THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the contents of this Circular in relation to the Proposed Amendments (as defined herein) prior to the issuance of this Circular as the said contents fall under the category of an exempt document pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

EKOVEST BERHAD

(Company No. 132493-D)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

(I) PROPOSED DISPOSAL OF 40% EQUITY INTEREST HELD IN KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD TO EMPLOYEES PROVIDENT FUND BOARD FOR A TOTAL CASH CONSIDERATION OF RM1,130,000,000 ("PROPOSED DISPOSAL");

(II) PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 2 EXISTING ORDINARY SHARES OF RM0.50 EACH INTO 5 ORDINARY SHARES OF RM0.20 EACH IN EKOVEST BERHAD ("EKOVEST") ("SUBDIVIDED SHARES") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER, RESULTING IN AN ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF EKOVEST OF A MAXIMUM OF RM488,827,920 COMPRISING A MAXIMUM OF 2,444,139,600 SUBDIVIDED SHARES (ASSUMING FULL EXERCISE OF THE OUTSTANDING WARRANTS 2014/2019 OF EKOVEST PRIOR TO THE ENTITLEMENT DATE) ("PROPOSED SHARE SPLIT"); AND

(III) PROPOSED AMENDMENTS TO EKOVEST'S MEMORANDUM OF ASSOCIATION TO FACILITATE THE IMPLEMENTATION OF THE PROPOSED SHARE SPLIT ("PROPOSED AMENDMENTS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser	Financial Adviser	Co Adviser
CIMB	ASTRAMINA ADVISORY	AmInvestment Bank
CIMB Investment Bank Berhad (18417-M) (A Participating Organisation of Bursa Malaysia Securities Berhad)	**(Company No. 810705-K)** *(A licensed corporate finance advisory firm)*	**(Company No. 23742-V)** *(A Participating Organisation of Bursa Malaysia Securities Berhad)*

The Notice of Extraordinary General Meeting ("**EGM**") of Ekovest which will be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Thursday, 19 January 2017 at 3.00 p.m. or at any adjournment thereof is enclosed together with the Form of Proxy in this Circular.

You are entitled to vote at the EGM. Should you be unable to attend the EGM, you are entitled to appoint a proxy to attend and vote on your behalf. You should complete and deposit the Form of Proxy at the registered office of the Company at Ground Floor, Wisma Ekovest, No. 118, Jalan Gombak, 53000 Kuala Lumpur, Malaysia no later than 48 hours before the date and time fixed for the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Tuesday, 17 January 2017 at 3.00 p.m.
Date and time of the EGM	:	Thursday, 19 January 2017 at 3.00 p.m.

This Circular is dated 28 December 2016

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Accrued Income	-	All interest, dividend and other investment income accrued on the Exit Payment
Act	-	Companies Act, 1965 and any amendments made thereto from time to time and includes any re-enactment thereof
Additional Warrants	-	Up to 183,310,470 additional Warrants 2014/2019 to be issued pursuant to the adjustments made in accordance with the provisions of the memorandum to the Deed Poll as a result of the Proposed Share Split
AmInvestment or Co Adviser	-	AmInvestment Bank Berhad
AN	-	Ahmad Nasir Bin Mohd Said
Astramina Advisory or Financial Adviser or Transaction Arranger	-	Astramina Advisory Sdn. Bhd.
Board	-	Board of Directors of Ekovest
Bursa Depository or Depository	-	Bursa Malaysia Depository Sdn. Bhd.
Bursa Securities	-	Bursa Malaysia Securities Berhad
Business Day(s)	-	A day (other than a Saturday, Sunday or public holiday) on which banks, licensed to carry on banking business under the provisions of the Financial Services Act 2013, are open for business in Kuala Lumpur and Selangor
CIMB or Principal Adviser	-	CIMB Investment Bank Berhad
Circular	-	This circular in relation to the Proposals
Completion Date	-	A date that falls within 30 days after the Unconditional Date, or such other date as may be agreed upon between the SSA Parties upon which the completion of the SSA is to take place
Completion Sum	-	RM921.0 million in cash, to be paid by the Purchaser to the Vendor on the Completion Date
Concession Agreements	-	Collectively, the concession agreement dated 12 August 2004 between Kesturi and the Government as amended and supplemented by the supplemental concession agreement dated 3 December 2012 between Kesturi and the Government
Conditions Precedent	-	Conditions precedent of the SSA as set out in Section 2.3.1 of this Circular
CPC	-	Certificate of practical completion
CPC Payment	-	RM209.0 million in cash, to be paid by the Purchaser to the Vendor within 7 Business Days following the receipt by the Purchaser of a copy of the CPC for DUKE Phase-2

CSK	-	Chua Soo Kok
Cut-Off Date	-	A date that falls within 6 months from the date of the SSA, or such later date as the SSA Parties may mutually agree upon
Deed Poll	-	The deed poll dated 16 May 2014 constituting the Warrants 2014/2019
Definitive Agreements	-	Collectively, the SSA and Shareholders' Agreement
Designated Account	-	A special purpose account to be designated by the Vendor and opened and maintained in the name of the Vendor
DH	-	Dato' Haris Onn Bin Tun Hussein
Director(s)	-	The director(s) of Ekovest as at the LPD
Disposal Consideration	-	Collectively, the Completion Sum and the CPC Payment amounting to RM1,130.0 million
DSLKC	-	Datuk Seri Lim Keng Cheng
DUKE	-	Duta-Ulu Klang Expressway, a 34 kilometres highway comprising of 2 phases, DUKE Phase-1 and DUKE Phase-2
DUKE Phase-1	-	Phase-1 of DUKE, which is 18 kilometres in length and commences from the New Klang Valley Expressway at Jalan Duta to Hill View at the Middle Ring Road 2/Ulu Klang and from Sentul Pasar to the existing Kuala Lumpur-Karak Highway and ending at Greenwood at the Middle Ring Road 2 in Batu Caves
DUKE Phase-2	-	Phase-2 of DUKE, which is 16 kilometres in length and consists of 2 links, namely (a) the Sri Damansara Link which commences from the Menjalara Interchange at Bandar Menjalara and ends at the Segambut Interchange at Jalan Segambut; and (b) the Tun Razak Link which commences from Jalan Tun Razak near Kuala Lumpur Hospital/Institut Jantung Negara and ends at the Sentul Pasar Interchange at Jalan Gombak
DUKE Project	-	Design, construction, operation, management and maintenance of the DUKE
EGM	-	Extraordinary general meeting
Ekovest or **Company**	-	Ekovest Berhad
Ekovest Group or **Group**	-	Ekovest and its subsidiaries
Ekovest Shares or **Shares**	-	Prior to the Proposed Share Split, the Existing Shares or after the Proposed Share Split, the Subdivided Shares
Entitled Shareholders	-	Entitled shareholders of Ekovest, whose names appear in the record of depositors of the Company as at the close of business on the Entitlement Date
Entitlement Date	-	An entitlement date to be determined and announced later
EPF or **Purchaser**	-	Employees Provident Fund Board
EPS	-	Earnings per Share

Existing Shares	-	Existing ordinary shares of RM0.50 each in Ekovest
Exit Date	-	5 years from the Completion Date
Exit Event	-	Exit event, being either the Listing or a trade sale of the whole or substantially the whole of the business, assets or liabilities or shares of Kesturi
Exit IRR	-	An IRR of 11.5%, which shall be computed as at the date of the Exit Event in accordance with the provisions of the Shareholders' Agreement
Exit Payment	-	RM149.0 million forming part of the CPC Payment
Extended Exit Date	-	An automatically extended period of an additional 2 years from the Exit Date or other such extended date to be mutually agreed upon by the SHA Parties in writing
FYE	-	Financial year ended
Government	-	Government of Malaysia
IMTNs	-	Islamic Medium Term Notes
IRR	-	Internal rate of return
Ke	-	Cost of equity
Kesturi	-	Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd., a wholly-owned subsidiary of Nuzen
Kesturi Junior Bonds	-	Redeemable secured junior bonds issued by Kesturi
Kesturi OS	-	Ordinary shares of RM1.00 each in Kesturi
Kesturi RPS	-	Redeemable preference shares of RM1.00 each in Kesturi
Kesturi RPS-A	-	Redeemable preference shares Series A of RM1.00 each in Kesturi
Kesturi RPS-B	-	Redeemable preference shares Series B of RM1.00 each in Kesturi
Kesturi Shares	-	Collectively, Kesturi OS and Kesturi RPS
LAT	-	Loss after tax
LBT	-	Loss before tax
LPD	-	30 November 2016, being the latest practicable date prior to the printing of this Circular
LPS	-	Loss per Share
Listing	-	A listing of the entire issued share capital of Kesturi on the Main Market of Bursa Securities or any other recognised stock exchange, whether via an initial public offering or reverse take-over exercise or otherwise
Listing Requirements	-	Main Market Listing Requirements of Bursa Securities

Market Day	-	A day on which the stock market of Bursa Securities is open for trading of securities
Minimum IRR	-	An IRR of 10.0%, which shall be computed from the Completion Date until the date of the Exit Event in accordance with the provisions of the Shareholders' Agreement
NA	-	Net assets
NL	-	Net liabilities
Nuzen or **Vendor**	-	Nuzen Corporation Sdn. Bhd., a wholly-owned subsidiary of Wira Kristal
Nuzen RPS	-	Redeemable preference shares of RM1.00 each in Nuzen
Outstanding Warrants	-	The 122,206,980 outstanding Warrants 2014/2019 as at the LPD that have yet to be exercised
PAT	-	Profit after tax
PATAMI	-	Profit after tax after minority interest
PBT	-	Profit before tax
Proposals	-	Collectively, the Proposed Disposal, the Proposed Share Split and the Proposed Amendments
Proposed Amendments	-	Proposed amendments to the Memorandum of Association to facilitate the implementation of the Proposed Share Split
Proposed Disposal	-	Proposed disposal of 40% of the issued and paid-up share capital of Kesturi by the Vendor to the Purchaser, comprising of 3,440,400 Kesturi OS and 18,000,000 Kesturi RPS, for a total cash consideration of RM1,130.0 million, subject to the terms and conditions contained in the SSA
Proposed Distribution	-	Proposed distribution of part of the proceeds to the shareholders of the Company via a cash dividend of RM0.25 per Share or an equivalent of up to RM244.4 million, assuming that as at entitlement date the total shares outstanding in the Company comprises of 855,448,860 Existing Shares and new Shares issued pursuant to the full exercise of the Outstanding Warrants
Proposed Share Split	-	Proposed share split involving the subdivision of every 2 Existing Shares into 5 Subdivided Shares held on the Entitlement Date
Proposed Subdivision	-	Collectively, the Proposed Share Split and the Proposed Amendments
Purchaser's Notice of Termination	-	Notice of termination issued by the Purchaser
Record of Depositors	-	A record of depositors established by Bursa Depository under the Rules of Depository
RM and **sen**	-	Ringgit Malaysia and sen respectively
Sale Shares	-	Collectively, the 3,440,400 Kesturi OS and 18,000,000 Kesturi RPS

SHA Party or SHA Parties	-	Collectively or individually, Nuzen, EPF and the Company, all of whom will be parties to the Shareholders' Agreement
Shareholder or **Shareholders**	-	Collectively or individually, Nuzen and EPF, who will be the shareholders of Kesturi
Shareholders' Agreement	-	Shareholders' agreement between Nuzen, EPF and the Company, in an agreed form as appended to the SSA, to be entered into upon completion of the SSA
SICDA	-	Securities Industry (Central Depositories) Act, 1991
SSA	-	Conditional share sale agreement between the Vendor and the Purchaser dated 8 November 2016 in relation to the Proposed Disposal
SSA Party or SSA Parties	-	Collectively or individually, Vendor and Purchaser, being parties to the SSA
Subdivided Shares	-	Ordinary shares of RM0.20 each in Ekovest
TSDLKH	-	Tan Sri Dato' Lim Kang Hoo
UKAS	-	Unit Kerjasama Awam Swasta, a unit of the Economic Planning Unit of the Prime Minister's Department
Unconditional Date	-	The date when all the Conditions Precedent have been obtained, fulfilled or waived
Vendor's Notice of Termination	-	Notice of termination issued by the Vendor
VWAP	-	Volume weighted average market price
WACC	-	Weighted average cost of capital
Warrants 2014/2019	-	Warrants of the Company as constituted by the Deed Poll, and expiring on 26 June 2019, being the market day immediately preceding the date falling 5 years from the issue date of the said warrants of 26 June 2014, which includes the Outstanding Warrants and where the context requires, the Additional Warrants
Wira Kristal	-	Wira Kristal Sdn. Bhd., a wholly-owned subsidiary of Ekovest
ZS	-	Zakaria Bin Shaffie

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and *vice versa*. References to persons shall include company or corporations, unless otherwise specified.

All references to "**you**" in this Circular are to the shareholders of Ekovest.

Any reference in this Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

The word "approximately" used in this Circular is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest tenth or hundredth or one or two decimal places.

Any numeric discrepancies in the tables included in this Circular between the listed amounts, actual figures and the totals thereof are due to rounding differences.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the plans and objectives of the Company will be achieved.

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TABLE OF CONTENTS

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSALS. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO BE TABLED AT OUR FORTHCOMING EGM.

1. OVERVIEW OF THE PROPOSALS

1.1 Proposed Disposal

The Proposed Disposal entails the disposal by the Vendor of the Sale Shares to the Purchaser for a total cash consideration of RM1,130.0 million, which is payable in the following manner:

(i) On the Completion Date, the Purchaser shall pay to the Vendor the Completion Sum; and

(ii) Within 7 Business Days following the receipt by the Purchaser of a copy of the CPC for DUKE Phase-2, the Purchaser shall pay to the Vendor the CPC Payment.

Further details on the Proposed Disposal are set out in Section 2 of this Circular.

1.2 Proposed Subdivision

The Proposed Share Split entails the subdivision of every 2 Existing Shares into 5 Subdivided Shares held by the Entitled Shareholders.

The Proposed Share Split will give rise to adjustments to the exercise price and/or number of Warrants 2014/2019 pursuant to the provisions of the Deed Poll. The actual adjustments will only be finalised on the Entitlement Date.

The Company proposes to amend its Memorandum of Association to facilitate the implementation of the Proposed Share Split.

Further details on the Proposed Subdivision are set out in Section 3 of this Circular.

The Proposed Share Split and the Proposed Amendments are inter-conditional upon each other.

The Proposed Subdivision is intended to be undertaken after the completion of the Proposed Disposal and the Proposed Distribution. However, the Proposed Disposal and the Proposed Subdivision are not conditional upon each other.

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2. UTILISATION OF PROCEEDS

Ekovest Group intends to utilise the proceeds from the Proposed Disposal as follows:

Purpose	Gross proceeds RM '000	%	Estimated utilisation timeframe from Completion Date
Repayment of borrowings	400,000	35.4	Within 6 months
Distribution to shareholders of Ekovest(Note 1)	Between 213,862 and 244,414	Between 18.9 and 21.6	Within 6 months
Exit Payment(Note 2)	149,000	13.2	Note 2
General corporate and working capital	Between 325,168 and 355,720	Between 28.8 and 31.5	Within 24 months
Estimated expenses for the Proposals	11,418	1.0	Within 6 months
Total	**1,130,000**	**100.0**	

Notes:

(1) The Proposed Distribution represents a cash dividend of RM0.25 per Share.

*(2) The Vendor is entitled to the full legal and beneficial rights and title to the Exit Payment and the Accrued Income but is obligated to retain the Exit Payment and the Accrued Income in the Designated Account and to invest the same in conventional or Islamic fixed deposits, treasury bills, money market instruments, cash management instruments, Malaysian Government Securities ("**MGS**"), Government Investment Issue ("**GII**"), securities and sukuk/bonds issued by Bank Negara Malaysia or the Government and AAA-rated instruments, including unit trusts with underlying investments in MGS, GII and securities and sukuk/bonds issued by Bank Negara Malaysia or the Government and AAA-rated instruments. In the event that the Exit IRR is achieved by the Extended Exit Date, the Vendor shall immediately be entitled to deal with the Exit Payment and Accrued Income at its absolute discretion of which the full amount of RM149.0 million and the Accrued Income shall be utilised for general corporate and working capital as set out in Section 2.7.3 of this Circular.*

Further details on the utilisation of proceeds are set out in Section 2.7 of this Circular.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Disposal

The Proposed Disposal is in line with the Company's broad strategy to monetise its matured infrastructure assets to free up its financial resources for its infrastructure division expansion and other core businesses such as construction and property development. The Proposed Disposal represents an opportunity for the Company to partially monetise its investment in Kesturi at an attractive pricing while allowing the Company to continue participating in Kesturi.

Furthermore, the Proposed Disposal represents an opportunity for Ekovest and EPF to establish a long term relationship with each other through their joint investment in a mature yield-generating infrastructure project, with the prospect of leveraging on the establishment of such relationship as a platform to pursue collaboration on other potential investments in the future.

The Disposal Consideration will further enhance the Company's financial flexibility to raise the funding required to meet Ekovest Group's working capital requirements and to facilitate any plans by the Company to enhance shareholders' value. Upon completion of the Proposed Disposal, the Company intends to utilise part of the Disposal Consideration for distribution to its shareholders to reward the shareholders for their support of the Company.

Ekovest Group's consolidated NA is expected to increase by RM763.5 million upon completion of the Proposed Disposal and prior to the Proposed Distribution. Additionally, Ekovest Group's balance sheet will be further enhanced following the deleveraging of its financial position, utilising a portion of the Disposal Consideration.

3.2 Proposed Subdivision

The Proposed Share Split is expected to enhance the marketability and trading liquidity of the ordinary shares of the Company on the Main Market of Bursa Securities as a result of the increase in the number of ordinary shares in issue.

The Proposed Amendments are undertaken to facilitate the implementation of the Proposed Share Split where the par value of RM0.50 per Share is amended to RM0.20 per Share.

Further details on the rationale for the Proposals are set out in Section 5 of this Circular.

4. RISK FACTORS

The risk factors arising from the Proposed Disposal which could materially or adversely affect the financial position of Ekovest Group include the following:

(i) Failure to meet certain pre-agreed rate of return will result in compensation to the Purchaser, which could materially impact Ekovest Group, financially and operationally;

(ii) Failure to achieve the Exit Event within the Extended Exit Date could result in the obligation to either acquire the Sale Shares or to sell the Company's effective interests in Kesturi;

(iii) Non-completion of the Proposed Disposal will result in Ekovest Group not being able to utilise the proceeds in the manner as set out in Section 2.7 of this Circular;

(iv) Construction risk such as delay or non-completion of DUKE Phase-2 may result in delay or non-receipt of the CPC Payment; and

(v) Expiration or termination of the concession will result in the cessation of Kesturi's principal business and source of revenue.

Further details of the risk factors are set out in Section 6 of this Circular.

5. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on the Company's issued and paid-up share capital, substantial shareholders' shareholdings, NA, NA per Share, gearing, earnings and EPS.

The pro forma effects of the Proposed Disposal and the Proposed Share Split on the Company's issued and paid-up capital, NA, NA per Share, gearing, earnings and EPS are set out below based on the following assumptions:

Minimum scenario : Assuming none of the Outstanding Warrants are exercised prior to the Proposed Share Split

Maximum scenario : Assuming all of the Outstanding Warrants are exercised prior to the Proposed Share Split

5.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital of the Company as well as the substantial shareholders' shareholdings in the Company.

The Proposed Share Split will not have any effect on the substantial shareholders' shareholdings in the Company. The effects of the Proposed Share Split on the issued and paid-up share capital of the Company are as follows:

(i) Minimum Scenario - RM427,724,430 comprising 855,448,860 Existing Shares to 2,138,622,150 Subdivided Shares; or

(ii) Maximum Scenario - RM488,827,920 comprising 977,655,840 Existing Shares to 2,444,139,600 Subdivided Shares.

5.2 NA, NA per Share and gearing

For illustrative purposes, the proforma effects of the Proposed Disposal and the Proposed Share Split on the NA, NA per Share and gearing of Ekovest Group based on the audited consolidated financial statements of Ekovest Group as at 30 June 2016, assuming that both the Proposed Disposal and the Proposed Share Split had been effected at the end of that financial year are as follows:

		After the Proposed Disposal and the Proposed Share Split	
	Audited as at 30 June 2016 RM '000	**Minimum Scenario RM '000**	**Maximum Scenario RM '000**
NA	1,317,207	2,223,966	**2,358,393**
NA per Ekovest Share(1)	1.54	0.87	0.82
Gearing (times)	1.67	3.26(2)	3.04(2)
Net gearing (times)	1.21	0.48(3)	0.38(3)

Notes:

(1) Computed as NA attributable to the Company's shareholders divided by number of ordinary shares in issue.

(2) This has been adjusted to take into account the additional borrowings of approximately RM700.0 million term loan and RM3,597.0 million sukuk incurred since 30 June 2016 in respect of the development, design and construction of the proposed Setiawangsa-Pantai Expressway (formerly known as DUKE Phase-3).

(3) This has been adjusted to take into account the additional cash and cash equivalents of RM4,297.0 million following the drawdown of the additional borrowings referred to in Note 2 above.

5.3 Earnings and EPS

The Proposed Disposal is not expected to have a material effect on the earnings and EPS of Ekovest Group for the FYE 30 June 2017 as the Company will continue to consolidate the revenue and profits from Kesturi.

The proceeds received from the Proposed Disposal are expected to strengthen Ekovest's financial position in view of the interest savings arising from the repayment of borrowings.

The Proposed Share Split will not have any impact on the Company's consolidated earnings for FYE 30 June 2017 but the EPS will be reduced proportionately as a result of the increase in the number of Subdivided Shares pursuant to the Proposed Share Split.

5.4 Convertible securities

Pursuant to the Proposed Distribution, an adjustment to the exercise price of the Warrants 2014/2019 will be made in accordance with the provisions of the Deed Poll to ensure that the status of the holders of Warrants 2014/2019 would not be prejudiced.

The Proposed Share Split will give rise to adjustments to the exercise price and/or number of Warrants 2014/2019, whereby for every 2 existing Warrants 2014/2019 held as at the Entitlement Date, 3 additional Warrants 2014/2019 will be issued pursuant to the provisions of the Deed Poll. The adjustments arising from the Proposed Share Split in relation to the Outstanding Warrants will only be finalised on the Entitlement Date. For illustration purposes, based on the Outstanding Warrants, up to 183,310,470 additional Warrants 2014/2019 are to be issued pursuant to the adjustments. Nonetheless, the actual adjustments will only be finalised on the Entitlement Date.

Further details of the above effects are set out in Section 7 of this Circular.

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EKOVEST BERHAD

(Company No. 132493-D)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered office

Ground Floor, Wisma Ekovest
No. 118, Jalan Gombak
53000 Kuala Lumpur

28 December 2016

Board of Directors:

Tan Sri Dato' Lim Kang Hoo	*Executive Chairman*
Datuk Seri Lim Keng Cheng	*Managing Director*
Mr Khoo Nang Seng @ Khoo Nam Seng	*Executive Director*
Madam Lim Hoe	*Executive Director*
Ms Kang Hui Ling	*Senior Independent & Non-Executive Director*
Ms Lim Ts-Fei	*Independent & Non-Executive Director*
Dr. Wong Kai Fatt	*Independent & Non-Executive Director*
Mr Chow Yoon Sam	*Independent & Non-Executive Director*
Mr Lee Wai Kuen	*Independent & Non-Executive Director*
Mr Lim Chen Herng	*Alternative Director to Tan Sri Dato' Lim Kang Hoo*
Mr Lim Ding Shyong	*Alternative Director to Datuk Seri Lim Keng Cheng*
Mr Wong Khai Shiang	*Alternative Director to Madam Lim Hoe*

TO: THE SHAREHOLDERS OF EKOVEST

Dear Sir/Madam,

PROPOSALS

1. INTRODUCTION

On 21 September 2016, the Board announced that Nuzen, had on 21 September 2016, entered into a binding term sheet with EPF for the Proposed Disposal. Pursuant thereto, the SSA Parties had agreed that they shall, within 30 Business Days from the date of the binding term sheet, or such further date as may be mutually agreed upon, enter into a SSA.

CIMB and AmInvestment were appointed as the Principal Adviser and Co Adviser, respectively on 7 October 2016 to, amongst others, advise the Board in respect of the Proposals, including the terms of the Proposals.

Astramina Advisory has been appointed on 18 March 2016 by our Company as Financial Adviser for the Proposals and subsequently by EPF as the Transaction Arranger in respect of the Proposed Disposal. Astramina Advisory does not derive any advisory fee from EPF for its role as Transaction Arranger. The Board had been duly informed of and had taken cognisance of Astramina Advisory's existing appointment by EPF as the Transaction Arranger in respect of the Proposed Disposal.

The role and responsibilities of Astramina Advisory as the Financial Adviser of the Company in respect of the Proposals are, amongst others, to advise on the Proposed Disposal as well as resolving issues that may arise in the course of implementation of the Proposed Disposal. In addition, representatives of Astramina Advisory have also been present at the Board meetings in relation to the Proposed Disposal to assist in ensuring that transaction/implementation issues raised by the Board are promptly highlighted to EPF and also to assist in resolving such issues. The role and responsibilities of Astramina Advisory as the Transaction Arranger of EPF in respect of the Proposed Disposal is limited to ensuring an expeditious and accurate flow of information between EPF and the Company, and to assist in arranging and coordinating project work streams to promote the timely implementation of the Proposed Disposal.

On 2 November 2016, CIMB, Astramina Advisory and AmInvestment announced, on behalf of the Board, that EPF has embarked on and completed a process of due diligence on the business and affairs of Kesturi. Pursuant thereto, the SSA Parties have mutually agreed to extend the cut-off date (i.e. on 3 November 2016) to 8 November 2016 to enable the SSA Parties to finalise the terms of the Definitive Agreements.

On 8 November 2016, CIMB, Astramina Advisory and AmInvestment announced, on behalf of the Board, that Nuzen, had on 8 November 2016 entered into a conditional SSA with the Purchaser for the Proposed Disposal in accordance with the terms and conditions of the SSA and that the Company proposes to undertake the Proposed Subdivision.

Pursuant to the terms of the SSA, EPF is entitled to appoint its wholly-owned subsidiary company to receive and accept the Sales Shares in its place. Nuzen has subsequently been informed by EPF vide its letter dated 2 December 2016 that EPF does not intend to nominate a wholly-owned subsidiary company to receive and accept the Sale Shares in its place pursuant to the terms of the SSA.

On 22 December 2016, CIMB, Astramina Advisory and AmInvestment announced, on behalf of the Board, that Bursa Securities had, vide its letter dated 21 December 2016, resolved to approve the listing of and quotation for the Subdivided Shares, the Additional Warrants and new Ekovest Shares to be issued arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities, subject to the conditions set out in Section 9 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION IN RELATION TO THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Proposed Disposal

The Vendor is the holding company of Kesturi which is the concession holder of the DUKE, a 34 kilometres highway comprising of the following 2 phases:

(i) DUKE Phase-1; and

(ii) DUKE Phase-2.

Further information on the DUKE and the Concession Agreements are set out in Section 4 of this Circular.

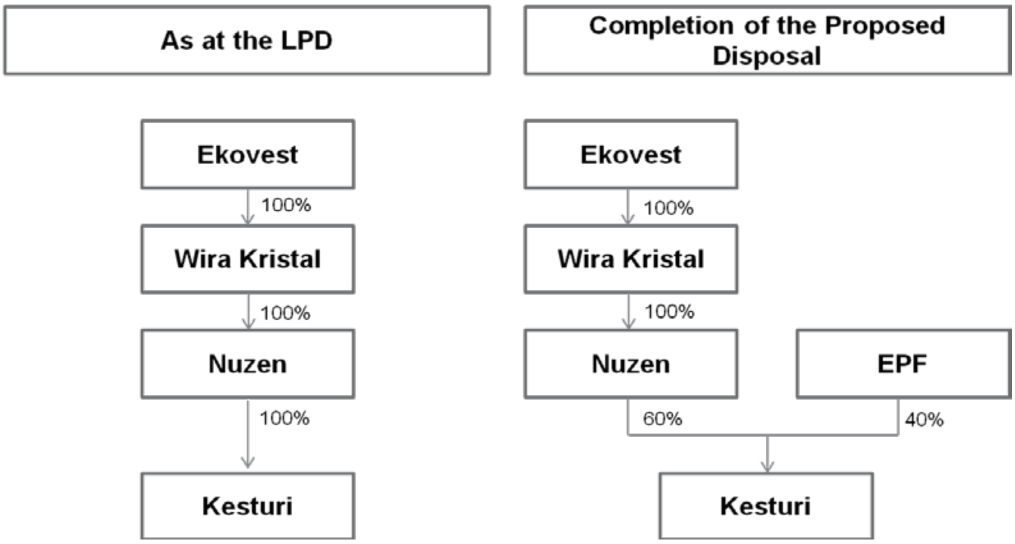
The Proposed Disposal entails the disposal by the Vendor of the Sale Shares to the Purchaser for a total cash consideration of RM1,130.0 million, which is payable in the following manner:

(i) On the Completion Date, the Purchaser shall pay to the Vendor the Completion Sum; and

(ii) Within 7 Business Days following the receipt by the Purchaser of a copy of the CPC for DUKE Phase-2, the Purchaser shall pay to the Vendor the CPC Payment, of which the Exit Payment is to be deposited into the Designated Account and the Vendor shall retain the Exit Payment and all Accrued Income in accordance with the provisions as set out in Sections 2.4.6 and 2.4.7 of this Circular.

In conjunction with the SSA, the SSA Parties have also agreed to enter into a Shareholders' Agreement with the Company, in an agreed form as appended to the SSA, in respect of their investment in Kesturi, upon completion of the SSA. Please refer to Sections 2.3 and 2.4 of this Circular for the salient terms of the SSA and Shareholders' Agreement respectively.

The corporate structure of Kesturi before and after the completion of the Proposed Disposal is depicted as follows:



2.1.1 Background information of the Vendor

Nuzen was incorporated in Malaysia under the Act on 24 June 1999 as a private limited company.

The principal activity of Nuzen is investment holding. Nuzen has a wholly-owned subsidiary, namely Kesturi. Kesturi is the concession holder of the DUKE.

As at the LPD, Nuzen has an authorised share capital of RM50,008,500 comprising 5,000,000 ordinary shares of RM1.00 each, and 45,008,500 Nuzen RPS, all of which are fully issued and paid up.

Based on the latest consolidated audited financial statements of Nuzen for the FYE 30 June 2016, the Vendor's NA is RM211.2 million with net losses for the year of RM3.0 million.

The directors of Nuzen are DH, TSDLKH, DSLKC, CSK, ZS and AN.

2.1.2 Background information of Kesturi

Kesturi was incorporated in Malaysia under the Act on 15 February 2001 as a private limited company.

The principal activities of Kesturi are design, construction, operation, management and maintenance of the DUKE.

As at the LPD, Kesturi has an authorised share capital of RM53,606,551 comprising 8,601,000 Kesturi OS, and 45,000,000 Kesturi RPS, 1,950 Kesturi RPS-A and 3,601 Kesturi RPS-B, to which 8,601,000 Kesturi OS, and 45,000,000 Kesturi RPS are fully issued and paid up.

The directors of Kesturi are DH, TSDLKH, DSLKC, CSK, ZS and AN.

Further information on Kesturi is set out in Appendix II of this Circular.

2.1.3 Information on EPF

EPF, which was established under the EPF Ordinance 1951 (the precursor to the Employees Provident Fund Act, 1991), is the trustee of the Employees Provident Fund ("**Fund**"). The principal members of the Fund are made up of all private sector employees and non-pensionable civil servants in Malaysia.

The principal activities of EPF are to receive and to collect contributions, to meet all withdrawals of contributions and other benefits to members or their beneficiaries upon satisfaction of any condition for withdrawals, and to invest the monies in the Fund for the benefit of the members. Members' monthly contribution are invested in a number of approved financial instruments to generate income, including Malaysian Government Securities, Money Market Instruments, Loans & Bonds, Equity and Property.

EPF, as at 30 September 2016, has a total of 14.72 million members. The total number of active and contributing members is 6.83 million. The total number of contributing employers is 541,503. As at 30 September 2016, the EPF has a total of RM712.5 billion under management.

2.2 Basis of and justification in arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others:

(i) Kesturi's cash flow generating capabilities and future earnings potential of the DUKE, whereby construction of DUKE Phase-2 is expected to be completed as scheduled and will be operational and tollable by 2017;

(ii) Kesturi's projected cash flow to the firm up to the end of the concession period;

(iii) Discount rate/WACC of approximately 8.0%;

(iv) Kesturi's capital structure over the concession period; and

(v) the business nature, operational risk and prospects of the DUKE.

The key assumptions for the cash flows projections as prepared by the management of Kesturi include the forecasted traffic volume, toll rate, maintenance costs, financing costs, capital expenditures such as upgrading of toll equipment and heavy repairs and other operating costs.

The WACC of 8.0% is comparable to the discount rate of approximately 7.3% to 8.3% derived from the average unlevered beta of the comparable highway concession companies in Asia Pacific ("**Comparable Companies**"), the risk free rate and equity risk premium (as extracted from Bloomberg and Bank Negara Malaysia), and *inter alia*, taking into consideration the capital structure of Kesturi over the concession period.

The Comparable Companies are set out below:

Name	Country of listing
Lingkaran Trans Kota Holdings Bhd	Malaysia
Yuexiu Transport Infrastructure Ltd	Hong Kong
Citra Marga Nusaphala Persada Tbk PT	Indonesia
Hubei Chutian Expressway Co Ltd	China
Heilongjiang Transportation Development Co Ltd	China

Notwithstanding this, the Comparable Companies may not be directly comparable to Kesturi due to, *inter alia*, geographical operations and presence, scale of operations, composition of business activities, future prospects, asset base and risk profile.

In selecting companies that are broadly comparable with Kesturi, the Company has considered the listed companies which are comparable in terms of:

(i) size, whereby the market capitalisation of the Comparable Companies are up to RM5.0 billion; and

(ii) principal activity, whereby revenue contribution from toll operations represents at least 70% of total revenue.

The discounted cash flow method is more appropriate and commonly used for the valuation of highway concession assets compared with other valuation methods such as price to book multiple, dividend yield, price to earnings multiple or enterprise value given the nature of the highway concession business as well as the finite period of the Concession Agreements.

2.3 Salient terms of the SSA

The Proposed Disposal is subject to the terms and conditions set out in the SSA. The salient terms of the SSA include, *inter alia*, the following:

2.3.1 Conditions Precedent

The obligations of the SSA Parties in respect of the SSA are conditional upon the following conditions precedent being obtained or fulfilled or waived (as the case may be), by the Cut-Off Date:

(i) Ekovest obtaining the approval of its shareholders at an EGM to be convened for the sale of the Sale Shares in accordance with the terms and conditions of the SSA;

(ii) The Vendor having procured Kesturi to obtain consent from the Government through UKAS, under the relevant Concession Agreements entered into by Kesturi for the proposed change of equity structure of Kesturi and any other necessary approvals in relation to the Proposed Disposal; and

(iii) Kesturi having obtained the requisite consent/approval from the holders of the existing senior sukuk issued by Kesturi for the proposed change of equity structure of Kesturi and any other necessary approvals in relation to the Proposed Disposal.

As at the LPD, none of the above-mentioned Conditions Precedent has been obtained or fulfilled or waived under the terms of the SSA.

2.3.2 Termination

If:

(i) on the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal or appeals to the persons against such refusal have not been successful;

(ii) on the expiry of the Cut-Off Date, any of the Conditions Precedent have not been obtained or fulfilled or waived; or

(iii) at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions ("**Adverse Condition**") which affects any SSA Party ("**Affected Party**"), and further representations to the persons to vary such terms and conditions have not been successful, and the Affected Party is not willing to accept the Adverse Conditions then imposed by the relevant authorities or persons,

then the Affected Party shall be entitled to terminate the SSA by notifying the other party to such effect in writing and thereafter the SSA Parties shall not have any further rights under the SSA except in respect of –

(i) any obligation under the SSA which is expressed to apply after the termination of the SSA; and

(ii) any rights or obligations which have accrued in respect of any breach of the provisions of the SSA to either SSA Party prior to such termination.

Purchaser's right to terminate due to Vendor's breach

Without prejudice to the provisions in the SSA, the Purchaser shall be entitled to issue a Purchaser's Notice of Termination to the Vendor if, at any time prior to completion as contemplated under the terms of the SSA:

(i) the Vendor commits any breach of any of its obligations under the SSA which:

(a) is incapable of remedy; or

(b) if capable of remedy, is not remedied within 30 days of the Vendor being given notice to do so; or

(ii) the Vendor commits any act or omission which would constitute a breach of any of the warranties given by the Vendor under the SSA involving a loss or liability in excess of RM50,000,000 and such breach of warranties is not remedied by the Vendor within 30 days of the Vendor being given notice to do so.

<u>Vendor's right to terminate due to Purchaser's breach</u>

Without prejudice to the provisions in the SSA, the Vendor shall be entitled to issue a Vendor's Notice of Termination to the Purchaser if, at any time prior to completion as contemplated under the terms of the SSA:

(i) the Purchaser commits any breach of any of its obligations under the SSA which:

(a) is incapable of remedy; or

(b) if capable of remedy, is not remedied within 30 days of the Purchaser being given notice to do so,

provided that for the purposes of this clause, any breach of the Purchaser's obligation in respect of settlement of the Disposal Consideration shall constitute a material breach which is incapable of remedy; or

(ii) any of the representations or warranties given by the Purchaser as set out in the SSA is found at any time to be untrue or inconsistent and such breach of warranties is not remedied within 30 days of the Purchaser being given notice to do so.

2.4 Salient terms of the Shareholders' Agreement

The Vendor and the Purchaser have agreed to enter into the Shareholders' Agreement upon completion of the SSA. The salient terms of the Shareholders' Agreement include, *inter alia*, the following:

2.4.1 Board of directors

(i) At all times while the Shareholders' Agreement remains in force, the Shareholders shall procure that at any one time, unless otherwise expressly agreed by the Shareholders, the number of directors shall not be more than 5 in number.

(ii) Except as otherwise provided, Nuzen will, while it remains a Shareholder, be entitled to nominate and appoint 3 directors of Kesturi and EPF will, while it remains a Shareholder, be entitled to nominate and appoint 2 directors.

(iii) Nuzen will, while it remains a Shareholder, be entitled to nominate and appoint the managing director of Kesturi.

(iv) Unless otherwise agreed, the chairman of the board of directors of Kesturi and any shareholders' meetings will be a director nominated by Nuzen from amongst its members from time to time and such chairman shall not be entitled to exercise any casting vote.

2.4.2 Reserved Matters

Unless otherwise agreed by the Shareholders in writing, the consent of Nuzen and EPF or the affirmative votes of Nuzen and EPF are required to pass board of directors' resolutions and shareholders' resolutions (which require by applicable law the approval of the Shareholders, in addition to any requirement for the approval of the board of directors of Kesturi) in respect of the following reserved matters which are applicable for both board of directors' reserved matters and shareholders' reserved matters, including amongst others:

(i) an increase, reduction or other alteration to Kesturi's issued share capital;

(ii) issue or grant of any securities or any option to subscribe for ordinary shares in Kesturi's share capital;

(iii) unbudgeted capital expenditure or operating expenditure exceeding an agreed threshold;

(iv) making of related party contracts;

(v) borrowings exceeding an agreed threshold;

(vi) change in the nature or scope of the business of Kesturi;

(vii) any corporate exercise, transaction, reorganisation or capital reduction which will result in a change in the percentage of equity and/or voting rights held by the SHA Parties;

(viii) any resolution to wind up or liquidate Kesturi or the making of any composition or arrangement with creditors;

(ix) modification or amendment to the Concession Agreements executed with the Government; and

(x) declaration or making of any dividend or other distribution in cash or in specie otherwise than in accordance with the dividend policy as stipulated in the Shareholders' Agreement.

2.4.3 Dividend policy

(i) Any declaration of dividends shall be subject to compliance with the following conditions:

(a) Due provision having been made for all applicable taxes;

(b) A sufficient amount having been set aside towards settlement of principal and interest payments payable in respect of bond/sukuk payments and bank borrowings due and payable for the next 6 months;

(c) Due provisions having been made for capital expenditure and working capital and cash flow requirements of Kesturi for the next 6 months; and

(d) Kesturi being in compliance in all material respects with, amongst others, any restrictive covenants/undertakings in connection with any bonds/sukuk or bank financing obtained by Kesturi.

(ii) After Kesturi has fully settled its borrowings, the Shareholders agree that 70% of the distributable profits of Kesturi in each financial year shall be declared and be paid as dividends of Kesturi after taking into account and complying with the conditions set out in this Section 2.4.3(i)(a), (c) and (d) above.

2.4.4 Transfer of Shares

(i) No Shareholder may during the term of the Shareholders' Agreement, sell, transfer, assign, charge, mortgage, lien over, pledge, encumber, grant options over or otherwise dispose of or encumber any of its Kesturi Shares without (1) the prior written consent of the other Shareholder or (2) complying with this Section 2.4.4.

(ii) Notwithstanding any other provisions of the Shareholders' Agreement, EPF shall not sell, transfer or otherwise dispose of the whole or any part of its Kesturi Shares to any party which is involved in the business of a concessionaire for toll roads or in any other company or business that competes, directly or indirectly, with Kesturi and in which EPF directly or indirectly holds any equity interest and has any board representation or the right to board representation. For the avoidance of doubt, the foregoing restriction does not apply to companies or other business vehicles in which EPF holds equity interests due to its discretionary fund investment activities carried out in the ordinary and usual course of management/administration of EPF's investment fund.

(iii) In the event any Shareholder intends to sell or transfer or otherwise dispose of all of its Kesturi Shares ("**Transfer Shares**") other than a transfer to any wholly owned subsidiary company or sole holding company of that company or wholly owned subsidiary of such sole holding company ("**100% related company**") pursuant to the provisions of the Shareholders' Agreement, such Shareholder ("**Offeror**") shall make an offer in writing to the other Shareholder ("**Offeree**") to sell and transfer the Transfer Shares to the Offeree ("**ROFO Notice**"). The ROFO Notice shall state the number of the Transfer Shares, the offer price, the identity of any potential third party (if any) to which the selling Shareholder wishes to sell its Kesturi Shares in the event the other Shareholder does not purchase the Kesturi Shares to be sold or transferred and the terms of the sale ("**Sale Terms**").

(iv) If within 30 days of the ROFO Notice, the Offeree does not accept the offer in respect of all of the Transfer Shares so offered to it, then the Offeror may sell such Transfer Shares in a *bona fide* sale to a third party ("**Third Party Purchaser**") which is not an affiliate or related company of the Offeror upon the sale terms and conditions which are not more favourable to the Third Party Purchaser than the Sale Terms.

2.4.5 Option to participate

(i) If following the expiry of the ROFO Notice issued in accordance with the provisions of the Shareholders' Agreement, an Offeror accepts an offer from a third party for all (and not some or part only) of its Kesturi Shares:

  (a) which is a *bona fide* offer in writing; and

  (b) which contains all material terms and conditions of the offer ("**Option to Participate Offer**"), including without limitation the consideration payable for the relevant Kesturi Shares, it will give a written notice ("**Option to Participate Notice**") to the other Shareholder ("**Option to Participate Offeree**") inviting the Option to Participate Offeree to offer to sell all of its Kesturi Shares ("**Option to Participate Shares**") on the same terms and conditions.

(ii) If the Option to Participate Offeree elects to exercise its rights under this Section, the Offeror will ensure and procure that the third party making the Option to Participate Offer shall make an offer to the Option to Participate Offeree for the Option to Participate Shares on the same terms and conditions of the Option to Participate Offer.

2.4.6 Exit Return

(i) In the event that the Exit Event has occurred and the Exit IRR is achieved by the Extended Exit Date, Nuzen shall be entitled to deal with the Exit Payment and the Accrued Income at its absolute discretion.

(ii) In the event that the Exit Event has occurred by the Extended Exit Date and the Exit IRR has not been achieved but the IRR achieved is equivalent to or more than the Minimum IRR but less than the Exit IRR, Nuzen shall, within 7 Business Days following the Exit Event, pay to EPF the whole or part of the Exit Payment and Accrued Income in the Designated Account in order to achieve the Exit IRR.

(iii) In the event that the Exit Event has occurred by the Extended Exit Date but the IRR achieved is less than the Minimum IRR, Nuzen shall, within 7 Business Days following the Exit Event, pay to EPF the whole of the Exit Payment and the Accrued Income.

(iv) In the event that the Exit Event has not occurred by the Extended Exit Date and EPF exercises the Put Option (as defined below) during the Put Option Period (as defined below), Nuzen shall, within 7 Business Days following the Extended Exit Date, pay to EPF the whole of the Exit Payment and the Accrued Income.

(v) In the event that the Exit Event has not occurred by the Extended Exit Date, either Shareholder may propose that an independent valuer be appointed ("**Valuer**") to ascertain the IRR achieved as at the Extended Exit Date. Upon the Valuer issuing a certificate certifying that an IRR of 11.5% or more has been achieved as at the Extended Exit Date, Nuzen shall, within 7 Business Days following the issuance of such certificate, be entitled to deal with the Exit Payment and the Accrued Income at its absolute discretion.

(vi) Notwithstanding the foregoing provisions, in the event that at any time prior to the Extended Exit Date, EPF sells or transfers or otherwise disposes any part or all of its Kesturi Shares (other than a transfer to a 100% related company), Nuzen shall immediately be entitled to deal with the Exit Payment and the Accrued Income at its absolute discretion.

(vii) Nuzen may utilise the Designated Account or all or any part of the Exit Payment and/or Accrued Income as collateral/security for the business or financing needs or obligations of Nuzen and/or the Company subject to the written consent of EPF being obtained.

2.4.7 Guaranteed Return/Minimum IRR

(i) Nuzen and the Company agree, covenant and undertake that if the Exit Event is undertaken (irrespective of whether it is undertaken prior to or after the Exit Date/Extended Exit Date) at such price which shall give rise to a resultant IRR of less than the Minimum IRR, Nuzen and the Company shall within 7 Business Days after the date of the Exit Event pay to EPF an amount equivalent to the difference between the sum which would have been received by EPF had the Minimum IRR been achieved and the IRR actually achieved upon the Exit Event.

(ii) The provisions of Section 2.4.7(i) shall immediately cease to apply in the event that:

(a) EPF sells or transfers or otherwise disposes of any part or all of its Kesturi Shares, other than a transfer to a 100% related company pursuant to the provisions of the Shareholders' Agreement; or

(b) EPF exercises the Put Option (as defined below) in accordance with the provisions of the Shareholders' Agreement.

The Exit Return and the Guaranteed Return/Minimum IRR as set out in Sections 2.4.6 and 2.4.7 respectively are illustrated as follows:

No.	IRR achieved by EPF upon Exit Event	Terms and conditions
1.	More than Exit IRR of 11.5%	(i) Nuzen is entitled to deal with the Exit Payment and the Accrued Income at its absolute discretion
2.	Less than Exit IRR of 11.5% but more than Minimum IRR of 10%	(i) Nuzen has to pay EPF, utilising the whole or part of the Exit Payment and the Accrued Income, in order to achieve the Exit IRR (ii) Nuzen is then entitled to deal with the balance of the Exit Payment and the Accrued Income at its absolute discretion
3.	Less than Minimum IRR of 10%	(i) Nuzen has to pay EPF the whole of the Exit Payment and the Accrued Income (ii) Nuzen has to also pay EPF an amount equivalent to the difference between the Minimum IRR and the IRR actually achieved upon the Exit Event

2.4.8 Put Option and Call Option

(i) In the event that the Exit Event has not occurred by the Extended Exit Date, the Company shall grant the right ("**Put Option**") to EPF, exercisable at any time during a period of 6 months after the expiry of the Extended Exit Date ("**Put Option Period**"), to require the Company to purchase all (but not some only) of such number of Kesturi Shares held by EPF as at the date of exercise of the Put Option ("**Put Option Shares**") from EPF at an amount which will give EPF an IRR of 10% ("**Put IRR**") based upon:

(a) the aggregate amount of EPF's investment in Kesturi which has been paid by EPF to Nuzen including the Exit Payment;

(b) any capital and/or dividend distribution received by EPF and/or declared by Kesturi for EPF's entitlement from the Completion Date until the Extended Exit Date in relation to or derived from EPF's investment in Kesturi; and

(c) the aggregate of the Exit Payment and the Accrued Income ("**Designated Amount**") which has been, or is to be paid pursuant to the terms of the Shareholders' Agreement (which shall be treated as an amount paid by Nuzen towards meeting the Put IRR).

(ii) In the event that the Exit Event has not occurred by the Extended Exit Date and the Company or Nuzen has failed to comply with its obligations to purchase the Put Option Shares from EPF following the exercise of the Put Option by EPF, Nuzen shall grant the right to EPF ("**Call Option**"), exercisable at any time during a period of 6 months after the expiry of the Put Option Period, to require Nuzen to sell all (but not some only) of such number of Kesturi Shares held by Nuzen as at the date of exercise of the Call Option ("**Call Option Shares**") to EPF at an amount to be determined by a Valuer, using the discounted cash flows method adopting the WACC model in which the WACC must adopt the higher of the calculation of the Ke based on the capital asset pricing model or 13.5% and the result of which shall then be reduced by Kesturi's outstanding indebtedness and increased by all the cash and cash equivalents (including fixed deposits and money market instruments held by Kesturi).

In the event Exit Event has not occurred, the Put Option and Call Option are illustrated as follows:

No.	Exit Event has not occurred	Terms and conditions
1.	If Put Option is exercised by EPF	The Company has to purchase all of such number of Kesturi Shares held by EPF (as at the date of exercise of the Put Option) from EPF at an amount which will give EPF the Put IRR of 10%
After the exercise of the Put Option and if the Company or Nuzen has failed to comply with the above, Nuzen shall grant to EPF the Call Option.		
2.	If Call Option is exercised by EPF	Nuzen has to sell all of such number of Kesturi Shares held by Nuzen (as at the date of exercise of the Call Option) to EPF at an amount to be determined by a Valuer

(iii) Notwithstanding any other provisions of the Shareholders' Agreement, EPF shall immediately cease to be entitled to exercise the Put Option and the Call Option and both of such Put Option and Call Option shall cease to apply in the event that EPF sells or transfers or otherwise disposes of any part or all of its Kesturi Shares, other than a transfer to a 100% related company pursuant to the terms of the Shareholders' Agreement.

2.4.9 Termination

(i) The Shareholders' Agreement shall be deemed terminated upon occurrence of any of the following events:

(a) the termination of the Shareholders' Agreement by mutual written consent of all the Shareholders;

(b) the winding-up of Kesturi in accordance with the provisions of the Shareholders' Agreement;

(c) when Kesturi ceases to carry on any business;

(d) expiry or termination of the Concession Agreements; or

(e) the Listing having occurred (without prejudice to any accrued rights or obligations of the Shareholders and the Company under the Shareholders' Agreement).

(ii) The Shareholders may at any time mutually agree to terminate the Shareholders' Agreement as of a date to be agreed in writing by the Shareholders and the Shareholders will agree upon a course of action to implement any arrangements that they may agree upon within 3 months from the date of such termination.

(iii) Except in respect of any transfer of Kesturi Shares to a 100% related company carried out pursuant to the provisions of the Shareholders' Agreement, if any Shareholder shall sell or transfer all its Kesturi Shares to another Shareholder or to a third party in accordance with the provisions of Section 2.4.4 above, the Shareholders' Agreement will terminate only as to that Shareholder upon the completion of the sale or transfer (whichever is the latter to occur) of all its Kesturi Shares to the other Shareholder or to the relevant third party.

(iv) No Kesturi Shares may in any way be transferred and Kesturi shall not register any transfer of Kesturi Shares unless and until, amongst others, a transferee (if not already party to the Shareholders' Agreement) executes and delivers to the other Shareholder a deed of adherence with the other shareholder in such form and substance set out in the Shareholders' Agreement and by which the transferee undertakes to be bound by all the provisions of the Shareholders' Agreement, as if it were a party to the Shareholders' Agreement. Upon the delivery to Kesturi of such deed of adherence executed by such transferee and the registration of the Kesturi Shares in the name of such transferee, such transferee shall be bound by and shall be entitled to the rights and benefits of the Shareholders' Agreement in respect of such Kesturi Shares, save for the provisions of Sections 2.4.6 (Exit Return), 2.4.7 (Guaranteed Return/Minimum IRR) and 2.4.8 (Put Option and Call Option) and such other provisions of the Shareholders' Agreement as may be agreed upon by the Shareholders to be stipulated under the deed of adherence in the event that EPF sells or transfers or otherwise disposes of any part or all of its Shares, other than a transfer to a 100% related company.

2.4.10 Consequences of termination

In the event that a Shareholder (the "**Defaulting Shareholder**") –

(i) commits any material breach of any of its obligations under the Shareholders' Agreement and fails to take appropriate steps to remedy such breach (if capable of remedy) within 60 days after being given a rectification notice to do so by the other non-defaulting Shareholder;

(ii) assigns, transfers or disposes of its Kesturi Shares in violation of the terms and conditions of the Shareholders' Agreement;

(iii) is wound up or goes into liquidation, whether compulsory or voluntary or shall cease or threaten to cease to carry on the whole or substantially all of its business (except for the purposes of a *bona fide* reconstruction or amalgamation with the consent of the other Shareholder, such consent not to be unreasonably withheld);

(iv) becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or

(v) solely in the case of Nuzen, commits or suffers the cessation of the ability of the Company or a company controlled by the Company to exercise, directly or indirectly, (1) a majority of the voting rights attributable to the shares of Nuzen or (2) control of the board of directors of Nuzen (being a change in control of Nuzen) without the prior consent in writing of EPF,

then such Shareholder shall be deemed to be in breach of the Shareholders' Agreement and the other Shareholder (i.e. the Shareholder other than the Defaulting Shareholder) will be entitled (but not after 30 days of the event in question first coming to the attention of the Shareholder entitled to give the notice) to give a notice ("**Default Notice**") to the Defaulting Shareholder.

The obligations of the SHA Parties under the clauses of the Shareholders' Agreement, referred to in Sections 2.4.6 (Exit Return), 2.4.7 (Guaranteed Return/Minimum IRR), and 2.4.8 (Put Option and Call Option) do not constitute obligations which are subject to a breach under Section 2.4.11(i) below or for which a Shareholder is entitled to give a Default Notice.

At any time within 60 days of the service of the Default Notice on the Defaulting Shareholder, the non-defaulting Shareholder will be entitled to give written notice ("**Default Buy-Sell Notice**") to the Defaulting Shareholder. Upon service of the Default Buy-Sell Notice, the non-defaulting Shareholder shall at its discretion be entitled to any one of the following remedies:

(i) require the Defaulting Shareholder to purchase all the Kesturi Shares of the non-defaulting Shareholder at a purchase price which is RM50,000,000 more than the value of such Kesturi Shares as determined by a Valuer in accordance with the provisions of the Shareholders' Agreement ("**IV's Value**") provided that if the IV's Value of all the Kesturi Shares of the non-defaulting Shareholder is zero or a negative amount, the purchase price for all such Kesturi Shares shall be RM1.00; or

(ii) purchase all the Kesturi Shares of the Defaulting Shareholder at a purchase price which is RM50,000,000 less than the IV's Value of such Kesturi Shares of the non-defaulting Shareholder, provided that if the IV's Value of all the Kesturi Shares of the Defaulting Shareholder is zero or a negative amount, the purchase price for all such Kesturi Shares shall be RM1.00.

2.4.11 Deadlock

(i) Whenever any of the reserved matters as set out in the Shareholders' Agreement has been raised at and/or considered by the board of directors of Kesturi or Shareholders and no resolution has been passed on at least 2 successive occasions by such meeting in respect of that matter and such unresolved reserved matter will result in Kesturi not being able to continue to conduct or carry on its business, then a deadlock ("**Deadlock**") shall be deemed to have occurred between the Shareholders in relation to that matter.

(ii) If a matter in dispute is not resolved or disposed of within 90 days of being referred to the senior management of the Shareholders, the SHA Parties shall in good faith submit the dispute, controversy or claim to the Malaysian Mediation Centre for non-binding mediation, in accordance with mediation procedure for the time being in force, or any other location as the Shareholders may mutually agree.

(iii) If a matter in dispute is not resolved or disposed of within 60 days after the appointment of the mediator under Section 2.4.11(ii), then either Shareholder ("**First Shareholder**") may by notice ("**Auction Notice**") served on the other Shareholder ("**Second Shareholder**") within 30 Business Days of the expiry of said 60 days, require that the Second Shareholder to participate in the auction procedure set out in the Shareholders' Agreement.

(iv) Each of the Shareholders shall submit to Kesturi (as auctioneer) a sealed bid for the other Shareholder's Kesturi Shares (each such bid, a "**Bid**") and each Bid shall specify the price which each such Shareholder is prepared to pay per Kesturi Share for the Kesturi Shares of the other Shareholder ("**Auction Price**"), which shall be no less favourable than the IV's Value of the Shareholder's Kesturi Shares determined by the Valuer. On the auction date, the Shareholder making the Bid specifying the lower Auction Price (the "**Lower Bidder**") shall accept the Bid of the other Shareholder (the "**Higher Bidder**"), in which event the Higher Bidder shall be bound to purchase the Lower Bidder's Kesturi Shares at the Auction Price specified in the Bid of the Higher Bidder.

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2.5 Date and original cost of investment

As at the LPD, the date and original cost of investment of the Vendor in Kesturi are as follows:

Securities	Date of Subscription	Number of shares	Cost of investment RM '000
Kesturi OS	15.2.2001	1	-
Kesturi OS	29.8.2002	98	-
Kesturi OS	2.3.2004	2,499,900	2,500
Kesturi RPS	2.3.2004	2,500,000	2,500
Kesturi OS	10.3.2004	1	-
Kesturi OS	2.2.2005	2,500,000	2,500
Kesturi RPS	2.2.2005	2,500,000	2,500
Kesturi RPS	17.11.2005	20,000,000	20,000
Kesturi RPS	28.3.2006	20,000,000	20,000
Kesturi OS	3.11.2016	3,601,000	360,100
Total		**53,601,000**	**410,100**

2.6 Gain or loss on disposal

In accordance with Malaysian Financial Reporting Standards 10 (Consolidated Financial Statements), changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions. When the proportion of the equity held by non-controlling interests changes, an entity shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The entity shall recognise directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received, and attribute it to the owners of the parent.

Upon disposal of 40% equity in Kesturi, the Company does not lose control over Kesturi. Consequently, an amount of RM763.5 million is recognised directly in equity. Accordingly, no gain or loss shall be recognised in the Company's consolidated statement of profit or loss.

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2.7 Utilisation of proceeds

Ekovest Group intends to utilise the proceeds from the Proposed Disposal as follows:

Purpose	Gross proceeds RM '000	Gross proceeds %	Estimated utilisation timeframe from Completion Date
Repayment of borrowings	400,000	35.4	Within 6 months
Distribution to shareholders of Ekovest	Between 213,862 and 244,414	Between 18.9 and 21.6	Within 6 months
Exit Payment (Note 1)	149,000	13.2	Note 1
General corporate and working capital	Between 325,168 and 355,720	Between 28.8 and 31.5	Within 24 months
Estimated expenses for the Proposals	11,418	1.0	Within 6 months
Total	**1,130,000**	**100.0**	

Note:

*(1) The Vendor is entitled to the full legal and beneficial rights and title to the Exit Payment and the Accrued Income but is obligated to retain the Exit Payment and the Accrued Income in the Designated Account and to invest the same in conventional or Islamic fixed deposits, treasury bills, money market instruments, cash management instruments, Malaysian Government Securities ("**MGS**"), Government Investment Issue ("**GII**"), securities and sukuk/bonds issued by Bank Negara Malaysia or the Government and AAA-rated instruments, including unit trusts with underlying investments in MGS, GII and securities and sukuk/bonds issued by Bank Negara Malaysia or the Government and AAA-rated instruments. In the event that the Exit IRR is achieved by the Extended Exit Date, the Vendor shall immediately be entitled to deal with the Exit Payment and Accrued Income at its absolute discretion of which the full amount of RM149.0 million and the Accrued Income shall be utilised for general corporate and working capital as set out in Section 2.7.3 below.*

2.7.1 Repayment of borrowings

Ekovest Group's total borrowings as at the LPD amount to approximately RM6.5 billion. The proposed repayment of part of the Group's bank borrowings amounting to RM400.0 million is expected to contribute to interest savings of approximately RM24.0 million per annum based on the average interest rate for the borrowings proposed to be repaid of 6.0% per annum.

2.7.2 Distribution to shareholders of Ekovest

Subject to the completion of the Proposed Disposal, it is the intention of the Board to undertake the Proposed Distribution.

The distribution of RM213.9 million is based on the 855,448,860 Existing Shares as at the LPD. The distribution of RM244.4 million is based on the 855,448,860 Existing Shares and the new Shares issued pursuant to the full exercise of the Outstanding Warrants. The Proposed Distribution represents a cash dividend of RM0.25 per Share.

The actual amount to be paid to the shareholders of the Company will be based on the Company's shares outstanding as at the Entitlement Date, and an announcement in relation thereto will be made at the appropriate time.

The purpose of the Proposed Distribution is to reward shareholders of the Company for their investment in Ekovest after having considered the investment capital expenditure and operational cash flow requirements of Ekovest Group.

2.7.3 General corporate and working capital

Ekovest Group proposes to utilise part of the gross proceeds from the Proposed Disposal for its business operations as follows:

(i) approximately RM10.0 million to be allocated for sales and marketing expenses, including advertisement and promotional activities;

(ii) approximately RM80.0 million for general administrative and other operating expenditure, including expansion of workforce to manage Ekovest Group's operations and businesses; and

(iii) between approximately RM235.2 million and RM265.7 million for payment to trade creditors, subcontractors and consultants for Ekovest Group's businesses.

2.7.4 Estimated expenses for the Proposals

The expenses to be borne by the Company in connection with the Proposals are estimated to be approximately RM11.4 million. The nature of such expenses comprises of professional fees, fees to authorities, printing, postage, advertising and other miscellaneous expenses connected to the Proposals.

Pending the deployment of the net proceeds from the Proposed Disposal, such net proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or debt instruments, as the Board may deem appropriate in the interest of Ekovest Group.

2.8 Liabilities to be assumed

There are no liabilities, including any contingent liabilities and guarantees, to be assumed by the Purchaser pursuant to the Proposed Disposal.

Save for the Exit Return and the Guaranteed Return/Minimum IRR as set out in Sections 2.4.6 and 2.4.7 of this Circular respectively and Section 6.1 of this Circular, there are no liabilities, including any contingent liabilities and guarantees, to be assumed by Ekovest Group.

3. DETAILS OF THE PROPOSED SUBDIVISION

3.1 Details of the Proposed Share Split

The Proposed Share Split entails the subdivision of every 2 Existing Shares into 5 Subdivided Shares held by the Entitled Shareholders.

As at the LPD, the issued and paid-up share capital of the Company is RM427,724,430 comprising 855,448,860 Existing Shares. Assuming the full exercise of the Outstanding Warrants prior to the Entitlement Date, the enlarged issued and paid-up share capital of the Company shall be RM488,827,920 comprising 2,444,139,600 Subdivided Shares upon completion of the Proposed Share Split. The actual number of the Subdivided Shares to be issued under the Proposed Share Split will be determined based on the issued and paid-up share capital of the Company as at the Entitlement Date.

For illustrative purposes only, based on the 5-day VWAP of the Existing Shares up to and including the LPD of RM2.30 per share, the adjusted market price of the Subdivided Shares is set out below:

	Assumed no. of shares held	**Par value RM**	**Market price RM**	**Total value RM**
5-day VWAP	1,000	0.50	2.30[(1)]	2,300
After the Proposed Share Split	2,500	0.20	0.92[(2)]	2,300

Notes:

(1) Source: Bloomberg

(2) Adjusted market price

As illustrated above, the Proposed Share Split is not expected to have any impact on the total value of the ordinary shares in Ekovest held by the shareholders of the Company.

3.1.1 Ranking of the Subdivided Shares

The Subdivided Shares to be issued pursuant to the Proposed Share Split shall, upon allotment and issue, rank *pari passu* in all respects with each other.

3.1.2 Listing of and quotation for the Subdivided Shares

No suspension will be imposed on the trading of shares in Ekovest on Bursa Securities for the purpose of implementing the Proposed Share Split.

The Subdivided Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date. The notice of allotment for the Subdivided Shares will be issued and dispatched to the Entitled Shareholders within 4 Market Days after listing and quotation of the Subdivided Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

As the Subdivided Shares are prescribed securities under Section 14(5) of the SICDA, the Subdivided Shares will be subjected to the SICDA and the Rules of Bursa Depository. Accordingly, the Subdivided Shares will be credited into the respective Central Depository System accounts of the Entitled Shareholders and no physical share certificate will be issued.

The Proposed Share Split will give rise to adjustments to the exercise price and/or number of Warrants 2014/2019, whereby for every 2 existing Warrants 2014/2019 held as at the Entitlement Date, 3 additional Warrants 2014/2019 will be issued pursuant to the provisions of the Deed Poll. For illustration purposes, based on the Outstanding Warrants, up to 183,310,470 additional Warrants 2014/2019 is to be issued pursuant to the adjustments. Nonetheless, the actual adjustments will only be finalised on the Entitlement Date.

Further details on the adjustments to the Warrants 2014/2019 are set out in Section 7.4 of this Circular.

3.2 Details of the Proposed Amendments

The Company proposes to amend its Memorandum of Association to facilitate the implementation of the Proposed Share Split as follows:

	Existing	Proposed amendments
Clause 5 of Memorandum of Association	The capital of the Company is RM1,000,000,000 divided into 2,000,000,000 ordinary shares of RM0.50 each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the share into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.	The capital of the Company is RM1,000,000,000 divided into 5,000,000,000 ordinary shares of RM0.20 each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the share into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.

4. INFORMATION ON THE DUKE

4.1 Background

DUKE Phase-1 is an 18 kilometres long expressway toll road which provides connectivity to the East-West route of the northern part of Kuala Lumpur. It connects the New Klang Valley Expressway ("**NKVE**") on the west side of Kuala Lumpur to the Kuala Lumpur-Karak Highway in the North and the Middle Ring Road 2 in the East.

DUKE Phase-1 is made up of three essential links – the Duta Link which runs from the NKVE's Project Lebuhraya Utara-Selatan's Duta Toll Plaza and Sri Hartamas towards the East, connecting to main roads such as Jalan Kuching and Jalan Sentul. The Ulu Klang Link continues eastwards from the Duta Link and crosses radial roads such as Jalan Semarak, Jalan Setiawangsa and Jalan Pahang. The Karak Link provides access to high density areas including Gombak and Batu Caves and is an important gateway to Genting Highlands, Karak and the East Coast of Malaysia.

The expressway features an advanced traffic information and management system, and is equipped with modern facilities such as variable messaging signs, central control and monitoring as well as electronic tolling.

Construction for DUKE Phase-1 commenced in October 2005 and was opened for access to the public in stages commencing January 2009. By April 2009, DUKE Phase-1 was fully operational and tollable.

DUKE Phase-2 will be an elevated highway that complements DUKE Phase-1, and comprises of 2 additional links, namely the Sri Damansara Link and Tun Razak Link.

The Sri Damansara Link will commence at the Menjalara Interchange at Bandar Menjalara on the West and traverse eastwards to the Segambut Interchange at Jalan Segambut whilst the Tun Razak Link will commence at Jalan Tun Razak near Institut Jantung Negara and traverse northwards along Jalan Pahang and Jalan 9/48A to connect to Jalan Gombak.

The Sri Damansara Link is approximately 7 kilometres in length (including interchanges and ramps) and the Tun Razak Link is approximately 9 kilometres in length (including interchanges and ramps).

The construction of DUKE Phase-2 commenced in December 2013 and is expected to be operational and tollable by 2017. The length (including interchanges and ramps) of the entire DUKE upon completion of DUKE Phase-2 is 34 kilometres.

The expressway is primarily financed by a combination of issuance of redeemable preference shares, IMTNs and Kesturi Junior Bonds.

4.2 Concession Agreements

The Government had, vide its letter of exclusivity dated 10 May 2001, agreed to privatise and award the DUKE Project to Kesturi.

Kesturi entered into the Concession Agreements with the Government for the design, construction, operation and management of DUKE Phase-1 and DUKE Phase-2.

The following are, amongst others, the principal salient terms of the Concession Agreements:

(i) The concession period shall be for a period of 54 years which commenced from 11 August 2005 and ends on the 54^{th} anniversary of the said date and shall be further extended for a period of 10 years, subject to terms and conditions of the Concession Agreements; and

(ii) Kesturi is to undertake the DUKE Project on a build, operate and transfer ("**BOT**") basis. The summary of responsibilities of the BOT arrangement of the DUKE Project is as follows:

    (a) to provide financing and to undertake the design, upgrading of existing roads and construction of the DUKE;

    (b) to operate (collect and retain tolls), manage and maintain the completed DUKE until expiry of the concession period; and

    (c) to hand over all rights and responsibilities in respect of the entire DUKE to the Government upon expiry of the concession period.

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Disposal

The Proposed Disposal is in line with the Company's broad strategy to monetise its matured infrastructure assets to free up its financial resources for its infrastructure division expansion and other core businesses such as construction and property development. The Proposed Disposal represents an opportunity for the Company to partially monetise its investment in Kesturi at an attractive pricing while allowing the Company to continue participating in Kesturi.

Furthermore, the Proposed Disposal represents an opportunity for Ekovest and EPF to establish a long term relationship with each other through their joint investment in a mature yield-generating infrastructure project, with the prospect of leveraging on the establishment of such relationship as a platform to pursue collaboration on other potential investments in the future.

The Disposal Consideration will further enhance the Company's financial flexibility to raise the funding required to meet Ekovest Group's working capital requirements and to facilitate any plans by the Company to enhance shareholders' value. Upon completion of the Proposed Disposal, the Company intends to utilise part of the Disposal Consideration for distribution to its shareholders to reward the shareholders for their support of the Company.

Ekovest Group's consolidated NA is expected to increase by RM763.5 million upon completion of the Proposed Disposal and prior to the Proposed Distribution. Additionally, Ekovest Group's balance sheet will be further enhanced following the deleveraging of its financial position, utilising a portion of the Disposal Consideration.

5.2 Proposed Share Split

The Proposed Share Split is expected to enhance the marketability and trading liquidity of the ordinary shares of the Company on the Main Market of Bursa Securities as a result of the increase in the number of ordinary shares in issue.

In addition, the Proposed Share Split will result in an adjustment to the market price of the ordinary shares of the Company, making the shares more affordable and appealing to a wider group of public shareholders and/or investors to participate in the growth of the Company.

5.3 Proposed Amendments

The Proposed Amendments are undertaken to facilitate the implementation of the Proposed Share Split, whereby the authorised share capital of the Company of RM1,000,000,000 comprising 2,000,000,000 ordinary share of RM0.50 each will be amended to RM1,000,000,000 comprising 5,000,000,000 ordinary shares of RM0.20 each.

6. RISK FACTORS

Save as disclosed below, the Board is not aware of any other risk factors arising from the Proposed Disposal which could materially or adversely affect the financial conditions of Ekovest Group:

6.1 Failure to meet certain pre-agreed rate of return will result in compensation to the Purchaser, which could materially impact Ekovest Group, financially and operationally

The Company and the Vendor have undertaken that if the Exit Event was to occur at such price which gives rise to a resultant IRR ("**Resultant IRR**") to the Purchaser below the Minimum IRR, the Company and the Vendor will be obliged to compensate the Purchaser an amount equivalent to the difference between the Minimum IRR and the Resultant IRR. The quantum of such compensation, if any, cannot be ascertained at this juncture as the value of the shares of Kesturi at the point of the Exit Event could be affected by various factors, among which are:

(i) general market condition, political and economic conditions;

(ii) changes in market valuations of shares of companies comparable to Kesturi;

(iii) future financial performance of Kesturi;

(iv) changes in government policy, legislation or regulation; and

(v) general operational and business risks.

In the event that the Company and the Vendor are required to compensate the Purchaser as a result of failure to meet the Minimum IRR, the compensation depending on the quantum may adversely impact Ekovest Group's business and financial and operational conditions.

Furthermore, in the event that the Exit Event has occurred within the Extended Exit Date but the Resultant IRR is either (a) less than the Minimum IRR or (b) equivalent to or more than the Minimum IRR but less than the Exit IRR, the Vendor is obligated to pay the whole of the Exit Payment and Accrued Income to EPF or the whole or part of the Exit Payment and Accrued Income to EPF, respectively.

However, in the event that the Exit Event has not occurred by the Extended Exit Date and the Put Option is exercised by EPF, the Vendor is obligated to pay to EPF the whole of the Exit Payment and the Accrued Income.

6.2 Failure to achieve the Exit Event within the Extended Exit Date could result in the obligation to either acquire the Sale Shares or to sell the Company's effective interests in Kesturi

In the event that the Exit Event is not undertaken by the Extended Exit Date, EPF has a right to require the Company to purchase its 40% equity interest in Kesturi ("**Put Shares**") at an amount which will give EPF the Put IRR ("**Put Option Obligation**"). Should the Company fail to purchase the Put Shares following the execution of the Put Option Obligation, and EPF exercises the Call Option, the Vendor is obliged to sell its 60% equity interest in Kesturi to the EPF ("**Call Shares**") at a price to be determined based on an independent valuation to be undertaken, using the discounted cash flows method adopting the WACC model in which the WACC must adopt the higher of the calculation of the Ke based on the capital asset pricing model or 13.5% and the result of which shall be further reduced by Kesturi's outstanding indebtedness and increased by all the cash and cash equivalents (including fixed deposits and money market instruments held by Kesturi) ("**Call Option Obligation**").

Although the Company has up to 7 years from the date of completion of the Proposed Disposal to achieve the Exit Event, there is no certainty that a successful Exit Event can be achieved within the stipulated timeframe. Failure to do so could result in either the Put Option Obligation or, thereafter the Call Option Obligation being invoked, which would result in the obligation by the Company to acquire the Put Shares or sell the Call Shares respectively.

6.3 Non-completion of the Proposed Disposal

The completion of the Proposed Disposal is conditional upon the Conditions Precedent of the SSA as set out in Section 2.3.1 of this Circular being met. The non-fulfilment of the Conditions Precedent unless waived may result in the SSA being terminated. There is no assurance that the Proposed Disposal can be completed within the timeframe permitted under the SSA.

Should a delay or non-completion occur, Ekovest Group will not be able to utilise the proceeds from the Proposed Disposal in the manner set out in Section 2.7 of this Circular. Nevertheless, the Company will ensure that all reasonable steps will be taken in relation to the completion of the Proposed Disposal to ensure that the Conditions Precedent are met within the stipulated timeframe and that every effort is made to obtain all necessary approvals or consents and confirmations to give effect to the completion of the Proposed Disposal.

6.4 Construction risk

Pursuant to the terms of the Concession Agreements, Kesturi is obliged to undertake the design and construction of DUKE Phase-2.

The ability of Kesturi to complete the design and construction of DUKE Phase-2 in accordance with the terms of the Concession Agreements may be adversely affected by many factors, including shortages of materials especially supplies of cement, equipment and labour, fluctuation of construction costs, availability and rising cost of financing and adverse weather conditions. Any of these factors could give rise to delays in the completion of the construction of DUKE Phase-2.

As stipulated in Sections 2.4.6 and 2.4.7 of this Circular, under the terms of the SSA, the Purchaser is obliged to pay to the Vendor the CPC Payment within 7 Business Days following the receipt by the Purchaser of a copy of the CPC for DUKE Phase-2 in accordance with the terms of the SSA. The CPC Payment is dependent on the issuance of the CPC and the relevant project consultants will not issue a CPC for DUKE Phase-2 until such time as construction of DUKE Phase-2 is completed.

Should a delay or non-completion of DUKE Phase-2 occur, the Vendor may experience a delay in the receipt of the CPC Payment or it may not receive the CPC Payment from the Purchaser at all if construction is not completed or the CPC for DUKE Phase-2 is not issued.

Nevertheless, the Company has taken and will continue to take all reasonable steps necessary to ensure the smooth completion of DUKE Phase-2 in accordance with the provisions of the Concession Agreements.

6.5 Expiration or termination of concession

Pursuant to the terms of the Concession Agreements, the Government may terminate the Concession Agreements if an event of default has been declared and Kesturi does not remedy its default within the remedy period provided under the Concession Agreements. In such an event, Kesturi's principal business and source of revenue will cease. In mitigation, following the completion of the Proposed Disposal, the Company will continue to ensure that Kesturi complies with the terms of the Concession Agreements.

The Government may also terminate the Concession Agreements by expropriation of the concession or DUKE by giving notice not less than 6 months to that effect to Kesturi if it considers that such expropriation is in the national interest. In the event that the concession is expropriated, Kesturi or the Shareholders (as the case may be) will be entitled to receive compensation from the Government in accordance with the terms of the Concession Agreements. However, there is no guarantee that such compensation will be sufficient for the Company to recover its investments in Kesturi.

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7. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on the Company's issued and paid-up share capital, substantial shareholders' shareholdings, NA, NA per Share, gearing, earnings and EPS.

The pro forma effects of the Proposed Disposal and the Proposed Share Split on the Company's issued and paid-up capital, NA, NA per Share, gearing, earnings and EPS are set out below based on the following assumptions:

Minimum scenario : Assuming none of the Outstanding Warrants are exercised prior to the Proposed Share Split

Maximum scenario : Assuming all of the Outstanding Warrants are exercised prior to the Proposed Share Split

The proforma effects exclude any effects from adjustments to the exercise price and/or number of Warrants 2014/2019 pursuant to the Proposed Share Split. Further details of the adjustments are set out in Section 7.4 of this Circular.

7.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital of the Company as well as the substantial shareholders' shareholdings in the Company as the Proposed Disposal does not involve any issuance of new Ekovest Shares.

The Proposed Share Split will not have any effect on the substantial shareholders' shareholdings in the Company save for the proportionate increase in the number of Subdivided Shares.

The effects of the Proposed Share Split on the issued and paid-up share capital of the Company are as follows:

	Minimum scenario			**Maximum scenario**		
	Par value RM	**No. of ordinary shares '000**	**RM '000**	**Par value RM**	**No. of ordinary shares '000**	**RM '000**
Issued and paid-up share capital as at LPD	0.50	855,449	427,724	0.50	855,449	427,724
No. of ordinary shares to be issued assuming full exercise of the Outstanding Warrants	-	-	-	0.50	122,207	61,103
	0.50	855,449	427,724	0.50	977,656	488,827
Enlarged issued and paid-up share capital after the Proposed Share Split	**0.20**	**2,138,622**	**427,724**	**0.20**	**2,444,140**	**488,827**

7.2 NA, NA per Share and gearing

For illustrative purposes, the proforma effects of the Proposed Disposal and the Proposed Share Split on the NA, NA per Share and gearing of Ekovest Group based on the audited consolidated financial statements of Ekovest Group as at 30 June 2016, assuming that both the Proposed Disposal and the Proposed Share Split had been effected at the end of that financial year are as follows:

Minimum scenario:

		(I)	**(II)**	**(III)**
	Audited as at 30 June 2016 RM '000	**Subsequent adjustments up to 30 September 2016 RM '000**	**After (I) and the Proposed Disposal RM '000**	**After (II) and the Proposed Share Split RM '000**
Share capital	427,724	427,724	427,724	427,724
Share premium	367,806	367,806	367,806	367,806
Asset revaluation reserve	82,453	82,453	82,453	82,453
Warrant reserve	40,328	40,328	40,328	40,328
Retained earnings	398,827	398,623	948,284	948,284
NA attributable to the Company's shareholders	1,317,138	1,316,934	1,866,595[(1)]	1,866,595
Non-controlling interest	69	69	357,371	357,371
NA	**1,317,207**	**1,317,003**	**2,223,966**	**2,223,966**
No. of Ekovest Shares in issue ('000)	855,449	855,449	855,449	2,138,622
NA per Ekovest Share[(2)] (RM)	1.54	1.54	2.18	0.87
Total borrowings (RM '000)	2,193,789	6,490,785[(3)]	6,090,785[(4)]	6,090,785
Gearing[(5)] (times)	1.67	4.93	3.26	3.26
Net gearing[(6)] (times)	1.21	1.21[(7)]	0.48	0.48

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Maximum scenario:

		(I)	(II)	(III)	(IV)
	Audited as at 30 June 2016 RM '000	Subsequent adjustments up to 30 September 2016 RM'000	After (I) and the full exercise of Outstanding Warrants[8] RM '000	After (II) and the Proposed Disposal RM '000	After (III) and the Proposed Share Split RM '000
Share capital	427,724	427,724	488,827	488,827	488,827
Share premium	367,806	367,806	512,010	512,010	512,010
Asset revaluation reserve	82,453	82,453	82,453	82,453	82,453
Warrant reserve	40,328	40,328	-	-	-
Retained earnings	398,827	398,623	398,623	917,732	917,732
NA attributable to the Company's shareholders	1,317,138	1,316,934	1,481,913	2,001,022[1]	2,001,022
Non-controlling interest	69	69	69	357,371	357,371
NA	**1,317,207**	**1,317,003**	**1,481,982**	**2,358,393**	**2,358,393**
No. of Ekovest Shares in issue ('000)	855,449	855,449	977,656	977,656	2,444,140
NA per Ekovest Share[2] (RM)	1.54	1.54	1.52	2.05	0.82
Total borrowings (RM '000)	2,193,789	6,490,785[3]	6,490,785	6,090,785[4]	6,090,785
Gearing[5] (times)	1.67	4.93	4.38	3.04	3.04
Net gearing[6]	1.21	1.21[7]	0.96	0.38	0.38

Notes:

(1) *Including the increase in the consolidated NA by RM763.5 million upon completion of the Proposed Disposal and prior to the Proposed Distribution.*

(2) *Computed as NA attributable to the Company's shareholders divided by number of ordinary shares in issue.*

(3) *This has been adjusted to take into account the additional borrowings of approximately RM700.0 million term loan and RM3,597.0 million sukuk incurred since 30 June 2016 in respect of the development, design and construction of the proposed Setiawangsa-Pantai Expressway (formerly known as DUKE Phase-3).*

(4) *Assuming repayment of borrowings of RM400.0 million as set out in Section 2.7 of this Circular in relation to the proceeds of the Proposed Disposal.*

(5) *Computed as total borrowings divided by NA attributable to the Company's shareholders.*

(6) *Computed as total borrowings less cash and cash equivalents divided by NA attributable to the Company's shareholders. The total cash and cash equivalents as at 30 June 2016 and 30 September 2016 amount to RM600.2 million and RM4,897.0 million respectively.*

(7) *This has been adjusted to take into account the additional cash and cash equivalents of RM4,297.0 million following the drawdown of the additional borrowings referred to in Note 3 above.*

(8) *Assuming the exercise of the Outstanding Warrants from 1 July 2016 to LPD at an exercise price of RM1.35.*

7.3 Earnings and EPS

The Proposed Disposal is not expected to have a material effect on the earnings and EPS of Ekovest Group for the FYE 30 June 2017 as the Company will continue to consolidate the revenue and profits from Kesturi.

The proceeds received from the Proposed Disposal are expected to strengthen Ekovest's financial position in view of the interest savings arising from the repayment of borrowings.

The Proposed Share Split will not have any impact on the Company's consolidated earnings for FYE 30 June 2017 but the EPS will be reduced proportionately as a result of the increase in the number of Subdivided Shares pursuant to the Proposed Share Split.

7.4 Convertible securities

Save for the Outstanding Warrants listed on Bursa Securities, the Company does not have any existing convertible securities.

The Proposed Disposal would not have any effect on the terms and conditions of the existing Outstanding Warrants.

Pursuant to the Proposed Distribution, an adjustment to the exercise price of the Warrants 2014/2019 will be made in accordance with the provisions of the Deed Poll to ensure that the status of the holders of Warrants 2014/2019 would not be prejudiced.

The Proposed Share Split will give rise to adjustments to the exercise price and/or number of Warrants 2014/2019, whereby for every 2 existing Warrants 2014/2019 held as at the Entitlement Date, 3 additional Warrants 2014/2019 will be issued pursuant to the provisions of the Deed Poll. The adjustments arising from the Proposed Share Split in relation to the Outstanding Warrants will only be finalised on the Entitlement Date. For illustration purposes, based on the Outstanding Warrants, up to 183,310,470 additional Warrants 2014/2019 are to be issued pursuant to the adjustments. Nonetheless, the actual adjustments will only be finalised on the Entitlement Date.

The details of the actual adjustments to the exercise price and number of Warrants 2014/2019 shall be announced at a later date and shall be set out in a notice of adjustments to the holders of Warrants 2014/2019, which shall be dispatched within 21 days of such adjustments.

The Additional Warrants to be issued shall upon allotment and issue, rank *pari passu* in all respects with the Warrants 2014/2019. For the avoidance of doubt, the Additional Warrants to be issued shall be identical in all respects with the Warrants 2014/2019, such that it shall be consolidated to form the same series with the Warrants 2014/2019 and shall be governed by the same terms and conditions as constituted by the Deed Poll.

All the new Ekovest Shares to be issued arising from the exercise of the Additional Warrants will, upon the allotment and issue, rank *pari passu* in all respects with the Existing Shares, save and except that the new Ekovest Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of the new Ekovest Shares.

The Company has obtained the approval-in-principle from Bursa Securities, vide its letter dated 21 December 2016, for the listing of and quotation for the Additional Warrants and the new Ekovest Shares to be issued arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of Ekovest Shares for the past 12 months up to November 2016 (being the last full trading month preceding the date of this Circular) are as follows:-

	High	Low
	RM	RM
2015		
December	1.08	0.96
2016		
January	1.30	1.10
February	1.12	1.07
March	1.11	1.03
April	1.46	1.06
May	1.71	1.41
June	1.56	1.46
July	1.60	1.48
August	1.72	1.53
September	1.97	1.80
October	2.20	1.94
November	2.54	2.22

Last transacted market price on 4 November 2016, being the last trading day prior to the announcement of the Proposals	2.25
Last transacted market price on the LPD	2.31

(Source: Bloomberg)

9. APPROVALS REQUIRED/OBTAINED FOR THE PROPOSALS

The Proposed Disposal is conditional upon approvals being obtained from the following:

(i) The shareholders of the Company at the forthcoming EGM for the sale of the Sale Shares in accordance with the terms and conditions of the SSA;

(ii) The Vendor having procured Kesturi to obtain consent from the Government through UKAS under the Concession Agreements entered into by Kesturi for the proposed change of equity structure of Kesturi and any other necessary approvals in relation to the Proposed Disposal; and

(iii) Kesturi having obtained the requisite consent/approval from the holders of the existing senior sukuk issued by Kesturi for the proposed change of equity structure of Kesturi and any other necessary approvals in relation to the Proposed Disposal.

The approvals in paragraphs (i), (ii) and (iii) above have not been obtained as at the LPD.

The Proposed Subdivision is conditional upon approvals being obtained from the following:

(i) Bursa Securities, for the Proposed Share Split as well as the listing of the Subdivided Shares, the Additional Warrants and new ordinary shares of the Company to be issued arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities.

Bursa Securities had vide its letter dated 21 December 2016, granted its approval subject to the following conditions:

	Conditions	Status of compliance
(a)	The Company and its advisers must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Share Split;	To be complied
(b)	The Company and its advisers to inform Bursa Securities upon the completion of the Proposed Share Split;	To be complied
(c)	The Company and its advisers to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied
(d)	The Company and its adviser is required to make the relevant announcement pursuant to paragraph 6.56(2)(b)(ii) and (iii) and paragraph 13.10(2) of the Listing Requirements; and	To be complied
(e)	The Company and its advisers is required to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders approving the Proposals prior to the listing and quotation of Subdivided Shares.	To be complied

(ii) The shareholders of the Company, for the Proposed Subdivision at the forthcoming EGM; and

(iii) Any other relevant authorities, if required.

10. INTER-CONDITIONALITY OF THE PROPOSALS

The Proposed Share Split and the Proposed Amendments are inter-conditional upon each other.

The Proposed Subdivision is intended to be undertaken after the completion of the Proposed Disposal and the Proposed Distribution. However, the Proposed Disposal and the Proposed Subdivision are not conditional upon each other.

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

None of the directors and/or major shareholders of the Company and/or any persons connected with them have any interests, direct or indirect, in the Proposals, save for their respective entitlements as shareholders of the Company under the Proposed Share Split which are also available to all other shareholders of the Company.

12. DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposals (including but not limited to the rationale, risk factors and the effects of the Proposals), is of the opinion that the Proposals are in the best interest of the Company and its shareholders.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposals to be tabled at the forthcoming EGM.

13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced by the Company and are pending completion as at the LPD.

14. TENTATIVE TIMETABLE

The estimated timeframe for the Proposals are as follows:

Date	Events
January 2017	EGM to approve the Proposals
January / February 2017	Completion of the Proposed Disposal
February 2017	Announcement of Entitlement Date in respect of the Proposed Share Split
March 2017	Listing of and quotation for the Subdivided Shares

15. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Thursday, 19 January 2017 at 3.00 p.m. or any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without any modifications, to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the registered office of the Company at Ground Floor, Wisma Ekovest, No. 118 Jalan Gombak, 53000 Kuala Lumpur, not less than 48 hours before the time set for holding the EGM or any adjournment thereof. The completion and lodgment of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

16. FURTHER INFORMATION

You are requested to refer to the enclosed appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
EKOVEST BERHAD

Datuk Seri Lim Keng Cheng
Managing Director

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1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other material facts the omission of which would make any statement in this Circular false or misleading.

All information relating to EPF in this Circular have been extracted from information provided by EPF. Therefore, the sole responsibility of the Board is restricted to ensure that such information is accurately reproduced in the Circular.

2. CONSENT AND CONFLICT OF INTEREST

2.1 CIMB

CIMB, as the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and/or all references thereto in this Circular in the form and context in which they appear.

CIMB and its related and associated companies ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions and perform services for our Company and any of our respective affiliates, in addition to the role as Principal Adviser for the Proposals.

In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to engage in any transactions (on its own account or otherwise) with any member of our Group and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions on its own account or the account of its customers in debt or equity securities of our Group. This is a result of the businesses of the CIMB Group generally acting independent of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group.

CIMB Group has in the ordinary course of its banking business, granted credit facilities to our Group. As at the LPD, CIMB Group has granted a total of RM521.0 million facilities to our Group, of which the outstanding amount owing by our Group to the CIMB Group was approximately RM338.7 million. Part of the proceeds from the Proposed Disposal will be used towards the repayment of the syndicated term loan extended by CIMB Group, together with a consortium of banks.

CIMB Group is of the view that the aforementioned extension of credit facilities does not result in conflict of interest situation in respect of its capacity as Principal Adviser for the Proposals as:

(i) the total credit facilities is not material when compared to the audited total net assets of the CIMB Group as at the FYE 31 December 2015 of approximately RM42.2 billion;

(ii) the extension of credit facilities arose in the ordinary course of business of CIMB Group in view of CIMB Group's extensive participation in the Malaysian banking industry; and

(iii) the conduct of CIMB Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013 and CIMB Group's own internal controls and checks.

2.2 Astramina Advisory

Astramina Advisory, as the Financial Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and/or all references thereto in this Circular in the form and context in which they appear.

Astramina Advisory has been appointed by our Company as Financial Adviser for the Proposals and subsequently by EPF as the Transaction Arranger in respect of the Proposed Disposal. Astramina Advisory does not derive any advisory fee from EPF for its role as Transaction Arranger. The Board had been duly informed of and had taken cognisance of Astramina Advisory's existing appointment by EPF as the Transaction Arranger in respect of the Proposed Disposal.

The dual roles undertaken by Astramina Advisory for both our Company and EPF in relation to the Proposed Disposal may potentially give rise to a conflict of interest on the part of Astramina Advisory in relation to the Proposed Disposal but any such potential conflict of interest is mitigated by the fact that the terms of engagement of Astramina Advisory as Transaction Arranger for EPF are limited to ensuring an expeditious and accurate flow of information between EPF and our Company, and to assist in arranging and coordinating project work streams to promote the timely implementation of the Proposed Disposal. Such potential conflict of interest is also further mitigated by the appointment of various professional advisers by our Company, including the Principal Adviser and Co Adviser for the Proposed Disposal. Astramina Advisory has neither been appointed as the financial adviser nor principal adviser to EPF in respect of the Proposed Disposal and does not receive any advisory fee from EPF.

2.3 AmInvestment

AmInvestment, as the Co Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and/or all references thereto in this Circular in the form and context in which they appear.

AmInvestment and/or its related and associated companies ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of Ekovest Group.

As at the LPD, AmBank Group has extended credit facilities (including trading limit) amounting to approximately RM750.0 million to Ekovest Group. The said credit facilities represent less than 1% compared to the total audited loans, advances and financing of AMMB Holdings Berhad (being the holding company of AmBank Group) as at 31 March 2016. Part of the proceeds from the Proposed Disposal will be used towards the repayment of the syndicated term loan extended by the AmBank Group, together with a consortium of banks.

Notwithstanding the above, AmInvestment is of the opinion that its role as the Co Adviser for the Proposals does not give rise to a conflict of interest situation in view that the said credit facilities have been extended by the AmBank Group in the ordinary course of its banking business and the terms and conditions of such facilities are not material in comparison with total audited loans, advances and financing of AmBank Group as at 31 March 2016.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Material commitments

Save as disclosed below, the Board is not aware of any other material commitments incurred or known to be incurred by the Group that has not been provided for as at LPD, which upon becoming enforceable, may have a material impact on the financial position of the Group:-

Capital expenditure in respect of:	**RM '000**
- purchase of properties, approved and contracted for	9,768
- concession assets, approved and contracted for	3,633,387

3.2 Contingent liabilities

The Board is not aware of any contingent liabilities incurred or known to be incurred by Ekovest Group as at the LPD, which may have a material impact on the financial position of Ekovest Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by shareholders at the Company's registered office at Ground Floor, Wisma Ekovest, No. 118 Jalan Gombak, 53000 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:

(i) Memorandum and Articles of Association of Ekovest;

(ii) Memorandum and Articles of Association of Kesturi;

(iii) Audited consolidated financial statements of Ekovest Group for the past 3 FYEs 30 June 2014, 2015 and 2016;

(iv) Audited financial statements of Kesturi for the past 3 FYEs 30 June 2014, 2015 and 2016;

(v) the SSA, including the agreed form of Shareholders' Agreement which is appended in an agreed form to the SSA; and

(vi) Letters of consent referred to in Section 2 of this Appendix I.

1. HISTORY AND BUSINESS OPERATIONS

Kesturi was incorporated in Malaysia under the Act on 15 February 2001 as a private limited company and is a wholly-owned subsidiary of Nuzen.

The principal activities of Kesturi are design, construction, operation, management and maintenance of the DUKE.

2. SHARE CAPITAL

As at the LPD, Kesturi has an authorised share capital of RM53,606,551 comprising 8,601,000 Kesturi OS, and 45,000,000 Kesturi RPS, 1,950 Kesturi RPS-A and 3,601 Kesturi RPS-B, of which 8,601,000 Kesturi OS, and 45,000,000 Kesturi RPS are fully issued and paid up.

Changes in Kesturi's issued and paid-up share capital since its date of incorporation are as follows:

Date of allotment	No. of Kesturi Shares issued	Par value (RM)	Type of issue	Cumulative issued and paid-up share capital (RM)
15.2.2001	2	1.00	Subscribers' shares	2
29.8.2002	98	1.00	Kesturi OS	100
2.3.2004	2,499,900	1.00	Kesturi OS	2,500,000
2.3.2004	2,500,000	1.00	Kesturi RPS	5,000,000
2.2.2005	2,500,000	1.00	Kesturi OS	7,500,000
2.2.2005	2,500,000	1.00	Kesturi RPS	10,000,000
17.11.2005	20,000,000	1.00	Kesturi RPS	30,000,000
28.3.2006	20,000,000	1.00	Kesturi RPS	50,000,000
20.9.2006	715[(1)]	1.00	Kesturi RPS-A	50,000,715
26.3.2007	715[(1)]	1.00	Kesturi RPS-A	50,001,430
5.10.2007	520[(1)]	1.00	Kesturi RPS-A	50,001,950
20.11.2014	3,601[(2)]	1.00	Kesturi RPS-B	50,003,601
3.11.2016	3,601,000	1.00	Kesturi OS	53,601,000

Notes:

(1) Kesturi RPS-A were redeemed on 20 November 2014.

(2) Kesturi RPS-B were capitalized into 3,601,000 ordinary shares on 3 November 2016.

The tenure, redemption rate and redemption period of Kesturi RPS are as follows:-

Tenure	:	No fixed tenure is attached to the Kesturi RPS.
Redemption sum	:	The Kesturi RPS shall be redeemed at the issue price of RM1.00 per Kesturi RPS or at any premium to be determined by the company's board of directors.
Redemption period	:	The Kesturi RPS will be redeemed, partially or in full, at the option of Kesturi, on each anniversary after the first subscription date.

3. DIRECTORS

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

Name	Designation	Nationality	No. of Kesturi OS held			
			Direct	%	Indirect	%
DH	Director	Malaysian	-	-	8,601,000 (1)	100.00
TSDLKH	Director	Malaysian	-	-	8,601,000 (2)	100.00
DSLKC	Director	Malaysian	-	-	-	-
CSK	Director	Malaysian	-	-	-	-
ZS	Director	Malaysian	-	-	-	-
AN	Director	Malaysian	-	-	-	-

Notes:

(1) *Deemed interested by virtue of his indirect interest in Ekovest pursuant to Section 134 of the Act.*

(2) *Deemed interested by virtue of his direct and indirect interest in Ekovest pursuant to Section 134 of the Act.*

4. SUBSTANTIAL SHAREHOLDERS

As at the LPD, Kesturi is a wholly-owned subsidiary of Nuzen. Nuzen is a wholly-owned subsidiary of Wira Kristal, which is in turn a wholly-owned subsidiary of the Company. Nuzen and Wira Kristal are companies incorporated in Malaysia.

5. SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, Kesturi does not have any subsidiary or associated company.

6. SUMMARY OF FINANCIAL INFORMATION

A summary of the key audited financial information of Kesturi is as follows:

FYE 30 June	2014(1)	2015	2016
	RM '000	RM '000	RM '000
Revenue			
- toll operation	132,219	93,423	123,007
- construction contract	96,419	275,405	610,397
(LBT) / PBT	(134,879)	152,552	19,946
(LAT) / PAT	(137,579)	128,493	(2,479)
No. of Kesturi Shares in issue	5,000	5,000	5,000
No. of Kesturi RPS in issue	45,000	45,000	45,000
No. of Kesturi RPS-B	-	4	4
Gross EPS (RM)	(26.98)	30.51	3.99
Net EPS (RM)	(27.52)	25.70	(0.50)
Paid-up capital (RM)	50,000	50,004	50,004

FYE 30 June	2014[1]	2015	2016
	RM '000	RM '000	RM '000
(NL) / NA	(274,153)	214,440	211,961
(NL) / NA per share[2] (RM)	(54.83)	42.89	42.39
Shareholders' funds	(274,153)	214,440	211,961
Current ratio (times)	29.82	18.63	11.75
Gearing ratio (times)	Not applicable	9.90	10.30
Borrowings[3]	2,613,836	2,122,967	2,182,897

Notes:

(1) Based on the audited 18 months financial results from 1 January 2013 to 30 June 2014.

(2) Computed based on NL/NA divided by the number of Kesturi Shares in issue.

(3) Comprising IMTNs, Kesturi Junior Bonds, Kesturi RPS-A and hire purchase and finance lease liabilities.

6.1 Commentaries

FYE 30 June 2014

Revenue for FYE 30 June 2014 increased by approximately RM146.4 million or 178.8%. The increase in revenue is mainly due to the commencement of the construction for DUKE Phase-2. However, Kesturi recorded an increased LBT and LAT of approximately RM96.8 million and RM99.5 million respectively mainly due to the increase in the finance cost of RM38.1 million and the accrued dividend for Kesturi RPS-A of RM105.8 million.

FYE 30 June 2015

Revenue for FYE 30 June 2015 increased by approximately 61.5% to RM368.8 million. The increase in revenue is mainly due to recognition of construction revenue for DUKE Phase-2 and improvement of the toll revenue for DUKE Phase-1. For FYE 30 June 2015, Kesturi recorded a PAT of RM128.5 million mainly due to the write back of over provision on Kesturi RPS-A dividend of RM171.2 million.

As at 30 June 2015, Kesturi recorded a NA of RM214.4 million as compared to a NL of RM274.1 million as at 30 June 2014 due to the issuance of Kesturi RPS-B being an equity instrument in order to redeem the Kesturi RPS-A which is a debt instrument. Pursuant to that, a write back of the overprovision on Kesturi RPS-A dividend of RM171.2 million was recognised and thereafter improved the NA as at 30 June 2015.

FYE 30 June 2016

Revenue for FYE 30 June 2016 increased significantly by approximately 98.8% to RM733.4 million. The increase in revenue is mainly due to the increase in construction revenue by RM335.0 million, attributable to DUKE Phase-2. Besides that, during the year, there was toll compensation revenue of RM11.0 million. However, Kesturi recorded a decrease in PAT by RM131.0 million for the FYE 30 June 2016 as compared to FYE 30 June 2015 mainly due to the write back of overprovision on Kesturi RPS-A dividend of RM171.2 million in the FYE 30 June 2015.

6.2 Audit qualification for the past 3 financial years

Kesturi's external auditors has not issued any audit qualification on Kesturi's financial statements for the past 3 FYEs 30 June 2014, 2015 and 2016.

7. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, the Board is not aware of any other material commitments incurred or known to be incurred by Kesturi that has not been provided for as at the LPD, which upon becoming enforceable, may have a material impact on the financial position of Kesturi:-

Capital expenditure in respect of:	**RM '000**
- concession assets, approved and contracted for	165,975

As at the LPD, there are no contingent liabilities that were incurred or known to have been incurred, which upon becoming enforceable, may have an impact on the profits or NA of Kesturi.

8. MATERIAL CONTRACTS

As at the LPD, Kesturi has not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the 2 years immediately preceding the date of this Circular.

9. MATERIAL LITIGATION

As at the LPD, Kesturi is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the directors of Kesturi are not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position and/or businesses of Kesturi.

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Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2016

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

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Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

Directors' report

The directors hereby submit their report together with the audited financial statements of Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (the "Company") for the year ended 30 June 2016.

Principal activities

In accordance with the terms of the Concession Agreement ("CA") dated 12 August 2004, the principal activities of the Company are to design, construct, operate, manage and maintain the Duta-Ulu Kelang Expressway ("Expressway" or "DUKE Project"). The Expressway commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. Under the CA, the Company also takes over and maintains certain existing routes. There have been no significant changes in the nature of these activities during the financial year.

Financial results

	RM
Loss for the year	2,479,017

Dividends

The directors do not recommend any dividend for the current financial year.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year.

Issue of shares and debentures

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

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the date of the last report are:

Dato' Haris Onn Bin Tun Hussein
Tan Sri Dato' Lim Kang Hoo
Datuk Seri Lim Keng Cheng
Chua Soo Kok
Zakaria Bin Shaffie
Ahmad Nasir Bin Mohd Said

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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.

Directors' interests

According to the register of directors' shareholdings required to be kept under Section 134 of the Companies Act, 1965, none of the directors held any shares or had any interests in shares in the Company and its related corporations during the financial year, except as follows:

	Number of ordinary shares of RM0.50 each			
	1.7.2015	**Acquired**	**Sold**	**30.6.2016**
Ultimate holding company				
- Ekovest Berhad				
Dato' Haris Onn Bin Hussein				
- Direct interest	172,432,061	-	(54,000,000)	118,432,061
Tan Sri Dato' Lim Kang Hoo				
- Direct interest	172,682,089	-	-	172,682,089
- Indirect interest	104,300,009	-	-	104,300,009
Datuk Seri Lim Keng Cheng				
- Indirect interest	50,821,200	1,523,300	-	52,344,500

By virtue of the above directors' interests in shares in Ekovest Berhad, they are deemed to be interested in shares in all subsidiaries of Ekovest Berhad to the extent Ekovest Berhad has an interest.

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

Other statutory information

(a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper 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 were no known bad debts to be written off and that adequate allowance has been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

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

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

Other statutory information (continued)

(f) In the opinion of the directors:

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the Company for the financial year in which this report is made.

(g) No contingent or other liability 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 Company to meet its obligations as and when they fall due.

Holding companies

The directors regard Nuzen Corporation Sdn Bhd, Wira Kristal Sdn Bhd and Ekovest Berhad, as the immediate, penultimate and ultimate holding companies respectively, all of which are incorporated in Malaysia.

Auditors

The auditors, MAZARS, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 OCT 2016

Datuk Seri Lim Keng Cheng

Dato' Haris Onn Bin Tun Hussein

Kuala Lumpur, Malaysia

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Datuk Seri Lim Keng Cheng (I/C No: 620709-10-6599) and Dato' Haris Onn Bin Tun Hussein (I/C No: 661124-10-5727), being two of the directors of Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 8 to 59 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2016 and of the financial performance and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 OCT 2016

Datuk Seri Lim Keng Cheng

Dato' Haris Onn Bin Tun Hussein

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Haris Onn Bin Tun Hussein (I/C No: 661124-10-5727), being the director primarily responsible for the financial management of Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd, do solemnly and sincerely declare that the accompanying financial statements for the year ended 30 June 2016 as set out on pages 8 to 59 are, in my opinion 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 Dato' Haris Onn bin Tun Hussein at Kuala Lumpur in the Federal Territory on 7 OCT 2016

Dato' Haris Onn Bin Tun Hussein

Before me,

PESURUHJAYA SUMPAH
No. W 663
Nama: BALOO A/L T.PICHAI
MALAYSIA

NO. 102 & 104 1st FLOOR BANGUNAN
PERSATUAN YAP SELANGOR
JALAN TUN HS LEE
50000 KUALA LUMPUR

MAZARS

AF: 001954

Company No.: 539274-U

Independent auditors' report to the members of
KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd, which comprise the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 59.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

WISMA SELANGOR DREDGING - 11TH FLR, SOUTH BLK, 142-A - JALAN AMPANG - 50450 KUALA LUMPUR - MALAYSIA
TEL: +603 - 2161 5222 - FAX: +603 - 2161 3909 - contact@mazars.my - www.mazars.my

CHARTERED ACCOUNTANTS

MAZARS

Company No.: 539274-U

Independent auditors' report to the members of
KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 30 June 2016 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Mazars

MAZARS
No. AF: 001954
Chartered Accountants

FRANCIS XAVIER JOSEPH
No. 02997/06/2018 J
Chartered Accountant

Kuala Lumpur

Date: 7 October 2016

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 RM	2015 RM
Revenue			
- toll operation	5	123,007,315	93,422,997
- construction contract	5	610,396,513	275,405,000
Cost of sales		(627,672,559)	(290,912,948)
Gross profit		105,731,269	77,915,049
Other income	6	6,069,071	177,013,390
Administrative expenses		(5,367,913)	(8,212,167)
Operating profit		106,432,427	246,716,272
Finance costs	7	(86,486,478)	(94,164,727)
Profit before tax	8	19,945,949	152,551,545
Income tax expense	10	(22,424,966)	(24,058,074)
(Loss)/Profit for the year		(2,479,017)	128,493,471
Other comprehensive income, net of tax		-	-
Total comprehensive (loss)/profit for the year		(2,479,017)	128,493,471

The accompanying notes form an integral part of the financial statements

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 RM	2015 RM
Assets			
Non-current assets			
Concession intangible assets	11	2,148,607,158	1,484,826,445
Property, plant and equipment	12	2,333,575	2,420,703
		2,150,940,733	1,487,247,148
Current assets			
Trade and other receivables	13	13,726,116	1,371,514
Amounts due from related companies	14	1,375,900	940,657
Amount due from immediate holding company	14	2,558,001	76,277
Amount due from penultimate holding company	14	260,115	251,246
Amount due from ultimate holding company	14	68,210	6,538
Tax recoverable		-	933,466
Investment funds	15	410,600,539	1,026,458,516
Cash and bank balances	16	3,789,283	6,663,086
		432,378,164	1,036,701,300
Total assets		2,583,318,897	2,523,948,448

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016 (continued)

	Note	2016 RM	2015 RM
Equity and liabilities			
Equity			
Share capital	17	50,003,601	50,003,601
Share premium	18	360,096,399	360,096,399
Accumulated losses		(198,138,685)	(195,659,668)
Total equity		211,961,315	214,440,332
Non-current liabilities			
Hire purchase and finance lease liabilities	19	709,624	881,252
Islamic Medium Term Notes	20	1,962,338,036	1,942,453,158
Redeemable Secured Junior Bonds	21	219,515,664	179,362,949
Deferred income	22	100,420,376	100,747,966
Provision for heavy repairs	23	2,492,062	3,721,248
Deferred tax liability	24	49,086,698	26,706,540
		2,334,562,460	2,253,873,113
Current liabilities			
Trade and other payables	25	32,445,900	43,303,325
Amounts due to related companies	14	4,015,658	12,061,588
Hire purchase and finance lease liabilities	19	333,564	270,090
		36,795,122	55,635,003
Total liabilities		2,371,357,582	2,309,508,116
Total equity and liabilities		2,583,318,897	2,523,948,448

The accompanying notes form an integral part of the financial statements

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Share capital RM	Series B RPS RM	Share premium RM	Accumulated losses RM	Total equity RM
At 1 July 2014	50,000,000	-	-	(324,153,139)	(274,153,139)
Issuance of redeemable preference shares (Note 17)	-	3,601	360,096,399	-	360,100,000
Total comprehensive income for the year	-	-	-	128,493,471	128,493,471
At 30 June 2015	50,000,000	3,601	360,096,399	(195,659,668)	214,440,332
At 1 July 2015	50,000,000	3,601	360,096,399	(195,659,668)	214,440,332
Total comprehensive loss for the year	-	-	-	(2,479,017)	(2,479,017)
At 30 June 2016	50,000,000	3,601	360,096,399	(198,138,685)	211,961,315

The accompanying notes form an integral part of the financial statements

Company No.: 539274-U
KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 RM	2015 RM
Cash flows from operating activities		
Profit before tax	19,945,949	152,551,545
Adjustments for:		
Amortisation of concession intangible assets	3,651,780	2,772,620
Depreciation of property, plant and equipment	625,690	511,547
Loss/(Gain) on disposal of property, plant and equipment	613	(40,000)
Property, plant and equipment written off	4,562	282
Change in fair value of investment funds	(1,608,777)	(526,169)
Amortisation of deferred income	(327,590)	(248,835)
Provision for heavy repairs	803,013	808,061
Waiver of debts	(30,229)	-
Overprovision of dividend on Series A RPS	-	(171,245,725)
Interest income	(1,477,308)	(3,732,555)
Finance costs	86,486,478	94,164,727
Operating profit before working capital changes	108,074,181	75,015,498
Changes in working capital:		
Receivables	(240,775)	324,452
Payables	(957,920)	290,932
Related companies	(8,450,944)	3,789,174
Cash generated from operations	98,424,542	79,420,056
Interest on hire purchase paid	(61,798)	(41,615)
Tax refunded/(paid)	888,658	(185,000)
Net cash generated from operating activities	99,251,402	79,193,441
Cash flows from investing activities		
Placement of deposits into finance service reserve accounts/ reimbursement accounts	(241)	(334)
Withdrawal of fixed deposits	2,000,000	-
Purchase of property, plant and equipment (Note (b))	(352,437)	(416,073)
Advances to immediate holding company	(2,481,724)	(8,777)
Advances to penultimate holding company	(8,869)	(234,480)
Advances to ultimate holding company	(61,672)	87,537
Redemption of investment funds	617,466,754	263,423,050
Proceeds from disposal of property, plant and equipment	2,500	40,000
Payments for concession intangible assets	(632,839,697)	(274,815,577)
Interest received	26,818,989	43,683,729
Net cash generated from investing activities	10,543,603	31,759,075

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KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016 (continued)

	2016 RM	2015 RM
Cash flows from financing activities		
Repayments of hire purchase	(301,954)	(164,848)
Payments on profit element of IMTNs	(110,201,095)	(109,900,000)
Interests paid	(166,000)	(167,025)
Net cash used in from financing activities	(110,669,049)	(110,231,873)
Net (decrease)/increase in cash and cash equivalents	(874,044)	720,643
Cash and cash equivalents at beginning of the year	2,598,436	1,877,793
Cash and cash equivalents at end of the year (Note (a))	1,724,392	2,598,436

(a) Cash and cash equivalents at end of the year:

	2016 RM	2015 RM
Cash and bank balances	3,789,283	6,663,086
Less: Deposits pledged	(2,000,000)	(4,000,000)
Finance Service Reserve Accounts/Reimbursement Accounts	(64,891)	(64,650)
	1,724,392	2,598,436

(b) During the financial year, the Company made the following cash payments to purchase property, plant and equipment:

	2016 RM	2015 RM
Purchase of property, plant and equipment	546,237	1,648,073
Financed by finance lease arrangements	(193,800)	(1,232,000)
Cash payments on purchase of property, plant and equipment	352,437	416,073

The accompanying notes form an integral part of the financial statements

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

1. CORPORATE INFORMATION

Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (the "Company") is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 1-2-1, Jalan 2/50, Diamond Square, Off Jalan Gombak, 53000 Kuala Lumpur. The principal place of business of the Company is located at Wisma Ekovest, No. 118, Jalan Gombak, 53000 Kuala Lumpur.

The immediate, penultimate and ultimate holding companies of the Company are Nuzen Corporation Sdn Bhd ("Nuzen"), Wira Kristal Sdn Bhd ("Wira Kristal") and Ekovest Berhad respectively, all of which are incorporated in Malaysia.

In accordance with the terms of the Concession Agreement ("CA") dated 12 August 2004, the principal activities of the Company are to design, construct, operate, manage and maintain the Duta Ulu-Kelang Expressway ("Expressway" or "DUKE Project"). The Expressway commences from the Jalan Duta Interchange to Hill View Interchange and the Karak Link from Sentul Pasar Interchange to Greenwood Interchange. Under the CA, the Company also takes over and maintains certain existing routes.

On 3 December 2012, the Company entered into a Supplemental Concession Agreement ("SCA") with the Government of Malaysia ("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 and Jalan Tun Razak near Kuala Lumpur Hospital/Institut Jantung Negara to Jalan Gombak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 7 October 2016.

2. AWARD OF CONCESSION

The concession period under the SCA is for a period of 54 years commencing from 11 August 2005 and shall, subject to terms and conditions of the SCA, be extended for a further period of 10 years.

The CA and SCA may be terminated by either the Government or the Company if either party fails to remedy its default within the period specified in the CA and SCA. The Government may terminate the CA and SCA by giving notice within the specific period in the CA and SCA. Upon expiry of the concession period, the Company shall hand over the concession area to the Government in a well-maintained condition and make good any defects at the Company's own expenses within twelve (12) months after the date of handing over.

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KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
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2. AWARD OF CONCESSION (continued)

The Expressway project is being financed in the following manners:

(i) RM195 million raised via the issuance of 1,950 Series A Redeemable Preference Share ("Series A RPS") of RM1 each by the Company at an issue price of RM100,000 each, subscribed by Ekovest Construction Sdn Bhd ("ECSB"), a wholly-owned subsidiary of Ekovest Berhad. On 20 November 2014, the Series A RPS with carrying amount of RM531,337,758 were redeemed at a consideration of RM360,092,033, via issuance of 3,601 Series B Redeemable Preference Shares ("Series B RPS") of RM1 each at an issue price of RM100,000 each to ECSB.

(ii) Issuance of RM45 million redeemable preference shares ("RPS") in the Company to Nuzen. Nuzen in turn issued RM45 million RPS in Nuzen ("Nuzen RPS") which were subscribed by Wira Kristal.

(iii) Wira Kristal subscribed its RM45 million Nuzen RPS as mentioned in Note (ii) above via the issuance of 28 RPS of RM1 each at an issue price of RM1 million each ("Wira Kristal RPS").

(iv) Funding by the Government of RM77.2 million, upon completion of the construction for the section commencing from Kampong Dalam Interchange and transversing through Greenwood Interchange.

(v) Funding by the Government of RM8 million, upon completion of the construction for the section commencing from Sentul Pasar Interchange to Greenwood Interchange.

(vi) Funding by the Government of RM18.6 million, upon completion of the construction for the U-turn under Middle Ring Road 2, recovery cost for the landslide at Wangsa Maju and compensation on the delay in collection of toll revenue.

(vii) Issuance of Redeemable Secured Serial Sukuk Istisna' ("Sukuk Istisna") by the Company with a net proceeds of RM780 million. On 28 October 2010, the Company replaced its Sukuk Istisna with the issuance of Islamic Medium Term Notes ("IMTNs") with a nominal value of RM820 million.

(viii) Issuance of RM50 million Redeemable Secured Junior Bonds by the Company on 28 October 2010. On 2 December 2013, the IMTNs with a nominal value of RM820 million and RM50 million Redeemable Secured Junior Bonds were redeemed.

(ix) Issuance of IMTNs with a nominal value of RM2,300 million and RM180 million Redeemable Secured Junior Bonds by the Company on 2 December 2013.

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KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

3. TOLL COMPENSATION AND TOLL SHARE ARRANGEMENTS

In the event that the Government imposes a toll rate which is lower than the agreed toll rates stated in the SCA, for any concession year, the agreement provides that the Company shall be compensated for any reduction in toll collections by it in respect of the relevant operating year in which the reduction is implemented, and for each operating year thereafter during which the decision of the Government continues to apply, until such time the Company is allowed to collect the prevailing agreed toll rate.

Based on the terms of the SCA, the Government is entitled to 30% share of toll revenue on the excess of actual toll revenue against the average projected toll revenue, subject to the Company's full settlement of all loans or on the 25th year of the concession period, whichever earlier.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

4.2 Summary of significant accounting policies

(a) Property, plant and equipment and depreciation

All items of 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 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 charged to the profit or loss during the financial year in which they are incurred.

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KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(a) Property, plant and equipment and depreciation (continued)

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

Depreciation is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Furniture and fittings	10%
Office equipment	10%
Motor vehicles	20%
Computer equipment	33%
Tools and equipment	20%
Renovation	10%
Signboard	10%
Plant and machinery	20%

The residual values, useful life and depreciation method are reviewed at each reporting date 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.

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

(b) Concession intangible assets

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

Concession intangible assets refer to expressway development expenditure ("EDE") which comprises development and upgrading expenditure (including interest charges relating to financing of the development) incurred in connection with the concession.

Where the Company provides construction service in exchange for the concession assets, the revenue and profits relating to the construction services are recognised in accordance with Note 4.2(m) on revenue and profit recognition for construction contracts.

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KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(b) Concession intangible assets (continued)

Concession intangible asset is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.2(c).

Amortisation of the concession intangible 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:

$$\frac{\text{Toll revenue for the year}}{\text{[Actual toll revenue for the year + Projected total toll revenue for the subsequent years to the end of the concession period]}} \times \text{[Net book value of EDE at the beginning of the year + Additions for the year]}$$

Toll revenue and projected total toll revenue include toll collection and toll compensation.

The projected total toll revenue is based on the latest available base case traffic projection prepared by independent traffic consultants multiplied by the toll rate structures contemplated in the SCA.

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

(c) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

Company No.: 539274-U

KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(c) Impairment of non-financial assets (continued)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(d) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provision of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(d) Financial assets (continued)

A financial asset is derecognised when, and only when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Company determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

In the ordinary course of business, the Company does not have financial assets categorised as held-to-maturity investments and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Investment funds are categorised as financial assets at fair value through profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(d) Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(e) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(f) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

In the ordinary course of business, the Company does not have financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost

The Company's financial liabilities at amortised cost include trade payables, other payables and borrowings.

Trade and sundry payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(f) Financial liabilities (continued)

Financial liabilities at amortised cost (continued)

For financial liabilities at amortised cost, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Details of borrowings of the Company are as follows:

(i) *IMTNs - Sukuk Musyarakah with periodic payments*

The IMTNs are issued under the Islamic principle of Musyarakah which is a contract of partnership in a venture.

The Sukuk Musyarakah is initially stated at cost, being the fair value of the consideration received. After initial recognition, the profit element attributable to the Sukuk in each period is recognised as an expense at a constant rate to its maturity.

(ii) *Redeemable Secured Junior Bonds ("Junior Bonds")*

The Junior Bonds are initially stated at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, the interest attributable to the Junior Bonds is recognised as an expense at a constant rate to its maturity.

(g) Leases

(i) Finance lease

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(g) Leases (continued)

(i) Finance lease (continued)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 4.2(a).

(ii) Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rental expenses are credited or charged to the profit or loss on a straight-line basis over the period of the lease. Lease incentives received are recognised in income statement as an integral part of the total lease expense, over the term of the lease.

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(i) Taxation

The tax expense in the statement of comprehensive income comprises current tax and deferred tax included in the determination of profit or loss for the financial year.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(i) Taxation (continued)

In the statement of financial position, a deferred tax liability is recognised for taxable temporary differences, while a deferred tax asset is recognised for deductible temporary differences and unutilised tax losses only to the extent that is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses 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 a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities 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 tax rates enacted or substantively enacted by the end of the reporting period that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

(j) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(k) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(l) Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Toll revenue

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

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(l) Income recognition (continued)

(ii) Toll compensation

Pursuant to the Concession Agreement, the Government of Malaysia reserves the right to restructure or to restrict the imposition of unit toll rate increases, and in such event, the Government shall compensate the Company for any reduction 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.

(iii) Construction contracts

Revenue from construction contracts is recognised on the percentage of completion method where the outcome of the contracts can be reliably estimated.

Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.

(iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Advertising income

Advertising income is recognised on an accrual basis when the service is rendered.

(vi) Rental income

Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(m) Construction contracts

The Company's construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.

When the outcome of a construction contracts cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

When it is probable that the total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether contract work has commenced or not, or the stage of completion of contract activity, or the amounts of profits expected to arise on other unrelated contracts.

On the statement of financial position, contracts work-in-progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

(n) Government grants

Government grant shall not be recognised until there is reasonable assurance that: (a) the Company 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 Company recognises as expenses the related costs for which the grants are intended to compensate.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short term deposits that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents exclude the deposits maintained in the finance service reserve accounts and reimbursement accounts and short term deposits pledged to secure banking facilities.

(p) Contingencies

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company.

The Company does not recognise nor disclose any contingent assets.

(q) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds received in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Cost directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the profit or loss.

Dividend on equity instruments is recognised in equity in the period in which they are declared.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Summary of significant accounting policies (continued)

(q) Equity instruments (continued)

Preference shares are classified as equity instruments if they are irredeemable or redeemable only at discretion of the issuer; and dividend is at discretion of the issuer. Dividend thereon is accounted in equity.

Preference shares are classified as financial liabilities if they are redeemable on a specific date, redeemable at discretion of the holders, and/or dividend is obligatory. Dividend thereon is accounted for in profit or loss.

(r) Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same authority and the taxable entity has a legally enforceable right to set off such amounts.

4.3 Malaysian Financial Reporting Standards ("MFRSs")

Standards issued that are not yet effective

The Company has not applied the following MFRSs and Amendments to MFRSs that are relevant to its operations and have been issued by the MASB but are not yet effective.

New MFRSs and Amendments to MFRSs		*Effective for financial periods beginning on or after*
Amendments to MFRS 101	Disclosure Initiative	1-Jan-2016

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Malaysian Financial Reporting Standards ("MFRSs") (continued)

Standards issued that are not yet effective (continued)

New MFRSs and Amendments to MFRSs		*Effective for financial periods beginning on or after*
Amendments to MFRS 101	Disclosure Initiative	1-Jan-2016
Amendments to MFRS 5, MFRS 7, MFRS 119 and MFRS 134	Annual Improvements to MFRSs 2012-2014 Cycle	1-Jan-2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1-Jan-2016
Amendments to MFRS 107	Disclosure Initiative	1-Jan-2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1-Jan-2017
MFRS 9	Financial Instruments	1-Jan-2018
MFRS 15	Revenue from Contracts with Customers	1-Jan-2018
Amendments to MFRS 15	Clarifications to MFRS 15	1-Jan-2018
MFRS 16	Leases	1-Jan-2019

Except as otherwise indicated below, the adoption of the above new standards and amendments on their respective effective dates are not expected to have significant impact on the financial statements of the Company.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Malaysian Financial Reporting Standards ("MFRSs") (continued)

MFRS 9, Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under MFRS 139), i.e. a loss event needs nit occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Company is currently assessing the impact to the financial statements upon adopting MFRS 9, and intends to adopt MFRS 9 on the mandatory effective date.

MFRS 15, Revenue from Contracts with Customers

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace MFRS 111 Construction Contracts, MFRS 118 Revenue, Issues Committee Interpretation ("IC Interpretation") 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for the Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 31 Revenue - Barter Transactions Involving Advertising Services. The application of MFRS 15 may result in difference in timing of revenue recognition as compared with current accounting policies.

The Company is currently assessing the impact to the financial statements upon adopting MFRS 15, and will adopt MFRS 15 on the mandatory effective date.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Malaysian Financial Reporting Standards ("MFRSs") (continued)

Amendments to MFRS 116 and MFRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to MFRS 116 and MFRS 138 establish the principle for the basis of depreciation and amortisation, which is based on the expected pattern of consumption of the future economic benefits of an asset. The amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment is used or consumed. Revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices. The amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method based on revenue generated by an activity that includes the use of an intangible asset is inappropriate for the same reasons as the amendments to MFRS 116 and can be overcome only in certain limited circumstances.

The Company is currently assessing the impact to the financial statements upon adopting amendments to MFRS 116 and MFRS 138, and will adopt amendments to MFRS 116 and MFRS 138 on the mandatory effective date.

MFRS 16, Leases

Currently under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All lease will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace 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 Company is currently assessing the impact to the financial statements upon adopting MFRS 16, and will adopt MFRS 16 on the mandatory effective date.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Significant accounting estimates and judgements

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 the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities 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 experiences and various other factors, including expectations for 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.

(a) Critical judgements made in applying accounting policies

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

(i) Revenue recognition of construction contracts

The Company recognises construction contracts based on the percentage of completion method. The stage of completion of the construction contracts is measured in accordance with the accounting policy as described in Note 4.2(m).

Significant judgement is required in determining the percentage of completion, the extent of the contract cost 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.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises 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.

(ii) Amortisation and impairment of concession intangible assets

The cost of concession intangible assets is amortised over the concession period by applying the formula in Note 4.2(b) above. The denominator of the formula includes projected total toll revenue 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 multiplied by the relevant toll rates. The assumptions to arrive at the traffic volume projection take into consideration the growth rate based on current market and economical conditions. Changes in the expected traffic volume could impact future amortisation charges.

The Company assesses at the end of each reporting period whether there is any indicator the concession intangible 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 concession intangible assets discounted at a suitable discount rate in order to calculate the present value of those cash flows.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(iii) Depreciation and impairment of property, plant and equipment

The Company reviews 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.

(iv) Provision for heavy repairs

Provision for heavy repairs is recognised at the present value of 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 in the computation of the present value. The present value is also dependent on various assumptions, which include amongst others, traffic volume as mentioned in Note 4.4(b)(ii).

(v) Deferred tax assets

Deferred tax assets are only recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant 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.

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5. REVENUE

	2016 RM	2015 RM
Toll revenue	112,017,609	93,422,997
Toll compensation revenue	10,989,706	-
Construction revenue	610,396,513	275,405,000
	733,403,828	368,827,997

Toll compensation revenue arose from lower gazetted toll rates as described in Note 3.

Construction revenue recognised pursuant to IC Interpretation 12 - Service Concession Arrangements from construction of a public service infrastructure. Revenue is recognised in accordance with MFRS 111 Construction Contracts and based on the percentage of completion method during the construction phase.

6. OTHER INCOME

	2016 RM	2015 RM
Amortisation of deferred income (Note 22)	327,590	248,835
Change in fair value of investment funds	1,608,777	526,169
Gain on disposal of property, plant and equipment	-	40,000
Income from rental of facilities	440,814	805,011
Interest income from investment funds	1,051,518	3,526,418
Interest income from short term deposits	425,790	206,137
Overprovision of dividend on Series A RPS	-	171,245,725
Proceeds from insurance claim on loss of motor vehicles	-	49,000
Waiver of debts	30,229	-
Other income	2,184,353	366,095
	6,069,071	177,013,390

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7. FINANCE COSTS

	2016 RM	2015 RM
Dividend on Series A RPS	-	19,475,184
Interest expense on:		
Hire purchase and finance lease liabilities	61,798	41,615
Junior Bonds	11,270,993	-
Others	166,000	167,025
Profit element on IMTNs	74,607,391	74,457,992
Unwinding of discount from provision for heavy repairs (Note 23)	380,296	22,911
	86,486,478	94,164,727

8. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	2016 RM	2015 RM
Auditors' remuneration		
- statutory audit	45,000	45,000
Amortisation of concession intangible assets (Note 11)	3,651,780	2,772,620
Depreciation of property, plant and equipment	625,690	511,547
Loss on disposal of property, plant and equipment	613	-
Property, plant and equipment written off	4,562	282
Provision for heavy repairs (Note 23)	803,013	808,061
Rental of accommodation	3,600	3,300
Rental of motor vehicles	13,537	29,592
Rental of office	283,417	335,700
Rental of plant and machinery	18,428	47,587

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9. EMPLOYEE BENEFITS EXPENSE

	2016 RM	2015 RM
Wages and salaries	5,194,536	5,280,029
Social security contributions	53,541	52,778
Contributions to defined contribution plan	441,505	483,373
	5,689,582	5,816,180

Included in employee benefits expense of the Company is executive directors' remuneration amounting to RM336,000 (2015: RM448,000) exclusive of benefits-in-kind of RM35,200 (2015: RM32,075).

10. INCOME TAX EXPENSE

	2016 RM	2015 RM
Malaysian taxation		
- current	72,250	51,534
- deferred	20,584,526	15,564,126
	20,656,776	15,615,660
(Over)/Underestimated in prior year		
- current	(27,442)	(800,000)
- deferred	1,795,632	9,242,414
	22,424,966	24,058,074

The reconciliation between the tax expense and the accounting profit are as follows:

	2016 RM	2015 RM
Profit before tax	19,945,949	152,551,545
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	4,787,028	38,137,886
Tax effect of non-deductible expenses	16,594,095	22,013,066
Tax effect of non-taxable income	(724,347)	(43,886,787)
Effect of different tax rate used	-	(648,505)
Current tax expense overestimated in prior periods	(27,442)	(800,000)
Deferred tax underestimated in prior periods	1,795,632	9,242,414
Income tax expense for the year	22,424,966	24,058,074

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11. CONCESSION INTANGIBLE ASSETS

	2016 RM	2015 RM
Expressway, at cost		
At beginning of the year	1,526,784,306	1,229,459,599
Additions	608,413,870	281,906,577
Borrowing costs capitalised	59,018,623	15,418,130
At end of the year	2,194,216,799	1,526,784,306
Accumulated amortisation		
At beginning of the year	(41,957,861)	(39,185,241)
Charge for the year (Note 8)	(3,651,780)	(2,772,620)
At end of the year	(45,609,641)	(41,957,861)
Net carrying amount	2,148,607,158	1,484,826,445

During the financial year, profit elements on IMTNs and interest expense on Junior Bonds of RM30,179,320 (2015: RM15,418,130) and RM28,839,303 (2015: Nil) respectively have been capitalised in the concession intangible assets.

The concession intangible assets are charged as security for the IMTNs as disclosed in Note 20.

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12. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Computer equipment RM	Tools and equipment RM	Renovation RM	Signboard RM	Plant and machinery RM	Total RM
30 June 2016									
Cost									
At 1 July 2015	443,131	572,257	3,177,361	409,685	99,176	62,464	931,528	90,000	5,785,602
Additions	2,786	93,036	246,497	90,323	12,250	-	101,345	-	546,237
Disposal	-	(8,820)	-	-	-	-	-	-	(8,820)
Write offs	-	(8,585)	-	(10,000)	-	-	-	-	(18,585)
At 30 June 2016	445,917	647,888	3,423,858	490,008	111,426	62,464	1,032,873	90,000	6,304,434
Accumulated depreciation									
At 1 July 2015	345,884	267,318	1,815,082	388,861	51,398	32,685	451,671	12,000	3,364,899
Charge for the year	24,577	59,013	380,110	20,411	16,400	6,247	100,932	18,000	625,690
Disposal	-	(5,707)	-	-	-	-	-	-	(5,707)
Write offs	-	(4,023)	-	(10,000)	-	-	-	-	(14,023)
At 30 June 2016	370,461	316,601	2,195,192	399,272	67,798	38,932	552,603	30,000	3,970,859
Net carrying amount	75,456	331,287	1,228,666	90,736	43,628	23,532	480,270	60,000	2,333,575

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12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Computer equipment RM	Tools and equipment RM	Renovation RM	Signboard RM	Plant and machinery RM	Total RM
30 June 2015									
Cost									
At 1 July 2014	440,271	511,910	2,466,670	397,098	79,276	62,464	859,183	-	4,816,872
Additions	2,860	60,931	1,389,450	12,587	19,900	-	72,345	90,000	1,648,073
Disposal	-	-	(601,990)	-	-	-	-	-	(601,990)
Write offs	-	(584)	(76,769)	-	-	-	-	-	(77,353)
At 30 June 2015	443,131	572,257	3,177,361	409,685	99,176	62,464	931,528	90,000	5,785,602
Accumulated depreciation									
At 1 July 2014	321,690	215,547	2,209,514	361,917	37,464	26,438	359,843	-	3,532,413
Charge for the year	24,194	52,073	284,327	26,944	13,934	6,247	91,828	12,000	511,547
Disposal	-	-	(601,990)	-	-	-	-	-	(601,990)
Write offs	-	(302)	(76,769)	-	-	-	-	-	(77,071)
At 30 June 2015	345,884	267,318	1,815,082	388,861	51,398	32,685	451,671	12,000	3,364,899
Net carrying amount	97,247	304,939	1,362,279	20,824	47,778	29,779	479,857	78,000	2,420,703

The net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements at year end amounted to RM1,215,721 (2015: RM1,341,263).

The property, plant and equipment of the Company are charged as security for the IMTNs as disclosed in Note 20.

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13. TRADE AND OTHER RECEIVABLES

	2016 RM	2015 RM
Trade receivables	476,030	239,924
Sundry receivables	865,658	1,464,591
Less: Allowance for impairment loss	(800,000)	(800,000)
	65,658	664,591
Advance to a sub-contractor	12,113,827	-
Deposits	1,035,164	437,382
Prepayments	35,437	29,617
Total trade and other receivables	13,726,116	1,371,514
Add: Cash and bank balances (Note 16)	3,789,283	6,663,086
Amounts due from related companies (Note 14)	1,375,900	940,657
Amount due from immediate holding company (Note 14)	2,558,001	76,277
Amount due from penultimate holding company (Note 14)	260,115	251,246
Amount due from ultimate holding company (Note 14)	68,210	6,538
Less: Prepayments	(35,437)	(29,617)
Total loans and receivables	21,742,188	9,279,701

The Company's credit terms are based on the next business day which range from 1 to 3 days.

Trade receivables

Ageing analysis of trade receivables

The ageing analysis of the Company's trade receivables is as follows:

	2016 RM	2015 RM
Neither past due nor impaired	425,457	213,306
1 to 30 days past due not impaired	-	222
31 to 60 days past due not impaired	23,850	1,164
61 to 90 days past due not impaired	-	218
91 to 120 days past due not impaired	-	229
More than 121 days past due not impaired	26,723	24,785
	476,030	239,924

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13. TRADE AND OTHER RECEIVABLES (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

Receivables that are past due but not impaired

The Company has trade receivables amounting to RM50,573 (2015: RM26,618) that are past due at the reporting date but not impaired. Based on management's assessment, the amounts are recoverable.

Other information on financial risks of receivables are disclosed in Note 28(c).

14. HOLDING COMPANIES AND RELATED COMPANIES

(i) Holding companies

The amounts due from immediate, penultimate and ultimate holding companies are unsecured, non-trade in nature, interest-free and payable on demand.

(ii) Related companies

The related companies in these financial statements mainly refer to companies within the Ekovest Berhad and its subsidiaries.

	2016 RM	2015 RM
Current:		
Amounts due from related companies	1,375,900	940,657
Amounts due to related companies	(4,015,658)	(12,061,588)

The amounts due from/(to) related companies are trade-in nature, unsecured, interest-free and subject to normal trade terms.

On 28 February 2005, with the signing of the Joint Venture cum Subscription Agreement ("JVSA") between Wira Kristal and Ekovest Berhad, Wira Kristal agrees and covenants to cause the Company to nominate Ekovest Berhad or its nominated wholly-owned subsidiary as the Main Turnkey Contractor of the DUKE Project.

On 1 June 2005, the Company appointed ECSB as the Main Turnkey Contractor of the DUKE Project. Accordingly, all related expenses incurred by the Company in respect of the DUKE Project was charged to the Main Turnkey Contractor.

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14. HOLDING COMPANIES AND RELATED COMPANIES (continued)

(ii) Related companies (continued)

On 10 May 2013, the Company appointed Ekovest Berhad, the ultimate holding company as the Master Contractor of DUKE Phase-2. Accordingly, all related expenses incurred by the Company in respect of the DUKE Phase-2 was charged to the Master Contractor.

15. INVESTMENT FUNDS

Investment funds represent funds placed with licensed fund managers. The portfolio of securities managed by the fund managers comprise money market funds and fixed deposits.

16. CASH AND BANK BALANCES

	2016 RM	2015 RM
Islamic short term deposits with licensed banks	2,047,516	4,052,841
Cash on hand and at banks	1,741,767	2,610,245
Cash and bank balances	3,789,283	6,663,086

The interest rates of Islamic short term deposits range from 3.20% to 3.30% (2015: 2.80% to 3.20%) per annum. The maturities as at the end of the financial year range from 1 day to 365 days (2015: 1 day to 365 days).

An amount of RM2,000,000 (2015: RM4,000,000) which has been included in Islamic short term deposits are pledged to secure banking and other credit facilities granted to the Company as disclosed in Note 20.

Cash and bank balances of the Company include an amount of RM64,891 (2015: RM64,650) maintained in finance service reserve accounts and reimbursement accounts, in accordance with the terms and conditions set out in the Trust Deeds referred to in Notes 20 and 21.

Other information on financial risks of cash and cash equivalents are disclosed in Note 28.

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17. SHARE CAPITAL

	2016		2015	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
Authorised:				
Ordinary shares of RM1 each at beginning/end of the year	5,000,000	5,000,000	5,000,000	5,000,000
Redeemable preference shares of RM1 each at beginning/end of the year	45,000,000	45,000,000	45,000,000	45,000,000
Series B RPS of RM1 each				
At beginning of the year	3,601	3,601	-	-
Issued during the year	-	-	3,601	3,601
At end of the year	3,601	3,601	3,601	3,601
	50,003,601	50,003,601	50,003,601	50,003,601
Issued and fully paid:				
Ordinary shares of RM1 each at beginning/end of the year	5,000,000	5,000,000	5,000,000	5,000,000
Redeemable preference shares of RM1 each at beginning/end of the year	45,000,000	45,000,000	45,000,000	45,000,000
Series B RPS of RM1 each				
At beginning of the year	3,601	3,601	-	-
Issued during the year	-	-	3,601	3,601
At end of the year	3,601	3,601	3,601	3,601
	50,003,601	50,003,601	50,003,601	50,003,601

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17. SHARE CAPITAL (continued)

Redeemable preference shares

The Company shall have the rights to redeem the preference shares at the anniversary of each year after its allotment (provided that it is fully paid) based on terms and conditions agreed. The salient terms and conditions are as follows:

(i) no preference shares shall be redeemed except out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the redemption or out of capital to the extent permitted by Section 61 of the Companies Act, 1965;

(ii) the preference shares shall be redeemed at a premium of RM1,000 per preference share or such other premium as the Board of Directors ("Board") of the Company may decide; and

(iii) the redeemable preference shares holders have the rights to dividends at a rate to be determined by the Board of the Company.

The redeemable preference shares rank in priority to the ordinary shares with regard to dividends and return on capital but do not confer upon the holders any right to vote at the Company's General Meeting other than as conferred by Section 148(2) of the Companies Act, 1965.

Series B RPS

The salient features of the Series B RPS are as follows:

(i) the Series B RPS holders have the rights to dividends at a rate to be determined by the Board of the Company;

(ii) the Series B RPS do not confer on the holders any rights to participate in the profits or surplus assets of the Company;

(iii) the Series B RPS shall rank in priority to the ordinary shares and redeemable preference shares of the Company, in the events of liquidation, dissolution, winding up or repayment of capital;

(iv) the Series B RPS shall be redeemed partially or in full, at the option of the Company, at the redemption price of RM100,000 per Series B RPS. No fixed tenure until fully redeemed by the Company; and

(v) the Series B RPS holders do not have any rights to vote at the Company's General Meeting other than as conferred by Section 148(2) of the Companies Act, 1965.

18. SHARE PREMIUM

Share premium arose from issuance of 3,601 Series B RPS at a premium of RM99,999 per Series B RPS.

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19. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	2016 RM	2015 RM
Future minimum lease payments:		
Not later than 1 year	381,195	327,324
Later than 1 year but not later than 2 years	345,934	311,355
Later than 2 years but not later than 5 years	408,199	650,926
Total future minimum lease payments:	1,135,328	1,289,605
Less: Future finance charges	(92,140)	(138,263)
Present value of finance lease liabilities	1,043,188	1,151,342
Analysis of present value of finance lease liabilities:		
Not later than 1 year	333,564	270,090
Later than 1 year but not later than 2 years	316,495	270,639
Later than 2 years but not later than 5 years	393,129	610,613
	1,043,188	1,151,342
Less: Amount due within 12 months	(333,564)	(270,090)
Amount due after 12 months	709,624	881,252

The average interest rates of the hire purchase range between 2.74% to 4.45% (2015: 3.46% to 4.45%) per annum.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 28.

20. ISLAMIC MEDIUM TERM NOTES

	2016 RM	2015 RM
Principal	2,300,000,000	2,300,000,000
Unamortised deferred transaction costs and discount	(337,661,964)	(357,546,842)
	1,962,338,036	1,942,453,158
Analysed as follows:		
Repayable after 12 months	1,962,338,036	1,942,453,158

On 2 December 2013, the Company issued IMTNs pursuant to the Sukuk issuance programme of up to RM2,300 million nominal value under the Shariah principle of Musyarakah. The IMTNs, at nominal value of RM1 each, was constituted by a Trust Deed dated 20 November 2013 between the Company and the Trustee for the holders of the IMTNs.

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20. ISLAMIC MEDIUM TERM NOTES (continued)

The IMTNs was issued in 15 tranches, with maturities commencing from 2019 to 2033. The profit payment is on every six months, commencing from the issue date of the relevant tranche of the IMTNs.

The periodic payment will be calculated on the basis of a year of 365 days and the actual number of days elapsed (actual/365 days).

Deferred transaction costs relate to the payment of the ancillary fees, costs and expenses related to the Company's restructuring scheme which include the redemption of Sukuk Istisna' and the establishment of the IMTNs.

The terms and covenants of the IMTNs include the following:

(a) the Company must maintain a finance service coverage ratio ("FSCR") of at least 1.75 times ("Senior FSCR") after commencement of DUKE Phase-2 tolling operations;

(b) the Company must maintain a Finance Service Reserve Account ("FSRA") during the tenure of the IMTNs which has a minimum balance equivalent to the next 6 months' projected debt service. In the event that the balance held in FSRA is less than or exceeds the minimum required balance (except in the case where the initial deposit is not utilised), the shortfall or excess shall be topped up or released from revenue account;

(c) in the event the Company utilises the balance in the FSRA, the Company is to top up the FSRA within 90 days. Non-compliance of the minimum balance does not constitute on event of default; and

(d) the Company and the security agent shall be permitted from time to time to utilise funds held in the FSRA to make permitted investments, provided that such funds utilised for permitted investments shall be remitted to the FSRA, no later than 3 business days before any payment obligations of the Company become due and payable.

The Senior FSCR is the ratio of available cashflow to the aggregate of all principal amounts and profit payments due and payable in the next 12 months.

The maturity profile of the IMTNs of the Company is tabulated as follows:

	2016	**2015**
	RM	**RM**
1 to 5 years	59,723,332	16,890,897
After 5 years	1,902,614,704	1,925,562,261
	1,962,338,036	1,942,453,158

The weighted average effective interest rate of this instrument is 4.78% (2015: 4.78%) per annum.

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20. ISLAMIC MEDIUM TERM NOTES (continued)

Security arrangement of IMTNs

The Company as the legal and beneficial owner and as a continuing security for the due and punctual payment of the bond, has absolutely assigned and charged to the Security Trustee as security trustee for and on behalf of the Sukuk holders as follows:

(a) a first ranking fixed and floating charge on the assets of the Company (other than the Redeemable Secured Junior Bonds' Finance Service Reserve Account ("Junior FSRA") as disclosed in Note 21), both present and future;

(b) a first ranking assignment on all the Company's rights, interests, titles and benefits under the CA to demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using the Expressway and other relevant project documents and proceeds there from;

(c) a first ranking assignment of the Company's rights, interests, titles and benefits in all performance and/or maintenance bonds in relation to the DUKE Project and the proceeds there from except where such performance and/or maintenance bonds are used or to be used as security for other parties (including the Government) in accordance with the CA, in which case the security of the Sukuk holders shall rank second after the security of the Government or such other parties;

(d) a first ranking assignment on all designed accounts and the credit balances therein; and

(e) a first ranking assignment of the Company's rights, interests and titles and benefits in all relevant insurance policies of the issuers or in respect of the DUKE Project.

21. REDEEMABLE SECURED JUNIOR BONDS

	2016 RM	2015 RM
Principal	180,000,000	180,000,000
Unwinding of discount	40,110,296	-
Unamortised deferred payment	(594,632)	(637,051)
	219,515,664	179,362,949

On 2 December 2013, the Company issued RM180 million nominal value Redeemable Secured Junior Bonds ("Junior Bonds"). The Junior Bonds, at nominal value of RM1 each, were constituted by a Trust Deed dated 20 November 2013 between the Company and the Trustee for the holders of the Junior Bonds. The tenure of the Junior Bonds is 21 years from the date of issuance.

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21. REDEEMABLE SECURED JUNIOR BONDS (continued)

The principal is repayable at the maturity date of the Junior Bonds. The coupon payment will be paid semi-annually, commencing on 2 December 2018.

The weighted average effective interest rate of this instrument is 11.50% (2015: 11.50%) per annum.

The Junior Bonds are secured by a first ranking charge and assignment of the Junior FSRA and the credit balances therein. Upon the first coupon payment date, the Company will deposit an amount equivalent to the next six (6) months of the Junior Bonds debt service, the first of which is to be deposited no later than thirty (30) days from the date that Senior FSCR is first calculated. The amount equivalent to the expected coupon payment represents the Junior FSRA amount.

The Company must maintain a FSCR of at least 1.25 times ("Junior FSCR") after commencement of DUKE Phase-2 tolling operations.

The Junior FSCR is the ratio of available cashflow to the aggregate of all principal amounts and coupon payment amounts and/or cumulative coupon payments due in the next 12 months.

22. DEFERRED INCOME

	2016 RM	2015 RM
Cost		
At the beginning/end of the year	103,879,095	103,879,095
Accumulated amortisation		
At the beginning of the year	3,131,129	2,882,294
Charged for the year (Note 6)	327,590	248,835
At the end of the year	3,458,719	3,131,129
Net carrying amount	100,420,376	100,747,966

Deferred income relates to funding by the Government as disclosed in Note 2.

23. PROVISION FOR HEAVY REPAIRS

	2016 RM	2015 RM
At the beginning of the year	3,721,248	3,532,886
Arose during the year (Note 8)	803,013	808,061
Unwinding of discount (Note 7)	380,296	22,911
Payment of maintenance cost	(2,412,495)	(642,610)
At the end of the year	2,492,062	3,721,248

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23. PROVISION FOR HEAVY REPAIRS (continued)

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.

24. DEFERRED TAX LIABILITY

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

	Unused tax losses RM	Unabsorbed capital allowances RM	Provision for heavy repairs RM	Total RM
At 1 July 2015	(43,252,361)	(88,754,380)	(893,100)	(132,899,841)
Recognised in profit or loss	(1,325,071)	(10,315,695)	295,005	(11,345,761)
At 30 June 2016	(44,577,432)	(99,070,075)	(598,095)	(144,245,602)
At 1 July 2014	(45,054,543)	(91,034,676)	(885,278)	(136,974,497)
Recognised in profit or loss	1,802,182	2,280,296	(7,822)	4,074,656
At 30 June 2015	(43,252,361)	(88,754,380)	(893,100)	(132,899,841)

Deferred tax liability

	Concession intangible assets RM	Property, plant and equipment RM	Total RM
At 1 July 2015	159,387,972	218,409	159,606,381
Recognised in profit or loss	33,705,008	20,911	33,725,919
At 30 June 2016	193,092,980	239,320	193,332,300

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24. DEFERRED TAX LIABILITY (continued)

Deferred tax liability (continued)

	Concession intangible assets RM	Property, plant and equipment RM	Total RM
At 1 July 2014	138,670,879	203,618	138,874,497
Recognised in profit or loss	20,717,093	14,791	20,731,884
At 30 June 2015	159,387,972	218,409	159,606,381

Carrying amount	**Net RM**
At 30 June 2016	49,086,698
At 30 June 2015	26,706,540

25. TRADE AND OTHER PAYABLES

		2016 RM	2015 RM
Trade payables	(i)	20,403,422	33,809,118
Accruals		53,984	51,819
Other payables		3,248,419	696,935
Profit elements payable on IMTNs	(ii)	8,731,780	8,731,780
GST payable		8,295	13,673
Total trade and other payables		32,445,900	43,303,325
Add: Hire purchase and finance lease liabilities (Note 19)		1,043,188	1,151,342
IMTNs (Note 20)		1,962,338,036	1,942,453,158
Junior Bonds (Note 21)		219,515,664	179,362,949
Amounts due to related companies (Note 14)		4,015,658	12,061,588
Less: GST payable		(8,295)	(13,673)
Total financial liabilities carried at amortised cost		2,219,350,151	2,178,318,689

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25. TRADE AND OTHER PAYABLES (continued)

(i) Trade payables are non-interest bearing and the normal trade credit terms granted to the Company range from 30 days to 60 days. Included in trade payables is an amount of RM16,918,000 (2015: RM29,230,000) due to Ekovest Berhad, the ultimate holding company.

(ii) Profit elements payable on IMTNs relate to accrued profit payable to bondholders as disclosed in Note 20.

26. CAPITAL COMMITMENTS

	2016 RM	2015 RM
(a) Capital commitments		
Approved and contracted for:		
Concession intangible assets	269,416,544	811,679,717
(b) Operating lease commitments		
- As lessor		
Future minimum rental receivables:		
Not later than 1 year	36,000	21,000
Later than 1 year and not later than 5 years	144,000	144,000
Later than 5 years	576,000	591,000
	756,000	756,000
- As lessee		
Future minimum rental payments:		
Not later than 1 year	30,000	132,375
Later than 1 year and not later than 5 years	120,000	120,000
Later than 5 years	1,440,000	1,470,000
	1,590,000	1,722,375

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KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

27. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	2016 RM	2015 RM
Amount paid and payable to ECSB for the concession intangible assets	32,200,000	3,836,721
Amount paid and payable to Ekovest Berhad for the concession intangible assets	554,377,000	274,405,000
Purchase of lighting equipment from Lim Seong Hai Lighting Sdn Bhd	916,805	-

Outstanding balances in respect of the above transactions are disclosed in Notes 14 and 25(i) to the financial statements.

There are no key management personnel other than the directors whose remuneration is disclosed in Note 9.

28. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company businesses whilst managing its liquidity risk, credit risk and interest rate risk (both fair value and cash flow). The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables and borrowings.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

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KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
(Incorporated in Malaysia)

28. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2016				
Trade and other payables	32,437,605	-	-	32,437,605
Amounts due to related companies	4,015,658	-	-	4,015,658
Hire purchase and finance lease liabilities	381,195	754,133	-	1,135,328
IMTNs	109,900,000	507,648,425	2,952,317,123	3,569,865,548
Junior Bonds	-	72,421,644	542,561,918	614,983,562
Total undiscounted financial liabilities	146,734,458	580,824,202	3,494,879,041	4,222,437,701
2015				
Trade and other payables	43,289,652	-	-	43,289,652
Amounts due to related companies	12,061,588	-	-	12,061,588
Hire purchase and finance lease liabilities	327,324	962,281	-	1,289,605
IMTNs	110,201,095	459,502,193	3,110,363,356	3,680,066,644
Junior Bonds	-	51,721,644	563,261,918	614,983,562
Total undiscounted financial liabilities	165,879,659	512,186,118	3,673,625,274	4,351,691,051

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

Exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is represented by:

- The carrying amount of trade and sundry receivables.
- Investment funds and cash and cash equivalents. The credit risk is lower as the Company deals with high credit rating institutions.

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KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD
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28. FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk

The Company obtains its external financing through IMTNs and Junior Bonds. The Company's profit element for IMTNs and interest expense on Junior Bonds are based on agreed fixed rates.

Information relating to the Company's profit elements on IMTNs and interest expense on Junior Bonds are disclosed in Notes 7, 11, 20 and 21.

Surplus funds where available are mainly placed with approved licensed banks. The Company is exposed to changes in interest rates that affect profit elements and interest income from short term deposits.

The interest/profit profile of the financial liabilities of the Company is as follows:

	2016 RM	2015 RM
Fixed rate financial liabilities	2,182,896,888	2,122,967,449

The weighted average effective interest rate on fixed rate financial liabilities are as follows:

	2016	2015
Weighted average profit rate (%)	5.27	5.27
Average period for which rate is fixed (years)	14	14

The interest/profit profile of the financial assets of the Company is as follows:

	2016 RM	2015 RM
Fixed rate financial assets (Note i)	2,047,516	4,052,841
Financial assets on which no interest is earned (Note ii)	19,694,672	5,226,860
	21,742,188	9,279,701

Note i

Fixed rate financial assets mainly comprise Islamic short term deposits placed with licensed banks. Details refer to Note 16.

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28. FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk (continued)

Note ii

Financial assets on which no interest is earned comprise cash on hand and at banks, trade and sundry receivables, deposits, amounts due from related companies, immediate holding company, penultimate holding company and ultimate holding company.

At the reporting date, the Company does not have significant interest/profit rate risk.

(e) Fair values

The Company has classified the fair value measurements using a fair value hierarchy based on the following levels:

Level 1: The fair value is measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value is measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: The fair value is measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of financial instruments of the Company at the reporting date approximated their fair values, except for the following:

	Fair value hierarchy	Carrying amount RM	Fair value RM
2016			
Financial liabilities			
IMTNs (Note 20)	Level 2	1,971,069,816 *	2,270,943,000
Junior Bonds (Note 21)	Level 3	219,515,664	180,000,000
2015			
Financial liabilities			
IMTNs (Note 20)	Level 2	1,951,184,938 *	2,281,345,800
Junior Bonds (Note 21)	Level 2	179,362,949	187,848,000

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28. FINANCIAL INSTRUMENTS (continued)

(e) Fair values (continued)

* inclusive of profit element of approximately RM8.7 million (2015: RM8.7 million) in other payables.

Fair value of investment funds at reporting date is measured at Level 1 hierarchy.

29. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maintain an optimal capital structure in order to support its business activities and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic condition, whilst ensuring full compliance with its relevant financing covenants. To maintain or adjust its capital structure, the Company may issue new shares or refinancing of existing borrowings. No changes were made to the objective, policies or processes during the year ended 30 June 2016.

The Company shall maintain the required minimum Senior FSCR and Junior FSCR after commencement of DUKE Phase-2 tolling operations.

EKOVEST BERHAD

(Company No. 132493-D)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Ekovest Berhad ("**Ekovest**" or "**the Company**") will be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Thursday, 19 January 2017 at 3.00 p.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL OF 40% EQUITY INTEREST HELD IN KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD ("KESTURI") TO EMPLOYEES PROVIDENT FUND BOARD FOR A TOTAL CASH CONSIDERATION OF RM1,130,000,000

"**THAT**, contingent upon the fulfilment of all other conditions precedent under the conditional Share Sale Agreement dated 8 November 2016 between Nuzen Corporation Sdn. Bhd. ("**Nuzen**" or "**Vendor**") and Employees Provident Fund Board ("**EPF**" or "**Purchaser**") ("**SSA**") and subject to all approvals being obtained from the relevant authorities and parties (if required), approval be and is hereby given for Nuzen to dispose 40% equity interest in Kesturi for a total cash consideration of RM1,130.0 million upon such terms and conditions as set out in the SSA, which entails the disposal of:-

(i) 3,440,400 ordinary shares of RM1.00 each in Kesturi, a wholly-owned subsidiary of Nuzen; and

(ii) 18,000,000 redeemable preference shares of RM1.00 each in Kesturi.

("**Proposed Disposal**")

THAT in conjunction with the SSA, the Vendor and the Purchaser have also agreed that the Vendor, the Purchaser and the Company shall enter into a Shareholders' Agreement, in an agreed form as appended to the SSA ("**Shareholders' Agreement**"), in respect of their investment in Kesturi, upon completion of the SSA.

THAT the execution by the Company of and the performance of its obligations under the SSA and the Shareholders' Agreement be and is hereby approved and ratified.

AND THAT the Directors of the Company be and are hereby authorised and empowered to give effect to the Proposed Disposal and to implement the SSA and the Shareholders' Agreement with full power to assent to any conditions, variations, modifications and/or amendments in respect thereof as may be required or permitted by the relevant authorities or as they may deem fit, necessary and/or expedient in order to implement, finalise and give full effect to the Proposed Disposal."

ORDINARY RESOLUTION 2

PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 2 EXISTING ORDINARY SHARES OF RM0.50 EACH INTO 5 ORDINARY SHARES OF RM0.20 EACH IN EKOVEST HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER, RESULTING IN AN ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF EKOVEST OF A MAXIMUM OF RM488,827,920 COMPRISING A MAXIMUM OF 2,444,139,600 SUBDIVIDED SHARES (ASSUMING FULL EXERCISE OF THE OUTSTANDING WARRANTS 2014/2019 OF EKOVEST PRIOR TO THE ENTITLEMENT DATE)

"**THAT**, subject to and contingent upon the passing of Special Resolution 1 and the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the Proposed Share Split and the approval of any other relevant authorities and parties (if required), approval be and is hereby given to the Company to subdivide every 2 of the existing ordinary shares of RM0.50 each in the Company into 5 fully paid-up ordinary shares of RM0.20 each in the Company ("**Proposed Share Split**").

AND THAT the Board be and is hereby authorised to give effect to the Proposed Share Split with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts as it may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Share Split."

SPECIAL RESOLUTION 1

PROPOSED AMENDMENTS TO EKOVEST'S MEMORANDUM OF ASSOCIATION TO FACILITATE THE IMPLEMENTATION OF THE PROPOSED SHARE SPLIT

"**THAT**, subject to the passing of Ordinary Resolution 2 and the approvals being obtained from the relevant authorities and parties (if required), the authorised share capital of the Company of RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each be and is hereby altered to RM1,000,000,000 comprising of 5,000,000,000 ordinary shares of RM0.20 each by subdividing the par value of the existing ordinary shares of RM0.50 each to RM0.20 each and the memorandum of association of the Company be amended accordingly ("**Proposed Amendments**").

AND THAT the Board be and is hereby authorised to give effect to the Proposed Amendments with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts as it may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Amendments."

By Order of the Board

LIM THIAM WAH, ACIS
Chartered Secretary
Kuala Lumpur
28 December 2016

Notes:-

1. *Only depositors whose names appear in the General Meeting Record of Depositors as at 9 January 2017 shall be entitled to attend and vote at the Extraordinary General Meeting.*

2. *A member shall be entitled to appoint not more than 2 proxies to attend and vote at the same meeting provided that where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

3. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of a proxy.*

4. *For 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.*

5. *If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.*

6. *To be valid, the proxy form, duly completed must be deposited at the Registered Office not less than 48 hours before the time for holding the meeting or any adjournment thereof.*

EKOVEST BERHAD

(Company No. 132493-D)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

I/We ………

of ………

being a Shareholder of **EKOVEST BERHAD (132493-D)** hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
1.			
*And/or (delete as appropriate)			
2.			

or failing him, THE CHAIRMAN OF THE MEETING, as my/our proxy/proxies, to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Thursday, 19 January 2017 at 3.00 p.m. or at any adjournment thereof.

My / our proxy / proxies is / are to vote as indicated below:-

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1 - Proposed Disposal		
Ordinary Resolution 2 - Proposed Share Split		
Special Resolution 1 - Proposed Amendments		

(Please indicate with a cross (X) in the space provided on, how you wish your vote to be casted in respect of the above resolution. If you do not do so, the proxy may vote or abstain at his/her discretion.)

Dated this……………… day of………………20…

Number of shares held	
CDS Account No.	

……………………………………………………

Signature/Common Seal of Shareholder

Notes:-

1. *Only depositors whose names appear in the General Meeting Record of Depositors as at 9 January 2017 shall be entitled to attend and vote at the Extraordinary General Meeting.*

2. *A member shall be entitled to appoint not more than 2 proxies to attend and vote at the same meeting provided that where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

3. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of a proxy.*

4. *For 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.*

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6. *To be valid, the proxy form, duly completed must be deposited at the Registered Office not less than 48 hours before the time for holding the meeting or any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
EKOVEST BERHAD
(Company No. 132493-D)
GROUND FLOOR
WISMA EKOVEST,
NO. 118, JALAN GOMBAK
53000 KUALA LUMPUR

1st fold here