at the date of acquisition. Following initial recognition, trademark is carried at cost less any accumulated impairment losses. Trademark, which is considered to have indefinite useful live, is not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful live of trademark is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

### (j) Property development

Property development is classified under two categories i.e. land held for property development and property development costs.

#### *Land held for property development*

Land held for property development is land on which development is not expected to be completed within the normal operating cycle. No significant development work would have been undertaken on the land. Accordingly, land held for property development is classified as a non-current asset. Land held for property development is measured at the lower of cost and net realisable value. Costs include incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs (current asset).

#### *Property development costs*

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Property development costs are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

Property development costs are subsequently recognised as an expense in profit or loss when or as the entity's performance obligation is satisfied over time or at a point in time.

### (k) Contract assets and contract liabilities

Contract assets are the right to consideration in exchange for goods or services transferred to customers. If goods or services are transferred to customers before the customers pay consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Trade receivables represent the entity's right to an amount of consideration that is unconditional.

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Contract costs

***Property development contracts costs***

Represents development costs attributable to development unit that are sold at reporting date. The capitalised costs are amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer. Property development contracts costs are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

***Pre-contract cost***

The Group recognises pre-contract cost that relate directly to a contract or to an anticipated contract as an asset. An impairment loss is recognised in profit or loss when the carrying amount of the contract cost asset exceeds the expected revenue less expected costs that will be incurred.

### (m) Provision for heavy repairs

Heavy repairs relate to repair of bridges, slopes and embankments, rectification of settlements and pavement rehabilitation of medium and high traffic sections along the expressway.

Provision for heavy repairs, being the contractual obligations to maintain and restore the infrastructure to a specified standard of serviceability, is recognised and measured at the present value of estimated expenditures expected to be required to settle the present obligation at the reporting date.

### (n) Impairment of non-financial assets

***Property, plant and equipment, concession assets, intangible assets and investments in subsidiaries, associate and joint venture***

Property, plant and equipment, concession assets, intangible assets and investments in subsidiaries, associate and joint venture are assessed at the end of each reporting period to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the profit or loss.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

### (o) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

***Financial assets***

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

***Subsequent measurement***

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments);
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments);
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

***Financial assets at amortised cost***

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

***Financial assets at FVTPL***

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated as at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Derivative instruments.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Financial instruments (Cont'd)

***Financial assets at FVTPL (Cont'd)***

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

***Impairment of financial assets***

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI, receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

***Derecognition of financial assets***

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Financial instruments (Cont'd)

***Financial liabilities and equity instruments***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***Financial liabilities***

All financial liabilities are subsequently measured at FVTPL or at amortised cost.

***Financial liabilities at amortised cost***

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability by allocating interest income/expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of a debt instrument or a financial liability, to the amortised cost of the debt instrument or the financial liability.

***Financial guarantee contracts***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amount of income recognised.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

***Equity instrument***

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Repurchase of own equity instruments is deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Revenue recognition

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the total consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

***Construction contracts and property development***

Revenue is recognised over time, if (i) the entity creates an asset with no alternative use to the entity and the entity has an enforceable right to payment for performance completed to-date; or (ii) a customer controls the asset as it is created or enhanced by the entity.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

Revenue from sales of completed properties is recognised when the control of the properties are transferred to the buyers.

***Project management fee***

Revenue from project management services is recognised over time, if a customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from project management services is recognised using an input method to measure progress towards complete satisfaction of the services.

***Toll revenue***

Toll revenue is accounted for as and when toll is chargeable for the usage of the expressway.

***Toll compensation***

Pursuant to Concession Agreement, the Government of Malaysia ("Government") reserves the right to restructure or to restrict the imposition of unit toll rate increases, and in such event, the Government shall compensate the Group for any deduction in toll revenue, subject to negotiation and other considerations that the Government may deem fit. Toll compensation for any concession year is recognised in the financial statements as revenue when recovery is probable and the amount that is recoverable can be measured reliably.

***Renewable energy income***

Energy fee derived from the conversion into electricity of renewable energy resources is recognised as revenue upon actual delivery of such converted energy.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Revenue recognition (Cont'd)

***Sales of food and beverage***

Revenue from sales of food and beverage is recognised at the point in time when control of the goods is transferred to a customer, generally upon delivery of goods.

Other income is recognised as follows:

- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

### (r) Employee benefits

(i) Short term employee benefits

Salaries, wages, bonuses, allowances, paid annual leave and paid sick leave are recognised as an expense in the period in which the services are rendered by employees.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss in the period to which they relate.

(iii) Termination benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

(iv) Employees' share option scheme ("ESOS")

The ESOS, an equity-settled, share-based compensation plan, allows the Group's employees and directors to acquire shares of the Company. The total fair value of share options granted is recognised as an employee cost with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date using the trinomial model, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve.

### (s) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred; and ceases when the asset is completed or during extended periods when active development is interrupted.

All other borrowing costs are recognised in profit or loss in the financial period in which they are incurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (t) Income tax

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

***Current tax***

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the financial period when the asset is realised or when the liability is settled.

### (u) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdrafts and other short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and designated bank account pledged.

### (v) Segment reporting

Segment reporting in the financial statements is presented on the same basis as that used by management internally for evaluating operating segment performance and in deciding on the allocation of resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide on the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (v) Segment reporting (Cont'd)

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

### (w) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not probable that there is economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as contingent asset, unless the probability of inflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one of more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

### (x) Government grant

Government grants shall not be recognised until there is reasonable assurance that: (a) the Group will comply with the conditions attaching to them; and (b) the grants will be received.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (y) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets (for identical assets or liabilities).

Level 2: Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques that include unobservable inputs (not based on observable market data).

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities (if any) at the end of the reporting period, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Critical judgement made in applying accounting policies**

The following are judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on amounts recognised in the financial statements:

***Classification between investment properties and owner-occupied properties***

The Group and the Company determine whether a property qualifies as an investment property, and have developed certain criteria based on MFRS 140 Investment Property in making that judgement.

In making its judgement, the Group and the Company consider whether a property generates cash flows largely independently of other assets held by the Group and by the Company. Owner-occupied properties generate cash flows that are attributable not only to the properties, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company account for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

### Critical judgement made in applying accounting policies (Cont'd)

***Revenue recognition of construction contracts***

The Group and the Company recognise revenue from construction contracts based on the percentage of completion method. The percentage of completion of the construction contracts is measured in accordance with the accounting policies set out in note 3(q).

Significant judgement is required in determining the percentage of completion, the extent of the contract costs incurred, the estimated total revenue and total costs and the recoverability of the contract. In making these judgements, management relies on past experience and the work of specialists.

***Revenue recognition of property development activities***

The Group recognises revenue from property development activities based on the percentage of completion method. The percentage of completion of the property development activities is measured in accordance with the accounting policies set out in note 3(q).

Significant judgement is required in determining the percentage of completion, the extent of the development project costs incurred, the estimated total revenue and total costs and the recoverability of the development project. In making these judgements, management relies on past experience and the work of specialists.

### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

***Depreciation and impairment of property, plant and equipment***

The Group and the Company review the estimated useful lives of property, plant and equipment at the end of each reporting period. Changes in the expected useful lives of property, plant and equipment could impact future depreciation charges.

Property, plant and equipment are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the recoverable amount is required. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the property, plant and equipment or the related cash generating unit.

***Fair value of investment properties***

The Group and the Company measure their investment properties at fair value with any change in fair value recognised in the profit or loss. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group and the Company evaluate based on past experience and reliance on the work of specialists. The Group and the Company engage an independent professional valuer to determine the fair value on an open market value basis using comparison method.

Information regarding the valuation techniques and inputs used in determining the fair value is disclosed in note 6 to the financial statements.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

**Key sources of estimation uncertainty (Cont'd)**

***Amortisation and impairment of concession assets***

The carrying amount of concession assets is amortised over the concession period by applying the formula in note 3(e). The denominator of the formula includes projected total traffic volume for subsequent years to the end of the concession period and is based on the latest available base case traffic volume projection prepared by independent traffic consultants. The assumptions to arrive at the traffic volume projection take into consideration the growth rate based on current market and economic conditions. Changes in the expected traffic volume could impact future amortisation charges.

The Group assesses at the end of each reporting period whether there is any indicator that the concession assets are impaired. If such an indication exists, an estimation of the recoverable amount is required. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows generated from the concession assets discounted at a suitable discount rate in order to calculate the present value of those cash flows.

***Measurement of impairment loss on investments in subsidiaries and associate***

Investments in subsidiaries and associate are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the investment's recoverable amount is required. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the Company's investments in subsidiaries and associate and also choose a suitable discount rate in order to calculate the present value of those cash flows.

***Deferred tax assets***

Deferred tax assets are recognised for deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

Significant management judgement, is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

***Determining the loss allowance for trade receivables and contract assets***

Management assesses the ECL for trade receivables and contract assets at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables and contract assets.

In determining the ECL, management uses historical credit loss experience for trade receivables and contract assets to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables and contract assets are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables and contract assets.

The ECL on trade receivables and contract assets as at current reporting date is primarily mainly based upon the historical credit loss experience. The carrying amount of trade receivables and contract assets are disclosed in notes 15, 16 and 18 to the financial statements.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

### Key sources of estimation uncertainty (Cont'd)

#### *Determining the loss allowance for non-trade receivables*

Management assesses the ECL of receivables (other than trade receivables and lease receivables) at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive.

In determining the ECL, management assesses whether there has been any significant increase in credit risk since initial recognition of a receivable. Where there has not been a significant increase in credit risk since initial recognition, management determines the loss allowance by estimating an amount equal to 12-month ECL of that receivable. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), management measures a loss allowance for credit losses expected over the remaining life of that receivable. Management exercise considerable judgement in these estimations, using historical credit loss experience as well as reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL.

The carrying amount of these receivables is disclosed in notes 15 and 16 to the financial statements.

#### *Provision for heavy repairs*

Provision for heavy repairs is recognised based on the future heavy repairs expenditure expected to be incurred over the concession period. Judgement and estimation are involved in determining the timing and amounts of future expenditure taking into consideration factors such as usage of expressway, technology changes, inflation and etc.

#### *Income taxes*

Significant judgement is involved in determining the capital allowances and deductibility of expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### *Lease liability*

Management estimates the lease term as the non-cancellable period of a lease together with both periods covered by an option to extend the lease and an option to terminate the lease. In assessing whether it is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, management exercises judgement by considering all relevant facts and circumstances that create an economic incentive to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

Management measures the lease liability as the present value of the lease payments that are not paid at commencement date. The lease payments are discounted using the incremental borrowing rate.

The lease terms and discount rate are determined using certain assumptions and they represents management's best estimation. The assumptions on which it is based relate to the future. Actual outcome may be different from the estimation and the variation could be material.

The carrying amounts of lease liabilities are disclosed in note 7 to the financial statements.

## 5. PROPERTY, PLANT AND EQUIPMENT

| Group<br><br>2020<br>Cost | Freehold land and buildings RM'000 | Equipment, plant and machinery RM'000 | Motor vehicles RM'000 | Office equipment RM'000 | Furniture and fittings RM'000 | Renovation RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| At 1 July 2019 | 28,301 | 52,159 | 36,391 | 11,600 | 4,787 | 5,505 | 60,240 | 198,983 |
| Additions | - | 76,353 | 3,008 | 987 | 1,917 | 2,584 | 26,658 | 111,507 |
| Disposals | - | (2,387) | (2,608) | - | (34) | - | - | (5,029) |
| Write-offs | - | (26) | - | (11) | - | (2,335) | - | (2,372) |
| At 30 June 2020 | 28,301 | 126,099 | 36,791 | 12,576 | 6,670 | 5,754 | 86,898 | 303,089 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 July 2019 | 1,248 | 34,636 | 18,108 | 8,090 | 2,694 | 285 | - | 65,061 |
| Charge for the year | 151 | 10,081 | 3,338 | 1,318 | 549 | 1,120 | - | 16,557 |
| Disposals | - | (1,327) | (1,482) | - | (3) | - | - | (2,812) |
| Write-offs | - | (20) | - | (8) | - | (269) | - | (297) |
| At 30 June 2020 | 1,399 | 43,370 | 19,964 | 9,400 | 3,240 | 1,136 | - | 78,509 |
| **Net carrying amount** | | | | | | | | |
| At 30 June 2020 | 26,902 | 82,729 | 16,827 | 3,176 | 3,430 | 4,618 | 86,898 | 224,580 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group<br><br>2019<br>Cost | Freehold land and buildings RM'000 | Equipment, plant and machinery RM'000 | Motor vehicles RM'000 | Office equipment RM'000 | Furniture and fittings RM'000 | Renovation RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|
| At 1 July 2018 | 28,301 | 49,471 | 35,673 | 9,277 | 3,496 | - | - | 126,218 |
| Additions | - | 2,848 | 3,230 | 2,668 | 1,558 | 5,505 | 475 | 16,284 |
| Transfer from property development costs (Note 20) | - | - | - | - | - | - | 59,765 | 59,765 |
| Disposals | - | - | (2,113) | (17) | - | - | - | (2,130) |
| Write-offs | - | (160) | (399) | (328) | (267) | - | - | (1,154) |
| At 30 June 2019 | 28,301 | 52,159 | 36,391 | 11,600 | 4,787 | 5,505 | 60,240 | 198,983 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 July 2018 | 1,097 | 27,044 | 18,114 | 7,055 | 2,660 | - | - | 55,970 |
| Charge for the year | 151 | 7,712 | 2,038 | 1,370 | 301 | 285 | - | 11,857 |
| Disposals | - | - | (1,984) | (17) | - | - | - | (2,001) |
| Write-offs | - | (120) | (60) | (318) | (267) | - | - | (765) |
| At 30 June 2019 | 1,248 | 34,636 | 18,108 | 8,090 | 2,694 | 285 | - | 65,061 |
| **Net carrying amount** | | | | | | | | |
| At 30 June 2019 | 27,053 | 17,523 | 18,283 | 3,510 | 2,093 | 5,220 | 60,240 | 133,922 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Company<br>2020<br>Cost | Equipment, plant and machinery RM'000 | Motor vehicles RM'000 | Office equipment RM'000 | Furniture and fittings RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| At 1 July 2019 | 6,129 | 11,343 | 2,911 | 2,119 | 22,502 |
| Additions | - | 3 | 31 | 1,465 | 1,499 |
| Disposals | - | (2,640) | - | - | (2,640) |
| At 30 June 2020 | 6,129 | 8,706 | 2,942 | 3,584 | 21,361 |
| **Accumulated depreciation** | | | | | |
| At 1 July 2019 | 6,032 | 7,638 | 2,862 | 2,012 | 18,544 |
| Charge for the year | 25 | 494 | 24 | 246 | 789 |
| Disposals | - | (1,715) | - | - | (1,715) |
| At 30 June 2020 | 6,057 | 6,417 | 2,886 | 2,258 | 17,618 |
| **Net carrying amount** | | | | | |
| At 30 June 2020 | 72 | 2,289 | 56 | 1,326 | 3,743 |

| Company<br>2019<br>Cost | Equipment, plant and machinery RM'000 | Motor vehicles RM'000 | Office equipment RM'000 | Furniture and fittings RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| At 1 July 2018 | 6,016 | 12,160 | 2,911 | 2,119 | 23,206 |
| Additions | 113 | 364 | - | - | 477 |
| Disposals | - | (1,181) | - | - | (1,181) |
| At 30 June 2019 | 6,129 | 11,343 | 2,911 | 2,119 | 22,502 |
| **Accumulated depreciation** | | | | | |
| At 1 July 2018 | 6,007 | 8,438 | 2,845 | 1,967 | 19,257 |
| Charge for the year | 25 | 1 | 17 | 45 | 88 |
| Disposals | - | (801) | - | - | (801) |
| At 30 June 2019 | 6,032 | 7,638 | 2,862 | 2,012 | 18,544 |
| **Net carrying amount** | | | | | |
| At 30 June 2019 | 97 | 3,705 | 49 | 107 | 3,958 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Details of freehold land and buildings are as follows:

| Group | Cost 2020 RM'000 | Accumulated depreciation 2020 RM'000 | Net carrying amount 2020 RM'000 | Net carrying amount 2019 RM'000 |
|---|---|---|---|---|
| Freehold | | | | |
| - land | 20,734 | - | 20,734 | 20,734 |
| - buildings | 7,567 | (1,399) | 6,168 | 6,319 |
| | 28,301 | (1,399) | 26,902 | 27,053 |

(b) Included in the cost of property, plant and equipment are fully depreciated property, plant and equipment to their residual values, as follows:

| | Group | | Company | |
|---|---|---|---|---|
| Group | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Equipment, plant and machinery | 12,991 | 9,126 | 6,129 | 6,129 |
| Motor vehicles | 11,520 | 12,530 | 8,422 | 9,965 |
| Office equipment | 5,256 | 4,464 | 2,777 | 2,753 |
| Furniture and fittings | 1,984 | 1,701 | 1,653 | 1,653 |
| | 31,751 | 27,821 | 18,981 | 20,500 |

(c) Included in the net carrying amounts of property, plant and equipment are the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Motor vehicles acquired under hire purchase | 7,886 | 11,188 | 1,239 | 2,104 |
| Property, plant and equipment charged to a licensed bank for IMTN as disclosed in note 28(a) | 824 | 1,067 | - | - |

## 6. INVESTMENT PROPERTIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| At 1 July | 719,560 | 569,803 | 23,445 | 23,438 |
| Additions | 138,427 | 93,557 | - | 7 |
| Transfer from property development costs (Note 20) | - | 20,906 | - | - |
| Disposal | - | (1,280) | - | - |
| Changes in fair value | (1,703) | 36,574 | (1,129) | - |
| At 30 June | 856,284 | 719,560 | 22,316 | 23,445 |

## 6. INVESTMENT PROPERTIES (CONT'D)

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Investment properties comprise: | | | | |
| At fair value | | | | |
| - Freehold land and commercial buildings/apartments | 836,672 | 704,460 | 22,316 | 23,455 |
| - Long term leasehold land and buildings/apartments | 19,612 | 15,100 | - | - |
| | 856,284 | 719,560 | 22,316 | 23,455 |

Freehold land and commercial buildings/apartments with carrying value of RM227,404,282 (2019: RM227,404,282) are charged to licensed banks for banking facilities granted to the Group as disclosed in notes 27 and 34 to the financial statements.

The fair values of the investment properties are arrived at by reference to valuations by registered independent valuer having appropriate recognised professional qualifications.

The Group's and the Company's investment properties are stated at fair value, representing open-market value, under comparison and investment method, determined by the directors based on independent external valuers' advice.

The following assumptions have been applied in the valuation:

(i) The comparison method entails critical analyses of recent evidence of values of comparable properties in the nearby location, and where necessary, adjusting for differences, such as tenure, location, development concept, and size, among others.

(ii) The investment method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

The fair value of investment properties classified under level 2 was determined using comparison method, and level 3 was determined using cost or investment method.

There is no transfer between levels of fair value hierarchy during the financial year.

The fair value hierarchy of the investment properties is as follows:

| Group<br>2020 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|---|---|---|---|
| - Freehold land and commercial buildings/apartments | - | 422,672 | 414,000 | 836,672 |
| - Long term leasehold land and buildings/apartments | - | 19,612 | - | 19,612 |
| | - | 442,284 | 414,000 | 856,284 |
| **2019** | | | | |
| - Freehold land and commercial buildings/apartments | - | 304,460 | 400,000 | 704,460 |
| - Long term leasehold land and buildings/apartments | - | 15,100 | - | 15,100 |
| | - | 319,560 | 400,000 | 719,560 |

## 6. INVESTMENT PROPERTIES (CONT'D)

The fair value hierarchy of the investment properties is as follows: (Cont'd)

| Company | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2020** | | | | |
| - Freehold land and commercial buildings/apartments | - | 22,316 | - | 22,316 |
| **2019** | | | | |
| - Freehold land and commercial buildings/apartments | - | 23,445 | - | 23,445 |

Details of level 3 fair value measurements are as follows: -

| Key inputs | Significant unobservable inputs | Relationship of unobservable inputs and fair value |
|---|---|---|
| Investment method which capitalises the actual or estimated rental income stream, net of projected operating costs, using a discount rate derived from capitalisation rate | Discount rate of 6.00% to 6.50% (2019: 5.50% to 6.00%) | The higher the discount rate, the lower the fair value |
| | Voids allowance at 5% (2019: 5%) | The higher the voids allowance, the lower the fair value |

## 7. LEASES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| The Group/Company as a lessee: | | | | |
| Right-of-use assets | | | | |
| At 1 July | - | - | - | - |
| Effect of initial application of MFRS 16 Leases on 1July 2019 | 14,098 | - | 1,857 | - |
| Depreciation | (3,420) | - | (371) | - |
| | 10,678 | - | 1,486 | - |
| **Right-of-use assets at the end of the financial period comprise of:** | | | | |
| - Properties | 10,678 | - | 1,486 | - |
| Lease obligations | | | | |
| - Current | 3,249 | - | 351 | - |
| - Non-current | 7,785 | - | 1,173 | - |
| | 11,034 | - | 1,524 | - |

The leases of properties are typically made for period of 1 to 50 years. The leases do not impose any covenants.

## 7. LEASES (CONT'D)

The changes in lease obligations (fixed lease payments) is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Balance as at 1 July | - | - | - | - |
| Cash flows: | | | | |
| Lease payment | (3,064) | - | (333) | - |
| Interest paid | (658) | - | (89) | - |
| Non-cash: | | | | |
| Effect of initial application of MFRS 16 leases on 1 July 2019 | 14,098 | - | 1,857 | - |
| Interest expense | 658 | - | 89 | - |
| Balance as at 30 June | 11,034 | - | 1,524 | - |

Certain property leases contain both fixed and variable lease payment terms. The variable lease payments are linked to revenue generated by the leased properties.

The fixed and variable lease payments are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Fixed lease payment | 1,239 | - | 422 | - |
| Variable lease payment | 2,483 | - | - | - |
| Balance as at 30 June | 3,722 | - | 422 | - |

Certain leases of Retail Stores contain an option exercisable by the Group. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options.

The lease payments associated to short-term leases or leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. No right-of-use assets and lease liabilities are recognised for these leases. At the reporting date, the Group and the Company are committed to RM497,000 and RM297,000, respectively for short-term leases.

## 7. LEASES (CONT'D)

### The Group as a Lessor:

#### *Operating leases*

Investment properties are leased out typically for periods of 1 to 9 years (2019:1 to 4 years).

| | Group | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| Carrying amount of investment properties (subject to operating leases as lessor) | 414,000 | 400,000 |

Analysis of undiscounted lease receivable after the reporting date, on an annual basis:

| | Group | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| In the first year | 33,408 | 24,625 |
| In the second year | 14,912 | 24,486 |
| In the third year | 1,790 | 11,796 |
| In the fourth year | 741 | 73 |
| In the fifth year | 741 | - |
| After fifth year | 3,579 | - |
| | 55,171 | 60,980 |

## 8. LAND HELD FOR PROPERTY DEVELOPMENT

| Group | Freehold/ Leasehold land RM'000 | Development costs RM'000 | Total RM'000 |
|---|---|---|---|
| **Cost** | | | |
| **2020** | | | |
| At 1 July 2019 | 448,922 | 58,706 | 507,628 |
| Additions | 284 | 9,607 | 9,891 |
| At 30 June 2020 | 449,206 | 68,313 | 517,519 |
| **Cost** | | | |
| **2019** | | | |
| At 1 July 2018 | 306,093 | 53,603 | 359,696 |
| Additions | 142,829 | 5,103 | 147,932 |
| At 30 June 2019 | 448,922 | 58,706 | 507,628 |

Land held for property development of the Group with carrying amount of RM245,731,000 (2019: RM192,968,000) has been charged to licensed banks for banking facilities granted to the Group as disclosed in notes 27 and 34 to the financial statements.

## 9. CONCESSION ASSETS

| Group 2020 | Completed Expressways RM'000 | Completed Park and ride building RM'000 | Under development Expressway RM'000 | Under development Park and ride building RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 July 2019 | 2,883,236 | - | 1,810,714 | 72,636 | 4,766,586 |
| Additions | 240 | - | 835,420 | - | 835,660 |
| Net borrowing costs capitalised | - | - | 166,134 | - | 166,134 |
| Transferred of concession assets upon completion | - | 72,636 | - | (72,636) | - |
| At 30 June 2020 | 2,883,476 | 72,636 | 2,812,268 | - | 5,768,380 |
| **Accumulated amortisation** | | | | | |
| At 1 July 2019 | 84,213 | - | - | - | 84,213 |
| Charge for the year | 26,182 | 731 | - | - | 26,913 |
| At 30 June 2020 | 110,395 | 731 | - | - | 111,126 |
| **Net carrying amount** | | | | | |
| At 30 June 2020 | 2,773,081 | 71,905 | 2,812,268 | - | 5,657,254 |

| Group 2019 | Completed Expressway RM'000 | Under development Expressways RM'000 | Under development Park and ride building RM'000 | Total RM'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 July 2018 | 2,883,146 | 932,773 | 72,636 | 3,888,555 |
| Additions | 90 | 750,139 | - | 750,229 |
| Net borrowing costs capitalised | - | 127,802 | - | 127,802 |
| At 30 June 2019 | 2,883,236 | 1,810,714 | 72,636 | 4,766,586 |
| **Accumulated amortisation** | | | | |
| At 1 July 2018 | 59,614 | - | - | 59,614 |
| Charge for the year | 24,599 | - | - | 24,599 |
| At 30 June 2019 | 84,213 | - | - | 84,213 |
| **Net carrying amount** | | | | |
| At 30 June 2019 | 2,799,023 | 1,810,714 | 72,636 | 4,682,373 |

## 9. CONCESSION ASSETS (CONT'D)

Concession assets refer to development expenditures (including borrowing costs, net of interest income, relating to financing of the development) incurred in connection with the following concession agreements:

(a) The concession assets are related to a Concession Agreement ("CA") dated 12 August 2004 entered into between Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi"), a 60%-owned subsidiary of the Company and the Government whereby the Government granted Kesturi the right and authority to undertake the design, construction, operation, management and maintenance of the Duta-Ulu Kelang Expressway ("DUKE Project") commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. The concession period was for a period of 34 years which commenced from 11 August 2005.

    DUKE Project was completed on April 2009 and toll collections commenced on May 2009.

(b) On 3 December 2012, Kesturi entered into a Supplemental Concession Agreement ("SCA") with the Government in relation to the extension of the DUKE Project ("DUKE Phase-2"). The DUKE Phase-2 commences from Menjalara Interchange at Bandar Menjalara to Segambut Interchange ("Sri Damansara Link") and Jalan Tun Razak near Kuala Lumpur Hospital/Institut Jantung Negara to Jalan Gombak ("Tun Razak Link") and includes construction of Park and Ride buildings.

    The concession period for the entire DUKE Project and DUKE Phase-2, including the Park and Ride buildings, under the SCA is for a period of 54 years commencing from the effective date, 11 August 2005 and shall, subject to terms and conditions of the SCA, be extended for a further period of 10 years.

    DUKE Phase-2, Tun Razak Link and Sri Damansara Link and the Park and Ride buildings were completed on 29 September 2017, 23 October 2017 and respectively.

(c) On 11 January 2016, Lebuhraya Duke Fasa 3 Sdn Bhd ("LDF3"), a wholly- owned subsidiary of the Company entered into a separate CA with the Government whereby the Government granted LDF3 the right and authority to undertake the design, construction, operation, management and maintenance of the Setiawangsa-Pantai Expressway ("SPE Project") commences from Jalan Kerinchi to Taman Melawati. The concession period was for a period of 53.5 years which commenced from 5 August 2016 and shall, subject to terms and conditions of the CA, be extended for a further period of 6.5 years.

Upon expiry of the concession period, the Group shall hand over the concession assets to the Government in a well-maintained condition and make good any defects at the Group's own expenses within twelve months after the date of handing over.

The concession assets are charged as security for the borrowings as disclosed in notes 28(a), 28(b) and 29 to the financial statements.

## 10. INTANGIBLE ASSETS

| | Franchise rights RM'000 | Trademark RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **2020** | | | |
| **Cost** | | | |
| At 1 July 2019/ 30 June 2020 | 312 | 6,180 | 6,492 |
| **Accumulated amortisation** | | | |
| At 1 July 2019 | 39 | - | 39 |
| Charged for the year | 78 | - | 78 |
| At 30 June 2020 | 117 | - | 117 |
| Net carrying amount | | | |
| At 30 June 2020 | 195 | 6,180 | 6,375 |
| **Group** | | | |
| **2019** | | | |
| **Cost** | | | |
| At 1 July 2018 | - | - | - |
| Additions | 312 | 6,180 | 6,492 |
| At 30 June 2019 | 312 | 6,180 | 6,492 |
| **Accumulated amortisation** | | | |
| At 1 July 2018 | - | - | - |
| Charged for the year | 39 | - | 39 |
| At 30 June 2019 | 39 | - | 39 |
| Net carrying amount | | | |
| At 30 June 2019 | 273 | 6,180 | 6,453 |

Franchise rights are rights granted to the Group for their operation of restaurant business.

Trademark relates to the intellectual property acquired by the Group.

## 11. INVESTMENTS IN SUBSIDIARIES

| | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|
| Unquoted shares, at cost | 365,254 | 365,254 |
| Unquoted redeemable preference shares, at cost | 1,067,693 | 1,067,693 |
| Less: Accumulated impairment losses | (6,725) | (6,725) |
| | 1,426,222 | 1,426,222 |
| Capital contributions | 11,159 | 11,159 |
| | 1,437,381 | 1,437,381 |

The capital contributions are for subsidiaries' capital expenditures and working capital purposes, which are treated as quasi-equity. The capital contributions have no fixed term of repayment and repayable at the discretion of the subsidiaries.

Details of the subsidiaries are as follows:

| | Effective equity interest 2020 % | Effective equity interest 2019 % | Principal activities | Principal place of business |
|---|---|---|---|---|
| Ekovest Construction Sdn Bhd | 100 | 100 | Civil engineering and building works | Malaysia |
| Ekovest Project Management Sdn Bhd | 100 | 100 | Project management for construction works | Malaysia |
| Ekoriver Construction Sdn Bhd | 100 | 100 | Civil engineering and building works | Malaysia |
| KL Bund Sdn Bhd | 100 | 100 | Project coordinator and manager for 'River of Life' project | Malaysia |
| Ekovest Capital Sdn Bhd | 100 | 100 | Property development and property investment | Malaysia |
| Ekovest Land Sdn Bhd | 100 | 100 | Property development | Malaysia |
| Nuzen Corporation Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| Duke Development Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| Ekovest Park & Ride Sdn Bhd | 100 | 100 | To construct, operate, manage and maintain the park and ride building | Malaysia |
| Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("Kesturi") | 60 | 60 | Design, construction, operation, management and maintenance of the Duta-Ulu Kelang | Malaysia |
| Lebuhraya Duke Fasa 2A Sdn Bhd | 70 | 70 | Inactive | |
| Lebuhraya Duke Fasa 3 Sdn Bhd | 100 | 100 | To design, construct, operate, manage and maintain the Setiawangsa-Pantai Expressway | Malaysia |
| Wira Kristal Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| DUKE Dinings Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| Sunshine Reality Sdn Bhd | 60 | - | Restaurant operator | Malaysia |
| The Loaf Asia Sdn Bhd | 70 | 70 | Restaurant operator | Malaysia |
| Xindauji (M) Sdn Bhd | 65 | 100 | Restaurant operator | Malaysia |
| Ekovest Brunsfield Holdings Sdn Bhd | 50 | 50 | Investment holding | Malaysia |
| Ekofield Danga Cove Sdn Bhd | 50 | 50 | Inactive | Malaysia |
| Ekofield Projects Sdn Bhd | 50 | 50 | Inactive | Malaysia |
| Ekofield Property Sdn Bhd | 50 | 50 | Inactive | Malaysia |
| Arah Kasturi Sdn Bhd | 100 | - | Investment holding | Malaysia |
| DUKE Hotels Sdn Bhd | 100 | 100 | Hotel operator | Malaysia |
| Ekovest Asset Management Sdn Bhd | 100 | 100 | Inactive | Malaysia |

## 11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

| | Effective equity interest 2020 % | 2019 % | Principal activities | Principal place of business |
|---|---|---|---|---|
| Ekovest Bay Sdn Bhd | 100 | - | Inactive | Malaysia |
| Ekovest Energy Sdn Bhd | 100 | 100 | Property investment and renewable energy activity | Malaysia |
| Ekovest-Faber Sdn Bhd | 60 | 60 | Inactive | Malaysia |
| Ekovest Oil & Gas Sdn Bhd | 51 | 51 | Inactive | Malaysia |
| Ekovest Properties Sdn Bhd | 100 | 100 | Property development | Malaysia |
| Ekovest World Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| Heritage Reno Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| KL Rivercity Sdn Bhd | 100 | 100 | Inactive | Malaysia |
| Milan Energy Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| Milan Prestasi Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| Milan Resources Sdn Bhd | 100 | 100 | Investment holding | Malaysia |
| Saujarena Bina Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| Sunview Capital Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| Temasek Megamas Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| Timur Terang Sdn Bhd | 100 | 100 | Property investment | Malaysia |
| Tanahmas Kapital Sdn Bhd | 100 | 100 | Property development | Malaysia |

***Subsidiary that has material non-controlling interests***

Details of the Group's subsidiary that has material non-controlling interests at the end of the reporting period is as follows:

| Name of subsidiary | Proportion of ownership interest held by non-controlling interests | | Loss allocated to non-controlling interests * | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Kesturi | 40% | 40% | 13,258 | 5,054 |

| Name of subsidiary | Carrying amount of non-controlling interests | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| Kesturi | 342,432 | 358,375 |

* Amounts before intra-group elimination.

## 11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Summarised financial information of the Group's subsidiary that has material non- controlling interests (amounts before intra-group elimination) is as follows:

| | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| **Kesturi** | | |
| Current assets | 184,443 | 206,183 |
| Non-current assets | 2,442,383 | 2,464,228 |
| Current liabilities | (60,054) | (30,035) |
| Non-current liabilities | (2,401,520) | (2,441,981) |
| **Kesturi** | | |
| Revenue | 154,205 | 176,091 |
| Expenses | (187,348) | (188,725) |
| Loss for the year | (33,143) | (12,634) |
| Other comprehensive income | - | - |
| Total comprehensive loss for the year | (33,143) | (12,634) |
| Net cash flows from operating activities | 133,152 | 153,714 |
| Net cash flows from investing activities | 25,636 | (41,783) |
| Net cash flows from financing activities | (160,833) | (109,941) |
| Net changes in cash and cash equivalents | (2,045) | 1,990 |

The Group has assessed the remaining non-controlling interests in the subsidiaries of the Group and has determined that the remaining non-controlling interests are not individually material to the Group's financial position, performance and cash flows.

## 12. INVESTMENT IN AN ASSOCIATE

| | Group | | Company | |
|---|---|---|---|---|
| **Group** | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Quoted shares, at cost | 105,837 | 104,681 | 105,837 | 104,681 |
| Group's share of post-acquisition reserves | (3,121) | (333) | - | - |
| | 102,716 | 104,348 | 105,837 | 104,681 |
| Market value of quoted shares | 67,791 | 102,926 | 67,791 | 102,926 |

The fair value of the quoted shares as at 30 June 2020 is RM67,791,000 (2019: RM102,926,000), based on the quoted market price at the reporting date included within level 1 of the fair value hierarchy.

## 12. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the associate is as follows:

| | Effective equity interest 2020 % | Effective equity interest 2019 % | Principal activities | Principal place of business |
|---|---|---|---|---|
| PLS Plantations Berhad ("PLS") * | 30.44 | 30.10 | Investment holding, civil engineering and construction works | Malaysia |

* Associate not audited by Mazars PLT.

On 15 October 2019, the Company acquired further additional 1,192,300 shares in PLS for a total consideration of RM1.156 million.

In the previous financial year, the Company has entered into conditional share purchase agreement with Serumpun Abadi Sdn Bhd for the acquisition of 23.42% equity interest in PLS, for a total consideration of RM76.5 million. The acquisition was completed on 18 March 2019. Subsequently, the Company further acquired additional shares in PLS, increasing the Group's stake to 30.10% for additional consideration of RM28.181 million.

The associate has a different financial year end from the Group. In applying the equity method of accounting, the audited financial statements of the associate for the financial year ended 31 March 2020 have been used, adjusted for any differences in accounting policy. There are no adjustments made for the associate's results between 1 April 2020 and 30 June 2020 as the effects are immaterial to the Group.

Summarised financial information of the associate is as follows:

| PLS | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Current assets | 31,743 | 24,478 |
| Non-current assets | 390,788 | 398,558 |
| Current liabilities | (56,998) | (54,071) |
| Non-current liabilities | (134,696) | (128,539) |
| Revenue | 88,467 | 66,329 |
| Expenses | (97,626) | (87,826) |
| Loss for the year | (9,159) | (21,497) |
| Other comprehensive income | - | - |
| Total comprehensive loss for the year | (9,159) | (21,497) |

Reconciliation of summarised financial information of the associate amount of interest in associate is as follows:

| PLS | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Net assets | 230,837 | 240,426 |
| Proportion of ownership interest held by the Group | 30.44% | 30.10% |
| Group's share of net assets | 70,267 | 72,368 |
| Goodwill | 32,312 | 31,910 |
| Adjustment to uniform accounting policy | 137 | 70 |
| Carrying amount of the Group's interest in the associate | 102,716 | 104,348 |

## 12. INVESTMENT IN AN ASSOCIATE (CONT'D)

The Group and the Company do not have any capital commitment of contingent liabilities in relation to its interest in the associate as at 30 June 2020.

As at 30 June 2020, the market value of shares in PLS held by the Company was below its carrying amount. Accordingly, the Company had undertaken an impairment test on carrying amount of the investment in the associate.

The recoverable amount of the investment in the associate was determined by a value in use calculation, by applying a discounted cash flow model, using cash flow projections covering a ten-year period as approved by management. The cash flows for that ten-year period have been estimated using a steady growth rate with 3.35% (2019: 2.63%) terminal growth rate. A discount rate of 12.10% (2019: 12.10%) was applied to the cash flow projections.

As the recoverable amount was in excess of the carrying amount, no impairment was required.

All the above key assumptions are based on management knowledge in the respective industries and historical information in assessing the value in use, management is of the view that no foreseeable changes in any of the above key assumptions are expected to cause the carrying amount of the associate to materially exceed its recoverable amount.

## 13. INVESTMENT IN A JOINT VENTURE

| Group | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Unquoted shares, at cost | * | - |
| Group's share of post-acquisition reserves | 816 | - |
| | 816 | - |

** Represents RM70.*

Details of the joint venture is as follows:

| | Effective equity interest 2020 % | Effective equity interest 2019 % | Principal activities | Principal place of business |
|---|---|---|---|---|
| Medan Jutajaya Sdn Bhd | 70 | - | Inactive | Malaysia |

## 14. OTHER INVESTMENT

| Company | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Investment in Junior Bond, at amortised cost | 267,459 | 276,811 |

The Company subscribed RM180 million Junior Bond from its subsidiary, Kesturi.

The salient features of the Junior Bond are as follows:

(i) The Junior Bond has a tenure of 21 years from the date of issuance; and
(ii) The Junior Bond's coupon is calculated at a rate of 11.5% p.a., any interest on overdue and payable amount shall be payable at 1% p.a. plus the prescribed coupon of the Junior Bond.

The principal is receivable at the maturity date of the Junior Bond. The coupon payment is paid semi-annually, commencing on 3 December 2019.

## 15. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| **Non-current** | | | | |
| Amount owing by a joint venture | 5,132 | - | 5,132 | - |
| **Current** | | | | |
| Receivables from contracts with customers | | | | |
| - third parties | 56,057 | 69,531 | 8,107 | 8,106 |
| - fund held by stakeholders | 34,711 | 40,634 | - | - |
| - related parties | 15,434 | 18,972 | 341 | 199 |
| Trade receivables | 106,202 | 129,137 | 8,448 | 8,305 |
| Other receivables | 57,241 | 82,794 | 369 | 136 |
| Amount owing by an associate | - | 101 | - | 101 |
| Amounts owing by related parties | 6,227 | 23,512 | 2,179 | 93 |
| Goods and Services Tax ("GST") recoverable | 5,450 | 7,544 | 3,502 | 3,502 |
| Prepayments | 13,347 | 5,007 | 326 | 739 |
| Deposits | 21,958 | 8,745 | 102 | 24 |
| Total current | 210,425 | 256,840 | 14,926 | 12,900 |
| Total | 215,557 | 256,840 | 20,058 | 12,900 |

The amounts owing by the joint venture included under non-current assets represent unsecured advances which is interest-free and not receivable within the next 12 months.

Trade receivables comprise amounts receivable from progress billings made to customers on contract work performed, retention sums receivable and services rendered to customers. Customers are granted normal credit periods between 30 and 90 days and may be extended at the discretion of the management, while retention sums are receivable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months.

Amounts owing by related parties represent amounts owing by companies in which certain directors have financial interests, which are unsecured, interest-free and receivable on demand. Included in the amounts owing by related parties is an amount of RM14,919,000 (2019: RM 18,772,000) which bear interest at 6% (2019: 6%) per annum with effect from 1 January 2020.

Amount owing by an associate represents rental receivable which is expected to be settled within the normal credit period.

GST recoverable pertains to net amount of GST recoverable from the Royal Malaysian Customs Department ("RMCD").

## 16. AMOUNTS OWING BY/TO SUBSIDIARIES

Amounts owing by subsidiaries included under non-current assets

The amounts owing by subsidiaries included under non-current assets represent unsecured advances which are interest-free and not receivable within the next 12 months.

Amounts owing by subsidiaries included under current assets

| Company | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Trade accounts | - | 88,000 |
| Unsecured interest-free advances | 477,282 | 486,116 |
| | 477,282 | 574,116 |

The trade accounts are expected to be settled within the normal credit periods.

The unsecured advances are receivable on demand.

Amounts owing to subsidiaries included under current liabilities

| Company | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Trade accounts | 955,942 | 877,434 |
| Unsecured interest-free advances | 36,309 | 39,160 |
| | 992,251 | 916,594 |

The trade accounts are expected to be settled within the normal credit periods.

The unsecured interest-free advances are repayable on demand.

The changes in amounts owing to subsidiaries are as follows:

| | Company | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| At 1 July | 39,160 | 148,546 |
| Cash flows: | | |
| Advances received | 75 | 4,087 |
| Repayment | (320) | (13,473) |
| Non-cash: | | |
| Dividend receivable | - | (100,000) |
| Contra with amounts owing by subsidiaries | (2,606) | - |
| At 30 June | 36,309 | 39,160 |

## 17. DEFERRED TAX ASSETS

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| At 1 July | 13,163 | 9,854 |
| Recognised in profit or loss | 2,243 | 3,309 |
| At 30 June | 15,406 | 13,163 |
| The deferred tax assets comprise: | | |
| Deductible temporary differences | | |
| - difference between net carrying amount and tax written down value of property, plant and equipment | 1,317 | 1,889 |
| - unabsorbed tax losses | 571 | 161 |
| - unabsorbed capital allowance | 10,612 | 7,167 |
| - future deductible development costs | 2,189 | 3,234 |
| - others | 717 | 712 |
| | 15,406 | 13,163 |

The Group has recognised the deferred tax assets as it is probable that its existing businesses would generate sufficient taxable profit in the future against which the deferred tax assets can be utilised.

Deferred tax assets for the following temporary differences and unused tax credits are not recognised in the financial statements:

| Group | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Unabsorbed tax losses | 131,529 | 10,745 |
| Unabsorbed capital allowance | 1,905 | 962 |
| Excess of capital allowance claimed over accumulated depreciation on property, plant and equipment | (859) | (376) |
| | 132,575 | 11,331 |

Pursuant to the applicable tax legislation, unabsorbed tax losses will expire as follows:

| Group | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Financial year: | | |
| Expiring in 2025 | 7,088 | 10,745 |
| Expiring in 2026 | 5,989 | - |
| Expiring in 2027 | 118,452 | - |
| | 131,529 | 10,745 |

## 18. CONTRACT ASSETS/LIABILITIES

| Group | | 2020 RM'000 | 2019 RM'000 |
|---|---|---|---|
| Contract assets | | | |
| - Property development contracts | (a) | 4,475 | 16,948 |
| - Construction contracts | (b) | 26,494 | 86,148 |
| | | 30,969 | 103,096 |
| Contract liabilities | | | |
| - Construction contracts | (b) | - | 485 |
| - Advances received from customers | (c) | 3,585 | 20,051 |
| | | 3,585 | 20,536 |
| **Company** | | | |
| Contract assets | | | |
| - Construction contracts | (b) | 63,759 | 198 |

### (a) Property development contracts

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| At 1 July | 16,948 | 225,439 |
| Consideration payables to customers for penalty | - | 23,795 |
| Revenue recognised during the year (Note 35) | 30,731 | 196,605 |
| Progress billings issued during the year | (43,204) | (428,891) |
| At 30 June | 4,475 | 16,948 |

Revenue relating to property development contracts is recognised over time, while the customers pay according to contractual milestones.

A contract asset is recognised in respect of the right to consideration for work performed which has not billed at the reporting date.

## 18. CONTRACT ASSETS/LIABILITIES (CONT'D)

### (b) Construction contracts

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| At 1 July | 85,663 | 86,821 | 198 | (60,037) |
| Revenue recognised during the year | 209,040 | 194,861 | 770,776 | 911,701 |
| Revenue recognised that was included in the contract liabilities at the beginning of the year | - | 818 | - | 60,037 |
| Progress billings issued during the year | (268,209) | (196,837) | (707,215) | (911,503) |
| At 30 June | 26,494 | 85,663 | 63,759 | 198 |
| Represented by: | | | | |
| Contract assets | 26,494 | 86,148 | 63,759 | 198 |
| Contract liabilities | - | (485) | - | - |
| | 26,494 | 85,663 | 63,759 | 198 |

Revenue relating to construction contracts is recognised over time, while the customers pay according to contractual milestones.

A contract asset is recognised in respect of the right to consideration for work performed which has not billed at the reporting date.

A contract liability is recognised upon collection of transaction price and being recognised as revenue over the period of the contract.

### (c) Advances received from customers

Represents advances received from customers for the construction works yet to be performed at the reporting date.

## 19. CONTRACT COSTS

| Group | | 2020 RM'000 | 2019 RM'000 |
|---|---|---|---|
| - property development contracts costs | (a) | 1,225 | 2,225 |
| - pre-contract cost | (b) | 2,216 | 2,216 |
| | | 3,441 | 4,441 |

### (a) Property development contracts costs

| Group | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| At 1 July | 2,225 | 10,882 |
| Transfer from property development costs (Note 20) | 7,108 | 145,466 |
| Costs recognised as expenses in the current year (Note 36) | (8,108) | (154,123) |
| At 30 June | 1,225 | 2,225 |

## 19. CONTRACT COSTS (CONT'D)

### (b) Pre-contract cost

| Group | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| At 1 July | 2,216 | 19,108 |
| Additions | - | 670 |
| Written off | - | (17,562) |
| At 30 June | 2,216 | 2,216 |

## 20. PROPERTY DEVELOPMENT COSTS

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| Freehold land, at cost | 66,041 | 66,041 |
| Development costs | 280,463 | 315,933 |
| At 1 July | 346,504 | 381,974 |
| Costs incurred during the year | | |
| - Development costs | 4,719 | 190,667 |
| Transfer to property, plant and equipment (Note 5) | - | (59,765) |
| Transfer to investment properties (Note 6) | - | (20,906) |
| Transfer to contract costs (Note 19 (a)) | (7,108) | (145,466) |
| At 30 June | 344,115 | 346,504 |

Represents development costs attributable to development units that are unsold at reporting date. These costs are expected to be recovered and will be transferred to contract costs when the control of the development units is transferred to customers.

In prior year, development costs incurred during the financial year include capitalised borrowing costs amounting to RM1,402,000.

The freehold land is charged to licensed banks for banking facilities granted to the Group as disclosed in notes 27 and 34 to the financial statements.

## 21. INVESTMENT FUNDS

Investment funds which are carried at fair value represent funds placed with licensed fund managers. The portfolio of securities managed by the fund managers comprises money market instruments.

The fair value of the investment funds at reporting date is measured at level 2 hierarchy, by reference to net asset value of the funds.

There is no transfer between levels of fair value hierarchy during the financial year.

The movements of the investment funds are as follows:

| Group | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| At 1 July | 2,281,600 | 3,183,782 |
| Additions | 684,554 | 475,264 |
| Redemptions | (1,377,240) | (1,378,131) |
| Change in fair value | 2,408 | 685 |
| At 30 June | 1,591,322 | 2,281,600 |

## 22. SHORT TERM DEPOSITS

The short term deposits are placed with licensed banks and earn interests between 1.62% and 3.58% (2019: 2.30% and 4.20%) per annum. The short term deposits have maturity periods of less than one year.

Included in short term deposits of the Group is an amount of RM2,000,000 (2019:RM2,000,000), which have been charged to banks as security for banking facilities granted amount to the Group as disclosed in notes 28(a) and 34(b) to the financial statements.

Included in short term deposits of the Group is an amount of RM159,233,000 (2019: RM154,646,000) maintained in Designated Account in accordance with the shareholders' agreement entered into between the Group and a minority shareholder of a subsidiary company on 13 February 2017 ("SHA").

The deposits maintained in the Designated Account can only be utilised by the Group upon fulfilment of certain terms and conditions stated in the SHA.

## 23. CASH AND BANK BALANCES

Cash and bank balances of the Group include an amount of RM721,000 (2019: RM60,545,000) maintained in Housing Development Account ("HDA"). Withdrawals from the HDAs are restricted in accordance with the Housing Developers (Housing Development Account) Regulations, 1991.

Funds maintained in the HDAs earn interest at 0.65% (2019: 1.95%) per annum.

Included in cash and bank balances of the Group and of the Company are amounts of RM3,763,000 and nil (2019:RM67,885,000 and RM14,129,000), respectively, maintained in Designated Bank Accounts for which utilisation is restricted for the payments of principal, and interest or future profits in respect of the bank term loans and medium term notes of the Group and of the Company.

Included in cash and bank balances of the Group is an amount of RM659,000 (2019: RM1,565,000) maintained in Designated Account in accordance with the SHA. The cash and bank balances maintained in Designated Account can only be utilised by the Group upon fulfilment of certain terms and conditions stated in the SHA.

## 24. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | Number of shares | Amount RM'000 | Number of shares | Amount RM'000 |
| Issued and fully paid: | | | | |
| Ordinary shares | | | | |
| At 1 July | 2,654,828,002 | 1,117,961 | 2,139,202,893 | 755,593 |
| Share issuance expenses | - | - | - | (21) |
| Issued during the financial year, pursuant to: | | | | |
| - exercise of warrants | - | - | 300,825,109 | 184,105 |
| - private placement | - | - | 214,800,000 | 178,284 |
| | 2,654,828,002 | 1,117,961 | 2,654,828,002 | 1,117,961 |

In the previous financial year, the Company undertook a private placement of up to 10% of total number of issued shares of the Company ("Placement Share"). On 30 April 2019, Bursa Malaysia Securities Berhad has approved the listing and quotation of 256,446,959 Placement Shares. On 16 May 2019, the Company completed the first tranche of the private placement comprising 214,800,000 Placement Shares at RM0.83 per share.

## 25. RESERVES

### (a) Asset revaluation reserve

The asset revaluation reserve relates to revaluation of property, plant and equipment prior to the reclassification as investment property.

### (b) Share option reserve

The Company's Employees' Share Option Scheme ("ESOS") were governed by the By-Laws which was approved by the shareholders at an Extraordinary General Meeting held on 8 May 2014. The ESOS was implemented on 26 September 2014 and were in force for a period of 5 years from the date of implementation. The ESOS were administered by the ESOS Committee which was appointed by the Board of Directors.

On 9 March 2017, the Company granted 120,330,000 options at an exercise price of RM1.30 per share under the ESOS.

The ESOS expired on 25 September 2019.

The movement of the ESOS is as follows:

| | At 1-7-2019 | Exercised | Lapsed | At 30-6-2020 |
|---|---|---|---|---|
| Number of share option under ESOS | 120,330,000 | - | (120,330,000) | - |

## 25. RESERVES (CONT'D)

### (b) Share option reserve (Cont'd)

The fair value as at the grant date of share options was determined using the trinomial model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used were as follows:

| | Inputs |
|---|---|
| Exercise price of option (RM) | 1.30 |
| Market price of share on offer date (RM) | 1.29 |
| Risk free interest rate (%) | 3.43 |
| Expected dividend yield (%) | 1.56 |
| Expected volatility (%) | 21.16 |

### (c) Warrant reserve

The fair value of warrant issued at grant date is credited to warrant reserve which is non-distributable. Warrant reserve is transferred to the share capital account upon the exercise of the warrants. Unexercised warrants at the expiry of the warrant period are transferred to retained earnings.

On 26 June 2014, the Company issued 122,206,980 free detachable warrants ("Warrants") pursuant to the Company's rights issue exercised. The Warrants were constituted by a Deed Poll dated 16 May 2014 ("Deed Poll").

232,300 Warrants were exercised in prior years to purchase new ordinary shares in the Company at exercise price of RM1.35.

On 28 February 2017, the original exercise price of the Warrants of RM1.35 each was revised to RM1.20 each after the issuance of special single tier dividend. The exercise price of the Warrants was further revised to RM0.48 each, upon the share split exercise of the Company involving the subdivision of every 2 existing ordinary shares into 5 ordinary shares. The Company issued additional 182,962,017 Warrants pursuant to the alteration in the share capital of the Company as a result of the share split.

The movement of the Warrants is as follows:

| | At 1-7-2018 | Exercised | Lapsed | At 25-6-2019 |
|---|---|---|---|---|
| Number of unexercised Warrants | 304,936,697 | (300,825,109) | (4,111,588) | - |

300,825,109 Warrants of the Company were exercised at RM0.48 per share, in 2019 and the remaining 4,111,588 unexercised Warrants expired on 25 June 2019.

## 26. HIRE PURCHASE LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Outstanding hire purchase instalments due: | | | | |
| - not later than one year | 4,796 | 6,604 | 178 | 259 |
| - later than one year but not later than five years | 4,600 | 6,915 | 282 | 422 |
| | 9,396 | 13,519 | 460 | 681 |
| Unexpired term charges | (455) | (898) | (27) | (47) |
| | 8,941 | 12,621 | 433 | 634 |
| Outstanding principal due: | | | | |
| - not later than one year (included in current liabilities) | 4,347 | 6,043 | 146 | 235 |
| - later than one year but not later than five years | 4,594 | 6,578 | 287 | 399 |
| | 8,941 | 12,621 | 433 | 634 |

The effective interest rates of the hire purchase liabilities are between 2.44% and 5.63% (2019: 2.44% and 5.63%) per annum.

The changes in hire purchase liabilities are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| At 1 July | 12,621 | 17,292 | 634 | 521 |
| Cash flows: | | | | |
| Repayment of hire purchase | (6,268) | (7,240) | (201) | (209) |
| Payment of hire purchase term charges | (387) | (233) | (20) | (32) |
| Non-cash: | | | | |
| Acquisition of plant and equipment (Note 46) | 2,588 | 2,569 | - | 322 |
| Hire purchase term charges | 387 | 233 | 20 | 32 |
| At 30 June | 8,941 | 12,621 | 433 | 634 |

## 27. BANK TERM LOANS

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Bank term loans bearing interest rates at 2.20% below base lending rate [effective rates between 3.51% and 4.52% (2019: 4.52% and 4.77%) p.a.] | 10,816 | 11,344 | - | - |
| Bank term loans bearing interest rates at 1.75% above cost of fund [effective rates between 4.99% and 5.89% (2019: 5.80% and 5.83%) p.a.] | 116,054 | 129,271 | - | - |
| Bank term loans bearing interest rates at 0.50% above base lending rate [effective rates between 6.19% and 7.22% (2019: 7.22% and 7.75%) p.a.] | 66,192 | 67,331 | - | - |
| Bank term loans bearing interest rates at 0.75% above base lending rate [effective rate between 6.47% and 7.48% (2019: 7.22% and 7.47%) p.a] | 9,450 | 9,972 | - | - |
| Bank term loan bearing interest rate at 2.00% above lender's effective cost of fund [effective rate between 5.29% and 5.85% (2019: 5.59% and 6.26%) p.a] | - | 121,414 | - | 121,414 |
| | 202,512 | 339,332 | - | 121,414 |
| Repayments due within 12 months (included in current liabilities, Note 34) | (15,954) | (18,441) | - | - |
| Repayments due after 12 months | 186,558 | 320,891 | - | 121,414 |

The bank term loans are secured by a first party legal charge over certain freehold land and buildings under investment properties, land held for property development and property development costs of the Group as disclosed in notes 6, 8 and 20 to the financial statements and charge over the Designated Bank Accounts and a deed of assignment of rental proceeds.

## 28. MEDIUM TERM NOTES

| | | Group | |
|---|---|---|---|
| | Note | 2020 RM'000 | 2019 RM'000 |
| Islamic medium term notes - Kesturi | (a) | 1,828,061 | 1,824,175 |
| Medium term notes | | - | 18,749 |
| Islamic medium term notes - LDF3 | (b) | 3,602,422 | 3,600,459 |
| | | 5,430,483 | 5,443,383 |
| Repayments due within 12 months | | (50,000) | (38,749) |
| Repayments due after 12 months | | 5,380,483 | 5,404,634 |

## 28. MEDIUM TERM NOTES (CONT'D)

(a) The amount represents Islamic medium term notes ("IMTN") issued by Kesturi, a 60%-owned subsidiary of the Company. Kesturi issued IMTN pursuant to the Sukuk issuance programme under the Shariah principle of Musyarakah. The IMTN with nominal value of RM2,300 million was constituted by a Trust Deed dated 20 November 2013 between Kesturi and the trustee for the holders of the IMTN.

The IMTN was issued in 15 tranches, with maturities commencing from 2019 to 2033. The profit payment is due every six months, commencing from the issue date of the relevant tranche of the IMTN. The weighted average effective profit payment rate is 4.78 % (2019: 4.78%).

(b) The amount represents IMTN issued by LDF3, a wholly-owned subsidiary of the Company. LDF3 issued IMTN pursuant to the Sukuk issuance programme under the Shariah principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah"). The IMTN with nominal value up to RM3.64 billion was constituted by a Trust Deed dated 23 August 2016 between LDF3 and the trustee for the holders of the IMTN.

The IMTN was issued in 16 tranches, with maturities commencing from 2024 to 2039. The profit payment is due every six months, commencing from the issue date of the relevant tranche of the IMTN. The weighted average effective profit payment rate is 6% (2019: 6%).

The changes in medium term notes are as follows:

| | Group | |
|---|---|---|
| | 2020<br>RM'000 | 2019<br>RM'000 |
| At 1 July | 5,443,383 | 5,417,546 |
| Cash flows: | | |
| Repayments | (38,749) | (16,253) |
| Interest paid | (266) | (2,027) |
| Non-cash: | | |
| Interest expense | 26,115 | 44,117 |
| At 30 June | 5,430,483 | 5,443,383 |

## 29. REIMBURSABLE INTEREST ASSISTANCE

On 19 December 2016, LDF3, a wholly-owned subsidiary of the Company, entered into Reimbursable Interest Assistance ("RIA") Agreement with the Government for RIA facility of up to RM560 million to pay part of the financing cost payable by LDF3 in relation to the construction of SPE Project.

RM460 million out of the total drawdown of RM560 million bears interest at 2% per annum (2019: 2%). The repayment of the RIA commences on 23 August 2024, with 43 semi-annual instalments.

The fair value of the RIA is estimated using the prevailing market interest rate of 6% (2019: 6%) per annum for an equivalent borrowing. The difference between the proceeds received and the fair value of the RIA is recognised as deferred income in note 30 to financial statements.

The RIA is secured by a debenture incorporating fixed and floating charges over all the LDF3's assets, rights, undertakings and interests, both present and future.

## 29. REIMBURSABLE INTEREST ASSISTANCE (CONT'D)

The change in RIA is as follows:

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| At 1 July | 270,008 | 50,911 |
| Cash flow: | | |
| Proceeds received | - | 460,000 |
| Non-cash: | | |
| Deferred income | - | (247,219) |
| Accretion of discount | 16,569 | 6,316 |
| At 30 June | 286,577 | 270,008 |

## 30. DEFERRED INCOME

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| Government grant | | |
| Cost | | |
| At 1 July | 299,251 | 52,032 |
| Addition | - | 247,219 |
| At 30 June | 299,251 | 299,251 |
| Accumulated amortisation | | |
| At 1 July | (7,070) | (2,943) |
| Charge for the year | (7,816) | (4,127) |
| At 30 June | (14,886) | (7,070) |
| Net carrying amount | 284,365 | 292,181 |

Deferred income relates to government grant arising from RIA facility note 29 to the financial statements.

## 31. PROVISION FOR HEAVY REPAIRS

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| At 1 July | 6,019 | 3,827 |
| Provision during the year | 2,174 | 1,934 |
| Unwinding of discount | 408 | 258 |
| At 30 June | 8,601 | 6,019 |

Provision for heavy repairs relates to expected future costs of repairs of bridges and embankments, rectification of settlements and pavement rehabilitation of medium and high traffic sections along the highways and is provided based on past experience of the level of repair and level of usage of the highway. Assumptions used to calculate the provision for heavy repairs were based on projected traffic volume prepared by independent traffic consultants. The traffic volume projection is independently reviewed on a periodic basis.

## 32. DEFERRED TAX LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| At 1 July | 246,269 | 221,962 | 1,127 | 568 |
| Recognised in profit or loss | 21,301 | 24,307 | 35 | 559 |
| At 30 June | 267,570 | 246,269 | 1,162 | 1,127 |
| The deferred tax liabilities comprise: | | | | |
| Taxable temporary differences | | | | |
| - relating to revaluation of properties | 26,821 | 26,811 | 1,003 | 1,002 |
| - between net carrying amount and tax written down value of concession assets and property, plant and equipment | 85,540 | 62,518 | 168 | 125 |
| - between carrying amount and tax written down value of lease liabilities | (13) | - | (9) | - |
| - relating to fair value adjustments on assets and liabilities of subsidiaries acquired | 155,222 | 156,940 | - | - |
| | 267,570 | 246,269 | 1,162 | 1,127 |

## 33. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Trade payables: | | | | |
| - third parties | 438,008 | 386,852 | 8,064 | 8,064 |
| - related parties | 9,034 | 27,363 | - | - |
| | 447,042 | 414,215 | 8,064 | 8,064 |
| Other payables | 3,202 | 67,202 | 1,736 | 2,102 |
| Amounts owing to related parties | 4,537 | 560 | - | - |
| Deposits | 10,363 | 11,674 | - | - |
| Provision for liquidated and ascertained damages and buy back cost | 820 | 940 | - | - |
| Accruals | 17,607 | 8,977 | 143,137 | 124,723 |
| Profit elements payable on IMTNs | 84,547 | 83,281 | - | - |
| Total current | 568,118 | 586,849 | 152,937 | 134,889 |

Trade payables comprise amounts outstanding from trade purchases, sub-contractors claims on contract works performed and retention sums payable. The normal credit periods granted by trade suppliers and sub-contractors range from 30 to 90 days whereas retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months.

Amounts owing to related parties represent amounts owing to companies in which certain directors have financial interests, which are unsecured, interest-free and repayable on demand.

Accruals mainly consist of construction costs yet to be billed by sub-contractors.

## 33. TRADE AND OTHER PAYABLES (CONT'D)

The change in profit element payable on IMTNs are as follows:

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| At 1 July | 83,281 | 84,178 |
| Cash flow: | | |
| Repayments of profit elements on IMTNs | (327,463) | (329,360) |
| Non-cash: | | |
| Profit elements on IMTNs recognised | 328,729 | 328,463 |
| At 30 June | 84,547 | 83,281 |

## 34. BANK BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Secured bank overdrafts bearing interest rates between 0.50% and 1.75% above base lending rate [effective rates between 5.97% and 7.64% (2019: 7.47% and 8.64%) p.a.] | 21,628 | 21,362 | 12,037 | 8,387 |
| Unsecured bank overdraft bearing interest rate at 1.50% above base lending rate [effective rate at 7.22% (2019: 8.22%) p.a.] | 1,151 | 1,058 | 1,151 | 1,058 |
| | 22,779 | 22,420 | 13,188 | 9,445 |
| Secured revolving credits bearing interest rates between 1.25% and 1.60% above cost of funds [effective rates between 3.34% and 5.63% (2019: 3.91% and 5.97%) p.a.] | 532,125 | 620,750 | 345,000 | 314,000 |
| | 554,904 | 643,170 | 358,188 | 323,445 |
| Bank term loans (Note 27) | 15,954 | 18,441 | - | - |
| | 570,858 | 661,611 | 358,188 | 323,445 |

## 34. BANK BORROWINGS (CONT'D)

The bank overdrafts and revolving credits, where applicable, are secured as follows:

(a) a first party legal charge over the freehold land under investment properties, land held for property development and property development costs of the Group as disclosed in notes 6, 8 and 20 to the financial statements and a deed of assignment of rental proceeds from the land;

(b) short term deposits of the Group and of the Company as disclosed in note 22 to the financial statements;

(c) an irrevocable standby letter of credit in favour of the banks; and

(d) corporate guarantee by the Company.

The changes in revolving credits and bank term loans (included current and non-current liabilities, note 27) are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| At 1 July | 960,082 | 1,080,558 | 435,414 | 627,522 |
| Cash flows: | | | | |
| Drawdown of bank borrowings | 32,042 | 305,724 | 31,000 | 81,760 |
| Repayment of bank borrowings | (262,049) | (429,283) | (124,000) | (276,000) |
| Interest paid | (32,109) | (47,332) | (15,996) | (29,242) |
| Non-cash: | | | | |
| Interest expense | 36,671 | 50,415 | 18,582 | 31,374 |
| At 30 June | 734,637 | 960,082 | 345,000 | 435,414 |

## 35. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Revenue from contracts with customers | | | | |
| (i) Recognised over time | | | | |
| - construction contract revenue | 1,049,475 | 945,644 | 770,776 | 971,738 |
| - property development Revenue (Note 18(a)) | 30,731 | 196,605 | - | - |
| - project management fee | - | 708 | - | - |
| (ii) Recognised at point in time | | | | |
| - toll revenue | 154,205 | 176,091 | - | - |
| - renewable energy income | 355 | 383 | - | - |
| - food and beverages | 10,027 | 2,188 | - | - |
| | 1,244,793 | 1,321,619 | 770,776 | 971,738 |
| Hire of machineries and motor vehicles | 71 | 117 | 71 | 117 |
| Rental income from investment properties | 23,417 | 13,442 | 203 | 259 |
| Dividend income from subsidiaries | - | - | 50,000 | 100,000 |
| | 1,268,281 | 1,335,178 | 821,050 | 1,072,114 |

## 35. REVENUE (CONT'D)

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are, as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Revenue recognised over time | | | | |
| - within one year | 1,527,263 | 2,073,986 | 343,058 | 883,578 |
| - more than one year | 31,096 | 632,517 | 276,602 | 619,660 |
| | 1,558,359 | 2,706,503 | 619,660 | 1,503,238 |

## 36. COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Construction contract costs | 915,213 | 664,151 | 742,581 | 930,486 |
| Property development costs (Note 19 (a)) | 8,108 | 154,123 | - | - |
| Toll operations costs | 45,257 | 44,100 | - | - |
| Renewable energy costs | 240 | 206 | - | - |
| Food and beverages | 7,726 | 1,223 | - | - |
| Hire of machineries and motor vehicles costs | 46 | 73 | 46 | 73 |
| Investment properties costs | 16,668 | 15,022 | 269 | 217 |
| | 993,258 | 878,898 | 742,896 | 930,776 |

## 37. OTHER INCOME AND GAINS

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Amortisation of deferred income | 7,816 | 4,127 | - | - |
| Net gain on disposals of: | | | | |
| - property, plant and equipment | - | 41 | - | - |
| - investment property | - | 700 | - | - |
| Net fair value gain on: | | | | |
| - investment properties | - | 36,574 | - | - |
| - investment funds | 2,408 | 685 | - | - |
| Interest income from: | | | | |
| - investment funds | 70,360 | 101,516 | - | - |
| - short term deposits | 24,456 | 21,135 | 10,835 | 10,184 |
| - unwinding of discount on Junior Bond | - | - | 21,669 | 18,412 |
| - subsidiary | - | - | 673 | 723 |
| - related party | 267 | - | 267 | - |
| Government grant | 80,500 | - | - | - |
| Others | 13,134 | 12,962 | - | 3 |
| | 198,941 | 177,740 | 33,444 | 29,322 |
| Less: | | | | |
| Amounts capitalised in: | | | | |
| - concession assets | (71,560) | (99,040) | - | - |
| | 127,381 | 78,700 | 33,444 | 29,322 |

## 38. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Finance costs on: | | | | |
| - hire purchase | 387 | 233 | 20 | 32 |
| - bank borrowings | 36,671 | 50,415 | 18,582 | 31,374 |
| - bank overdraft | 1,065 | 2,422 | 677 | 1,299 |
| - medium term notes | 354,844 | 372,580 | - | - |
| - lease obligation | 658 | - | 89 | - |
| - fair value loss on financial assets measured at amortised cost | 1,487 | - | 41,978 | 20,089 |
| - accretion of discount on RIA | 16,569 | 6,316 | - | - |
| - others | 711 | 424 | - | - |
| | 412,392 | 432,390 | 61,346 | 52,794 |
| Less: | | | | |
| Amounts capitalised in: | | | | |
| - concession assets | (237,694) | (226,842) | - | - |
| - property development costs | - | (1,402) | - | - |
| | 174,698 | 204,146 | 61,346 | 52,794 |

## 39. PROFIT BEFORE TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Profit before tax is stated after charging: | | | | |
| Auditors' remuneration | | | | |
| - statutory audit | 370 | 340 | 100 | 90 |
| - non-statutory audit | 40 | 43 | 5 | 5 |
| Bad debts written off | 19,929 | - | 52 | - |
| Contract costs written off | - | 17,562 | - | - |
| Depreciation | | | | |
| - property, plant and equipment | 16,557 | 11,857 | 789 | 88 |
| - right-of-use assets | 3,420 | - | 371 | 164 |
| Direct operating expenses of investment properties | | | | |
| - revenue generating | 28,067 | 9,426 | 73 | 45 |
| - non-revenue generating | 7,322 | 5,596 | 196 | 172 |
| Loss on disposal of property, plant and equipment | 179 | - | 412 | 164 |
| Net fair value loss in investment properties | 1,703 | - | 1,129 | - |
| Operating lease | | | | |
| - rental of premises | 159 | 1,334 | 34 | 32 |
| - rental of machinery | 32 | 1,457 | - | - |
| - rental of motor vehicles | 306 | 740 | 263 | 285 |
| Property, plant and equipment written off | 2,075 | 389 | - | - |

## 40. TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Malaysian taxation | | | | |
| - current | 36,092 | 74,380 | 4,000 | 7,637 |
| - deferred | 19,070 | 20,303 | 52 | 559 |
| | 55,162 | 94,683 | 4,052 | 8,196 |
| Under/(Over)estimated in prior years | | | | |
| - current | 7,597 | 444 | 46 | (834) |
| - deferred | (12) | 695 | (17) | - |
| | 7,585 | 1,139 | 29 | (834) |
| | 62,747 | 95,822 | 4,081 | 7,362 |

## 40. TAX EXPENSE (CONT'D)

The reconciliations between the tax expense and the accounting profit excluding share of results of associate and joint venture are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Accounting profit | 93,036 | 226,599 | 26,266 | 96,833 |
| Tax at the applicable tax rate of 24% (2019: 24%) | 22,329 | 54,384 | 6,304 | 23,240 |
| Tax effects of: | | | | |
| - non-deductible expenses | 31,176 | 41,976 | 17,301 | 14,552 |
| - non-taxable income | (15,244) | (6,289) | (19,553) | (30,097) |
| Difference between corporate tax rate and RPGT rate applied in the computation of deferred tax on fair value gain on investment properties | (33) | (4,649) | - | - |
| Tax incentive | (12,164) | (3,970) | - | - |
| Increase in RPGT rate from 5% to 10% | - | 11,763 | - | 501 |
| Deferred tax assets not recognised | 29,098 | 1,468 | - | - |
| Under/(Over) estimated in prior years | 7,585 | 1,139 | 29 | (834) |
| Tax expense for the year | 62,747 | 95,822 | 4,081 | 7,362 |

## 41. EARNINGS PER SHARE

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| Net profit attributable to the owner of the Company (RM'000) | 47,022 | 140,476 |
| Weighted average number of ordinary shares in issue after effect of share split ('000) | 2,654,828 | 2,179,441 |
| Earnings per shares for net profit attributable to the owners of the Company - basic and diluted | 1.77 sen | 6.45 sen |

## 42. DIVIDEND

| | Company | |
|---|---|---|
| | 2020 | 2019 |
| ***In respect of the financial year ended 30 June 2019:*** | | |
| First and final single-tier dividend of 1 sen per ordinary share: - Payment in cash | 26,548 | - |
| ***In respect of the financial year ended 30 June 2018:*** | | |
| First and final single-tier dividend of 1 sen per ordinary share: - Payment in cash | - | 21,392 |
| | 26,548 | 21,392 |

The directors now propose a first and final single-tier dividend of 0.5 sen per ordinary share amounting to RM13,274,140 for the financial year ended 30 June 2020. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, will be accounted for in the statements of changes in equity as an appropriation of retained profits in the financial year ending 30 June 2021.

## 43. EMPLOYEES BENEFITS EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Salaries, wages, allowances and bonuses | 56,974 | 61,373 | 8,528 | 5,138 |
| Defined contribution plan - EPF contributions | 5,256 | 4,708 | 869 | 573 |
| Social security costs | 564 | 520 | 28 | 22 |
| Other benefits expenses | 961 | 761 | 2 | 163 |
| | 63,755 | 67,362 | 9,427 | 5,896 |

Employee benefits expense includes directors' remunerations as disclosed in the note 45 to the financial statements.

## 44. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group and the Company, if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

Related parties also include key management personnel defined as these persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel's compensation is disclosed in note 45 to the financial statements.

The Group has related party relationship with the following companies, which are deemed related to the directors and major shareholders as follows:

(i) Knusford Berhad, Knusford Marketing Sdn Bhd, Knusford Equipment Sdn Bhd, Knusford Construction Sdn Bhd, Knusford Holdings Sdn Bhd, Radiant Seas Sdn Bhd, Knusford Project Management Sdn Bhd, Kinston Park Sdn Bhd and D-Hill Sdn Bhd are deemed related to Tan Sri Dato' Lim Kang Hoo, Dato' Lim Hoe, Lim Chen Herng, Wong Khai Shiang and Lim Chen Thai;

(ii) Danga Bay Sdn Bhd, Teras Hijaujaya Sdn Bhd, Iskandar Waterfront Sdn Bhd and Rampai Fokus Sdn Bhd are deemed related to Tan Sri Dato' Lim Kang Hoo, Tan Sri Datuk Seri Lim Keng Cheng, Dato' Lim Hoe, Lim Chen Herng, Wong Khai Shiang, Lim Ding Shyong and Lim Chen Thai; and

(iii) Astana Setia Sdn Bhd, Lim Seong Hai Lighting Sdn Bhd, and Besteel Engtech Sdn Bhd are deemed related to Tan Sri Datuk Seri Lim Keng Cheng and Lim Ding Shyong.

## 44. RELATED PARTY DISCLOSURES (CONT'D)

Significant transactions with related parties during the financial year were as follows:

### (a) Transactions with companies in which certain directors have financial interests:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Construction services received | 168,787 | 200,207 | - | - |
| Purchases of building/construction materials | 8,381 | 21,290 | - | - |
| Rental expenses of machineries and motor vehicles | 1,402 | 1,209 | - | - |
| Rental expenses of premises | 729 | 188 | 422 | - |
| Purchase of property, plant and equipment | 100 | 4 | - | - |
| Sales of property, plant and equipment | 200 | - | - | - |
| Bad debts written off | 19,574 | - | - | - |
| Rental income of machineries and motor vehicles | 241 | 4 | 72 | 130 |
| Rental income of premises | 429 | 511 | 193 | 249 |
| Project management fee income | - | 214 | - | - |
| Sales of residential units | 1,119 | - | - | - |
| Settlement of debts via transfer of investment properties | 4,511 | 3,808 | - | - |

Outstanding balances in respect of the above transactions are disclosed in notes 15 and 33 to the financial statements.

### (b) Transactions with subsidiaries:

| | Company | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| Progress billings for construction works billed to subsidiaries | 707,215 | 913,233 |
| Sub-contractor claims charged by subsidiaries | 724,378 | 871,107 |
| Interest income from a subsidiary | 673 | 723 |

Outstanding balances in respect of the above transactions are disclosed in note 16 to the financial statements.

### (c) Transaction with an associate:

| | Company | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| Rental income of machineries | 72 | 126 |

Outstanding balance in respect of the above transaction is disclosed in note 15 to the financial statements.

## 45. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel refer to the Board of Directors of the Company, other key management personnel refer to the directors of subsidiary companies.

The remuneration paid/payable to the key management personnel during the financial year comprise:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Directors | | | | |
| Short-term benefits | | | | |
| - directors' fees | 270 | 270 | 270 | 270 |
| - other remunerations (salaries, allowances, bonuses and benefits-in-kind) | 7,321 | 5,253 | 4,043 | 1,858 |
| | 7,591 | 5,523 | 4,313 | 2,128 |
| Post-employment benefits | | | | |
| - defined contribution plan | 563 | 412 | 402 | 168 |
| | 8,154 | 5,935 | 4,715 | 2,296 |
| Other key management personnel | | | | |
| Short-term benefits | | | | |
| - other remunerations (salaries, allowances, bonuses and benefit-in-kind) | 768 | 1,011 | - | 180 |
| Post-employment benefits | | | | |
| - defined contribution plan | 69 | 91 | - | 22 |
| | 837 | 1,102 | - | 202 |

## 46. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Aggregate cost of property, plant and equipment acquired | 111,507 | 16,284 | 1,499 | 477 |
| Financed via hire purchase | (2,588) | (2,569) | - | (322) |
| Deposits paid in the prior year | (2,088) | - | - | - |
| | 106,831 | 13,715 | 1,499 | 155 |

## 47. CAPITAL COMMITMENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| Capital expenditure in respect of: | | | | |
| - concession assets, approved and contracted for | 783,672 | 2,225,655 | - | - |
| - undertaking to subscribe for rights entitlement under the proposed redeemable preference shares in PLS | 213,515 | - | 213,515 | - |
| - purchase of land and investment properties, approved and contracted for | 57,260 | - | - | - |

## 48. OPERATING LEASE COMMITMENT

### The Group as lessee

The Group has entered into commercial leases on office premises, warehouse and shops. These non-cancellable leases have remaining lease terms of within one to four years, with option to renew the leases after expiry dates.

The future minimum rental payable under these operating leases at the reporting date is as follows:

| | Group | |
|---|---|---|
| | 2020<br>RM'000 | 2019<br>RM'000 |
| Not later than one year | - | 3,404 |
| Later than one year but not later than five year | - | 4,339 |
| | - | 7,743 |

## 49. CONTINGENT LIABILITIES

### *Litigation*

A dispute has arisen between the Company and Shapadu Construction Sdn Bhd ("Shapadu") in respect of five (5) packages of sub-contract works under the New North Klang Straits Bypass Highway Project ("the Project"). The employer for the Project is Lebuhraya Shapadu Sdn Bhd ("Lebuhraya Shapadu"), the holding company of Shapadu.

On 1 August 2000, the Company issued a Notice to Arbitrate. An arbitrator was appointed and both the Company and Shapadu filed their respective claims and defence. The hearing for the arbitration has been adjourned to a date to be fixed.

The Company's claim against Shapadu are, inter alia, the following:

- the sum of RM29,558,721 on quantum meruit for its loss and damage due to the work carried out under the sub-contract; and/or alternatively

- the sum of RM7,459,356 being the value of the work done uncertified and the sum of RM8,217,961 being the amounts retained as retention monies in respect of work executed and value of goods and material delivered under the sub- contract.

## 49. CONTINGENT LIABILITIES (CONT'D)

***Litigation (Cont'd)***

Shapadu's counter claims against the Company are, inter alia, the following:

- the sum of RM33,010,000 allegedly being the liquidated ascertained damages ("LAD") due to Shapadu; or alternatively
- the sum of RM30,700,000 being LAD due to Lebuhraya Shapadu;
- the sum of RM2,008,869 as an indemnity for failure to carry-out and maintain the work;
- the sum of RM22,189,860 as an indemnity being the cost of completion;
- the sum of RM8,298,456 as indemnity being damages suffered by Lebuhraya Shapadu in completing the work; and
- the sum of RM2,006,101 as an indemnity being the loss and expense suffered by Lebuhraya Shapadu.

Since the Company has sub-contracted all the relevant work to a third party on a "back to back" basis, and the third party sub-contractor has agreed to indemnify and keep the Company indemnified against any losses or damages the Company may suffer in the event of Shapadu's counter claims being allowed by the court, the Company's directors are of the opinion that the financial impact on the Group is minimal.

The Company has sought legal advice in respect of the counter claims made by Shapadu and the Company's solicitors are of the opinion that the Company has reasonable prospects of defending the counter claims.

## 50. SEGMENT ANALYSIS

The Group's operating segment and reportable segments are business units engaging in providing different products and services.

There was no transaction with any single external customer which amounted to 10% or more of the Group's revenues for the current financial year (2019: 10%).

### (a) Business segment

(i) Construction operations (civil engineering, building works, project management services and project coordinator)
(ii) Property development
(iii) Toll operations
(iv) Others (investment holding, renewable energy activity, property investment and sales of food and beverage)

Transactions between segments are eliminated on consolidation.

| 2020 | Construction operations RM'000 | Property development RM'000 | Toll operations RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 1,049,475 | 30,731 | 154,205 | 33,870 | - | 1,268,281 |
| Inter-segment sales | 825,620 | - | - | - | (825,620) | - |
| | 1,875,095 | 30,731 | 154,205 | 33,870 | (825,620) | 1,268,281 |
| **Results** | | | | | | |
| Segment results | 224,494 | 25,016 | 120,803 | 25,126 | (127,705) | 267,734 |
| Share of results of an associate | | | | | | (2,788) |
| Share of results of in joint venture | | | | | | 816 |
| Finance costs | | | | | | (174,698) |
| Profit before tax | | | | | | 91,064 |
| Tax expense | | | | | | (62,747) |
| Profit for the year | | | | | | 28,317 |
| **Other information** | | | | | | |
| Segment assets | 4,889,639 | 891,293 | 8,139,559 | 1,014,719 | (4,597,426) | 10,337,784 |
| Investment in an associate | - | - | - | 105,837 | (3,121) | 102,716 |
| Investment in joint venture | - | - | - | 816 | - | 816 |
| Segment liabilities | 2,984,157 | 702,807 | 6,890,505 | 628,592 | (3,578,558) | 7,627,503 |
| Capital expenditures | 84,410 | 15,669 | 90 | 150,706 | (941) | 249,934 |
| Depreciation and amortisation | 13,983 | 823 | 23,441 | 4,927 | 3,794 | 46,968 |

## 50. SEGMENT ANALYSIS (CONT'D)

### (a) Business segment (Cont'd)

Transactions between segments are eliminated on consolidation. (Cont'd)

| 2019 | Construction operations RM'000 | Property development RM'000 | Toll operations RM'000 | Others RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 946,352 | 196,605 | 176,091 | 16,130 | - | 1,335,178 |
| Inter-segment sales | 1,314,065 | - | - | - | (1,314,065) | - |
| | 2,260,417 | 196,605 | 176,091 | 16,130 | (1,314,065) | 1,335,178 |
| **Results** | | | | | | |
| Segment results | 381,418 | 35,006 | 145,314 | 10,197 | (141,190) | 430,745 |
| Share of results of an associate | | | | | | (333) |
| Finance costs | | | | | | (204,146) |
| Profit before tax | | | | | | 226,266 |
| Tax expense | | | | | | (95,822) |
| Profit for the year | | | | | | 130,444 |
| Other information | | | | | | |
| Segment assets | 5,180,390 | 676,460 | 8,198,109 | 1,173,646 | (4,631,356) | 10,597,249 |
| Investment in an associate | - | - | - | 104,348 | - | 104,348 |
| Segment liabilities | 3,241,935 | 945,282 | 6,893,586 | 428,128 | (3,617,563) | 7,891,368 |
| Capital expenditures | 12,489 | 64 | 247 | 151,188 | (47,655) | 116,333 |
| Depreciation and amortisation | 9,953 | 182 | 25,088 | 1,272 | - | 36,495 |

Segment capital expenditure is plant the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and intangible assets.

### (b) Geographical segment

The operations of the Group are entirely carried out in Malaysia.

## 51. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

| 30.6.2020<br>Group | FVTPL<br>RM'000 | At amortised cost<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Trade and other receivables | - | 196,760 | 196,760 |
| Investment funds | 1,591,322 | - | 1,591,322 |
| Short term deposits | - | 562,270 | 562,270 |
| Cash and bank balances | - | 270,378 | 270,378 |
| Total financial assets | 1,591,322 | 1,029,408 | 2,620,730 |

| | At amortised cost<br>RM'000 |
|---|---|
| **Financial liabilities** | |
| Trade and other payables | 568,118 |
| Hire purchase liabilities | 8,941 |
| Lease liabilities | 11,034 |
| Medium term notes | 5,430,483 |
| Reimbursable interest assistance | 286,577 |
| Bank borrowings | 757,416 |
| Total financial liabilities | 7,062,569 |

| 30.6.2019<br>Group | FVTPL<br>RM'000 | At amortised cost<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|
| **Financial assets** | | | |
| Trade and other receivables | - | 244,289 | 244,289 |
| Investment funds | 2,281,600 | - | 2,281,600 |
| Short term deposits | - | 689,122 | 689,122 |
| Cash and bank balances | - | 830,048 | 830,048 |
| Total financial assets | 2,281,600 | 1,763,459 | 4,045,059 |

| | At amortised cost<br>RM'000 |
|---|---|
| **Financial liabilities** | |
| Trade and other payables | 586,849 |
| Hire purchase liabilities | 12,621 |
| Medium term notes | 5,443,383 |
| Reimbursable internet assistance | 270,008 |
| Bank borrowings | 982,502 |
| Total financial liabilities | 7,295,363 |

## 51. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Classification of financial instruments (Cont'd)

| Company | At amortised cost 2020 RM'000 | At amortised cost 2019 RM'000 |
|---|---|---|
| **Financial assets** | | |
| Other investment | 267,459 | 276,811 |
| Trade and other receivables | 16,230 | 8,659 |
| Amounts owing by subsidiaries | 922,867 | 878,047 |
| Short term deposits | 223,282 | 213,510 |
| Cash and bank balances | 29,978 | 145,296 |
| Total financial assets | 1,459,816 | 1,522,323 |
| **Financial liabilities** | | |
| Trade and other payables | 152,937 | 134,889 |
| Amounts owing to subsidiaries | 992,251 | 916,594 |
| Hire purchase liabilities | 433 | 634 |
| Lease liabilities | 1,524 | - |
| Bank borrowings | 358,188 | 444,859 |
| Total financial liabilities | 1,505,333 | 1,496,976 |

### (b) Fair values

The fair value of medium term notes of the Group at the end of the financial period is approximately RM6,579 million (2019: RM5,980 million). The carrying amounts of other financial assets and liabilities as at the end of the financial reporting period approximate or were at their fair values due to the relatively short-term maturity or related interests are at market rate on these financial instruments.

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity and cash flow risks. The Group's and the Company's overall financial risk management objective and policies are to minimise potential adverse effects on the financial performance of the Group and the Company and to create value and maximise returns to its shareholders.

Financial risk management is carried out through risk reviews, internal control systems, benchmarking the industry's best performance, insurance programmes and adherence to financial risk management policies.

The Group and the Company have been financing their operations mainly from internally generated funds, issuance of medium-term notes and bank borrowings. The Group and the Company do not find it necessary to enter into derivative transactions based on their current level of operations.

The management monitors the Group's and the Company's financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group and the Company. There have been no significant changes on the Group's and the Company's exposure to financial risks from the previous year. Also, there have been no changes to the Group's and the Company's risk management objectives, policies and processes since the previous financial year end.

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The Group's and the Company's management reviews and agrees on policies managing each of the financial risks and they are summarised as follows:

### (a) Interest rate risk

The Group and the Company are exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

Exposure to interest rate risk relates the Group's and the Company's interest- bearing borrowings and medium term note.

***Financial liabilities***

The Group's and the Company's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate borrowings. The objective of a mix of fixed and floating rate borrowings is to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The mix between fixed and floating rate borrowings are monitored so as to ensure that the Group's and the Company's financing costs are kept at the lowest possible. The Group and the Company do not generally hedge interest rate risks. Hedging of risk through the use of financial instruments may be adopted should its use result in significant cost savings. The Group and the Company have a policy to ensure that interest rates obtained are competitive.

It is the Group's and the Company's policy not to trade in interest rate swap agreements.

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings and medium term note of the Group and the Company as at 30 June 2020. If interest rates increase or decrease by 100 basis points with all other variable held constant, the Group and the Company profit after tax would decrease or increase by RM5,613,000 and RM 2,722,000 (2019: RM7,329,000 and RM3,381,000), respectively, as a result of higher or lower interest expense on these borrowings.

For those interest expense incurred and capitalised as part of the expenditure on property development costs and investment properties during the financial year, if the interest rates were to increase or decrease by 100 basis points with all other variable held constant, the property development and investment properties costs of the Group would increase or decrease by amount totaling RM192,000 (2019: RM378,000).

### (b) Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group and the Company have a gain position.

The entire financial assets and contract assets of the Group and the Company are exposed to credit risk.

***Trade receivables***

The Group's and the Company's exposure to credit risk is monitored on an ongoing basis. The Group and the Company have credit risk policies in place to manage credit risk exposure. The risk is managed through the application of the Group's and the Company's credit management procedures which include regular monitoring and follow up procedures.

An impairment analysis is performed at each reporting date to measure the expected credit losses. The calculation reflects information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group and the Company carefully select the projects in which they intend to participate. The selection is based on criteria that are reviewed periodically to take into account developments in the market. The Group and the Company also manage their credit risk exposure by maintaining good business relationship with its customers and debtors. This approach has enabled the Group and the Company to manage their credit risk more effectively in addition to the above credit risk management procedures.

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Credit risk (Cont'd)

***Trade receivables (Cont'd)***

For other activities, the Group and the Company minimise and monitor their credit risks by dealing with credit worthy counterparties, setting credit limits on exposures, applying credit approval controls and obtaining collateral or security deposits where appropriate. Trade and financial receivables are monitored on an ongoing basis via group-wide management reporting procedures.

The aging analysis of receivables which are trade in nature is as follows:

| 30.6.2020 | Group Gross RM'000 | Group Impairment RM'000 | Company Gross RM'000 | Company Impairment RM'000 |
|---|---|---|---|---|
| Not past due | 64,584 | - | 44 | - |
| 1 to 30 days past due | 1,840 | - | 11 | - |
| 31 to 60 days past due | 2,097 | - | 11 | - |
| 61 to 120 days past due | 3,435 | - | 32 | - |
| More than 120 days past due | 34,246 | - | 8,350 | - |
| | 106,202 | - | 8,448 | - |

| 30.6.2019 | Group Gross RM'000 | Group Impairment RM'000 | Company Gross RM'000 | Company Impairment RM'000 |
|---|---|---|---|---|
| Not past due | 76,015 | - | 16 | - |
| 1 to 30 days past due | 14,602 | - | 16 | - |
| 31 to 60 days past due | 1,058 | - | 16 | - |
| 61 to 120 days past due | 2,769 | - | 32 | - |
| More than 120 days past due | 34,693 | - | 8,225 | - |
| | 129,137 | - | 8,305 | - |

Trade receivables that are past due at the end of the financial year, for which the Group and the Company have not recognised any allowance for doubtful debts, have no significant changes in their credit quality and the directors consider the amounts as recoverable.

At end of the financial year, the Group and the Company have no significant concentration of credit risk related to its financial assets.

***Contract assets***

None of the contract assets at the reporting date is past due. Management does not expect any credit loss based on their assessment at the reporting date.

***Financial guarantee***

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to subsidiaries. The maximum exposure to credit risk amounted to RM401,286,000 (2019: RM398,068,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in note 52(c) to the financial statements. As at the reporting date, there was no indication that the subsidiaries would default on repayment.

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Credit risk (Cont'd)

***Advances to subsidiaries***

Exposure to credit risk arising from unsecured advances to subsidiaries is managed through credit evaluation and ongoing monitoring of credit quality of the subsidiaries.

Management assessed the credit risk in respect of advances to subsidiaries with reference to the financial capability and probability of default.

Management concluded that the credit risk in respect of advances to subsidiaries is considered low.

***Cash and cash equivalents***

With regard to surplus cash, the Group and the Company seek to invest their cash assets safely by depositing them with licensed financial institutions.

### (c) Liquidity and cash flow risks

Liquidity and cash flow risks are the risk that the Group will not able to meet its financial obligations when they fall due.

The Group and the Company seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Besides maintaining an adequate current ratio, each business unit is required to submit cash flow projections to Group and Company management on a monthly basis. Each unit must seek to ensure that projected cash inflows from operating and non-operating activities (comprising undrawn borrowing facilities) adequately cover funding requirements of operating and non-operating outflows. At a minimum, all projected net borrowings should be covered. Also, debt maturities are closely monitored to ensure that the Group is able to meet its obligations as they fall due.

Daily bank balances are monitored and any excess funds are invested in short term deposits with licensed financial institutions at the most competitive interest rates obtainable.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on the contractual undiscounted cash flows.

| Group 2020 | Carrying value RM'000 | Less than 1 year RM'000 | 1 to 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| Trade and other payables | 568,118 | 568,118 | - | - | 568,118 |
| Hire purchase liabilities | 8,941 | 4,796 | 4,600 | - | 9,396 |
| Medium term notes | 5,430,483 | 395,254 | 1,990,904 | 7,648,761 | 10,034,919 |
| RIA | 286,577 | - | - | 739,450 | 739,450 |
| Bank borrowings | 757,416 | 610,861 | 162,562 | 77,372 | 850,795 |
| | 7,051,535 | 1,579,029 | 2,158,066 | 8,465,583 | 12,202,678 |
| Lease obligations | 11,034 | 3,741 | 7,522 | 1,656 | 12,919 |
| | 7,062,569 | 1,582,770 | 2,165,588 | 8,467,239 | 12,215,597 |

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (c) Liquidity and cash flow risks (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on the contractual undiscounted cash flows (Cont'd).

| Group 2019 | Carrying value RM'000 | Less than 1 year RM'000 | 1 to 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| Trade and other payables | 586,849 | 586,849 | - | - | 586,849 |
| Hire purchase liabilities | 12,621 | 6,604 | 6,915 | - | 13,519 |
| Medium term notes | 5,443,383 | 349,455 | 1,915,904 | 8,126,702 | 10,392,061 |
| RIA | 270,008 | - | - | 739,450 | 739,450 |
| Bank borrowings | 982,502 | 712,762 | 317,190 | 82,482 | 1,112,434 |
| | 7,295,363 | 1,655,670 | 2,240,009 | 8,948,634 | 12,844,313 |

| Company 2020 | Carrying value RM'000 | Less than 1 year RM'000 | 1 to 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|
| Trade and other payables | 152,937 | 152,938 | - | 152,938 |
| Amounts owing to subsidiaries | 992,251 | 992,251 | - | 992,251 |
| Hire purchase liabilities | 433 | 178 | 282 | 460 |
| Bank borrowings | 358,188 | 376,274 | - | 376,274 |
| | 1,503,809 | 1,521,641 | 282 | 1,521,923 |
| Lease obligations | 1,524 | 422 | 1,267 | 1,689 |
| | 1,505,333 | 1,522,063 | 1,549 | 1,523,612 |

| Company 2019 | Carrying value RM'000 | Less than 1 year RM'000 | 1 to 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|
| Trade and other payables | 134,889 | 134,889 | - | 134,889 |
| Amounts owing to subsidiaries | 916,594 | 916,594 | - | 916,594 |
| Hire purchase liabilities | 634 | 259 | 422 | 681 |
| Bank borrowings | 444,859 | 341,137 | 137,443 | 478,580 |
| | 1,496,976 | 1,392,879 | 137,865 | 1,530,744 |

The table below summarised issued financial guarantee contracts of the Company, which represent the maximum amounts of the guarantees, and is allocated to the earliest period in which the guarantees could be called. However, based on circumstances at the end of the financial period, the directors do not foresee the guarantees will be called.

| Company | Less than 1 year RM'000 | 1 to 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2020** | | | | |
| Financial guarantee contracts | 380,259 | 21,027 | - | 401,286 |
| **2019** | | | | |
| Financial guarantee contracts | 14,057 | 384,011 | - | 398,068 |

## 53. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital in ensuring the availability of funds for the day to day operation as well as future business requirement and to maintain investors, creditors and market confidence.

The board of directors monitors and determines a prudent level of total debt to total equity ratio to optimise shareholders value and to ensure compliance with covenants and regulatory requirements.

The Group have met the requirement of minimum finance service coverage ratio and debt-to-equity ratio of its subsidiaries, as at reporting date.

There were no changes made in the objectives and approach to the capital management during the financial year.

| | Group | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| Share capital | 1,117,961 | 1,117,961 |
| Reserves | 1,355,665 | 1,334,119 |
| Total equity | 2,473,626 | 2,452,080 |
| Medium term notes (note 28) | 5,430,483 | 5,443,383 |
| Bank borrowings (notes 27 and 34) | 757,416 | 982,502 |
| Hire purchase liabilities (note 26) | 8,941 | 12,621 |
| Lease liabilities (note 7) | 11,034 | - |
| Reimbursable interest assistance (note 29) | 286,577 | 270,008 |
| Total debts | 6,494,451 | 6,708,514 |
| Debt-to-equity ratio (times) | 2.63 | 2.74 |

## 54. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES

During the financial year, the Group acquired the following subsidiaries:

(i) On 3 December 2019, the Company acquired 100 ordinary shares (representing 100% equity interest) in Arah Kasturi Sdn. Bhd., for a cash consideration of RM100.

(ii) On 18 November 2019, DUKE Dinings Sdn Bhd ("DUKE Dinings") acquired 1 ordinary share in Sunshine Reality Sdn. Bhd. for a cash consideration of RM1. Subsequently, DUKE Dinings has acquired an additional 359,999 ordinary shares in Sunshine Reality for a total cash consideration of RM359,999 consequently representing 60% equity interest.

(iii) On 16 January 2020, the Company acquired 2 ordinary shares (representing 100% equity interest) in Ekovest Bay Sdn. Bhd., for a cash consideration of RM2.

The acquisitions as stated above have no significant effect on the financial results of the Group in the current financial year and the financial position of the Group as at 30 June 2020.

In the previous financial year, the Group acquired the following subsidiaries:

(i) On 4 September 2018, the Company incorporated a new wholly-owned subsidiary known as DUKE Dinings, with RM2.

(ii) On 13 September 2018, DUKE Dinings acquired entire issued and paid-up share capital in Xindauji (M) Sdn Bhd ("Xindauji") for a total cash consideration of RM1. Subsequently, DUKE Dinings acquired 349,999 ordinary shares in Xindauji for a total cash consideration of RM349,999.

## 54. ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES (CONT"D)

In the previous financial year, the Group acquired the following subsidiaries: (Cont'd)

(iii) On 13 September 2018, DUKE Dinings acquired 1 ordinary share in The Loaf Asia Sdn Bhd ("The Loaf") for a total cash consideration of RM1. Subsequently, The Loaf issued additional 6,999 ordinary shares to DUKE Dinings and 3,000 ordinary shares to a non-controlling interest at consideration of RM6,999 and RM3,000, respectively. As a result, The Loaf became a 70% owned subsidiary of the Group.

(iv) On 28 December 2018, Ekovest Capital Sdn Bhd ("Ekovest Capital") acquired 2 ordinary shares (representing 100% of the issued and paid-up capital) in DUKE Hotels Sdn Bhd ("DUKE Hotels") for a total cash consideration of RM2.

On 28 June 2019, Ekovest Capital has further subscribed for 1,000,000 ordinary shares and 56,500,000 redeemable preference shares in DUKE Hotels by way of capitalisation of amount owing by DUKE Hotels.

The acquisitions as stated above have no significant effect on the financial results of the Group in the previous financial year and the financial position of the Group as at 30 June 2019.

## 55. CHANGES IN STAKE IN A SUBSIDIARY

On 28 November 2019, Xindauji issued additional 300,000 ordinary shares and 2,275,000 redeemable preference shares to DUKE Dinings and 350,000 ordinary shares and 1,225,000 redeemable preference shares to non-controlling interests at consideration of RM2,575,000 and RM1,575,000, respectively. As a result, Xindauji became a 65% owned subsidiary of the Group.

The effect of decrease in the Group's ownership is as follows:

| | 2020<br>RM'000 |
|---|---|
| Net consideration received from non-controlling interest | 1,575 |
| Decrease in share of net assets | (503) |
| Excess recorded in retained earnings | 1,072 |

## 56. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ('MCO') effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO until 9 June 2020 and then, Recovery MCO until 31 August 2020.

The outbreak of COVID-19 in early 2020 has affected the business and economic environments of the Group. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted businesses, our customers and the Group's operations directly or indirectly. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, it is challenging to determine the duration of the impact on the business.

As of the date of this report, the management of the Group is actively monitoring and managing its operations to minimise any impact that may arise from COVID-19. However, the management is unable to estimate and predict the full financial impact of COVID-19 on the Group's financial results for the year ending 30 June 2021 as the pandemic has yet to run its full course. The Directors shall continuously and vigilantly assess the impact of the COVID-19 crisis on its operations as well as the financial position for the year ending 30 June 2021.

## 57. SUBSEQUENT EVENTS

(i) On 29 September 2020, the Company completed the second and final tranche of the Private Placement comprising 41,000,000 Placement Shares at RM0.51 per share for total consideration of RM20,910,000.

(ii) On 29 September 2020, the Company entered into three conditional share purchase agreements with Limbongan Resources Sdn Bhd, Tan Sri Datuk Seri Lim Keng Cheng and Lim Seong Hai Holdings Sdn Bhd for the acquisition of an aggregate of 89,144,200 ordinary shares in PLS ("PLS Shares") and 7,087,100 warrants issued by PLS ("PLS Warrants") representing approximately 24.54% equity interest in PLS and 4.35% of the outstanding PLS warrants respectively, for a total cash consideration of RM85.750 million ("Proposed Acquisitions"). Upon completion of the Proposed Acquisitions, the Group's shareholding in PLS will increase from 32.84% to 57.38%. As a result, PLS will become a subsidiary of the Group.

## 58. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the board of directors on 08 October 2020.

## STATEMENT BY
# DIRECTORS
### PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Dato' Lim Kang Hoo and Tan Sri Datuk Seri Lim Keng Cheng, being directors of Ekovest Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 72 to 153 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and financial performance and cash flows of the Group and of the Company for the financial year then ended in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution date.

**TAN SRI DATO'**
**LIM KANG HOO**
Director

**TAN SRI DATUK SERI**
**LIM KENG CHENG**
Director

Kuala Lumpur

Date: 08 October 2020

## STATUTORY
# DECLARATION
### PURSUANT TO SECTION 251(1) (b) OF THE COMPANIES ACT 2016

I, Lim Soo San (IC No.: 700610-14-5256), being the person primarily responsible for the financial management of Ekovest Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements set out on pages 72 to 153 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed
Lim Soo San
at Kuala Lumpur
in the Federal Territory
this

**LIM SOO SAN**
Chartered Accountant
MIA Membership No.: 11021

Before me:

**(Commissioner of Oaths)**

# MATERIAL LITIGATION
## OF EKOVEST BERHAD AND ITS SUBSIDIARIES

Save as disclosed below as at 30 June 2020, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board are not aware and do not have any knowledge of any proceedings, pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company and its subsidiaries :

(i) A dispute arose between our Company (**"Plaintiff"**) and Shapadu Construction Sdn Bhd (**"Shapadu"**) or (**"Defendant"**) in respect of five (5) packages of sub-contract work under the New North Klang Straits Bypass Highway Project (**"Project"**). The holding company of the Defendant i.e. Lebuhraya Shapadu Sdn Bhd (**"Lebuhraya Shapadu"**), is the employer of the Project.

Our claims against the Defendant are, inter alia, the following:

(a) the sum of RM29,558,720.93 on quantum meruit for loss and damage under the sub-contract; and/or alternatively; and

(b) the sum of RM7,459,356.15 being the uncertified value of work done and the sum of RM8,217,960.68 being retention monies in respect of work executed and the value of goods and material delivered under the sub-contract.

The Defendant's counter claims against our Company are, inter alia, the following:

(aa) the sum of RM33,010,000.00 allegedly being the liquidated ascertained damages (**"LAD"**) due to the Defendant;

(bb) the sum of RM30,700,000.00 being the LAD due to Lebuhraya Shapadu;

(cc) the sum of RM2,008,868.93 as an indemnity for failure to carry-out and maintain the work;

(dd) the sum of RM22,189,859.75 as an indemnity for the cost of completion;

(ee) the sum of RM8,298,455.65 as indemnity for damages suffered by Lebuhraya Shapadu in completing the work; and

(ff) the sum of RM2,006,101.39 as an indemnity for the loss and expense suffered by Lebuhraya Shapadu.

On 1 August 2000, we issued a notice to arbitrate and the hearing of the arbitration commenced on 14 August 2006. Both the Plaintiff and Defendant have closed their cases and the hearing for the arbitration was adjourned to a date to be fixed. The arbitration proceeding is kept in abeyance pending settlement of the dispute. As at the LPD, the parties have yet to finalise a settlement proposal.

Our Directors are of the opinion that the financial impact on our Group is minimal since we had sub-contracted all the relevant work to a third party on a "back-to-back" basis, and the third party sub-contractor has agreed to indemnify us against any losses or damages that we may suffer in the event Shapadu's counter claim is allowed by the court.

Further, we had sought legal advice in respect of the counter claim made by Shapadu and our solicitors are of the opinion that we have a reasonable prospect of defending the claim particularly when the employer has not taken action against the Defendant since most of the claims are on indemnity basis. On that premises, this dispute with Shapadu is not envisaged to have any material adverse impact on the financial position of our Group.

(ii) On 3 July 2018, Ekovest Construction Sdn Bhd (**"ECSB"**), a wholly-owned subsidiary of our Company, had initiated an arbitration proceeding against Samling Resources Sdn Bhd (**"SRSB"**) by serving a Notice of Arbitration on SRSB. Thereafter, ECSB had on 2 July 2019 filed a Statement of Case to claim against SRSB based on the following:

(a) wrongful termination of the joint venture and shareholders' agreement dated 6 January 2017 entered into between ECSB and SRSB to jointly undertake the development and upgrading of the Pan Borneo Highway in the state of Sarawak, Malaysia for work package contract WPC-02 (Semantan to Sg. Moyan Bridge + KSR Interchanges) (**"Highway Project"**);

(ii) On 3 July 2018, Ekovest Construction Sdn Bhd (**"ECSB"**), a wholly-owned subsidiary of our Company, had initiated an arbitration proceeding against Samling Resources Sdn Bhd (**"SRSB"**) by serving a Notice of Arbitration on SRSB. Thereafter, ECSB had on 2 July 2019 filed a Statement of Case to claim against SRSB based on the following: (Cont'd)

(b) misrepresentation by SRSB to ECSB, in order to induce ECSB into performing tasks, duties and responsibilities of SRSB prior to the submission of the tender; the procurement of the Highway Project from Lebuhraya Borneo Utara Sdn Bhd ("LBUSB"), the project delivery partner for the Highway Project; and managing the Highway Project and all its ensuing duties and tasks;

(c) failure to expeditiously and diligently make the necessary applications for the approvals from LBUSB for the sub-contract of the Highway Project to Samling – Ekovest JV Sdn Bhd, a special purpose vehicle incorporated by ECSB and SRSB to undertake the development and upgrading of the Highway Project (**"JV Company"**); and

(d) in the alternative, failure to take any step to compel LBUSB to consent to the sub-contract of the Highway Project to the JV Company, which should not have been unreasonably withheld,

in which ECSB claims for general damages, interest and costs to be determined by the arbitrator (**"Arbitration Proceedings"**).

The hearing in relation to the Arbitration Proceeding which was fixed from 29 September 2020 to 2 October 2020 will be vacated following the order of the Court as detailed in item (iii) below.

(iii) On 3 February 2020, our Company and ECSB were served by the solicitors of SRSB with a Writ of Summons and Statement of Claim dated 31 January 2020 (**"Claim"**) alleging that our Company and/or ECSB:

(a) were negligent in their representation and/or assurances with regards to the technical advice and support and profit margin for the Highway Project;

(b) failed, neglected and/or omitted to discharge their responsibilities with due care and diligence in the implementation and execution of the Highway Project;

(c) acted in breach of their fiduciary duties owed to SRSB, including inter alia, the duties under common law and equity; and/or

(d) breached and misrepresented in respect of the sub-contractors that were selected, recommended and appointed to carry out the sub-contract works of the Highway Project.

SRSB as plaintiff is claiming against our Company and ECSB as defendants jointly and severally for:

- general damages;
- interest at the rate of 5% per annum pursuant to Section 11 of the Civil Law Act 1956 or at such rate and from such date as the court deems fit and proper until the date of judgement;
- interest at the rate of 5% per annum from the date of judgement until the date of full and final settlement;
- costs; and
- such further and/or other relief as the court deems fit and proper.

ECSB and our Company had on 13 February 2020 and 14 February 2020 respectively filed our/its application for a stay of proceedings of the Claim pending the Arbitration Proceeding (**"Stay Applications"**). During the case management held on 21 April 2020, the Deputy Registrar further directed parties to file their respective affidavits and submissions, and had fixed the hearing of the Stay Applications to be on 6 July 2020.

(iii) On 3 February 2020, our Company and ECSB were served by the solicitors of SRSB with a Writ of Summons and Statement of Claim dated 31 January 2020 (**"Claim"**) alleging that our Company and/or ECSB: (Cont'd)

On 25 August 2020, the Company has filed its notice of application to appeal against the decision of the Court that dismissed the Company's Stay Application (**"Company's appeal"**), and ECSB had also filed its notice of application to appeal partly against the condition imposed by the Court when allowing ECSB's Stay Application. The Company and ECSB have been advised that the Company's Stay Application and also the ECSB's Stay Application should be allowed given that the matters to be decided in the aforementioned proceedings are one of the same and that any contradiction in the decisions arising therefrom would unfairly prejudice one party's claim against each other.

Following the Company's appeal against the said decision of the Court, the Company has filed the application for a stay of proceedings pending the disposal of the Company's appeal at the Court of Appeal. During the case management held on 3 September 2020, the High Court Judge fixed the hearing of this application on 4 November 2020.

We had also sought the necessary legal advice on the above matter and our solicitors are of the opinion that, notwithstanding that the maximum exposure to liabilities and amount of damages, interest and costs pursuant to the Claim cannot be ascertained at this juncture, we have fair chances of success in the Arbitration Proceeding and defence to the Claim brought by SRSB as they have failed to expeditiously and diligently make the necessary applications for the approvals from LBUSB for the sub-contract of the Highway Project to the JV Company, and failed to take any step to compel LBUSB to consent to the sub-contract of the Highway Project to the JV Company, which should not have been unreasonably withheld.

(iv) On 7 October 2019, ECSB was served by the solicitors of SRSB with a Statement of Claim of the Defendant against the Third Party (**"Third Party Proceeding"**).

SRSB is claiming that in the event it is held liable to Greenland Knusford Construction Sdn Bhd (**"GKCSB"**) pursuant to the legal proceeding commenced by GKCSB to claim for loss and damage amounting to RM22,537,460.63 arising from alleged fraudulent, negligent representations, misstatements and/or alleged wrongful termination of GKCSB's employment by SRSB (**"Primary Proceeding"**), then SRSB is entitled to claim in this Third Party Proceeding against ECSB, for declaratory relief and consequential order for the following:

(a) costs incurred by SRSB in defending the Primary Proceeding;

(b) costs of the Third Party Proceeding;

(c) interests;

(d) indemnity; and/or

(e) contribution in respect of GKCSB's claim in the Primary Proceeding as may be awarded by the court.

The hearing is fixed on 30 Oct 2020.

We had sought the necessary legal advice on the above matter and our solicitors are of the opinion that SRSB has a good case in defending GKCSB's claim in the Primary Proceeding on the basis that the allegation made by GKCSB is time barred pursuant to the limitation period of two (2) years for tort under Item 19 of the Schedule of Sarawak Limitation Ordinance. As such, ECSB has good prospects to avoid liability to indemnify SRSB against the amount of loss and damage claimed by GKCSB.

Our Directors are of the opinion that the Third Party Proceeding is not expected to have material operational and financial impact on our Group.

# ADDITIONAL COMPLIANCE INFORMATION

## MATERIAL CONTRACTS

Save as disclosed below as at 30 June 2020, neither the Company nor its subsidiaries has entered into any material contracts or material loans, not being contracts entered into the ordinary course of business, within three (3) years immediately preceding the date of this Report.

(i) On 21 September 2016, the Board of Directors of Ekovest Berhad (**"Board"**), had announced our wholly-owned subsidiary, Nuzen Corporation Sdn Bhd (**"Nuzen"**) had entered into a binding term sheet with Employees Provident Fund Board (**"EPF"**) to dispose a 40% equity interest held in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (**"Kesturi"**) to EPF.

On 8 November 2016, on behalf of the Board of Directors of Ekovest (**"Board"**), CIMB Investment Bank Berhad (**"CIMB"**), Astramina Advisory Sdn Bhd (**"Astramina"**) and AmInvestment Bank Berhad (**"AmInvestment"**) announced that Nuzen had entered into a conditional share sale agreement (**"SSA"**) with EPF for the disposal of:

(a) 3,440,400 ordinary shares of RM1.00 each in Kesturi, a wholly-owned subsidiary of Nuzen; and

(b) 18,000,000 redeemable preference shares of RM1.00 each in Kesturi,

which represents 40% of the issued and paid-up share capital of Kesturi, for a total cash consideration of RM1,130.0 million, subject to the terms and conditions contained in the SSA (**"Disposal"**).

In addition, the Company proposes to undertake the following:

(a) proposed share split involving the subdivision of every two (2) existing ordinary shares of RM0.50 each into five (5) ordinary shares of RM0.20 each in Ekovest held on an entitlement date to be determined and announced later (**"Share Split"**); and

(b) proposed amendments to the Company's Memorandum and Articles of Association to facilitate the implementation of the Share Split (**"Amendments"**).

On 18 November 2016, it was announced that the applications relating to the Share Split have been submitted to Bursa Malaysia Securities Berhad (**"Bursa Securities"**) and on 22 December 2016 announced that Bursa Securities resolved to approve the Share Split and listing of and quotation for up to 183,310,470 additional warrants arising from the adjustments to be made pursuant to the Share Split and up to 183,310,470 subdivided shares to be issued arising from the exercise of additional warrants, on the Main Market of Bursa Securities.

On 19 January 2017, the shareholders of the Company have approved the resolutions in respect of the Disposal, Share Split and Amendments.

The Disposal has been completed on 13 February 2017 and in accordance with the terms of the Share Sale Agreement, Nuzen and EPF have entered into the Shareholders' Agreement on 13 February 2017.

None of the Directors or major shareholders or persons connected to them has / have any interest or indirect in the above transaction.

## MATERIAL CONTRACTS

(i) Utilisation of Proceeds

The status of utilisation of proceeds raised from the Proposed Disposal which was completed on 13 February 2017 are as follows:

| Purpose | Gross Proceeds (RM '000) | Actual Utilisation (RM '000) | Balance (RM '000) | Deviation (RM '000) | Intended Timeframe for Utilisation |
|---|---|---|---|---|---|
| Repayment of borrowings | 400,000 | 400,000 | Nil | Nil | Within 6 months |
| Distribution to shareholders of Ekovest (Note1) | Between 213,862 and 244,414 | 213,920 | Nil | Nil | Within 6 months |
| Exit Payment | 149,000 | Nil | 149,000 | Nil | (Note 2) |
| General corporate and working capital | Between 325,168 and 355,720 | 355,662 | Nil | Nil | Within 24 months |
| Estimated expenses for the Proposal | 11,418 | 11,418 | Nil | Nil | Within 6 months |
| | 1,130,000 | 981,000 | 149,000 | | |

Remarks :

The total cash consideration for this Proposed Disposal is RM1,130.0 million, which is payable in the following manner :

(a) On the completion date, EPF shall pay to Nuzen the completion sum of RM921.0 million; and

(b) Within 7 Business Days following the receipt by Nuzen of a copy of the CPC for Duke Phase-2, EPF shall pay to Nuzen the CPC payment of RM209.0 million, of which the Exit Payment of RM149.0 million is to be deposited into the Designated Accounts and Nuzen shall retain the Exit Payment and all Accrued Income.

*Note (1) :* *The Proposed Distribution represents a cash dividend of RM0.25 per share. The Proposed Dividend has been paid on 8 March 2017 amounting to RM213.92 million. The actual amount paid to the shareholders of the Company is based on the Company's shares outstanding as the entitlement date.*

*Note (2) :* *Nuzen is entitled to the full legal and beneficial rights and title to the Exit Payment amounting to RM149.0 million and the Accrued Income but is obligated to retain the Exit Payment and the Accrued Income in the Designated Account. As at to-date, Nuzen has received the CPC Payment which includes the Exit Payment. Amount received to-date is RM1,130.0 million only.*

## MATERIAL CONTRACTS (CONT'D)

(ii) On behalf of the Board of Directors of Ekovest ("Board"), RHB Investment Bank Berhad ("RHB Investment Bank") and Astramina Advisory Sdn Bhd ("Astramina") announced that Timur Terang Sdn Bhd ("TTSB"), a wholly-owned subsidiary of Ekovest, had on 21 November 2019, entered into the following agreements:

(a) a conditional sale and purchase agreement with Iskandar Waterfront Holdings Sdn Bhd ("IWH") and Ekovest to acquire 17 parcels of freehold development land held under Title Nos. HSD 459 to HSD 475, Lot Nos. 3742 to 3758, all in the Mukim of Pulai, District of Johor Bahru, State of Johor, measuring approximately 30.49 hectares or 75.34 acres in aggregate from IWH for a total purchase consideration of approximately RM869.69 million which will be satisfied in the following manner:

(aa) approximately RM849.89 million through the issuance of 849,887,600 ICPS at an issue price of RM1.00 per ICPS; and

(bb) approximately RM19.80 million in cash ("Proposed Acquisition 1"); and

(b) a conditional sale and purchase agreement with IWH to acquire three (3) parcels of freehold development land held under Title Nos. GRN 90574, GRN 90575 and GM 1424, Lot Nos. 728, 729 and 4354 respectively, all in the Mukim of Pulai, District of Johor Bahru, State of Johor, measuring approximately 6.32 hectares or 15.61 acres in aggregate from IWH for a total purchase consideration of approximately RM180.20 million ("Purchase Consideration 2") which will be fully satisfied in cash.

In order to facilitate the issuance of the ICPS pursuant to the Proposed Acquisition 1, the Company also proposes to amend and/or include certain clauses in the existing Constitution of the Company.

The parties to the SPAs ("Parties") subsequently noted that there were discrepancies in the land area as stated in the issue documents of title to the Lands ("Land Titles") and those stated in the plans attached to the respective Land Titles. Accordingly, upon the receipt of subsequent clarification from the Land Registry, the Parties had on 10 January 2019 entered into two (2) supplemental agreements to vary certain terms of the SPAs ("Supplemental SPAs") in order to record their agreement on the revised land area of the Lands of 4,193,481 square feet ("sqft") and the consequential adjustment to the total purchase consideration for the Proposed Acquisitions (calculated at the same rate of RM265 per sq ft) as well as the manner in which the said total purchase consideration should be settled.

On 18 May 2020, the Company had sought an extension of time of 2 months from 22 May 2020 to 21 July 2020 to submit the draft Circular in relation to the above Proposals. The Company has received the approval on 02 June 2020 for the extension of time from Bursa Securities.

On 14 July 2020, TTSB and IWH had vide an exchange of letters dated 14 July 2020 agreed to extend the Conditional Period for another 6 months i.e. from 21 August 2020 to 20 February 2021 for the Parties to fulfill the Conditions Precedent set out in the SPAs. RHB Investment Bank, on behalf of the Company had sought an extension of time until 21 January 2020 to submit the draft Circular in relation to the above Proposals. Bursa Securities had subsequently vide its letter dated 3 August 2020 granted its approval for the EOT.

The above Proposals are subject to and conditional upon approvals being obtained from the following:

(a) shareholders of Ekovest at an EGM to be convened;
(b) Bursa Securities for the listing and quotation of the Conversion shares on the Main Market Bursa Securities; and
(c) Any other relevant authorities and/or parties, if required.

The Proposed Acquisition 1 and Proposed Acquisition 2 are conditional upon each other. The Proposed Amendments are conditional upon the Proposed Acquisitions.

The Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

## MATERIAL CONTRACTS (CONT'D)

(iii) On behalf of the Board of Directors of Ekovest ("Board"), RHB Investment Bank and Astramina announced that the Company has on 29 September 2020 entered into three (3) conditional share purchase agreements ("SPAs") with Limbongan Resources Sdn Bhd, Tan Sri Datuk Seri Lim Keng Cheng and Lim Seong Hai Holdings Sdn Bhd for the acquisition of an aggregate of 89,144,200 ordinary shares in PLS ("PLS Shares") and 7,087,100 warrants issued by PLS ("PLS Warrants") representing approximately 24.54% equity interest in PLS and 4.35% of the outstanding PLS Warrants respectively, from them for a total cash consideration of RM85,750,055 at RM0.95 per PLS Share and RM0.15 per PLS Warrant in accordance with the terms and conditions of the SPAs.

Upon completion of the Proposed Acquisitions, Ekovest's shareholding in PLS will increase from 119,257,300 PLS Shares representing approximately 32.84% equity interest in PLS to 208,401,500 PLS Shares representing approximately 57.38% of the total issued shares of PLS, hence making PLS a subsidiary of Ekovest. Ekovest's warrant holding in PLS will also increase from 40,878,650 PLS Warrants representing approximately 25.10% of the outstanding PLS Warrants to 47,965,750 PLS Warrants representing approximately 29.45% of the outstanding PLS Warrants.

Accordingly, pursuant to Section 218(2) of the Capital Markets and Services Act 2007 and Paragraph 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia ("Rules"), Ekovest will be obliged to extend an unconditional mandatory general offer ("MGO" or "Offer") to acquire the following:

(a) all the remaining PLS Shares not already held by Ekovest including any new PLS Share that may be issued and allotted prior to the closing date of the Offer arising from the exercise of any PLS Warrant ("Offer Shares"); and

(b) all the remaining PLS Warrants not already held by Ekovest ("Offer Warrants"),

for a cash offer price of RM0.95 per Offer Share and RM0.15 per Offer Warrant respectively.

Barring any unforeseen circumstances, the Board of Directors of Ekovest Berhad expects the proposed MGO to be completed by first (1st) quarter of calendar year 2021.

## PRIVATE PLACEMENT

On 25 April 2019, the Company had submitted an application to Bursa Securities in respect of the listing and quotation of up to 256,446,959 placement shares to be issued pursuant to the private placement of up to 10% of the total number of issued shares of Ekovest, on the Main Market of Bursa Securities which was subsequently approved on 29 April 2019.

The issue price for the first tranche of the private placement has been fixed on 6 May 2019 ("Price-Fixing Date") at RM0.83 per Placement Share ("First Tranche"). The First Tranche comprised up to 214,812,359 Placement Shares, calculated based on 10% of the total number of issued shares of Ekovest as at 3 May 2019. The issue price of RM0.83 per placement share represents a discount of approximately 7.12% to the five (5) day volume weighted average market price of Ekovest Shares up to and including 3 May 2019.

On 16 May 2019, the first tranche of the private placement comprising 214,800,000 placement shares has been completed following the listing and quotation of 214,800,000 placement shares on the Main Market of Bursa Securities.

## PRIVATE PLACEMENT (CONT'D)

As at the date of this Annual Report, the status of utilisation of proceeds raised from the first tranche of the private placement which was completed on 16 May 2019 are as follows:

| Purpose | Gross Proceeds (RM '000) | Actual Utilisation (RM '000) | Balance (RM '000) | Deviation (RM '000) | Intended Timeframe for Utilisation |
|---|---|---|---|---|---|
| Repayment of bank borrowings | 100,000 | 100,000 | Nil | Nil | Within 6 months |
| Property development projects | 64,000 | 64,000 | Nil | Nil | Within 18 months |
| General working capital | 14,044 | 14,044 | Nil | Nil | Within 6 months |
| Estimated expenses in relation to the Proposed Placement | 240 | 240 | Nil | Nil | Within 6 month |
| | 178,284 | 178,284 | Nil | | |

The remaining placement shares not issued under the First Tranche will be issued in subsequent tranches within six (6) months from 29 April 2019, being the date of Bursa Securities' approval letter for the listing and quotation of the placement shares on the Main Market of Bursa Securities. Subsequently, Bursa Securities had vide its letter dated 23 October 2019, granted an extension of time until 29 April 2020.

On 4 May 2020, Bursa Securities had granted a further extension of time until 29 October 2020 for the Company to complete the implementation of the balance of Private Placement. However, on 29 September 2020, the Company completed the second and final tranche of the Private Placement comprising 41,000,000 Placement Shares at RM0.51 per share for total consideration of RM20,910,000. The proceeds were raised for general working capital purposes.

## NON AUDIT FEES

The amount of non-audit fees paid or payable by the Company and by the Group to the external auditors for the financial year ended 30 June 2020 are RM5,000 and RM40,000 respectively.

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE OR TRADING NATURE

Pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company will be seeking shareholders' mandate and additional mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature, at the forthcoming Annual General Meeting of Ekovest Berhad scheduled to be held on 27 November 2020.

# ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2020

Date of Annual Report : 28 October 2020
Statement Date : 30 September 2020

## I SUBSTANTIAL SHAREHOLDERS

| No. | Name | Direct Shareholdings | % | Indirect Shareholdings | % |
|---|---|---|---|---|---|
| 1. | Tan Sri Dato' Lim Kang Hoo | 532,526,093 | 19.75 | 298,000,032 [1] | 11.05 |
| 2. | Ekovest Holdings Sdn Bhd | 298,000,032 | 11.05 | - | - |
| | TOTAL | 830,526,125 | 30.22 | | |

## II DIRECTORS' SHAREHOLDINGS

| No. | Name | Direct Shareholdings | % | Indirect Shareholdings | % |
|---|---|---|---|---|---|
| 1. | Tan Sri Dato' Lim Kang Hoo | 532,526,093 | 19.75 | 298,000,032 [1] | 11.05 |
| 2. | Tan Sri Datuk Seri Lim Keng Cheng | - | - | 134,607,000 [2] | 4.99 |
| 3. | Dato' Lim Hoe | 14,232,375 | 0.53 | - | - |
| 4. | Lim Chen Herng* | - | - | - | - |
| 5. | Kang Hui Ling | - | - | - | - |
| 6. | Lim Ts-Fei | - | - | - | - |
| 7. | Chow Yoon Sam | 160,000 | 0.01 | - | - |
| 8. | Dr. Wong Kai Fatt | - | - | - | - |
| 9. | Lee Wai Kuen | - | - | - | - |
| 10. | Lim Chen Thai** | 3,100,000 | 0.11 | - | - |
| 11. | Wong Khai Shiang | 750,000 | 0.03 | - | - |
| 12. | Lim Ding Shyong | - | - | - | - |
| | TOTAL | 550,768,468 | 20.43 | | |

**Notes:**

* Resigned with effect from 25 February 2020

** An alternate director to Tan Sri Dato' Lim Kang Hoo from 10 April 2018 to 24 February 2020 and designated as Executive Director with effect from 25 February 2020

[1] Deemed interest by virtue of his shareholding in Ekovest Holdings Sdn Bhd

[2] Deemed interest by virtue of his shareholding in Lim Seong Hai Holdings Sdn Bhd

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2020

## III CLASS OF EQUITY SECURITY

| | | |
|---|---|---|
| Total Number of Issued Shares | : | 2,695,828,002 |
| Class of Security | : | Ordinary Share |
| No. of Shareholders | : | 28,974 |
| Voting Rights | : | One (1) vote per ordinary share |

## IV DISTRIBUTION BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shareholdings | % |
|---|---|---|---|---|
| Less than 100 | 173 | 0.60 | 6,644 | 0.00 |
| 100 to 1,000 | 2,447 | 8.45 | 1,664,008 | 0.06 |
| 1,001 to 10,000 | 13,945 | 48.13 | 83,005,785 | 3.08 |
| 10,001 to 100,000 | 10,597 | 36.57 | 363,621,758 | 13.49 |
| 100,001 to less than 5% of issued shares | 1,810 | 6.25 | 1,930,269,414 | 71.60 |
| 5% and above of issued shares | 2 | 0.00 | 317,260,393 | 11.77 |
| **TOTAL** | 28,974 | 100.00 | 2,695,828,002 | 100.00 |

## ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2020

### THIRTY (30) LARGEST SHAREHOLDERS

| No. | Name | Shareholdings | % |
|---|---|---|---|
| 1. | TAN SRI DATO' LIM KANG HOO | 181,815,221 | 6.74 |
| 2. | RHB NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' LIM KANG HOO* | 135,445,172 | 5.02 |
| 3. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR EKOVEST HOLDINGS SDN BHD* | 114,500,000 | 4.25 |
| 4. | RHB NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' LIM KANG HOO* | 111,148,700 | 4.12 |
| 5. | KHOO NANG SENG @ KHOO NAM SENG | 94,207,550 | 3.49 |
| 6. | LIM SEONG HAI HOLDINGS SDN BHD | 73,082,800 | 2.71 |
| 7. | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR EKOVEST HOLDINGS SDN.BHD. (SMART)* | 72,000,000 | 2.67 |
| 8. | CIMSEC NOMINEES (TEMPATAN) SDN BHD<br>*CIMB BANK FOR TAN SRI DATO' LIM KANG HOO (PBCL - 0G0650)* | 64,117,000 | 2.38 |
| 9. | LIM SEONG HAI HOLDINGS SDN BHD | 61,524,200 | 2.28 |
| 10. | RHB NOMINEES (TEMPATAN) SDN BHD<br>*OSK CAPITAL SDN BHD FOR EKOVEST HOLDINGS SDN. BHD.* | 58,000,000 | 2.15 |
| 11. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR KOTA JAYASAMA SDN BHD* | 54,000,000 | 2.00 |
| 12. | RHB NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR EKOVEST HOLDINGS SDN BHD* | 53,350,010 | 1.98 |
| 13. | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LIM KANG HOO* | 40,000,000 | 1.48 |
| 14. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>*GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)* | 19,350,000 | 0.72 |
| 15. | MAYBANK NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT* | 18,000,000 | 0.67 |
| 16. | UOB KAY HIAN NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS )* | 17,410,625 | 0.65 |
| 17. | LIM YAN BU | 16,000,000 | 0.59 |
| 18. | DATO' LIM HOE | 14,232,375 | 0.53 |
| 19. | PUBLIC NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (E-SPG)* | 14,000,000 | 0.52 |
| 20. | RHB NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR YAP SONG MING* | 13,978,600 | 0.52 |

## THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

| No. | Name | Shareholdings | % |
|---|---|---|---|
| 21. | CITIGROUP NOMINEES (ASING) SDN BHD<br>*CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND* | 12,219,200 | 0.45 |
| 22. | CARTABAN NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEIT CLT 0D67)* | 12,168,000 | 0.45 |
| 23. | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR TEOH SEE YONG (7004111)* | 11,500,000 | 0.43 |
| 24. | LOH YU SAN | 11,428,500 | 0.43 |
| 25. | LOH CHIN SEONG | 11,226,002 | 0.42 |
| 26. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>*GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)* | 11,200,000 | 0.42 |
| 27. | ANASTASIA AMANDA BEH GAIK SIM | 10,910,050 | 0.41 |
| 28. | CITIGROUP NOMINEES (TEMPATAN) SDN BHD<br>*EMPLOYEES PROVIDENT FUND BOARD* | 10,751,900 | 0.40 |
| 29. | CITIGROUP NOMINEES (ASING) SDN BHD<br>*CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC* | 10,567,750 | 0.39 |
| 30. | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR TAN KUAN TECK* | 10,011,000 | 0.37 |
| **TOTAL** | | **1,338,144,655** | **49.64** |

PARTICULARS OF
# MATERIAL PROPERTIES
AS AT 30 JUNE 2020

| LOCATION | OWNER | AGE OF BUILDING | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|---|
| **PROJECT EKOCHERAS**<br>Geran 78870, Lot 480726, Mukim Kuala Lumpur. (DOA: 04-02-2000) | Ekovest Capital Sdn Bhd | 2 years | Freehold | Shopping mall | 55,998^ | 400,000 | 400,000 |
| Part of Geran 78870, Lot 480726, Mukim Kuala Lumpur. (DOA: 04-02-2000) | DUKE Hotels Sdn Bhd | N/A | Freehold | Construction in progress | 11,462^ | 68,736 | 68,736 |
| **PROJECT EKOTITIWANGSA**<br>Geran Mukim 4944, Lot 20007, Seksyen 85, Bandar Kuala Lumpur. (DOA: 7-5-2007 & 10-08-2010) | Ekovest Land Sdn Bhd | N/A | Freehold | Construction in progress | 9,348# | 28,059 | 28,059 |
| **PROJECT EKOAVENUE**<br>Geran 57616, Lot 520, Geran 57617, Lot 521, Seksyen 85, Bandar Kuala Lumpur. (DOA: 17-12-2007) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 4,658# | 9,997 | 9,997 |
| HSD 120433, PT 144, Seksyen 85A, Bandar Kuala Lumpur. (DA: 06-10-2017) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 2,660# | 19,963 | 19,963 |
| **PROJECT EKOQUAY**<br>Geran 36008, Lot 151, Geran 28520, Lot 152, Seksyen 85, Bandar Kuala Lumpur. (DOA: 05-08-2011 & 15-01-2013) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 2,742# | 5,537 | 5,537 |

# PARTICULARS OF MATERIAL PROPERTIES

AS AT 30 JUNE 2020

| LOCATION | OWNER | AGE OF BUILDING | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|---|
| **PROJECT EKOQUAY (CONT'D)** | | | | | | | |
| Geran 37575, Lot 310,<br>Geran 37576, Lot 311,<br>Geran 37577, Lot 312,<br>Geran 37578, Lot 313,<br>Geran 29686, Lot 336<br>Seksyen 85, Bandar Kuala Lumpur.<br>(DOA: 18-10-2011 & 05-08-2011) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 996# | 7,207 | 6,069 |
| Geran 78119, Lot 20004,<br>Geran 78857, Lot 20006,<br>Seksyen 85, Bandar Kuala Lumpur.<br>(DA: 23-05-2015 & 07-01-2016) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 196# | 648 | 648 |
| HSD 120001, PT 84,<br>Seksyen 85, Bandar Kuala Lumpur.<br>(DA: 06-01-2016) | Ekovest Properties Sdn Bhd | N/A | Leasehold 99 years Expiring on 5 January 2115 | Vacant land | 3,446# | 5,530 | 5,530 |
| GRN 24930, Lot 256,<br>GM 1497, Lot 326,<br>Seksyen 85, Bandar Kuala Lumpur.<br>(DOA: 07-04-2017) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 4,693# | 29,364 | 29,364 |

# PARTICULARS OF MATERIAL PROPERTIES

AS AT 30 JUNE 2020

| LOCATION | OWNER | AGE OF BUILDING | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|---|
| **PROJECT EKORIVER CENTRE**<br>Geran 20722 Lot 297,<br>Geran 20723 Lot 298,<br>Geran 20724 Lot 299,<br>Geran 20725 Lot 300,<br>Geran 20726 Lot 301,<br>Section 85, Bandar Kuala Lumpur.<br>(DOA: 14-08-2006) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 5,683# | 9,695 | 9,695 |
| PN51151, Lot 20001,<br>Section 85, Bandar Kuala Lumpur.<br>(DOA: 07-10-2014) | Ekovest Properties Sdn Bhd | N/A | Leasehold 99 years expiring on 1 November 2110 | Vacant land | 2,748# | 9,941 | 9,941 |
| HSD 120087, PT 85,<br>Section 85, Bandar Kuala Lumpur.<br>(DA: 05-05-2016) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 1,628# | 7,822 | 7,822 |
| HSD 120272, PT 86,<br>Section 85,<br>Bandar Kuala Lumpur.<br>(DA: 22-02-2017) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 1,663# | 8,822 | 8,822 |
| HSD 120398, PT 87,<br>Seksyen 85,<br>Bandar Kuala Lumpur.<br>(DA: 13-06-2017) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 628# | 3,143 | 3,143 |

| LOCATION | OWNER | AGE OF BUILDING | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|---|
| **PROJECT EKORIVER CENTRE (CONT'D)** | | | | | | | |
| HSD 120778, PT 88, Seksyen 85, Bandar Kuala Lumpur. (DA: 07-09-2018) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 2,926# | 16,400 | 16,400 |
| HSD 120779, PT 146, Seksyen 85A, Bandar Kuala Lumpur. (DA: 07-09-2018) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 9,433# | 52,869 | 52,869 |
| **PROJECT EKOGATEWAY** | | | | | | | |
| Lot 9460 to 9578, Mukim Setapak, Kuala Lumpur. (118 titles) (DOA: 09-07-2007) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 22,228# | 20,112 | 20,112 |
| Lot 28270 & 28271 Mukim Setapak, Kuala Lumpur. (DOA: 01-10-2010) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 14,970# | 15,370 | 15,370 |

# PARTICULARS OF MATERIAL PROPERTIES

AS AT 30 JUNE 2020

| LOCATION | OWNER | AGE OF BUILDING | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|---|
| **PROJECT EKOGATEWAY (CONT'D)** | | | | | | | |
| Geran Mukim 925,<br>Lot 22520,<br>Mukim Setapak,<br>Kuala Lumpur.<br>(DOA: 18-12-2013) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 686# | 7,700 | 7,700 |
| Lot 9762 to 9776,<br>Lot 9780 to 9782,<br>Mukim Setapak,<br>Kuala Lumpur. ( 18 titles)<br>(DOA: 18-12-2013) | Ekovest Properties Sdn Bhd | N/A | Leasehold<br>99 years<br>Expiring on<br>14 September 2077 | Vacant land | 1,962# | 5,491 | 5,491 |
| Lot 14238 & 14239,<br>Lot 14250 to 14259,<br>Mukim Setapak,<br>Kuala Lumpur. (11 titles)<br>(DOA: 18-12-2013) | Ekovest Properties Sdn Bhd | N/A | Freehold | Vacant land | 1,328# | 3,709 | 3,709 |
| HSD 120216, PT10074,<br>HSD 120217, PT10075,<br>HSD 120218, PT10076,<br>HSD 120212, PT10077,<br>HSD 120213, PT10078,<br>HSD 120214, PT10079,<br>HSD 120215, PT10080,<br>Mukim Setapak,<br>Kuala Lumpur. (7 titles)<br>(DA: 10-10-2016) | Ekovest Properties Sdn Bhd | N/A | Leasehold<br>99 years<br>Expiring on<br>9 October 2115 | Vacant land | 18,172# | 13,544 | 13,544 |

# PARTICULARS OF MATERIAL PROPERTIES

AS AT 30 JUNE 2020

| LOCATION | OWNER | AGE OF BUILDING | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|---|
| **OTHERS** | | | | | | | |
| Geran 94689, Lot 675, Geran 43451, Lot 923, Mukim Pulai, Johor Bahru. (DOA: 11-06-2004) | Timur Terang Sdn Bhd | N/A | Freehold | Vacant land | 101,609# | 212,000 | 212,000 |
| Geran 421950, Lot 182988, Geran 414131, Lot 112873, Mukim Plentong Johor Bahru. (DOA: 20-12-2019) | Saujarena Bina Sdn Bhd | N/A | Freehold | Vacant Land | 104,950# | 120,000 | 120,000 |
| HSD 565071, PT 24422, Bandar Johor Bahru, District of Johor Bahru Johor Darul Takzim. (DOA: 10-12-2018) | Tanahmas Kapital Sdn Bhd | N/A | Freehold | Vacant Land | 45,242# | 67,685 | 67,685 |
| Geran no. 45357, Lot 160, Bandar Kuala Lumpur. (DOA: 29-09-2017) | KL Bund Sdn Bhd | N/A | Leasehold 99 years Expiring on 15 May 2106 | Vacant Land | 8,488# | 43,549 | 43,549 |

| LOCATION | OWNER | AGE OF BUILDING | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|---|
| **OTHERS (CONT'D)** | | | | | | | |
| Geran Mukim 354, Lot 228, Geran Mukim 355, Lot 229, Geran Mukim 356, Lot 231, Geran Mukim 774, Lot 297, Geran Mukim 772, Lot 348, Geran Mukim 773, Lot 404, Geran 130368, Lot 528, Geran 72701, Lot 486, Geran 51638, Lot 529, Geran 65429, Lot 828, Geran 75822, Lot 2604, Geran 75823, Lot 2605, Geran 75824, Lot 2606, Geran 75825, Lot 2607, Geran 75826, Lot 2608, Mukim Jimah, District of Port Dickson, Negeri Sembilan. Geran 241464, Lot 10703, Geran Mukim 2141, Lot 10705, Pekan Lukut, District of Port Dickson, Negeri Sembilan. (17 titles) (DOA: 08-10-2018) | Ekovest World Sdn Bhd | N/A | Freehold | Vacant Land | 504,319# | 31,594 | 31,594 |
| HSD 120121, PT10066, Mukim Setapak, Kuala Lumpur. (DOA: 05-05-2016) | Ekovest KL Bund Sdn Bhd | N/A | Leasehold 99 years Expiring on 27 December 2114 | Vacant land | 7,940# | 30,554 | 30,554 |

## PARTICULARS OF MATERIAL PROPERTIES

AS AT 30 JUNE 2020

| LOCATION | OWNER | AGE OF BUILDING | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|---|
| **OTHERS (CONT'D)** | | | | | | | |
| Part of lands held under H Geran 250679 Lot 45370, Danga View Apartment, Bandar of Johor, District of Johor Bahru, Johor Darul Takzim. (DOA: 24-11-2005) 6 Units (DOA: 07-02-2002) 3 Units (DOA: 15-01-2001) 8 Units | Ekovest Berhad | 14 years | Freehold | 17 units of apartment | 4,511^ | 21,716 | 21,716 |
| GM 931 Lot 16345, GM 932 Lot 16346, Mukim Setapak, Kuala Lumpur. (DOA: 03-09-2015) | Ekovest Properties Sdn Bhd | 4 years | Freehold | Three storey shop lot | 15,695^ | 12,914 | 12,914 |
| HSD 119770, Lot 82, Seksyen 85, Bandar Kuala Lumpur. (DA: 19-01-2015) | Ekovest Land Sdn Bhd | N/A | Leasehold 99 years expiring on 18 January 2114 | Vacant land | 2,179# | 10,342 | 10,342 |
| GM 762 Lot 14233, GM 763 Lot 14234, Mukim Setapak, Kuala Lumpur. (DOA: 25-07-2017) | Ekovest Properties Sdn Bhd | 2 years | Freehold | Three storey shop lot | 467^ | 9,301 | 9,301 |

| LOCATION | OWNER | AGE OF BUILDING | TENURE | LAND DESCRIPTION | LAND AREA# (sq.metres)/ BUILT-UP AREA^ (sq. metres) | COST/ REVALUATION/ FAIR VALUE (RM'000) | NET BOOK VALUE (RM'000) |
|---|---|---|---|---|---|---|---|
| **OTHERS (CONT'D)** | | | | | | | |
| Part of land held under Strata Geran No. 358304, Bandar Johor Bahru. (DOA: 25-06-2010) | Ekovest Construction Sdn Bhd | 9 years | Freehold | 4 units of 3 Storey shop office and 1 unit of 4 storey shop office | 1,811^ | 7,272 | 7,272 |
| Lot 42483 to Lot 42489 (7 lots) Lot 42490 to Lot 42499 (10 lots) Lot 42500 to Lot 42514 (15 lots) Mukim Kuala Kuantan, Bandar Indera Mahkota, Kuantan. (DOA: 19-11-1996) | Milan Energy Sdn Bhd | N/A | Leasehold 99 years Expiring on 22 March 2093 | Vacant land | 46,940# | 5,069 | 5,069 |
| GM 929 Lot 16343, Mukim Setapak, Kuala Lumpur. (DOA: 15-12-2017) | Ekovest Properties Sdn Bhd | 2 years | Freehold | Three storey shop lot | 149^ | 4,341 | 4,341 |

Note: DOA : Date of Acquisition-Refers to Sales and Purchase Agreement.
DA : Alienation Date

# NOTICE OF THE THIRTY-FIFTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Fifth Annual General Meeting of the Company will be conducted fully on a virtual basis through live streaming from the broadcast venue at 3rd Floor, Ekovest Sales Gallery, 122-124, Jalan Gombak, 53000 Kuala Lumpur on Friday, 27 November 2020 at 10.30 a.m. for the purpose of transacting the following businesses:-

## AGENDA

1. To lay the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon. **Please refer Explanatory Note A**

2. To re-elect the following Directors who retire in accordance with Clause 76 (3) of the Constitution of the Company:-

   i) Tan Sri Dato' Lim Kang Hoo **Resolution 1**
   ii) Ms. Lim Ts-Fei **Resolution 2**
   iii) Mr. Chow Yoon Sam **Resolution 3**

3. To re-elect Mr. Lim Chen Thai who retires in accordance with Clause 78 of the Constitution of the Company. **Resolution 4**

4. To approve the payment of Directors' Fees of RM270,000.00 for the financial year ended 30 June 2020. **Resolution 5**

5. To approve the payment of Directors' Benefits up to an amount of RM200,000.00 from the conclusion of the Thirty-Fifth Annual General Meeting until the next Annual General Meeting of the Company. **Resolution 6**

6. To declare a First and Final Single Tier Dividend of 0.5 sen per share in respect of the financial year ended 30 June 2020. **Resolution 7**

7. To re-appoint Mazars PLT as Auditors for the financial year ending 30 June 2021 and to authorise the Directors to fix their remuneration. **Resolution 8**

8. As Special Business, to consider and if thought fit, to pass the following resolutions with or without modifications:-

### A. ORDINARY RESOLUTION<br>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

**"THAT** approval be and is hereby given for Ms. Kang Hui Ling who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." **Resolution 9**

### B. ORDINARY RESOLUTION<br>PROPOSED AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES

**"THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby given full authority to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being **AND THAT** the Directors be and are hereby given full authority to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Securities **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held in accordance with the provisions of the Companies Act 2016, whichever is the earlier." **Resolution 10**

**C. ORDINARY RESOLUTION**
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**"THAT** authority be and is hereby given pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as stated in section 2.4 of the Circular to Shareholders dated 28 October 2020 with the related parties listed in section 2.3 of the Circular which are necessary for the day-to-day operations, in the ordinary course of business, made on at arm's length basis and on normal commercial terms which are not more favourable than those normally available to the public and are not to the detriment of the minority shareholders;

**AND THAT** the authority conferred by this Mandate shall commence immediately upon the passing of this resolution and is subject to annual renewal. In this respect the authority shall only continue to be in force until:-

a) the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at that Annual General Meeting;

b) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier." **Resolution 11**

9. To transact any other matter of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

**NOTICE DIVIDEND ENTITLEMENT**

**NOTICE IS HEREBY GIVEN THAT** subject to the approval of the shareholders at the Thirty-Fifth Annual General Meeting, the First and Final Single Tier Dividend of 0.5 sen per share will be paid on 10 December 2020 to members whose names appear in the Record of Depositors on 30 November 2020.

**NOTICE IS ALSO HEREBY GIVEN THAT** a Depositor shall qualify for the entitlement only in respect of:

i. Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 30 November 2020 in respect of ordinary transfers; and

ii. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia.

By Order of the Board

**Lim Thiam Wah,** ACIS
Chartered Secretary
Kuala Lumpur
28 October 2020

## NOTICE OF
## THE THIRTY-FIFTH ANNUAL GENERAL MEETING

**Notes:**

1. As a precautionary measure amid the COVID-19 pandemic, the Board of Directors of the Company has decided that the 35th AGM of the Company will be conducted fully on a virtual basis through live streaming and online voting using the platform at https://dvote.my. Please refer to the Administrative Guide for the detailed steps on remote participation and vote remotely.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholder(s)/ proxy(ies) are not required to be physically present at the broadcast venue.

3. For the purpose of determining who shall be entitled to participate and vote at the 35th AGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 16 November 2020. Only members whose name appears on this Record of Depositors shall be entitled to participate and vote at the AGM.

4. A member entitled to participate and vote at the AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate and vote in his place at the AGM. A proxy may but need not be a member of the Company.

5. A member of the Company who is entitled to participate and vote at the AGM may appoint not more than two (2) proxies to participate and vote in his place at the AGM. If two (2) proxies are appointed, the entitlement of those proxies to vote shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (**"Central Depositories Act"**), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (**"Omnibus Account"**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9. An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:-

    (i) **In hard copy form**
    In the case of an appointment made in hard copy form, the Proxy Form must be deposited with Registered Office of the Company situated at Ground Floor, Wisma Ekovest, No.118, Jalan Gombak, 53000 Kuala Lumpur.

    (ii) **By electronic form via facsimile**
    In the case of an appointment made by facsimile transmission, the Proxy Form must be received via facsimile at 03-4021 5943

    (iii) **By electronic form via email**
    In the case of an appointment made by email transmission, the Proxy Form must be received via email at proxy@ekovest.com.my

    For options (ii) and (iii), the Company may request member to deposit original executed proxy form to its registered office before the date of meeting for verification purpose.

**Notes: (Cont'd)**

11. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of AGM will be put to vote on a poll.

12. Any authority pursuant to which such an appointment is made by a power of attorney or which require the affixation of a common seal must be deposited at the registered office of the Company situated at Ground Floor, Wisma Ekovest, No. 118, Jalan Gombak, 53000 Kuala Lumpur not less than 48 hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote or in case of poll not less than 24 hours before the time appointed for taking the poll. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

13. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

14. Last date and time for lodging proxy form is Wednesday, 25 November 2020 at 10.30 a.m.

**Explanatory Notes:-**

**Note A**

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("CA 2016") and meant for discussion only as the Audited Financial Statements do not require shareholders' approval under the provision of Section 251(1) of the CA 2016. As such, this Agenda item is not to be put forward for voting.

**Resolutions 1 to 4**

Clause 76 (3) of the Constitution of the Company ("Constitution") expressly states that at the annual general meeting in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election. Clause 78 of the Constitution provides that any Directors so appointed shall hold office only until the next Annual General Meeting ("AGM") and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Pursuant to Clause 76 (3) of the Constitution, Tan Sri Dato' Lim Kang Hoo, Ms. Lim Ts-Fei and Mr. Chow Yoon Sam are standing for re-election at this Annual General Meeting. Mr. Lim Chen Thai is standing for re-election pursuant to Clause 78 of the Constitution at this AGM.

The profiles of the Directors standing for re-election are set out in their respective profiles in the Annual Report.

The Nomination Committee of the Company has assessed the criteria and contribution of Tan Sri Dato' Lim Kang Hoo, Ms. Lim Ts-Fei, Mr. Chow Yoon Sam and Mr. Lim Chen Thai, and recommended for their re-election. The Board endorsed the Nomination Committee's recommendation that Tan Sri Dato' Lim Kang Hoo, Ms. Lim Ts-Fei, Mr. Chow Yoon Sam and Mr. Lim Chen Thai be re-elected as Directors of the Company.

**Resolutions 5 and 6**

Section 230(1) of the CA 2016 provides amongst others, that the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payments to the Directors of the Company at the Annual General Meeting in two (2) separate resolutions as below:

Resolution 5 seeks approval for the payment of Directors' Fees of RM270,000.00 for the financial year ended 30 June 2020.

Resolution 6 seeks approval for the payment of Directors' Benefits up to an amount of RM200,000.00 from the conclusion of the Thirty-Fifth Annual General Meeting until the next Annual General Meeting of the Company.

In determining the estimated total amount of Directors' Fees and Benefits payable for the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board, Board Committees, Board of Subsidiaries and Management Committees as well as the number of Directors involved in these meetings based on the current number of Directors and has included additional provisional sum for future appointment of Directors of the Company.

**Explanatory Notes:- (Cont'd)**

**Note A (Cont'd)**

**Resolutions 5 and 6 (Cont'd)**

In the event where the Directors' Benefits payable exceeds the estimated amount sought in the Annual General Meeting, a shareholders' approval is to be sought in the next Annual General Meeting of the Company in 2021 on the payment of the exceeded amount.

**Resolution 7**

With reference to Section 131 of the CA 2016, a Company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 27 August 2020, the Board has considered the amount of dividend and decided to recommend the same for shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debt as and when the debts become due within twelve (12) months immediately after the distribution is made on 10 December 2020 in accordance with the requirements under Section 132 of the CA 2016.

**Resolution 8**

The Audit and Risk Management Committee and the Board have considered the re-appointment of Mazars PLT ("Mazars") as Auditors of the Company and collectively agreed that Mazars has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**Explanatory Notes to Special Business**

**Resolution 9**

The Proposed Resolution 9, if passed, will allow Ms. Kang Hui Ling to continue in office as Independent Non-Executive Director.

The Malaysian Code on Corporate Governance states that if the board intends to retain an independent director beyond twelfth years, it should justify and seek annual shareholders' approval through a two-tier voting process.

Key justifications for her to continue as Independent Non-Executive Directors are as follows:

a. Fulfills the independent director criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

b. Relevant experience and expertise as set out in her profile in the Annual Report; and

c. Long service with the Company enhances her knowledge and understanding of the business operations of the Group which enable her to contribute actively and effectively during deliberations or discussion at Audit and Risk Management Committee and Board meetings.

**Resolution 10**

The Proposed Resolution 10, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an aggregate amount not exceeding ten per centum (10%) of the total number of issued shares of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited for further placing of shares for purpose of funding future investment(s), working capital and/or acquisitions.

As at the date of this notice, the Company had on the following date issued new shares in the Company pursuant to the mandate granted to the Directors at the AGM held on 27 November 2018 and a further extension of time until 29 October 2020 granted by Bursa Malaysia Securities Berhad:-

- On 16 May 2019, the Company had issued 214,800,000 ordinary shares at an issue price of RM0.83 each for the First Tranche of the Private Placement.

- On 29 September 2020, the Company had issued 41,000,000 ordinary shares at an issue price of RM0.51 each for the Second and Final Tranche of the Private Placement.

**Explanatory Notes:- (Cont'd)**

**Resolution 10 (Cont'd)**

The Private Placement had raised a total gross proceeds of RM199,194,000 and proposed to be utilised for repayment of bank borrowings, property development projects, general working capital and estimated expenses in relation to the Private Placement. For details and status of utilisation of the proceeds, please refer to Page 162 of the Annual Report 2020.

**Resolution 11**

The Proposed Resolution 11, if passed, will enable the Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business made on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Details of the Proposed Mandate are set out in the Circular to Shareholders dated 28 October 2020.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

**Particular of Directors who are standing for election at the Thirty-Fifth Annual General Meeting.**

There is no Director standing for election at the Thirty-Fifth Annual General Meeting

EKOVEST

**Ekovest Berhad**
(Registration No. 198501000052 (132493-D))

## ADMINISTRATIVE GUIDE FOR THE 35TH ANNUAL GENERAL MEETING

| | | |
|---|---|---|
| Day, Date and Time of Meeting | : | Friday, 27 November 2020 at 10.30 a.m. |
| Remote Participation and Voting Facilities | : | https://Dvote.my |
| Broadcast Venue | : | 3rd Floor, Ekovest Sales Gallery, 122-124, Jalan Gombak, 53000 Kuala Lumpur |

## VIRTUAL GENERAL MEETING ARRANGEMENTS

1. As a precautionary measure amid the COVID-19 pandemic and taking into consideration the safety and well-being of our shareholders, the 35th Annual General Meeting of Ekovest Berhad ("35th AGM") will be conducted fully on a virtual basis through live streaming and online voting using the platform at https://Dvote.my.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholder(s)/ proxy(ies) are not required to be physically present at the Broadcast Venue.

3. Shareholders are encouraged to appoint the Chairperson of the meeting as your proxy to attend and vote on your behalf at the 35th AGM. You may submit your proxy forms with pre-determined voting instructions for the Chairperson to vote for and on your behalf. If you would like to raise any questions in relation to any of the resolutions being tabled at the 35th AGM, you may email your questions to agm@ekovest.com.my before 10.30 a.m. on 25 November 2020, and the Company will address your queries during the meeting or after the meeting via email. The collection of questions will be closed at the same time as the closure for the proxy submission.

## ENTITLEMENT TO PARTICIPATE AND VOTE

1. A shareholder whose name appears in the Record of Depositors as at 16 November 2020 shall be regarded as a shareholder entitled to participate (including to post questions to the Board of Directors and/or Management of the Company) and to vote at the 35th AGM or to appoint a proxy or proxies to participate and vote in his/her stead, without physically present at the Broadcast Venue.

## PROXY

1. A member entitled to participate and vote at the 35th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate and vote in his place at the 35th AGM. A proxy may but need not be a member of the Company.

2. A member of the Company who is entitled to participate and vote at the 35th AGM may appoint not more than two (2) proxies to participate and vote in his/her stead. If two (2) proxies are appointed, the entitlement of those proxies to vote shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

5. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

## PROXY (CONT'D)

6. An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner, and must be received by the Company not less than 48 hours before the time appointed for holding the 35th AGM or adjourned 35th AGM at which the person named in the appointment proposes to vote:-

   ***(i) In hard copy form***

   In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the Registered Office of the Company situated at Ground Floor, Wisma Ekovest, No.118, Jalan Gombak, 53000 Kuala Lumpur.

   ***(ii) By electronic form via facsimile***

   In the case of an appointment made by facsimile transmission, the Proxy Form must be received via facsimile at 03-4021 5943

   ***(ii) By electronic form via email***

   In the case of an appointment made by email transmission, the Proxy Form must be received via email at proxy@ekovest.com.my

   For options (ii) and (iii), the Company may request the member to deposit the original Proxy Form at its Registered Office before the day of meeting for verification purpose.

   Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

   The Last date and time for lodging the Proxy Form is Wednesday, 25 November 2020 at 10.30 a.m.

8. Any authority pursuant to which such an appointment is made by a power of attorney or which require the affixation of a common seal must be deposited at the registered office of the Company situated at Ground Floor, Wisma Ekovest, No. 118, Jalan Gombak, 53000 Kuala Lumpur not less than 48 hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote or in case of poll not less than 24 hours before the time appointed for taking the poll. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

## PROCEDURE FOR REMOTE PARTICIPATION AND VOTING

1. Shareholder(s)/ Proxy(ies)/ Corporate Representative(s)/Attorney(s), who wish to participate in the 35th AGM remotely are advised to read and follow the procedure as summarised below:

### Before Meeting Day

### A. REGISTRATION AS USER

| Procedure | Action |
|---|---|
| Sign up as a user with Dvote Online | Note : If you are already a user with Dvote Online, you are not required to sign-up again. You may proceed to sign-in using your email address and password. |
| | • Access the website at https://Dvote.my. |
| | • Click on <<Sign up>> to register as a new user with Dvote Online. |
| | • Complete registration and upload softcopy of MyKad/Identification card or passport. |
| | • You will be notified via email once your user registration is accepted / rejected by Dvote Online. |

### B. REGISTRATION FOR REMOTE PARTICIPATION AT MEETING

| Procedure | Action |
|---|---|
| Register Meeting with Dvote Online | • Registration for Remote Participation will remain open from 17 November 2020 until the commencement of the polling during the 35th AGM. |
| | • Login to https://Dvote.my/user-login with your user ID (i.e: email address) and password. |
| | • Select event: "Ekovest Berhad – 35th Annual General Meeting", and click <<Register>>. |
| | • You will receive an email notifying you on registration for the remote participation and verification. |
| | • Once your registration has been verified against the Record of Depositors as at 16 November 2020, you will be notified via email whether your request for remote participation is approved/rejected. |
| | • If approved, you will receive an invitation email, *Join Meeting.* |

## PROCEDURE FOR REMOTE PARTICIPATION AND VOTING (CONT'D)

1. Shareholder(s)/ Proxy(ies)/ Corporate Representative(s)/Attorney(s), who wish to participate in the 35th AGM remotely are advised to read and follow the procedure as summarised below: (Cont'd)

| **On Meeting Day** | |
|---|---|
| **Procedure** | **Action** |
| Join the Live Stream Meeting | • Click on "Join Meeting" link in the invitation email and you will be directed to the live streaming room.<br>• You are advised to log in early, at least 20 minutes, before the Meeting time. |
| Online Voting during Live Streaming | • Click on <<Proceed to Vote>>, to cast your votes for each resolution.<br>• Review your casted votes, confirm and submit your votes.<br>Note : You can proceed to vote and submit your votes at any time during the proceedings of the meeting until the end of voting session which will be announced by the Chairman of the meeting. |
| Post Questions during Live Streaming | • If you have any question for the Board of Directors, you may use the "Post Question" box to transmit your question. |

Notes:-

- The quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection at the location of the user.
- Users are advised to afford themselves ample time to complete the log in process in advance of the meeting.

## POLL VOTING

All the resolutions set out in the Notice of the 35th AGM will be put to vote by way of poll in accordance to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Sectrars Management Sdn. Bhd. as the Poll Administrator to conduct the poll by way of electronic voting and Coopers Professional Scrutineers Sdn Bhd. as Independent Scrutineers to verify the poll results.

## ANNUAL REPORT 2020 AND OTHER DOCUMENTS

As part of our dedicated commitment to sustainable practices, the Annual Report 2020 and Statements/Reports can be viewed and downloaded from the Company's website at https://ekovest.com.my/ or by scanning the QR Code below.

To access this report online, scan this QR code or log on to www.ekovest.com.my

## PROCEDURE FOR REMOTE PARTICIPATION AND VOTING (CONT'D)

### NO FOOD VOUCHERS OR DOOR GIFTS

There will be no distribution of food vouchers or door gifts during the 35th AGM as the meeting is conducted fully on a virtual basis.

### NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 35th AGM proceedings is allowed.

### ENQUIRY

If you have any enquiry relating to the 35th AGM, please contact our Share Registrar below during office hours from Mondays to Fridays from 9.00 a.m. to 5.00 p.m. (except on public holidays):-

**SECTRARS MANAGEMENT SDN. BHD.**
Co. Reg. No. 201501002558 (1127890-P)

Lot 9-7 Menara Sentral Vista
No. 150 Jalan Sultan Abdul Samad Brickfields
50470 Kuala Lumpir

Tel : 03-2276 6138

Email : sectrarsmg@gmail.com

Contact Person : Mr. Samuel/Mr. Hugo

**EKOVEST**

**Ekovest Berhad**
(Registration No. 198501000052 (132493-D))

# *PROXY FORM*

| CDS Account No. |
|---|
| |

| Number of shares held |
|---|
| |

I/We__________________________________________NRIC/Company/Passport No.__________________
*(full name in block)*

of____________________________________________________________________________
*(full address)*

being member(s) of Ekovest Berhad, hereby appoint:

| **Full Name (in Block)** | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| **Address** | | | |

and / or* (*delete as appropriate)

| **Full Name (in Block)** | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| **Address** | | | |

or failing him/her, the Chairman of the Thirty-Fifth Annual General Meeting ("**AGM**") as *my/our proxy/proxies to vote for *me/us and on *my/our behalf, at the AGM of the Company, to be conducted fully on a virtual basis through live streaming from the broadcast venue at 3rd Floor, Ekovest Sales Gallery, 122-124, Jalan Gombak, 53000 Kuala Lumpur on Friday, 27 November 2020 at 10.30 a.m. and at any adjournment thereof.

| No | Resolutions | | For | Against |
|---|---|---|---|---|
| 1. | Re-election of:<br>(i) Tan Sri Dato' Lim Kang Hoo | (Resolution 1) | | |
| | (ii) Ms. Lim Ts-Fei | (Resolution 2) | | |
| | (iii) Mr. Chow Yoon Sam | (Resolution 3) | | |
| 2. | Re-election of Mr. Lim Chen Thai | (Resolution 4) | | |
| 3. | Approval of Directors' Fees | (Resolution 5) | | |
| 4. | Approval of Directors' Benefits | (Resolution 6) | | |
| 5. | Declaration of First and Final Single Tier Dividend | (Resolution 7) | | |
| 6. | Re-appointment of Auditors | (Resolution 8) | | |
| 7. | Ordinary Resolution<br>Continuing In Office As Independent Non-Executive Director | (Resolution 9) | | |
| | Ordinary Resolution<br>Proposed Authority for Directors to Allot and Issues Shares | (Resolution 10) | | |
| | Ordinary Resolution<br>Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | (Resolution 11) | | |

Please indicate with an "**X**" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this____________________day of______________________

______________________________
**Signature***
Member

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*** Manner of execution:**

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  (i) at least two (2) authorised officers, of whom one shall be a director; or
  (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

**Notes:**

1. As a precautionary measure amid the COVID-19 pandemic, the Board of Directors of the Company has decided that the 35th AGM of the Company will be conducted fully on a virtual basis through live streaming and online voting using the platform at https://dvote.my. Please refer to the Administrative Guide for the detailed steps on remote participation and vote remotely.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholder(s)/ proxy(ies) are not required to be physically present at the broadcast venue.
3. For the purpose of determining who shall be entitled to participate and vote at the 35th AGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 16 November 2020. Only members whose name appears on this Record of Depositors shall be entitled to participate and vote at the AGM.
4. A member entitled to participate and vote at the AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate and vote in his place at the AGM. A proxy may but need not be a member of the Company.
5. A member of the Company who is entitled to participate and vote at the AGM may appoint not more than two (2) proxies to participate and vote in his place at the AGM. If two (2) proxies are appointed, the entitlement of those proxies to vote shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (**"Central Depositories Act"**), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (**"Omnibus Account"**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:-
  (i) **In hard copy form**
  In the case of an appointment made in hard copy form, the Proxy Form must be deposited with Registered Office of the Company situated at Ground Floor, Wisma Ekovest, No.118, Jalan Gombak, 53000 Kuala Lumpur.
  (ii) **By electronic form via facsimile**
  In the case of an appointment made by facsimile transmission, the Proxy Form must be received via facsimile at 03-4021 5943
  (iii) **By electronic form via email**
  In the case of an appointment made by email transmission, the Proxy Form must be received via email at proxy@ekovest.com.my
  For options (ii) and (iii), the Company may request member to deposit original executed proxy form to its registered office before the date of meeting for verification purpose.
11 Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of AGM will be put to vote on a poll.
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the registered office of the Company situated at Ground Floor, Wisma Ekovest, No. 118, Jalan Gombak, 53000 Kuala Lumpur not less than 48 hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote or in case of poll not less than 24 hours before the time appointed for taking the poll. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
14. Last date and time for lodging proxy form is Wednesday, 25 November 2020 at 10.30 a.m.

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AFFIX
STAMP

THE COMPANY SECRETARY

EKOVEST

**Ekovest Berhad**
(Registration No. 198501000052 (132493-D))

GROUND FLOOR, WISMA EKOVEST,
NO. 118, JALAN GOMBAK, 53000 KUALA LUMPUR.

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EKOVEST

**Ekovest Berhad**
(Registration No. 198501000052 (132493-D))

**GROUND FLOOR, WISMA EKOVEST,**
No. 118, JALAN GOMBAK 53000 KUALA LUMPUR.
Tel : 03-4021 5948 Fax : 03-4021 5943

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