



Ekovest Berhad

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

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

Notes to the Interim Financial Report (4th Quarter - 30 June 2020)

A1 Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in compliance with the Malaysian Financial Reporting Standards ('MFRS') 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 2019.

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 2019, except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee Interpretation ("IC Interpretation") that are effective for the Group from 1 July 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretation does not have significant impact on the financial position and financial performance of the Group nor any of the Group's significant accounting policies, other than MFRS 16 as disclosed below:

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

The standard includes two recognition exemptions for lessees-leases of 'low-value' assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset to profit or loss.

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

1.1 Changes in Accounting Policies (cont'd)

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (i.e. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

On 1 July 2019, the Group adopted the modified retrospective approach and not restate prior year/period comparatives information which remain as previously reported under MFRS 117 and related interpretations.

The Group made use of the transition practical expedient in the standard to not recognise lease arrangements for which the lease term ends within 12 months of the date of initial application. The Group has elected, on a lease-by-lease basis, to recognise the right-of-use assets at the amount equal to the lease liabilities, hence, there were no impact to the retained earnings brought forward as at 1 July 2019.

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

Group			
Statements of Financial Position			
	30 June 2019	Changes	1 July 2019
	RM'000	RM'000	RM'000
Non-current assets			
Right-of-use assets	-	11,431	11,431
	=====	=====	=====
Non-current liabilities			
Lease liabilities	-	8,816	8,816
	=====	=====	=====
Current liabilities			
Lease liabilities	-	2,615	2,615
	=====	=====	=====



Ekovest Berhad

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

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

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 quarter and twelve months ended 30 June 2020.

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 27 November 2019 approved the payment of a first and final single tier dividend of 1 sen per ordinary share amounting to RM26,548,280 for the financial year ended 30 June 2019. The said dividend was paid on 12 December 2019 to members whose name appear in the Record of Depositors on 29 November 2019.

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

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 (Unaudited)	Preceding Year Corresponding Quarter (Unaudited)		Current Financial Year (Unaudited)	Preceding Financial Year (Unaudited)	
	30/06/2020 RM'000	30/06/2019 RM'000	Changes %	30/06/2020 RM'000	30/06/2019 RM'000	Changes %
<u>Revenue</u>						
Construction operations	168,219	260,672	(35.47)	1,048,912	946,352	10.84
Property development	2,942	27,851	(89.44)	30,731	196,605	(84.37)
Toll operations	20,824	45,069	(53.80)	154,205	176,091	(12.43)
Investment holding and others	313	4,907	(93.62)	34,433	16,130	113.47
Total	192,298	338,499	(43.19)	1,268,281	1,335,178	(5.01)
<u>Gross profit</u>						
Construction operations	24,613	82,539	(70.18)	138,857	276,676	(49.81)
Property development	1,561	(9,542)	116.36	9,623	42,482	(77.35)
Toll operations	2,906	35,250	(91.76)	104,819	136,827	(23.39)
Investment holding and others	(2,550)	2,336	(209.16)	7,142	295	2,321.02
Total	26,530	110,583	(76.01)	260,441	456,280	(42.92)

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

A8 Segmental Information (Cont'd)

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter (Unaudited)	Preceding Year Corresponding Quarter (Unaudited)		Current Financial Year (Unaudited)	Preceding Financial Year (Unaudited)	
	30/06/2020 RM'000	30/06/2019 RM'000	Changes %	30/06/2020 RM'000	30/06/2019 RM'000	Changes %
Other income	1,841	2,433	(24.33)	96,913	13,239	632.03
Fair value gain on investment properties	759	36,655	(97.93)	759	36,655	(97.93)
Administrative and general expenses	(33,504)	(47,244)	29.08	(120,484)	(104,235)	(15.59)
Share of result of associate	(2,093)	(333)	(528.53)	(2,036)	(333)	(511.41)
<u>(Loss) / Profit before interest and tax</u>	(6,467)	102,094	(106.33)	235,593	401,606	(41.34)
Interest income	3,700	12,709	(70.89)	34,580	28,806	20.04
Interest expense	(42,101)	(57,204)	26.40	(179,160)	(204,146)	12.24
<u>(Loss) / Profit before tax</u>	(44,868)	57,599	(177.90)	91,013	226,266	(59.78)



Ekovest Berhad

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

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

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 were no material events subsequent to the end of the current quarter.

A11 Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A12 Contingent Liabilities

There were no changes in contingent liabilities subsequent to the quarter and period ended 30 June 2020.

A13 Capital Commitments

Capital commitments of the Group as at 30 June 2020 are as follows –

	RM '000
Approved and contracted for capital expenditure in respect of :	
- purchase of properties, approved and contracted for	57,260
- undertaking to subscribe for rights entitlement under the proposed redeemable preference shares in PLS Plantations Berhad	213,514
- concession assets	<u>783,672</u>

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:

	12 months ended 30 June 2020 RM'000
With company in which certain Directors of the Company, have interests:	
Besteel Engtech Sdn Bhd	11,871
Knusford Construction Sdn Bhd	77,189
Knusford Marketing Sdn Bhd	<u>32,839</u>

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

Notes to the Interim Financial Report (4th Quarter - 30 June 2020)

B1 Financial Review

Financial review for current quarter

	Individual Period (4 th Quarter)		Changes	
	Current Year Quarter (Unaudited)	Preceding Year Corresponding Quarter (Unaudited)	RM'000	%
	30/06/2020 RM'000	30/06/2019 RM'000		
Revenue	192,298	338,499	(146,201)	(43.19)
Gross profit	26,530	110,583	(84,053)	(76.01)
(Loss) / Profit before interest and tax	(6,467)	102,094	(108,561)	(106.33)
(Loss) / Profit before tax	(44,868)	57,599	(102,467)	(177.90)
(Loss) / Profit after tax	(66,702)	16,669	(83,371)	(500.16)
(Loss) / Profit attributable to owners of the Company	(53,815)	23,298	(77,113)	(330.99)

Current quarter (“4Q 2020”) against preceding year corresponding quarter (“4Q 2019”)

For the 4Q 2020, the Group registered revenue of RM192.298 million and loss before tax of RM44.868 million as compared to revenue of RM338.499 million and profit before tax of RM57.599 million reported in the 4Q 2019.

The performance of the respective operating business segments for the 4Q 2020 under review as compared to the 4Q 2019 is analysed as follow:

Construction operations

The construction sector reported a lower revenue of RM168.219 million for the 4Q 2020 as compared to RM260.672 million in 4Q 2019. The decrease in revenue in the 4Q 2020 was mainly due to the lesser construction work done recognized for Duke Phase 3 as a result of 2020 Movement Control Order which was implemented as a preventive measure by the federal government in response to the COVID-19 pandemic on 18 March 2020 and the extended Recovery Movement Control Order (RMCO) which is estimated to end on 31 August 2020. The impact of the above has slow down the construction work as initially there were suspension of work during MCO and the manpower and supply chain were disrupted. Currently, we have adjusted to the current norm while complying to new SOP's procedures at the construction sites.



Ekovest Berhad
Registration No: 198501000052 (132493-D)
(Incorporated in Malaysia)

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

B1 Financial Review (cont'd)

Financial review for current quarter

Property development

The property development segment reported lower revenue of RM2.942 million as compared to a revenue of RM27.851 million in the preceding year corresponding quarter. The lower revenue was due to the completion and hand over of the 3 blocks of service apartments in EkoCheras during the previous financial year. Furthermore, the sales were also affected by the COVID-19 pandemic where the partial lockdown which started in the middle of March 2020 has contributed to a decline in the number of property seekers.

Toll operations

The toll operations sector registered a lower revenue of RM20.824 million in 4Q 2020 as compared to RM45.069 million in 4Q 2019. There is a decrease of approximately 53.80% in the toll revenue due to the implementation of the movement control order in response to the COVID-19 pandemic on 18 March 2020 which has decrease the traffic volume for this current quarter. As a result of the decreased revenue, the sector reported a lower gross profit of RM2.906 million in 4Q 2020 as against RM35.250 million in 4Q 2019.

Investment holding and others

The revenue for the current quarter decreased from RM4.907 million in 4Q 2019 to RM0.313 million in 4Q 2020 mainly due to the decrease in both the revenue for EkoCheras Shopping Mall and the food and beverage activities.

Rental rebate were given in conjunction with the implementation of movement control order in response to the COVID-19 pandemic for the tenants of EkoCheras Mall. While the food and beverage activities was badly affected during this MCO period. For the 4Q 2020, this segment reported a gross loss of RM2.550 million as compared to a gross profit of RM2.336 million in 4Q 2019.

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

B1 Financial Review (cont'd)

Financial review for financial year to date

	Cumulative Period		Changes	
	Current Year To- Date (Unaudited)	Preceding Year Corresponding Period (Unaudited)		
	30/06/2020 RM'000	30/06/2020 RM'000	RM'000	%
Revenue	1,268,281	1,335,178	(66,897)	(5.01)
Gross profit	260,441	456,280	(195,839)	(42.92)
Profit before interest and tax	235,593	401,606	(166,013)	(41.34)
Profit before tax	91,013	226,266	(135,253)	(59.78)
Profit after tax	28,262	130,444	(102,182)	(78.33)
Profit attributable to owners of the Company	46,969	140,476	(93,507)	(66.56)

Current year to date (“YTD 2020”) against preceding year corresponding period (“YTD 2019”)

For the YTD 2020, the Group registered a revenue of RM1,268,281 million and profit before tax of RM91.013 million as compared to the revenue of 1,335.178 million and profit before tax of RM226.266 million reported in YTD 2019.

The performance of the respective operating business segments for the YTD 2020 under review as compared to the YTD 2019 is analysed as follows:

Construction operations

The construction sector reported a higher revenue of RM1,048.912 million for the YTD 2020 as compared to RM946.352 million in YTD 2019. The increase in revenue was mainly due to the higher construction workdone recognized for Duke Phase 3 during the 1st half of the FYE 2020. The construction works on River Of Life projects also contributed to the increase in the revenue for this current year to date. However, the gross profit for the YTD 2020 is lower than YTD 2019 mainly due to additional costs incurred in finalizing certain prior year construction projects and the completion of certain construction works which have a better profit margin in the previous year to date.



EkoVest Berhad
Registration No: 198501000052 (132493-D)
(Incorporated in Malaysia)

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

B1 Financial Review (cont'd)

Financial review for financial year to date

Property development

The property development segment for the YTD 2020 reported a lower revenue of RM30.731 million as compared to a revenue of RM196.605 million in the preceding year to date. The lower revenue were due to the completion and hand over of the 3 blocks of service apartments in EkoCheras in the 4th quarter of the financial year ended 2019. Furthermore, the sales of the completed properties were also badly affected by the COVID-19 pandemic where the partial lockdown which started in the 3rd quarter of our FYE 2020 has also contributed to the decline in the number of property seekers.

Toll operations

The toll operations sector registered a lower revenue of RM154.205 million in YTD 2020 as compared to RM176.091 million in YTD 2019. There is a decrease of approximately 12.43% in the toll revenue due to the implementation of movement control order in response to the COVID-19 pandemic on 18 March 2020 which has decreased the traffic volume for the month of March 2020 to June 2020. Correspondingly, this sector recorded a decrease in the gross profit for YTD 2020 of RM104.819 million as against RM136.827 million in YTD 2019.

Investment holding and others

Revenue for YTD 2020 increased from RM16.130 million to RM34.433 million mainly due to the recognition of the revenue from the food and beverage related activities of RM10.027 million whereas revenue was only recognized in Q4 2019 in the preceding corresponding year because the food and beverage related activities only commenced in the Q4 2019. There was also an increase in rental income of RM10.773 million from the EkoCheras Shopping Mall as compared to YTD 2019.

Eventhough, this segment reported a gross profit of RM7.142 million as compared to gross profit of RM0.295 million for YTD 2019, the food and beverage activities and EkoCheras Shopping Mall incurred a total operating loss of RM15.020 million during current year under review.

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

B2 Comparison with preceding quarter results

Financial review for current quarter compare with immediate preceding quarter

	Current Quarter (Unaudited)	Immediate Preceding Quarter (Unaudited)	Changes	
	30/06/2020	31/03/2020		
	RM'000	RM'000	RM'000	%
Revenue	192,298	344,875	(152,577)	(44.24)
Gross profit	26,530	70,646	(44,116)	(62.45)
(Loss) / Profit before interest and tax	(6,467)	49,529	(55,996)	(113.06)
(Loss) / Profit before tax	(44,868)	20,251	(65,119)	(321.56)
(Loss) / Profit after tax	(66,702)	12,706	(79,408)	(624.96)
(Loss) / Profit attributable to owners of the Company	(53,815)	8,434	(62,249)	(738.07)

The Group recorded a revenue of RM192.298 million and loss before tax of RM44.868 million in the current quarter as compared to revenue of RM344.875 million and profit before tax of RM20.251 million in the immediate preceding quarter.

Group revenue has decreased and a loss before tax incurred as compared to immediate preceding quarter mainly due to lesser construction workdone recognized, decrease in traffic volume in toll operation and reduction of rental income from EkoCheras Shopping Mall consequent upon the implementation of movement control order since 18 March 2020.

B3 Prospects

The Group's operating environment was affected by the recent outbreak of COVID-19 and the implementation of the nationwide Movement Control Order since 18 March 2020 to control the spread of COVID-19. The outlook for the coming financial year would be challenging with the after effect from the implementation of the MCO and the subsequent Recovery Movement Order. Nevertheless, the Group has embraced the "New Norm" and has since adapted efficiently in the fulfillment of our business obligations. The Board remained optimistic in delivering positive financial results, as the Board expects the ongoing construction of SPE, River of Life beautification packages, the toll revenue and the sales of completed properties to contribute positively to the Group's revenue and earnings for the next financial year.



Ekovest Berhad

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

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

B3 Prospects (cont'd)

The Company is continuously working closely with Government on various infrastructure projects which has been proposed to the Government. The Board is hopeful that the Company is able to secure some of these projects and the Board will continue to review the financial impact and monitor any opportunity to launch new Property Development project for the coming financial year.

B4 Forecast/Profit Guarantee

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

B5 Taxation

	Current quarter ended 30 June 2020	12 months ended 30 June 2020
	RM '000	RM '000
Malaysian taxation		
- current	2,666	43,595
- deferred	24,500	19,156
	<u>27,166</u>	<u>62,751</u>

The effective tax rate is higher than statutory tax rate due to unabsorbed tax losses for certain subsidiaries are not recognised as deferred tax asset during the year as it is not probable that their existing businesses would generate sufficient tax profit in future.

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

B6 Group Borrowings

Current Liabilities	30 JUNE 2020 (Unaudited) RM '000	30 June 2019 (Audited) RM '000
Bank overdraft		
-secured	21,628	21,362
-unsecured	1,151	1,058
Bank Term Loans-secured	15,954	18,441
Medium term notes	50,000	38,749
Revolving credit-secured	532,125	620,750
	<u>620,858</u>	<u>700,360</u>
Non-current Liabilities	30 JUNE 2020 (Unaudited) RM '000	30 June 2019 (Audited) RM '000
Bank Term Loans-secured	186,558	320,891
Islamic medium term notes	5,380,483	5,404,634
	<u>5,567,041</u>	<u>5,725,525</u>

The overall Group's borrowings as compared to the preceding year has decreased due to repayment of borrowings made during the year.

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

B7 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.

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.



EkoVest Berhad

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

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

B7 Material Litigation (cont'd)

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 B7(iii) below.



Ekovest Berhad
Registration No: 198501000052 (132493-D)
(Incorporated in Malaysia)

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

B7 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.



Ekovest Berhad
Registration No: 198501000052 (132493-D)
(Incorporated in Malaysia)

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

B7 Material Litigation (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 had allowed ECSB's Stay Application but disallowed the Company's Stay Application on condition that the Arbitration only be proceeded with after the resolution of the Plaintiff's Claim against the Company. The Court decided that ECSB's Stay Application must be allowed as the agreement between ECSB and the Plaintiff 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 application to appeal against the decision of the Court to dismiss the Company's Stay Application, and ECSB had also filed its notice of application to appeal against the condition imposed by the Court in 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 the Plaintiff's Claim against the Company and/or ECSB.

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

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

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

B7 Material Litigation (cont'd)

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 next case management in relation to the Third Party Proceeding has been fixed on 07 September 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.

B8 Dividend

The Directors have proposed, subject to shareholders’ approval in the forth coming annual general meeting to be convened and consent from the lenders, where applicable, a first and final single tier dividend of 0.50 sen per share. The date of the payment of dividend shall be announced in due course.

Ekovest Berhad

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

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
 Bursa Malaysia Securities Berhad**
B9 Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 June 2020 (Unaudited)	Preceding year corresponding quarter 30 June 2019 (Unaudited)	Current year to-date 30 June 2020 (Unaudited)	Preceding year Corresponding Period 30 June 2019 (Unaudited)
(a) Basis earnings per share				
Net profit attributable to owners of the Company (RM'000)	(53,815)	23,298	46,969	140,476
Weighted average number of ordinary share issue (‘000)	2,654,828	2,179,441	2,654,828	2,179,441
Basic earnings per ordinary share (sen)	(2.03)	1.07	1.77	6.45
(b) Diluted earnings per ordinary share (sen)	(2.03)	1.07	1.77	6.45

B10 Notes to the Statement of Profit or Loss and Other Comprehensive Income

	Current quarter ended 30 June 2020 RM '000	12 months ended 30 June 2020 RM '000
Profit before tax is stated after charging /(crediting) :		
Interest income	(3,700)	(34,580)
Other income including investment income	(2,600)	(97,672)
Interest expense	42,101	179,160
Depreciation and amortization	6,866	37,552



EkoVest Berhad
Registration No: 198501000052 (132493-D)
(Incorporated in Malaysia)

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

B11 Corporate Exercises

B11 (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 AmInvestment Bank Berhad ("**AmInvestment**") 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.

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

B11 Corporate Exercises (cont'd)

B11 (a)

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 (<i>Note 1</i>)	Between 213,862 and 244,414	213,920	Nil	Nil	Within 6 months
Exit Payment	149,000	Nil	149,000	Nil	(<i>Note 2</i>)
General corporate and working capital	Between 325,168 and 355,720	355,662	Nil	Nil	Within 24 months
Estimated expenses for the Proposal	11,418	11,418	Nil	Nil	Within 6 months
	1,130,000	981,000	149,000		

Remarks :

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

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

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

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

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

B11 Corporate Exercises (cont'd)

B11 (b)

On 25 April 2019, the Company had submitted an application to Bursa Securities in respect of the listing and quotation of up to 256,446,959 placement shares to be issued pursuant to the private placement of up to 10% of the total number of issued shares of EkoVest, on the Main Market of Bursa Securities which was subsequently approved on 29 April 2019.

The issue price for the first tranche of the private placement has been fixed on 6 May 2019 (“Price-Fixing Date”) at RM0.83 per Placement Share (“First Tranche”). The First Tranche comprised up to 214,812,359 Placement Shares, calculated based on 10% of the total number of issued shares of EkoVest as at 3 May 2019. The issue price of RM0.83 per placement share represents a discount of approximately 7.12% to the five (5)-day volume weighted average market price of EkoVest Shares up to and including 3 May 2019.

On 16 May 2019, the first tranche of the private placement comprising 214,800,000 placement shares has been completed following the listing and quotation of 214,800,000 placement shares on the Main Market of Bursa Securities.

The status of utilisation of proceeds raised from the Proposed Placement which was completed on 16 May 2019 are as follows:

Purpose	Gross Proceeds (RM '000)	Actual Utilisation (RM '000)	Balance (RM '000)	Deviation (RM '000)	Intended Timeframe for Utilisation
Repayment of bank borrowings	100,000	100,000	Nil	Nil	Within 6 months
Property development projects	64,000	56,157	7,843	Nil	Within 18 months
General working capital	14,044	14,044	Nil	Nil	Within 6 months
Estimated expenses in relation to the Proposed Placement	240	240	Nil	Nil	Within 6 months
	178,284	170,441	7,843		



EkoVest Berhad
Registration No: 198501000052 (132493-D)
(Incorporated in Malaysia)

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

B11 Corporate Exercises (cont'd)

B11 (b)

The remaining placement shares not issued under the First Tranche will be issued in subsequent tranches within six (6) months from 29 April 2019, being the date of Bursa Securities' approval letter for the listing and quotation of the placement shares on the Main Market of Bursa Securities. Subsequently, Bursa Securities had vide its letter dated 23 October 2019, granted an extension of time until 29 April 2020.

On 4 May 2020, Bursa Securities had granted a further extension of time until 29 October 2020 for the Company to complete the implementation of the Private Placement.

B11 (c)

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:

- (i) 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:
 - (a) approximately RM849.89 million through the issuance of 849,887,600 ICPS at an issue price of RM1.00 per ICPS; and
 - (b) approximately RM19.80 million in cash ("Proposed Acquisition 1"); and
- (ii) 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.



EkoVest Berhad
Registration No: 198501000052 (132493-D)
(Incorporated in Malaysia)

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

B11 Corporate Exercises (cont'd)

B11 (c)

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:

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

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

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

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