



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

Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

Notes to the Interim Financial Report (2nd Quarter - 31 December 2017)

A1 Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in compliance with the Financial Reporting Standard ('FRS') 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed interim financial statements should be read in conjunction with the Group's annual reports and financial statements for the year ended 30 June 2017.

1.1 Changes in Accounting Policies

The significant accounting policies, methods of computation and basis of consolidation adopted are consistent with those of the most recent audited financial statements for the year ended 30 June 2017.

1.2 Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, the MASB issued a new approved accounting framework, i.e. Malaysian Financial Reporting Standards ("MFRS"). The MFRS is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and / or IC Interpretation 15 Agreements for Construction of Real Estate, including the entities' parent, significant investor and venture (referred to as 'Transitioning Entities' collectively). Transitioning Entities are allowed to defer adoption of the MFRS, and continue to use the existing FRS framework until the MFRS framework is mandated by the MASB. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of MFRS.

According to an announcement made by the MASB on 28 October 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

The Group will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 30 June 2019. In presenting its first sets of MFRS financial statements, the Group will quantify the financial effects arising from the differences between MFRS and the currently applied FRS. The majority of the adjustments required on transition are expected to be made, retrospectively, against opening retained earnings of the Group. Accordingly, the financial performance and financial position of the Group as presented in these condensed interim financial statements could be different if prepared in accordance with MFRS.



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A2 Audit Report

The preceding annual financial statements of the group were not qualified.

A3 Seasonal or Cyclical Factors

Although seasonal or cyclical changes have minimal impact on the operations of the Group, the business is nevertheless susceptible to the vagaries of the construction and property development industries.

A4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the period under review.

A5 Changes in the Estimates of Amount Reported Previously With Material Effect in Current Interim Period

Not applicable.

A6 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A7 Dividend

The shareholders have on 23 November 2017 approved the payment of a first and final single tier dividend of 2 sen per ordinary share amounting to RM42,784,060 for the financial year ended 30 June 2017. The said dividend was paid on 26 January 2018 to members whose name appear in the Record of Depositors on 29 December 2017.

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A8 Segmental Information

Segmental information is presented in respect of the Group's business segment. Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Financial Year	Preceding Financial Year	
	31/12/2017 RM'000	31/12/2016 RM'000	Change s %	31/12/2017 RM'000	31/12/2016 RM'000	Change s %
Revenue						
Construction operations	182,763	213,528	(14.41)	339,233	368,839	(8.03)
Property development	78,796	23,593	233.98	121,425	42,022	188.95
Toll operations	36,175	37,643	(3.90)	67,469	67,167	0.45
Investment holding	142	192	(26.04)	389	474	(17.93)
	297,876	274,956	8.33	528,516	478,502	10.45

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A8 Segmental Information (Cont'd)

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter	Preceding Year Correspondin g Quarter		Current Financial Year	Preceding Financial Year	
	31/12/2017 RM'000	31/12/2016 RM'000	Change s %	31/12/2017 RM'000	31/12/2016 RM'000	Change s %
<u>Profit Before Interest & Tax</u>						
Construction operations	51,553	56,257	(8.36)	86,043	113,789	(24.38)
Property development	23,307	6,316	269.01	41,354	11,910	247.22
Toll operations	25,750	28,419	(9.39)	49,503	47,689	(3.80)
Investment holding	(207)	53	(490.57)	(180)	122	(247.54)
Profit before interest and Tax	100,403	91,045	10.28	176,720	173,510	1.85
Interest income	3,646	816	346.81	7,355	1,048	601.81
Interest expense	(30,010)	(36,413)	(17.58)	(54,152)	(64,929)	(16.60)
Profit before Tax	74,039	55,448	33.53	129,923	109,629	18.51



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A9 Revaluation of Property, Plant and Equipment

There were no amendments in the valuation amount of revalued assets brought forward to the current quarter ended compared to most recent annual financial statements.

A10 Material Subsequent Event

There have been no material event subsequent to the quarter and period ended 31 December 2017.

A11 Changes in Composition of the Group

There were no changes in the composition of the Company or the Group for the quarter under review.

A12 Contingent Liabilities

There have been no contingent liabilities subsequent to the quarter and period ended 31 December 2017.

A13 Capital Commitments

Capital commitments of the Group as 31 December 2017 are as follows -

	RM '000
Capital expenditure in respect of :	
- purchase of properties, approved and contracted for	39,883
- concession assets, approved and contracted for	<u>2,611,615</u>



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A14 Significant Related Party Transactions

The Group has significant related party transactions with companies in which certain directors of the Company have interests, as follows:

**As at
31 December 2017
RM '000**

**With company in which certain
Directors of the Company, have interests:**

Astana Setia Sdn Bhd	1,246
Knusford Marketing Sdn Bhd	11,403
Lim Seong Hai Lighting Sdn Bhd	6,172
WCM Power Sdn Bhd	1,463

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B1 Financial review for current quarter

	Individual Period (2 nd Quarter)		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter	Amount	%
	31/12/2017 RM'000	31/12/2016 RM'000	RM'000	
Revenue	297,876	274,956	22,920	8.33
Gross Profit	110,333	104,542	5,791	5.54
Profit Before Interest and Tax	100,403	91,045	9,358	10.28
Profit Before Tax	74,039	55,448	18,591	33.53
Profit After Tax	55,460	41,031	14,429	35.17
Profit Attributable to Ordinary Equity Holders of Parent	54,925	41,032	13,893	33.86

Current quarter (“2Q 2018”) against preceding year corresponding quarter (“2Q 2017”)

For the 2Q 2018, the Group registered revenue of RM297.876 million and profit before tax of RM74.039 million as compared to revenue of RM274.956 million and profit before tax of RM55.448 million reported in the 2Q 2017.

The performance of the respective operating business segments for the 2Q 2018 under review as compared to the 2Q 2017 is analysed as follow:

Construction operations

The construction sector reported a lower revenue of RM182.763 million for the 2Q 2018 as compared to RM213.528 million in 2Q 2017. The decrease in revenue and profit before interest and tax in the 2Q 2018 were mainly due to the completion of Duke Phase 2 which resulted a lower progress construction workdone recognized in current quarter.



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B1 Financial review for current quarter (continued)

Property development

The property development segment reported a higher revenue of RM78.796 million as compared to RM23.593 million in the preceding year corresponding quarter. Higher sales recognition for property development following increase progress work done has contributed to a higher revenue for the segment. Correspondingly, this sector recorded higher profit before interest and tax of RM23.307 million for the 2Q 2018 as compared to RM6.316 million in 2Q 2017.

Toll operations

The toll operations sector registered a lower revenue of RM36.175 million in 2Q 2018 as compared to RM37.643 million in 2Q 2017. The revenue for 2Q 2017 includes a one-off toll compensation amounting to RM7.986 million. Had the compensation amount been excluded, the 2Q 2018 revenue would have been higher by RM6.518 million. Besides the increase in traffic volume, the opening of the Duke Phase 2 on 23 October 2017 has also contributed to the increase in the revenue recognized in 2Q 2018.

Investment holding

Revenue for the current quarter decreased from RM0.192 million to RM0.142 million due to reduction in rental income as more office space is required for internal usage. Correspondingly, this has reduced the sector's profit before tax for the quarter.

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B1 Financial Review (continued)

Financial review for financial year to date

	Cumulative Period		Changes	
	Current Year To- Date	Preceding Year Corresponding Period	Amount	%
	31/12/2017 RM'000	31/12/2016 RM'000	RM'000	
Revenue	528,516	478,502	50,014	10.45
Gross Profit	199,077	199,721	(644)	(0.32)
Profit Before Interest and Tax	176,720	173,510	3,210	1.85
Profit Before Tax	129,923	109,629	20,294	18.51
Profit After Tax	96,608	81,125	15,483	19.09
Profit Attributable to Ordinary Equity Holders of Parent	94,832	81,128	13,704	16.89

Current year to date (“YTD 2018”) against preceding year corresponding period (“YTD 2017”)

For the YTD 2018, the Group registered a revenue of RM528.516 million and profit before tax of RM129.923 million as compared to the revenue of RM478.502 million and profit before tax of RM109.629 million reported in YTD 2017.

The performance of the respective operating business segments for the YTD 2018 under review as compared to the YTD 2017 is analysed as follow:

Construction operations

The construction sector reported a lower revenue of RM339.233 million for the YTD 2018 as compared to RM368.839 million in YTD 2017. The decrease in the revenue for the YTD 2018 was attributed to lower construction workdone due to completion of Duke Phase 2 project. Furthermore, in the YTD 2017, a higher revenue was recognized from the initial commencement of preliminary and enabling work for SPE which also has a better profit margin as compared to the progress construction workdone recognized in the YTD 2018.



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B1 Financial Review (continued)

Property development

The property development segment reported a higher revenue of RM121.425 million as compared to RM42.022 million in the preceding year. Higher sales recognition for EkoCheras Project following additional progress work done has contributed to a higher revenue for the segment. Correspondingly, this sector recorded higher profit before interest and tax of RM41.354 million for the YTD 2018 as compared to RM11.910 million in YTD 2017.

Toll operations

The toll operations sector registered a slightly higher revenue of RM67.469 million in YTD 2018 as compared to RM67.167 million in YTD 2017. The revenue for YTD 2017 includes a one-off toll compensation amounting to RM7.986 million. Had the compensation amount been excluded, the YTD 2017 revenue would have been RM59.181 million. Besides the increase in traffic volume, the opening of the Duke Phase 2 on 23 October 2017 has also contributed to the increase in the revenue recognized in YTD 2018.

Investment holding

Revenue for the YTD 2018 decreased from RM0.474 million to RM0.389 million due to reduction from rental income as some of the tenancies were not renewed. Correspondingly, this has reduced the profit before tax from RM0.122 million to a loss of RM0.180 million for the current YTD.

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B2 Comparison with preceding quarter results

Financial review for current quarter compare with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	31/12/2017	30/9/2017	Amount	%
	RM'000	RM'000	RM'000	
Revenue	297,876	230,640	67,236	29.15
Gross Profit	110,333	88,744	21,589	24.33
Profit Before Interest and Tax	100,403	76,317	24,086	31.56
Profit before Tax	74,039	55,884	18,155	32.49
Profit After Tax	55,460	41,148	14,312	34.78
Profit Attributable to Equity Holders of the Company	54,925	39,907	15,018	37.63

The Group recorded a revenue of RM297.876 million for the current quarter as compared to the preceding quarter of RM230.640 million. The increase in the revenue and profit before tax as compared to preceding quarter was mainly due to higher sales recognition for EkoCheras project following advanced progress workdone. In addition, the full opening of the Duke Phase 2 on 23 October 2017 has also contributed to the increase in the toll revenue recognized as compared to preceding quarter.

B3 Prospects

The Board expects the ongoing construction of SPE, River of Life and related projects, the opening of the DUKE Phase-2's toll revenue and the recognition of unbilled sales from property development activities to contribute positively to the Group's turnover and profitability in the current financial year.

Barring any unforeseen circumstances, the Board is confident that the Group's performance would remain satisfactory for the financial year ending 30 June 2018.

B4 Forecast/Profit Guarantee

There is no profit guarantee or financial forecast for the current quarter and for the year.



EKOVEST

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B5 Taxation

	CURRENT QUARTER ENDED 31 DECEMBER 2017 RM '000	GROUP 6 MONTHS ENDED 31 DECEMBER 2017 RM '000
Current period provision		
Tax expense	<u>18,579</u>	<u>33,315</u>

The effective tax rate for the quarter and period ended 31 December 2017 is higher than the statutory tax rate mainly due to the losses incurred by certain subsidiaries and disallowable expenses.

B6 Profit on Sale of Investment and/or Properties

There were no sale of investment or properties during the quarter and period ended 31 December 2017.

B7 Group Borrowings

AMOUNT REPAYABLE WITHIN ONE YEAR	CURRENT 2ND QUARTER ENDED 31 DECEMBER 2017 RM '000	PRECEDING YEAR ENDED 30 JUNE 2017 RM '000
Bank overdraft		
-secured	38,024	42,348
-unsecured	149	1,479
Bank Term Loans-secured	67,221	86,380
Medium term notes	18,371	18,371
Revolving credit-secured	260,000	272,900
	<u>383,765</u>	<u>421,478</u>



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B7 Group Borrowings (continued)

AMOUNT REPAYABLE AFTER ONE YEAR	CURRENT 2 ND QUARTER ENDED 31 DECEMBER 2017 RM '000	PRECEDING YEAR ENDED 30 JUNE 2017 RM '000
Bank Term Loans-secured	554,822	598,909
Medium term notes	16,563	16,558
Islamic medium term notes	5,363,007	5,344,352
	<u>5,934,392</u>	<u>5,959,819</u>

The repayment of certain term loans from the Disposal's proceeds has resulted in the reduction in the total borrowings (please refer to Note B13 (a)).

B8 Material Litigation

Save as disclosed below as at 31 December 2017, 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 :

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.

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B8 Material Litigation (continued)

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

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

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

- (i) the sum of RM33,010,000.00 allegedly being the liquidated ascertained damages (“LAD”) due to the Defendant;
- (ii) the sum of RM30,700,000.00 being the LAD due to Lebuhraya Shapadu;
- (iii) the sum of RM2,008,868.93 as an indemnity for failure to carry-out and maintain the work;
- (iv) the sum of RM22,189,859.75 as an indemnity for the cost of completion;
- (v) the sum of RM8,298,455.65 as indemnity for damages suffered by Lebuhraya Shapadu in completing the work; and
- (iv) 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.

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B9 Dividend

No interim dividend has been declared for the quarter ended 31 December 2017.

B10 Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 December 2017 RM '000	Preceding year corresponding quarter 31 December 2016 RM '000	3 months to 31 December 2017 RM '000	3 months to 31 December 2016 RM '000
(a) Basic earnings per share				
Net profit attributable to ordinary shareholders	54,925	41,032	94,832	81,128
Weighted average number of ordinary share issue (‘000)	2,139,203	2,138,620*	2,139,203	2,138,620*
Basic earnings per ordinary share (sen)	2.57	1.92	4.43	3.79
(b) Diluted earnings per ordinary Share (sen)	2.38	1.92	4.11	3.79

Remarks *: The weighted average number of ordinary shares have been adjusted to reflect the completion of the Share Split. (Please refer to Note B13 (a))



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B11 Notes to the Statement of Profit or Loss and Other Comprehensive Income

	Current quarter ended 31 December 2017 RM '000	6 months ended 31 December 2017 RM '000
Profit before tax is stated after charging / (crediting) :		
Interest income	(3,646)	(7,355)
Other income including investment income	(1,901)	(3,652)
Interest expense	30,010	54,152
Depreciation and amortization	5,879	10,862

B12 Realised and Unrealised Retained Earnings

The retained earnings as at 31 December 2017 are analysed as follows:

	As at 31 December 2017 RM '000	As at 30 June 2017 RM '000
Realised	1,188,077	1,093,245
Unrealised	(72,275)	(72,275)
Total retained earnings	<u>1,115,802</u>	<u>1,020,970</u>



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B13 Corporate Exercises

B13 (a)

The Board of Directors of Ekovest Berhad ("**Board**"), had on 21 September 2016, announced our wholly-owned subsidiary, Nuzen Corporation Sdn Bhd ("**Nuzen**") had entered into a binding term sheet with Employees Provident Fund Board ("**EPF**") to dispose a 40% equity interest held in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd ("**Kesturi**") to EPF.

On 8 November 2016, on behalf of the Board of Directors of Ekovest ("**Board**"), CIMB Investment Bank Berhad ("**CIMB**"), Astramina Advisory Sdn Bhd ("**Astramina**") and AmlInvestment Bank Berhad ("**AmlInvestment**") announced that Nuzen had entered into a conditional share sale agreement ("**SSA**") with EPF for 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,

which represents 40% of the issued and paid-up share capital of Kesturi, for a total cash consideration of RM1,130.0 million, subject to the terms and conditions contained in the SSA ("**Disposal**").

In addition, the Company proposes to undertake the following:

- (i) proposed share split involving the subdivision of every two (2) existing ordinary shares of RM0.50 each into five (5) ordinary shares of RM0.20 each in Ekovest held on an entitlement date to be determined and announced later ("**Share Split**"); and
- (ii) proposed amendments to the Company's Memorandum and Articles of Association to facilitate the implementation of the Share Split ("**Amendments**").

On 18 November 2016, it was announced that the applications relating to the Share Split have been submitted to Bursa Malaysia Securities Berhad ("**Bursa Securities**") and on 22 December 2016 announced that Bursa Securities resolved to approve the Share Split and listing of and quotation for up to 183,310,470 additional warrants arising from the adjustments to be made pursuant to the Share Split and up to 183,310,470 subdivided shares to be issued arising from the exercise of additional warrants, on the Main Market of Bursa Securities.

On 19 January 2017, the shareholders of the Company have approved the resolutions in respect of the Disposal, Share Split and Amendments.

The Disposal has been completed on 13 February 2017 and in accordance with the terms of the Share Sale Agreement, Nuzen and EPF have entered into the Shareholders' Agreement on 13 February 2017.

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B13 Corporate Exercises (continued)

The status of utilisation of proceeds raised from the Proposed Disposal which was completed on 13 February 2017 are as follows:

Purpose	Gross Proceeds (RM '000)	Actual Utilisation (RM '000)	Balance (RM '000)	Deviation (RM '000)	Intended Timeframe for Utilisation
Repayment of borrowings	400,000	400,000	Nil	Nil	Within 6 months
Distribution to shareholders of Ekovest (Note 1)	Between 213,862 and 244,414	213,920	Nil	Nil	Within 6 months
Exit Payment	149,000	Nil	149,000	Nil	(Note 2)
General corporate and working capital	Between 325,168 and 355,720	295,662	60,000 (Note 3)	Nil	Within 24 months
Estimated expenses for the Proposal	11,418	11,418	Nil	Nil	Within 6 months
	<u>1,130,000</u>	<u>921,000</u>	<u>209,000</u>		

Remarks :

The total cash consideration for this Proposed Disposal is RM1,130.0 million, which is payable in the following manner :

- (a) On the completion date, EPF shall pay to Nuzen the completion sum of RM921.0 million; and
- (b) Within 7 Business Days following the receipt by Nuzen of a copy of the CPC for Duke Phase-2, EPF shall pay to Nuzen the CPC payment of RM209.0 million, of which the Exit Payment of RM149.0 million is to be deposited into the Designated Accounts and Nuzen shall retain the Exit Payment and all Accrued Income.

Note (1) : The Proposed Distribution represents a cash dividend of RM0.25 per share. The Proposed Dividend has been paid on 8 March 2017 amounting to RM213.92 million. The actual amount paid to the shareholders of the Company is based on the Company's shares outstanding as the entitlement date.



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B13 Corporate Exercises (continued)

Note (2) : Nuzen is entitled to the full legal and beneficial rights and title to the Exit Payment amounting to RM149.0 million and the Accrued Income but is obligated to retain the Exit Payment and the Accrued Income in the Designated Account. . As at todate, Nuzen has received the CPC Payment which includes the Exit Payment. Amount received todate is RM1,130.0 million only.

Note (3) : The gross proceeds for the general corporate and working capital includes part of the CPC payment of RM60.0 million which Nuzen has received.

B13 (b)

On 31 October 2017, the Board announced that the Company has received a proposal letter from Tan Sri Dato' Lim Kang Hoo ("**TSDLKH**"), the major shareholder of the Company in relation to a reorganisation exercise involving *inter alia* the acquisition by the Company of all the ordinary shares in Iskandar Waterfront City Berhad ("**IWC Shares**") held by the existing shareholders of Iskandar Waterfront City Berhad ("**IWC**"), excluding IWC Shares held by Iskandar Waterfront Holdings Sdn Bhd (who is proposed by TSDLKH not to accept the offer by the Company for the acquisition of its shares in IWC), representing approximately 62% of the issued and paid-up share capital of IWC as at the date of this announcement ("**Proposed Acquisition**").

On behalf of the Board, Mercury Securities Sdn Bhd ("**Mercury Securities**") (*being the Principal Adviser*) and Astramina Advisory Sdn Bhd ("**Astramina**") (*being the Financial Adviser*) have announced that the Board had received a letter of undertaking dated 27 November 2017 from IWH, wherein IWH undertakes that, *inter alia*, it shall not accept the offer to be made by EkoVest under the Proposed Acquisition.

On 18 December 2017, Mercury Securities and Astramina announced that the Board (*save for the Interested Directors*) has, after having considered all aspects of the Proposed Offer, decided to present the Proposed Offer to the non-interested shareholders of EkoVest for consideration at an extraordinary general meeting of the Company to be convened.



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B13 Corporate Exercises (continued)

In accordance with Paragraph 9.10(1) of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("**Rules**"), Mercury Securities and Astramina served a notice of conditional voluntary general offer ("**Notice**") on the board of directors of IWCity informing them of the Company's intention to undertake a conditional voluntary general offer to acquire all the Offer Shares in IWCity comprising the following:-

- (i) 837,388,857 ordinary shares in IWCity ("**IWCity Shares**"), representing the entire issued share capital of IWCity as at 11 December 2017; and
- (ii) any new IWCity Shares that may be issued prior to the closing date of the Proposed Offer arising from the exercise of outstanding employee share options in IWCity ("**IWCity ESOS Options**"),

(collectively referred to as the "**Offer Shares**")

for a consideration of RM1.50 per Offer Share ("**Offer Price**"), which shall be satisfied by way of:-

- (i) a cash consideration of RM1.50 for every 1 Offer Share surrendered ("**Cash Option**");
or
- (ii) a share exchange based on an exchange ratio of 1 new ordinary share in EkoVest ("**EkoVest Share**") to be issued at an issue price of RM1.50 each ("**Issue Price**") ("**Consideration Share**") for every 1 Offer Share surrendered ("**Share Exchange Option**").

On 22 December 2017, Mercury Securities and Astramina announced that the relevant applications in respect of the Proposed Offer have been submitted to the regulatory authorities. In addition, on 8 January 2018, the Securities Commission Malaysia ("**SC**") had granted an approval for an extension of time to despatch the Offer Document i.e. to be despatched within 2 market days from:-

- (i) Bursa Securities' clearance of the Circular; or
- (ii) the SC's notification of no further comments to the Offer Document,

whichever is later, but in any event no later than 84 days from the date of the Notice, being 12 March 2018.

EkoVest will make the appropriate announcement to Bursa Securities as and when there is a material development in relation to the Proposed Acquisition.

Other than the above, there is no corporate proposals announced but not completed as at the date of this quarterly report.



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

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

B14 Other Matters

On 17 January 2017, EkoVest announced that its subsidiary, Lebuhraya DUKE Fasa 2A Sdn Bhd (“**LDF2A**”), had received a letter from the Government on the principle approval of the proposed privatisation of the Kampung Baru Link, Istana Link and Kapar Link Expressway (“**Proposed Project**”).

The estimated total project cost of RM6.32 billion (excluding Goods & Services Tax) for the Proposed Project is expected to be financed via a combination of internally generated funds, borrowings and/or other fund raising exercise.

The Proposed Project is subject to further terms and conditions to be negotiated between the Government and LDF2A and the principle approval by the Government shall not in any way be considered as binding upon the Government until the execution of the relevant agreement between the Government and LDF2A.

EkoVest will make the appropriate announcement to Bursa Securities as and when there is a material development in relation to the Proposed Project.