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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 ADVISER
IMMEDIATELY.**

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CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE
FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Proposed Mandate will be tabled as special business at the **Thirty-Fifth Annual General Meeting (“35th AGM”)** of the Company which will be conducted fully on a virtual basis through live streaming from the broadcast venue at **3rd Floor, Ekovest Sales Gallery, 122-124, Jalan Gombak, 53000 Kuala Lumpur** on **Friday, 27 November 2020** at **10.30 a.m.**

The Notice of 35th AGM together with the Proxy Form and Administrative Guide are enclosed in the 2020 Annual Report. Shareholders are advised to refer to the steps set out in the Administrative Guide in order to register, participate and vote remotely at our 35th AGM.

Date and time of the 35th AGM : Friday, 27 November 2020 at 10.30 a.m.
Last date and time for lodging the Proxy Form : Wednesday, 25 November 2020 at 10.30 a.m.

This Circular is dated 28 October 2020

DEFINITIONS

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

Act	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
Board	:	Board of Directors of Ekovest
Bursa Securities	:	Bursa Malaysia Securities Berhad
Director(s)	:	In accordance with Paragraph 10.02(c) of the Listing Requirements, a director shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of Ekovest, its subsidiary or holding company or a chief executive of Ekovest, its subsidiary or holding company
Ekovest or Company	:	Ekovest Berhad
Ekovest Group or Group	:	Collectively, Ekovest and its subsidiaries
FYE	:	Financial year ended/ending
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	30 September 2020, being the latest practicable date prior to the date of this Circular
Major Shareholder	:	Includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company as defined under paragraph 1.01 of the Listing Requirements or any other company which is its subsidiary or holding company. Definition under Paragraph 1.01:- Means a person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:- (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company; For the purpose of this definition, “interest in shares” has the meaning given in section 8 of the Companies Act 2016
Person Connected	:	In relation to any person defined under Chapter 1 of the Listing Requirements
Proposed Mandate	:	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions for the Company and its subsidiaries in its normal course of business and on terms not more favourable than those generally available to the public, to enter into the transaction set out in paragraph 2.4 of this Circular with persons who are considered to be “related parties” as defined in Chapter 10 of the Listing Requirements
Related Party(ies)	:	Director, major shareholder and/or person connected with such director or major shareholder. For the purpose of this definition, “director” and “major shareholder” have the meanings given in paragraph 10.02 of the Listing Requirements

DEFINITIONS (CONT'D)

Except where the context otherwise requires, the following definitions shall apply throughout this Circular: (Cont'd)

Related Party Transaction	:	A transaction entered into by the Company and/or its subsidiaries which involves the interest, direct or indirect, of a related party
Recurrent Related Party Transaction or RRPT	:	A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the Company and its subsidiaries
Recurrent Related Party Transaction Mandate	:	Shareholders' mandate for the Company and its subsidiaries to enter into Recurrent Related Party Transactions
RM and sen	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia

All references to “**our Company**” in this Circular are to Ekovest. References to “**our Group**” or “**Ekovest Group**” are to our Company and our subsidiaries. References to “**we**”, “**us**” and “**our**” are to our Company and where the context otherwise requires, shall include our subsidiaries.

All references to “**you**” in this Circular are to our shareholders.

For practical reasons, information disclosed in this Circular has been mainly based on information available as at the LPD, unless otherwise stated.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Certain amounts and percentage figures included in this Circular have been subjected to rounding adjustments. Any discrepancies between the figures shown in this Circular and figures announced by our Company, such as quarterly results and annual reports, may be due to such rounding adjustments.

Any reference to a time of day in this Circular is a reference to Malaysia time, unless otherwise stated.

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Ekovest Berhad

(Registration No. 198501000052 (132493-D))
(Incorporated in Malaysia)

Registered Office:

Ground Floor
Wisma Ekovest
118, Jalan Gombak
53000 Kuala Lumpur

28 October 2020

Our Board of Directors:

Tan Sri Dato' Lim Kang Hoo	(Executive Chairman)
Tan Sri Datuk Seri Lim Keng Cheng	(Managing Director)
Dato' Lim Hoe	(Executive Director)
Lim Chen Thai	(Executive Director)
Kang Hui Ling	(Senior Independent and Non-Executive Director)
Lim Ts-Fei	(Independent and Non-Executive Director)
Chow Yoon Sam	(Independent and Non-Executive Director)
Dr. Wong Kai Fatt	(Independent and Non-Executive Director)
Lee Wai Kuen	(Independent and Non-Executive Director)
Lim Ding Shyong	(Alternate Director to Tan Sri Datuk Seri Lim Keng Cheng)
Wong Khai Shiang	(Alternate Director to Dato' Lim Hoe)

To: Our Shareholders

Dear Sir/Madam

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 27 November 2019, we obtained your approval for a general mandate for the Company and its subsidiaries to enter into Recurrent Related Party Transaction in the ordinary course of business of a revenue or trading nature which are necessary for day-to-day operations of the Group based on commercial terms which are not more favourable to the Related Parties than those generally available to the public.

The said existing mandate for Recurrent Related Party Transaction shall lapse at the conclusion of the forthcoming AGM unless its renewal is obtained from the shareholders at the AGM.

The Company had on 8 October 2020 made an announcement to Bursa Securities pertaining to the Proposed Mandate.

The Board proposes to seek the approval of shareholders for a Proposed Mandate for the Group in its normal course of business and on terms not more favourable than those generally available to the public, to enter into transactions as set out in paragraph 2.4 below with persons who are considered to be "related parties" as defined in Chapter 10 of the Listing Requirements.

The purpose of this circular is to provide you with the relevant information in relation to the proposed mandate and to seek your approval for the resolution pertaining to the proposed mandate to be tabled at our forthcoming AGM.

THE NOTICE OF THE AGM IS SET OUT IN THE 2020 ANNUAL REPORT. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED MANDATE TO BE TABLED AT OUR FORTHCOMING AGM TO BE CONDUCTED FULLY ON A VIRTUAL BASIS.

2. DETAILS OF THE PROPOSED MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Part E Paragraph 10.09, of the Listing Requirements, a listed company with an issued and paid-up capital of RM60 million and above must immediately announce a Recurrent Related Party Transaction as follows:

- (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Transactions is equal to or exceed RM1 million; or
- (ii) the percentage ratio of such Recurrent Transaction is equal to or exceeds 1%;

whichever is the higher.

Paragraph 2.4 of Practice Note 12 states that where a listed issuer has obtained a shareholders' mandate in respect of any Recurrent Related Party Transaction, the above disclosure obligation will not apply to the Recurrent Related Party Transactions which are comprised in the mandate.

Accordingly, the Company proposes to seek its shareholders' approval for the Proposed Mandate to enable the Company to enter into transactions with the Related Parties which are of a revenue or trading nature and necessary for its day-to-day operations on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

If approved at the forthcoming AGM, the Proposed Mandate will take effect from the passing of the Ordinary Resolutions relating thereto and will continue to be in force until:-

- (i) The conclusion of the next AGM of the Company following the general meeting at which the authorisation is obtained, at which time it shall lapse, unless by Ordinary Resolutions passed at the meeting, the authority is renewed either unconditionally or subject to conditions; or
- (ii) The expiration of the period within which the next AGM of the Company after this date is required to be held pursuant to section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (iii) Revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

2.2 Principal Business

The Company is primarily engaged in investment holding, civil engineering and building works.

The principal activities of the Company's subsidiaries which are incorporated in Malaysia and the effective ownership interest of the Company are as follows:

No.	Name of Company	Principal Activities	Effective Equity Interest (%)
1	Ekovest Construction Sdn Bhd	Civil engineering and building works	100%
2	Ekovest Project Management Sdn Bhd	Project management for construction works	100%
3	Ekoriver Construction Sdn Bhd	Provision of civil engineering and building works	100%
4	KL Bund Sdn Bhd	Project coordinator and manager for River of Life project	100%
5	Ekovest Capital Sdn Bhd	Property development and holding of investment property for rental income and provision of services in connection therewith.	100%
6	Ekovest Land Sdn Bhd	Property development	100%
7	Nuzen Corporation Sdn Bhd ⁽⁴⁾	Investment holding	100%

2. DETAILS OF THE PROPOSED MANDATE

2.2 Principal Business (Cont'd)

The principal activities of the Company's subsidiaries which are incorporated in Malaysia and the effective ownership interest of the Company are as follows: (Cont'd)

No.	Name of Company	Principal Activities	Effective Equity Interest (%)
8	DUKE Development Sdn Bhd ⁽⁵⁾	Inactive	100%
9	Ekovest Park & Ride Sdn Bhd ⁽⁵⁾	Construction, operation, management and maintenance of park and ride building	100%
10	Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ⁽⁵⁾	To design, construct, operate, manage and maintain the Duta-Ulu Kelang Expressway	60%
11	Lebuhraya DUKE Fasa 2A Sdn Bhd ⁽⁵⁾	Inactive	70%
12	Lebuhraya DUKE Fasa 3 Sdn Bhd ⁽⁵⁾	To design, construct, operate, manage and maintain the Setiawangsa - Pantai Expressway	100%
13	Wira Kristal Sdn Bhd	Investment holding	100%
14	Duke Dinings Sdn Bhd	Investment holding	100%
15	Sunshine Reality Sdn Bhd ⁽⁶⁾	Restaurant operator	60%
16	The Loaf Asia Sdn Bhd ⁽⁶⁾	Restaurant operator	70%
17	Xindauji (M) Sdn Bhd ⁽⁶⁾	Restaurant operator	65%
18	Ekovest Brunsfield Holdings Sdn Bhd	Investment holding	50%
19	Ekofield Danga Cove Sdn Bhd	Inactive	50%
20	Ekofield Projects Sdn Bhd	Inactive	50%
21	Ekofield Property Sdn Bhd	Inactive	50%
22	Arah Kasturi Sdn Bhd	Investment holding	100%
23	Duke Hotels Sdn Bhd ⁽³⁾	Hotel operator	100%
24	Ekovest Asset Management Sdn Bhd	Inactive	100%
25	Ekovest Bay Sdn Bhd	Inactive	100%
26	Ekovest Energy Sdn Bhd	Property investment and renewable energy activity	100%
27	Ekovest-Faber Sdn Bhd	Inactive	60%
28	Ekovest Oil & Gas Sdn Bhd	Inactive	51%
29	Ekovest Properties Sdn Bhd	Property development	100%
30	Ekovest World Sdn Bhd	Property investment	100%
31	Heritage Reno Sdn Bhd ⁽³⁾	Property investment	100%
32	KL Rivercity Sdn Bhd	Inactive	100%
33	Milan Energy Sdn Bhd ⁽¹⁾	Property investment	100%

2. DETAILS OF THE PROPOSED MANDATE (CONT'D)

2.2 Principal Business (Cont'd)

The principal activities of the Company's subsidiaries which are incorporated in Malaysia and the effective ownership interest of the Company are as follows: (Cont'd)

No.	Name of Company	Principal Activities	Effective Equity Interest (%)
34	Milan Prestasi Sdn Bhd ⁽²⁾	Property investment	100%
35	Milan Resources Sdn Bhd	Investment holding	100%
36	Saujarena Bina Sdn Bhd	Property investment	100%
37	Sunview Capital Sdn Bhd ⁽³⁾	Property investment	100%
38	Temasek Megamas Sdn Bhd ⁽³⁾	Property investment	100%
39	Timur Terang Sdn Bhd	Property investment	100%
40	Tanahmas Kapital Sdn Bhd	Property Development	100%
41	Medan Jutajaya Sdn Bhd ⁽⁷⁾	Inactive	70%

Notes:

(1) Held through Milan Resources Sdn Bhd

(2) Held through Ekovest Land Sdn Bhd

(3) Held through Ekovest Capital Sdn Bhd

(4) Held through Wira Kristal Sdn Bhd

(5) Held through Nuzen Corporation Sdn Bhd

(6) Held through Duke Dinings Sdn Bhd

(7) Held through Arah Kasturi Sdn Bhd

2.3 Classes of Related Parties

The Board are seeking approval from shareholders for the Proposed Mandate which will allow the Company and its subsidiaries, in its normal course of business, to enter into the categories of Recurring Related Party Transaction referred to in paragraph 2.4 below, with the classes of Related Parties set out below, provided that such transactions, if any, are made at arm's length, on the Company and its subsidiaries normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public.

The Proposed Mandate will apply to the following classes of Related Parties:

No	Mandated Related Party	Place of Incorporation	Principal Activity
i.	Knusford Berhad and its subsidiaries	Malaysia	Investment holding, property investment, reconditioning, sales and rental of heavy machinery, provision of transportation services and trading of building materials, construction and property development.
ii.	WCM Machinery Sdn Bhd	Malaysia	Reconditioning, sales and rental of light and medium machinery
iii.	Lim Seong Hai Lighting Sdn Bhd	Malaysia	Dealing in cabling, lighting and street-lighting works

2. DETAILS OF THE PROPOSED MANDATE (CONT'D)

2.3 Classes of Related Parties (Cont'd)

The Proposed Mandate will apply to the following classes of Related Parties: (Cont'd)

No	Mandated Related Party	Place of Incorporation	Principal Activity
iv.	Iskandar Waterfront Holdings Sdn Bhd and its subsidiaries, jointly controlled and associate companies	Malaysia	Property development, investment holding and civil engineering and construction works.
v.	Teras Hijaujaya Sdn Bhd	Malaysia	Property development
vi.	Astana Setia Sdn Bhd	Malaysia	Civil engineering, mechanical and electrical works
vii.	WCM Power Sdn Bhd	Malaysia	Civil engineering, mechanical and electrical works
viii.	Besteel Engtech Sdn Bhd	Malaysia	Mechanical engineering works, construction, project management, maintenance services and general trading
ix.	PLS Plantations Berhad and its subsidiaries	Malaysia	Investment holding, civil engineering, construction works, manufacturing and trading in timber related products, estate owners and trading of commercial goods, trader of fresh and processed fruits

Please refer to paragraph 2.5 below for the nature and extent of interest.

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2. DETAILS OF THE PROPOSED MANDATE (CONT'D)

2.4 Nature of RRPT, Existing Mandate on RRPT and Estimated Annual Value

The RRPT to be covered by the Proposed Mandate are as follows and such transactions are necessary for the day to day operations and are in the ordinary course of the business of the Company and its subsidiaries. Set out in the table below are:

- (i) The estimated value provided for each rental transaction reflects the total amount transacted from the date of the forthcoming AGM to the date of the next AGM; and
- (ii) The actual value transacted for each RRPT entered into by the Group with the Related Parties from 27 November 2019 and is based on the aggregate amount up to 30 September 2020, being the last practicable date prior to the printing of the Circular, together with its estimated value as disclosed in the circular to the shareholders dated 28 October 2020. (Cont'd)

No.	Types of transactions	Related Party	Interested Directors and Major Shareholders	Estimated value during the validity period of the RRPT Mandate from 27 November 2020 to the next AGM (RM'000)		Actual Value Transacted from 27 November 2019 to LPD (RM'000)		Estimated value as disclosed in the Circular to shareholders dated 30 October 2019 (RM'000)	
				Charged by	Charged to	Charged by	Charged to	Charged by	Charged to
i.	Provision of transport & supplies of building materials and spare parts	Knusford Berhad and its subsidiaries and associate companies	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	100,000	-	5,573	-	100,000	-
ii.	Rental of machinery & equipment & repair & services	Knusford Berhad and its subsidiaries and associate companies	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	30,000	-	282	-	30,000	-
iii.	Purchase of machinery & equipment	Knusford Berhad and its subsidiaries and associate companies	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	20,000	-	-	-	20,000	-

2. DETAILS OF THE PROPOSED MANDATE (CONT'D)

2.4 Nature of RRPT, Existing Mandate on RRPT and Estimated Annual Value (Cont'd)

(ii) The actual value transacted for each RRPT entered into by the Group with the Related Parties from 27 November 2019 and is based on the aggregate amount up to 30 September 2020, being the last practicable date prior to the printing of the Circular, together with its estimated value as disclosed in the circular to the shareholders dated 28 October 2020. (Cont'd)

No.	Types of transactions	Related Party	Interested Directors and Major Shareholders	Estimated value during the validity period of the RRPT Mandate from 27 November 2020 to the next AGM (RM'000)		Actual Value Transacted from 27 November 2019 to LPD (RM'000)		Estimated value as disclosed in the Circular to shareholders dated 30 October 2019 (RM'000)	
				Charged by	Charged to	Charged by	Charged to	Charged by	Charged to
iv.	Contract work for civil & building and other construction related works	Knusford Berhad and its subsidiaries and associate companies	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	500,000	-	157,340	-	650,000	-
v.	Contract work for hard & soft landscaping works	Knusford Berhad and its subsidiaries and associate companies	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	50,000	-	115	-	50,000	-
vi.	Rental of light machinery & spare parts & repairs	WCM Machinery Sdn Bhd	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	2,000	-	6	-	3,000	-
vii.	Purchase of cabling, lighting and street-lighting equipments and services	Lim Seong Hai Lighting Sdn Bhd	Tan Sri Dato' Lim Kang Hoo Lim Keng Cheng Lim Ding Shyong	30,000	-	305	-	30,000	-

2. DETAILS OF THE PROPOSED MANDATE (CONT'D)

2.4 Nature of RRPT, Existing Mandate on RRPT and Estimated Annual Value (Cont'd)

- (ii) The actual value transacted for each RRPT entered into by the Group with the Related Parties from 27 November 2019 and is based on the aggregate amount up to 30 September 2020, being the last practicable date prior to the printing of the Circular, together with its estimated value as disclosed in the circular to the shareholders dated 28 October 2020. (Cont'd)

No.	Types of transactions	Related Party	Interested Directors and Major Shareholders	Estimated value during the validity period of the RRPT Mandate from 27 November 2020 to the next AGM (RM'000)		Actual Value Transacted from 27 November 2019 to LPD (RM'000)		Estimated value as disclosed in the Circular to shareholders dated 30 October 2019 (RM'000)	
				Charged by	Charged to	Charged by	Charged to	Charged by	Charged to
viii.	Provision of wood products	PLS Plantations Berhad and its subsidiaries	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Lim Chen Thai Wong Khai Shiang	2,000	-	-	-	2,000	-
ix.	Purchase of furnitures, fittings, fixtures, interior design and related items and services	Milan Suria Sdn Bhd	Tan Sri Datuk Seri Lim Keng Cheng Lim Ding Shyong	-	-	-	-	3,000	-
x.	Purchase of machinery and equipment	Kran World Sdn Bhd	Tan Sri Datuk Seri Lim Keng Cheng Lim Ding Shyong	-	-	-	-	2,000	-
xi.	Rental of machinery and equipment	Kran World Sdn Bhd	Tan Sri Datuk Seri Lim Keng Cheng Lim Ding Shyong	-	-	-	-	5,000	-
xii.	Provision of civil engineering and mechanical & electrical services	Astana Setia Sdn Bhd	Tan Sri Datuk Seri Lim Keng Cheng Lim Ding Shyong	50,000	-	-	-	100,000	-

2. DETAILS OF THE PROPOSED MANDATE (CONT'D)

2.4 Nature of RRPT, Existing Mandate on RRPT and Estimated Annual Value (Cont'd)

(ii) The actual value transacted for each RRPT entered into by the Group with the Related Parties from 27 November 2019 and is based on the aggregate amount up to 30 September 2020, being the last practicable date prior to the printing of the Circular, together with its estimated value as disclosed in the circular to the shareholders dated 28 October 2020. (Cont'd)

No.	Types of transactions	Related Party	Interested Directors and Major Shareholders	Estimated value during the validity period of the RRPT Mandate from 27 November 2020 to the next AGM (RM'000)		Actual Value Transacted from 27 November 2019 to LPD (RM'000)		Estimated value as disclosed in the Circular to shareholders dated 30 October 2019 (RM'000)	
				Charged by	Charged to	Charged by	Charged to	Charged by	Charged to
xiii.	Provision of civil engineering and mechanical & electrical services	WCM Power Sdn Bhd	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	5,000	-	-	-	5,000	-
xiv.	Provision of civil engineering and mechanical & electrical services	Besteel Engtech Sdn Bhd	Tan Sri Datuk Seri Lim Keng Cheng Lim Ding Shyong	100,000	-	-	-	100,000	-
xv.	Rental of machinery & equipment & repair & service	Knusford Berhad and its subsidiaries and associate companies	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	-	2,000	-	-	-	2,000
xvi.	Rental of machinery & equipment & repair & service	PLS Plantations Berhad and its subsidiaries	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	-	5,000	-	-	-	5,000

2. DETAILS OF THE PROPOSED MANDATE (CONT'D)

2.4 Nature of RRPT, Existing Mandate on RRPT and Estimated Annual Value (Cont'd)

- (ii) The actual value transacted for each RRPT entered into by the Group with the Related Parties from 27 November 2019 and is based on the aggregate amount up to 30 September 2020, being the last practicable date prior to the printing of the Circular, together with its estimated value as disclosed in the circular to the shareholders dated 28 October 2020. (Cont'd)

No.	Types of transactions	Related Party	Interested Directors and Major Shareholders	Estimated value during the validity period of the RRPT Mandate from 27 November 2020 to the next AGM (RM'000)		Actual Value Transacted from 27 November 2019 to LPD (RM'000)		Estimated value as disclosed in the Circular to shareholders dated 30 October 2019 (RM'000)	
				Charged by	Charged to	Charged by	Charged to	Charged by	Charged to
xvii.	Rental of machinery & equipment & repair & service	Iskandar Waterfront Holdings Sdn Bhd and its subsidiaries, jointly controlled associate companies	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	-	5,000	-	-	-	5,000
xviii.	Sale of machinery & equipments	Knusford Berhad and its subsidiaries and associate companies	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	-	50,000	-	-	-	5,000

2. DETAILS OF THE PROPOSED MANDATE (CONT'D)

2.4 Nature of RRPT, Existing Mandate on RRPT and Estimated Annual Value (Cont'd)

- (ii) The actual value transacted for each RRPT entered into by the Group with the Related Parties from 27 November 2019 and is based on the aggregate amount up to 30 September 2020, being the last practicable date prior to the printing of the Circular, together with its estimated value as disclosed in the circular to the shareholders dated 28 October 2020. (Cont'd)

No.	Types of transactions	Related Party	Interested Directors and Major Shareholders	Estimated value during the validity period of the RRPT Mandate from 27 November 2020 to the next AGM (RM'000)		Actual Value Transacted from 27 November 2019 to LPD (RM'000)		Estimated value as disclosed in the Circular to shareholders dated 30 October 2019 (RM'000)	
				Charged by	Charged to	Charged by	Charged to	Charged by	Charged to
xix.	Contract work	PLS Plantations Berhad and its subsidiaries**	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	-	200,000	-	-	-	200,000
xx.	Contract work	Iskandar Waterfront Holdings Sdn Bhd and its subsidiaries, jointly controlled associate companies	Tan Sri Dato' Lim Kang Hoo Ekovest Holdings Sdn Bhd Dato' Lim Hoe Wong Khai Shiang Lim Chen Thai	-	500,000	-	-	-	500,000

NOTE 1: The estimated transaction values are based on the information available at the point of projection of the business to be conducted in the coming year after taking into consideration the prevailing market rates. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated value disclosed above. The frequency of the transactions cannot be detailed out as the transactions are on-going and numerous.

2. DETAILS OF THE PROPOSED MANDATE (CONT'D)

2.5 Nature and Extent of Interest

The nature and extent of the interest of the Interested Directors and Major Shareholders as stated in the preceding table as at LPD are as follows:-

- (i) Tan Sri Dato' Lim Kang Hoo is a major shareholder of Knusford Berhad. Lim Chen Thai is a son of Tan Sri Dato' Lim Kang Hoo and director in Knusford Berhad.
- (ii) Tan Sri Dato' Lim Kang Hoo is a director and major shareholder in Ekovest Holdings Sdn Bhd. Dato' Lim Hoe is a sister to Tan Sri Dato' Lim Kang Hoo and a director in Ekovest Holdings Sdn Bhd. Wong Khai Shiang is a son of Dato' Lim Hoe. Ekovest Holdings Sdn Bhd is the holding company of Ekovest Berhad.
- (iii) Tan Sri Dato' Lim Kang Hoo, is the Executive Chairman and major shareholder of PLS Plantations Berhad.
- (iv) Ekovest Holdings Sdn Bhd, Dato' Lim Hoe, Lim Chen Thai and Wong Khai Shiang are deemed interested in transactions where Tan Sri Dato' Lim Kang Hoo is interested.
- (v) Tan Sri Dato' Lim Kang Hoo is deemed interested in WCM Machinery Sdn Bhd and WCM Power Sdn Bhd by virtue his brother, Dato' Lim Kang Swee who is a director and major shareholder in WCM Machinery Sdn Bhd and WCM Power Sdn Bhd.
- (vi) Tan Sri Datuk Seri Lim Keng Cheng is a director and major shareholder of Lim Seong Hai Holdings Sdn Bhd, Lim Seong Hai Holdings Sdn Bhd is the holding company of Astana Setia Sdn Bhd
- (vii) Lim Ding Shyong is a son of Tan Sri Datuk Seri Lim Keng Cheng. He is deemed interested in transactions where Tan Sri Datuk Seri Lim Keng Cheng is interested.
- (viii) Tan Sri Dato' Lim Kang Hoo is a director and major shareholder of Iskandar Waterfront Holdings Sdn Bhd.
- (ix) Tan Sri Datuk Seri Lim Keng Cheng is deemed interested in Besteel Engtech Sdn Bhd by virtue of his sibling, Datuk Lim Keng Guan who is a director and major shareholder of Besteel Engtech Sdn Bhd.

2.6 Amount Due and Owing by the Related Parties pursuant to the RRPT

Set out below is the breakdown of the total amount due and owing by the Related Parties under the RRPT as at the end of financial year ended 30 June 2020:

Exceeded credit term for:	Outstanding amount from Related Parties as at 30 June 2020 Principal (RM,000)
A period of 1 year or less	588
A period of more than 1 to 3 years	15,615
A period of more than 3 to 5 years	Nil
A period of more than 5 years	Nil

The management has and will continuously meet and discuss with the Related Parties for early settlement of the outstanding amounts due which are trade in nature. The Board of Directors is of the opinion that the outstanding amounts due can be recovered as there have been collections from the Related Parties during the financial year. Therefore, late payment charges and interest were imposed by the Group on the above outstanding amounts.

3. RATIONALE FOR THE PROPOSED MANDATE

3.1 The Groups relationship with the Mandated Related Parties

The Company and its subsidiaries have a long-standing business relationship with the Mandated Related Parties. The Mandated Related Parties are both good customers of the Company and its subsidiaries as well as reliable suppliers of raw materials, goods and services required by the Company and its subsidiaries for its businesses. The raw materials and goods provided by the Mandated Related Parties are priced competitively and all transactions between the Company and its subsidiaries and the Mandated Related Parties are carried out on an arm's length basis and on terms not more favourable to the related parties than those generally available to the public. The raw materials, goods and services can also be obtained from the Mandated Related Parties even when short notice is given to them, in order to meet the tight deadlines of the Company's business and of its subsidiaries. Although the Company also sources similar raw materials and goods from third parties, the Company would like to seek Shareholders' approval for the Proposed Mandate as the close co-operation between the Company and the Mandated Related Parties has reaped mutual benefits and has been and is expected to continue to be of benefit to the business of the Company and its subsidiaries.

3.2 The benefit of the Proposed Mandate

The renewal of the Proposed Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when the potential RRPT with a Mandated Related Party arise. This would reduce the administrative time and expenses in convening such meetings without compromising the corporate objectives and/or adversely affecting the business opportunities available to the Group.

The Proposed Mandate is intended to facilitate transactions in the normal course of business of the Company and its subsidiaries which are transacted from time to time with the Mandated Related Parties, provided that they are carried out at arm's length and on the Company and its subsidiaries' normal commercial terms and are not prejudicial to Shareholders and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

4. REVIEW METHODS OR PROCEDURES FOR RRPT

There are procedures established by the Company and its subsidiaries to ensure that RRPT are undertaken on an arm's length basis, on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, consistent with the Group's usual business practices and policies. The procedures are also established to ensure that RRPT are no more favourable to the Mandated Related Parties than those extended to unrelated third parties and are not to the detriment of the minority shareholders.

The Company will implement the following procedures to supplement existing internal procedures for general transactions to ensure that the RRPT are undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public.

- (i) A list of Mandated Related Parties will be circulated to the Company's subsidiaries to notify them that all RRPT are required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public;
- (ii) All RRPT will be reviewed by a management committee comprising at least one (1) executive director and two (2) senior management employees;
- (iii) The annual internal audit plan shall incorporate a review of all RRPT entered into pursuant to the Proposed Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;
- (iv) The Audit and Risk Management Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor RRPT have been complied with and the review shall be done annually together with the review of annual results;
- (v) The Audit and Risk Management Committee have reviewed the procedures and shall continue to review the procedures as and when required, with the authority to subdelegate to individuals or committees within the Company as they deem appropriate; and
- (vi) Quotations will be taken to gather information to compare the price quoted by third parties and related parties for the purpose of determining the competitive market price of similar products or services. It is our policy to purchase from related parties only when the prices are competitive. Other factors such as reliability of supply, delivery, services and quality of materials or goods will also be taken into consideration for evaluation purposes.

4. REVIEW METHODS OR PROCEDURES FOR RRPT (CONT'D)

The Company will implement the following procedures to supplement existing internal procedures for general transactions to ensure that the RRPT are undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public. (Cont'd)

(vii) Disclosures will be made in the annual report of the breakdown of the aggregate value of the RRPT during the financial year amongst others, based on the following information:-

- (a) the type of the RRPT made; and
- (b) the names of the Related Parties involved in each type of the RRPT made and their relationship with the listed issuer.

At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by the Related Parties are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

Where quotations or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Company based on those offered by other related parties for the same or substantially similar type of transaction on negotiated basis and reviewed by the management committee to ensure that the RRPT is not detrimental to the Group.

However, there is no specific approval threshold for each RRPT as it will be approved by the same management committee within the Group as long as the aggregate value of the RRPT is within the mandate approved by shareholders. The management committee comprises of at least one (1) executive director and two (2) senior management employees.

5. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee will review the relevant RRPT and also review the established guidelines and procedures to ascertain that they have been complied with. Further, if during these periodic reviews by the Audit and Risk Management Committee, the Audit and Risk Management Committee is of the view that the guidelines and procedures as stated above are not sufficient to ensure that the RRPT will be done on the Company's and its subsidiaries normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and will not be prejudicial to Shareholders, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures immediately, and in any case before the next transaction is entered into.

The Audit and Risk Management Committee has reviewed the terms of the Proposed Mandate, and is satisfied that the review procedures for RRPT, as well as the periodic reviews to be made by the Audit and Risk Management Committee in relation thereto, are sufficient to ensure that the RRPT will be made with the relevant classes of Related Party in accordance with the Company's and its subsidiaries normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and hence, not prejudicial to the Shareholders, nor disadvantageous to the Company and its subsidiary and are not to the detriment of the minority shareholders.

The Company has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner. The Audit and Risk Management Committee conducts the review of these procedures and processes on a quarterly basis.

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

The following are the direct or indirect interest of the directors and/or major shareholders and/or person connected to them of the Company as at the LPD.

6.1 Interests of major shareholders and/or persons connected to them

Tan Sri Dato' Lim Kang Hoo is a major shareholder and Executive Chairman of our Company and Ekovest Holdings Sdn. Bhd. Tan Sri Dato' Lim Kang Hoo and Ekovest Holdings Sdn Bhd are deemed interested in the Proposed Mandate. They will abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Mandate at the forthcoming AGM.

Tan Sri Dato' Lim Kang Hoo and Ekovest Holdings Sdn Bhd's direct and indirect shareholding in our Company as at the LPD are set out below:

Name	Direct Shareholdings	%	Indirect Shareholdings	%
Tan Sri Dato' Lim Kang Hoo	532,526,093	19.75	298,000,032*	11.05
Ekovest Holdings Sdn Bhd	298,000,032	11.05	-	-

* Deemed interest by virtue of his direct interest in Ekovest Holdings Sdn Bhd pursuant to Section 8 of the Act.

6.2 Interests of Directors and/or persons connected to them

As disclosed in Section 6.1 above, Tan Sri Dato' Lim Kang Hoo is the Executive Chairman of the Company and is interested in the Proposed Mandate.

Dato' Lim Hoe is an Executive Director of the company and a sibling to Tan Sri Dato' Lim Kang Hoo. Tan Sri Datuk Seri Lim Keng Cheng is the Managing Director of the Company.

Lim Chen Thai is an executive director and the son of Tan Sri Dato' Lim Kang Hoo.

Tan Sri Dato' Lim Kang Hoo, Dato' Lim Hoe and Tan Sri Datuk Seri Lim Keng Cheng and their alternates ("Interested Directors") have also abstained and will continue to abstain from deliberating and voting on the Proposed Mandate at the relevant Board meetings. The Interested Directors will abstain and have undertaken to ensure that persons connected to them will also abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Mandate at the upcoming AGM to be convened.

The Interested Directors' direct and indirect shareholding in our Company as at the LPD is set out below:

Name	Direct Shareholdings	%	Indirect Shareholdings	%
Tan Sri Dato' Lim Kang Hoo	532,526,093	19.75	298,000,032*	11.05
Dato' Lim Hoe	14,232,375	0.53	-	-
Tan Sri Datuk Seri Lim Keng Cheng	-	-	134,607,000**	4.99
Lim Chen Thai	3,100,000	0.11	-	-
Wong Khai Shiang	750,000	0.03	-	-
Lim Ding Shyong	-	-	-	-

* Deemed interest by virtue of his direct interest in Ekovest Holdings Sdn Bhd pursuant to Section 8 of the Act.

** Deemed interest by virtue of his direct interest in Lim Seong Hai Holdings Sdn Bhd pursuant to Section 8 of the Act.

7. DIRECTORS' RECOMMENDATION

The Board of Directors, save for the Interested Directors who have abstained from all deliberation on the Proposed Mandate, having considered all aspects of the Proposed Mandate, is of the opinion that it is in the best interest of the Company and accordingly recommend that you vote in favour of the resolution pertaining to the Proposed Mandate to be tabled at the forthcoming AGM.

8. AGM

The AGM, the notice of which is enclosed in the 2020 Annual Report of the Company, which will be conducted fully on a virtual basis through live streaming from the broadcast venue at **3rd Floor, Ekovest Sales Gallery, 122-124, Jalan Gombak, 53000 Kuala Lumpur** on **Friday, 27 November 2020** at **10.30 a.m.** or any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution so as to give effect to the Proposed Mandate.

The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/ proxies will not be allowed to be physically present at the broadcast venue.

Kindly register to participate and vote at the virtual AGM by following the steps sets out in the Administrative Guide. If you are unable to participate and vote in person at the AGM, you are requested to complete and return the Proxy Form in accordance with the instructions therein as soon as possible so as to arrive at the Registered Office of the Company not less than forty-eight (48) hours before the time set for the AGM, in case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

9. FURTHER INFORMATION

You are advised to refer to Appendix I for further information.

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

KANG HUI LING
Senior Independent and Non-Executive Director

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

Save as disclosed below, neither the Company nor its subsidiaries has entered into any material contracts, not being contracts entered into the ordinary course of business, within the two (2) years immediately preceding the date of this Circular.

- (i) On behalf of the Board of Directors of Ekovest ("**Board**"), RHB Investment Bank Berhad ("**RHB Investment Bank**") and Astramina Advisory Sdn Bhd ("**Astramina**") announced that Timur Terang Sdn Bhd ("**TTSB**"), a wholly-owned subsidiary of Ekovest, had on 21 November 2019, entered into the following agreements:
 - (a) a conditional sale and purchase agreement with Iskandar Waterfront Holdings Sdn Bhd ("**IWH**") and Ekovest to acquire 17 parcels of freehold development land held under Title Nos. HSD 459 to HSD 475, Lot Nos. 3742 to 3758, all in the Mukim of Pulai, District of Johor Bahru, State of Johor, measuring approximately 30.49 hectares or 75.34 acres in aggregate from IWH for a total purchase consideration of approximately RM869.69 million which will be satisfied in the following manner:
 - (aa) approximately RM849.89 million through the issuance of 849,887,600 ICPS at an issue price of RM1.00 per ICPS; and
 - (bb) approximately RM19.80 million in cash ("**Proposed Acquisition 1**"); and
 - (b) a conditional sale and purchase agreement with IWH to acquire three (3) parcels of freehold development land held under Title Nos. GRN 90574, GRN 90575 and GM 1424, Lot Nos. 728, 729 and 4354 respectively, all in the Mukim of Pulai, District of Johor Bahru, State of Johor, measuring approximately 6.32 hectares or 15.61 acres in aggregate from IWH for a total purchase consideration of approximately RM180.20 million ("**Purchase Consideration 2**") which will be fully satisfied in cash.

In order to facilitate the issuance of the ICPS pursuant to the Proposed Acquisition 1, the Company also proposes to amend and/or include certain clauses in the existing Constitution of the Company.

The parties to the SPAs ("**Parties**") subsequently noted that there were discrepancies in the land area as stated in the issue documents of title to the Lands ("**Land Titles**") and those stated in the plans attached to the respective Land Titles. Accordingly, upon the receipt of subsequent clarification from the Land Registry, the Parties had on 10 January 2019 entered into two (2) supplemental agreements to vary certain terms of the SPAs ("**Supplemental SPAs**") in order to record their agreement on the revised land area of the Lands of 4,193,481 square feet ("**sqft**") and the consequential adjustment to the total purchase consideration for the Proposed Acquisitions (calculated at the same rate of RM265 per sq ft) as well as the manner in which the said total purchase consideration should be settled.

On 18 May 2020, the Company had sought an extension of time of 2 months from 22 May 2020 to 21 July 2020 to submit the draft Circular in relation to the above Proposals. The Company has received the approval on 02 June 2020 for the extension of time from Bursa Securities.

On 14 July 2020, TTSB and IWH had vide an exchange of letters dated 14 July 2020 agreed to extend the Conditional Period for another 6 months i.e. from 21 August 2020 to 20 February 2021 for the Parties to fulfill the Conditions Precedent set out in the SPAs. RHB Investment Bank, on behalf of the Company had sought an extension of time until 21 January 2020 to submit the draft Circular in relation to the above Proposals. Bursa Securities had subsequently vide its letter dated 3 August 2020 granted its approval for the EOT.

The above Proposals are subject to and conditional upon approvals being obtained from the following:

- (a) shareholders of Ekovest at an EGM to be convened;
- (b) Bursa Securities for the listing and quotation of the Conversion shares on the Main Market Bursa Securities; and
- (c) Any other relevant authorities and/or parties, if required.

FURTHER INFORMATION (CONT'D)

2. MATERIAL CONTRACTS (CONT'D)

The above Proposals are subject to and conditional upon approvals being obtained from the following: (Cont'd)

The Proposed Acquisition 1 and Proposed Acquisition 2 are conditional upon each other. The Proposed Amendments are conditional upon the Proposed Acquisitions.

The Proposals are not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

- (ii) On behalf of the Board of Directors of Ekovest ("**Board**"), RHB Investment Bank Berhad and Astramina Advisory Sdn Bhd wish to announce that the Company has on 29 September 2020 entered into three (3) conditional share purchase agreements ("**SPAs**") with Limbongan Resources Sdn Bhd, Tan Sri Datuk Seri Lim Keng Cheng and Lim Seong Hai Holdings Sdn Bhd for the acquisition of an aggregate of 89,144,200 ordinary shares in PLS ("**PLS Shares**") and 7,087,100 warrants issued by PLS ("**PLS Warrants**") representing approximately 24.54% equity interest in PLS and 4.35% of the outstanding PLS Warrants respectively, from them for a total cash consideration of RM85,750,055 at RM0.95 per PLS Share and RM0.15 per PLS Warrant in accordance with the terms and conditions of the SPAs.

Upon completion of the Proposed Acquisitions, Ekovest's shareholding in PLS will increase from 119,257,300 PLS Shares representing approximately 32.84% equity interest in PLS to 208,401,500 PLS Shares representing approximately 57.38% of the total issued shares of PLS, hence making PLS a subsidiary of Ekovest. Ekovest's warrant holding in PLS will also increase from 40,878,650 PLS Warrants representing approximately 25.10% of the outstanding PLS Warrants to 47,965,750 PLS Warrants representing approximately 29.45% of the outstanding PLS Warrants.

Accordingly, pursuant to Section 218(2) of the Capital Markets and Services Act 2007 and Paragraph 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia ("**Rules**"), Ekovest will be obliged to extend an unconditional mandatory general offer ("**MGO**" or "**Offer**") to acquire the following:

- (a) all the remaining PLS Shares not already held by Ekovest including any new PLS Share that may be issued and allotted prior to the closing date of the Offer arising from the exercise of any PLS Warrant ("**Offer Shares**"); and
- (b) all the remaining PLS Warrants not already held by Ekovest ("**Offer Warrants**"),

for a cash offer price of RM0.95 per Offer Share and RM0.15 per Offer Warrant respectively.

Barring any unforeseen circumstance, the Board of Directors of Ekovest Berhad expects the proposed MGO to be completed by first (1st) quarter of calendar year 2021.

3. MATERIAL LITIGATION

Save as disclosed below as at 30 June 2020, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Board are not aware and do not have any knowledge of any proceedings, pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company and its subsidiaries:

- (i) A dispute arose between our Company ("**Plaintiff**") and Shapadu Construction Sdn Bhd ("**Shapadu**") or ("**Defendant**") in respect of five (5) packages of sub-contract work under the New North Klang Straits Bypass Highway Project ("**Project**"). The holding company of the Defendant i.e. Lebuhraya Shapadu Sdn Bhd ("**Lebuhraya Shapadu**"), is the employer of the Project.

Our claims against the Defendant are, inter alia, the following:

- (a) the sum of RM29,558,720.93 on quantum meruit for loss and damage under the sub-contract; and/or alternatively; and
- (b) the sum of RM7,459,356.15 being the uncertified value of work done and the sum of RM8,217,960.68 being retention monies in respect of work executed and the value of goods and material delivered under the sub-contract.

FURTHER INFORMATION (CONT'D)

3. MATERIAL LITIGATION (CONT'D)

- (i) A dispute arose between our Company ("**Plaintiff**") and Shapadu Construction Sdn Bhd ("**Shapadu**") or ("**Defendant**") in respect of five (5) packages of sub-contract work under the New North Klang Straits Bypass Highway Project ("**Project**"). The holding company of the Defendant i.e. Lebuhraya Shapadu Sdn Bhd ("**Lebuhraya Shapadu**"), is the employer of the Project. (Cont'd)

The Defendant's counter claims against our Company are, inter alia, the following:

- (aa) the sum of RM33,010,000.00 allegedly being the liquidated ascertained damages ("**LAD**") due to the Defendant;
- (bb) the sum of RM30,700,000.00 being the LAD due to Lebuhraya Shapadu;
- (cc) the sum of RM2,008,868.93 as an indemnity for failure to carry-out and maintain the work;
- (dd) the sum of RM22,189,859.75 as an indemnity for the cost of completion;
- (ee) the sum of RM8,298,455.65 as indemnity for damages suffered by Lebuhraya Shapadu in completing the work;
and
- (ff) the sum of RM2,006,101.39 as an indemnity for the loss and expense suffered by Lebuhraya Shapadu.

On 1 August 2000, we issued a notice to arbitrate and the hearing of the arbitration commenced on 14 August 2006. Both the Plaintiff and Defendant have closed their cases and the hearing for the arbitration was adjourned to a date to be fixed. The arbitration proceeding is kept in abeyance pending settlement of the dispute. As at the LPD, the parties have yet to finalise a settlement proposal.

Our Directors are of the opinion that the financial impact on our Group is minimal since we had sub-contracted all the relevant work to a third party on a "back-to-back" basis, and the third party sub-contractor has agreed to indemnify us against any losses or damages that we may suffer in the event Shapadu's counter claim is allowed by the court.

Further, we had sought legal advice in respect of the counter claim made by Shapadu and our solicitors are of the opinion that we have a reasonable prospect of defending the claim particularly when the employer has not taken action against the Defendant since most of the claims are on indemnity basis. On that premises, this dispute with Shapadu is not envisaged to have any material adverse impact on the financial position of our Group.

- (ii) On 3 July 2018, Ekovest Construction Sdn Bhd ("**ECSB**"), a wholly-owned subsidiary of our Company, had initiated an arbitration proceeding against Samling Resources Sdn Bhd ("**SRSB**") by serving a Notice of Arbitration on SRSB. Thereafter, ECSB had on 2 July 2019 filed a Statement of Case to claim against SRSB based on the following:
- (a) wrongful termination of the joint venture and shareholders' agreement dated 6 January 2017 entered into between ECSB and SRSB to jointly undertake the development and upgrading of the Pan Borneo Highway in the state of Sarawak, Malaysia for work package contract WPC-02 (Semantan to Sg. Moyan Bridge + KSR Interchanges) ("**Highway Project**");
 - (b) misrepresentation by SRSB to ECSB, in order to induce ECSB into performing tasks, duties and responsibilities of SRSB prior to the submission of the tender; the procurement of the Highway Project from Lebuhraya Borneo Utara Sdn Bhd ("**LBUSB**"), the project delivery partner for the Highway Project; and managing the Highway Project and all its ensuing duties and tasks;
 - (c) failure to expeditiously and diligently make the necessary applications for the approvals from LBUSB for the sub-contract of the Highway Project to Samling – Ekovest JV Sdn Bhd, a special purpose vehicle incorporated by ECSB and SRSB to undertake the development and upgrading of the Highway Project ("**JV Company**"); and
 - (d) in the alternative, failure to take any step to compel LBUSB to consent to the sub-contract of the Highway Project to the JV Company, which should not have been unreasonably withheld,

in which ECSB claims for general damages, interest and costs to be determined by the arbitrator ("**Arbitration Proceedings**").

The hearing in relation to the Arbitration Proceeding which was fixed from 29 September 2020 to 2 October 2020 will be vacated following the order of the Court as detailed in item (iii) below.

3. MATERIAL LITIGATION (CONT'D)

- (iii) On 3 February 2020, our Company and ECSB were served by the solicitors of SRSB with a Writ of Summons and Statement of Claim dated 31 January 2020 ("**Claim**") alleging that our Company and/or ECSB:
- (aa) were negligent in their representation and/or assurances with regards to the technical advice and support and profit margin for the Highway Project;
 - (bb) failed, neglected and/or omitted to discharge their responsibilities with due care and diligence in the implementation and execution of the Highway Project;
 - (cc) acted in breach of their fiduciary duties owed to SRSB, including inter alia, the duties under common law and equity; and/or
 - (dd) breached and misrepresented in respect of the sub-contractors that were selected, recommended and appointed to carry out the sub-contract works of the Highway Project.

SRSB as plaintiff is claiming against our Company and ECSB as defendants jointly and severally for:

- general damages;
- interest at the rate of 5% per annum pursuant to Section 11 of the Civil Law Act 1956 or at such rate and from such date as the court deems fit and proper until the date of judgement;
- interest at the rate of 5% per annum from the date of judgement until the date of full and final settlement;
- costs; and
- such further and/or other relief as the court deems fit and proper.

SRSB as plaintiff is claiming against our Company and ECSB as defendants jointly and severally for: (Cont'd)

ECSB and our Company had on 13 February 2020 and 14 February 2020 respectively filed our/its application for a stay of proceedings of the Claim pending the Arbitration Proceeding ("**Stay Applications**"). During the case management held on 21 April 2020, the Deputy Registrar further directed parties to file their respective affidavits and submissions, and had fixed the hearing of the Stay Applications to be on 6 July 2020.

On 30 July 2020, the Court disallowed the Company's Stay Application and allowed ECSB's Stay Application but on condition that the Arbitration Proceedings only be proceeded with after the resolution of the SRSB's Claim against the Company. The Court decided that ECSB's Stay Application must be allowed as the agreement between ECSB and SRSB is not null, void, inoperative or incapable of being performed. The Court further dismissed the Company's Stay Application on the ground that there is no rare and compelling circumstances to warrant the Company's Stay Application.

On 25 August 2020, the Company has filed its notice of appeal to appeal against the decision of the Court that dismissed the Company's Stay Application ("**Company's appeal**"), and ECSB had also filed its notice of appeal to appeal partly against the condition imposed by the Court when allowing ECSB's Stay Application. The Company and ECSB have been advised that the Company's Stay Application and also the ECSB's Stay Application should be allowed given that the matters to be decided in the aforementioned proceedings are one of the same and that any contradiction in the decisions arising therefrom would unfairly prejudice one party's claim against each other.

Following the Company's appeal against the said decision of the Court, the Company has filed the application for a stay of proceedings pending the disposal of the Company's appeal at the Court of Appeal. During the case management held on 3 September 2020, the High Court Judge fixed the hearing of this application on 4 November 2020.

We had also sought the necessary legal advice on the above matter and our solicitors are of the opinion that, notwithstanding that the maximum exposure to liabilities and amount of damages, interest and costs pursuant to the Claim cannot be ascertained at this juncture, we have fair chances of success in the Arbitration Proceeding and defence to the Claim brought by SRSB as they have failed to expeditiously and diligently make the necessary applications for the approvals from LBUSB for the sub-contract of the Highway Project to the JV Company, and failed to take any step to compel LBUSB to consent to the sub-contract of the Highway Project to the JV Company, which should not have been unreasonably withheld.

3. MATERIAL LITIGATION (CONT'D)

- (iv) On 7 October 2019, ECSB was served by the solicitors of SRSB with a Statement of Claim of the Defendant against the Third Party ("**Third Party Proceeding**").

SRSB is claiming that in the event it is held liable to Greenland Knusford Construction Sdn Bhd ("**GKCSB**") pursuant to the legal proceeding commenced by GKCSB to claim for loss and damage amounting to RM22,537,460.63 arising from alleged fraudulent, negligent representations, misstatements and/or alleged wrongful termination of GKCSB's employment by SRSB ("**Primary Proceeding**"), then SRSB is entitled to claim in this Third Party Proceeding against ECSB, for declaratory relief and consequential order for the following:

- (a) costs incurred by SRSB in defending the Primary Proceeding;
- (b) costs of the Third Party Proceeding;
- (c) interests;
- (d) indemnity; and/or
- (e) contribution in respect of GKCSB's claim in the Primary Proceeding as may be awarded by the court.

The hearing is fixed on 30 October 2020.

We had sought the necessary legal advice on the above matter and our solicitors are of the opinion that SRSB has a good case in defending GKCSB's claim in the Primary Proceeding on the basis that the allegation made by GKCSB is time barred pursuant to the limitation period of two (2) years for tort under Item 19 of the Schedule of Sarawak Limitation Ordinance. As such, ECSB has good prospects to avoid liability to indemnify SRSB against the amount of loss and damage claimed by GKCSB.

Our Directors are of the opinion that the Third Party Proceeding is not expected to have material operational and financial impact on our Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal business hours at our Registered Office at Ground Floor, Wisma Ekovest, 118 Jalan Gombak, 53000 Kuala Lumpur, from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) our Constitution;
- (ii) our Group's audited consolidated financial statements for the FYE 30 June 2019 and 2020;
- (iii) the relevant cause papers in respect of the material contracts referred to in section 2 above;
- (iv) the relevant cause papers in respect of the material litigation referred to in Section 3 above.