



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 (1st Quarter - 30 September 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 2020.

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 2020, except for the adoption of the following Amendments to MFRSs and IFRIC Agenda Decision that are effective for the Group from 1 July 2020:

Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendment to MFRS 16	Covid-19-Related Rent Concessions
IFRIC Agenda Decision	Over Time Transfer of Constructed Good (IAS 23 Borrowing Costs)

Other than IFRIC Agenda Decision on Over Time Transfer of Constructed Good (IAS 23 Borrowing Costs), the adoption of the above Amendments to MFRSs does not have significant impact on the financial position and financial performance of the Group nor any of the Group's significant accounting policies.



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1.1 Changes in Accounting Policies (Cont'd)

IFRIC Agenda Decision on Over Time Transfer of Constructed Good (IAS 23 Borrowing Costs)

In March 2019, the IFRS Interpretations Committee published an agenda decision on IAS 23 Borrowing Costs (MFRS 123 Borrowings Costs) relating to over time transfer of constructed good. It is concluded that receivables, contract assets and inventory (work-in-progress) for unsold units under construction for which revenue is recognised over time are not qualifying assets under IAS 23 (MFRS 123). The Malaysian Accounting Standards Board has announced that an entity shall apply the change in accounting policy as a result of the agenda decision to financial statements of annual periods beginning on or after 1 July 2020. The Group has changed its accounting policy pursuant to the agenda decision on 1 July 2020 and applied the requirements on accounting policy change in MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The effects of change of accounting policy are as below:

Group

Statements of Comprehensive Income for the year ended 30 June 2020

	As previously reported RM'000	Prior year adjustments RM'000	As restated RM'000
Cost of sales	993,258	(170)	993,088
Finance Cost	174,698	170	174,868
	=====	=====	=====

Group

Statements of Financial Position for The Year Ended 30 June 2020

	30 June 2020 RM'000	Changes RM'000	1 July 2020 RM'000
Non-current assets			
Deferred tax assets	15,406	2,598	18,004
	=====	=====	=====
Current assets			
Property development costs	344,115	(10,826)	333,289
	=====	=====	=====
Equity			
Reserves	1,355,665	(8,228)	1,347,437
	=====	=====	=====



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1.1 Changes in Accounting Policies (Cont'd)

Group

Statements of Financial Position for The Year Ended 30 June 2019

	30 June 2019	Changes	1 July 2019
	RM'000	RM'000	RM'000
Non-current assets			
Deferred tax assets	13,163	2,639	15,802
	=====	=====	=====
Current assets			
Property development costs	346,504	(10,997)	335,507
	=====	=====	=====
Equity			
Reserves	1,334,119	(8,358)	1,325,761
	=====	=====	=====



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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 quarter and three months ended 30 September 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 2020 approved the payment of a first and final single tier dividend of 0.5 sen per ordinary share amounting to RM13,274,140 for the financial year ended 30 June 2020. The said dividend was proposed to be paid on 10 December 2020 to members whose name appear in the Record of Depositors on 30 November 2020.

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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 (Unaudited)	Preceding Year Corresponding Quarter (Restated)		Current Financial Year (Unaudited)	Preceding Financial Year (Restated)	
	30/09/2020 RM'000	30/09/2019 RM'000	Changes %	30/09/2020 RM'000	30/09/2019 RM'000	Changes %
Revenue						
Construction operations	256,070	286,552	(10.64)	256,070	286,552	(10.64)
Property development	5,450	3,162	72.36	5,450	3,162	72.36
Toll operations	43,713	46,248	(5.48)	43,713	46,248	(5.48)
Investment holding and others	8,535	10,833	(21.21)	8,535	10,833	(21.21)
Total	313,768	346,795	(9.52)	313,768	346,795	(9.52)
Gross profit						
Construction operations	39,456	35,558	10.96	39,456	35,558	10.96
Property development	860	895	(3.91)	860	895	(3.91)
Toll operations	31,471	35,613	(11.63)	31,471	35,613	(11.63)
Investment holding and others	2,983	3,696	(19.29)	2,983	3,696	(19.29)
Total	74,770	75,762	(1.31)	74,770	75,762	(1.31)

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A8 Segmental Information (Cont'd)

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	Current Year Quarter (Unaudited)	Preceding Year Corresponding Quarter (Restated)		Current Financial Year (Unaudited)	Preceding Financial Year (Restated)	
	30/09/2020 RM'000	30/09/2019 RM'000	Changes %	30/09/2020 RM'000	30/09/2019 RM'000	Changes %
Other income	5,407	85,165	(93.65)	5,407	85,165	(93.65)
Administrative and general expenses	(20,478)	(44,504)	53.99	(20,478)	(44,504)	53.99
Share of result of associate	922	(1,192)	177.35	922	(1,192)	177.35
<u>Profit before interest and tax</u>	60,621	115,231	(47.39)	60,621	115,231	(47.39)
Interest income	2,462	10,239	(75.95)	2,462	10,239	(75.95)
Interest expense	(48,369)	(38,714)	24.94	(48,369)	(38,714)	24.94
<u>Profit before tax</u>	14,714	86,756	(83.04)	14,714	86,756	(83.04)

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.



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A10 Material Subsequent Event

On 29 September 2020, the Company entered into three conditional share purchase agreements with Limbongan Resources Sdn Bhd, Tan Sri Datuk Seri Lim Keng Cheng and Lim Seong Hai Holdings Sdn Bhd for the acquisition of an aggregate of 89,144,200 ordinary shares in PLS Plantations Berhad (“PLS”) and 7,087,100 warrants issued by PLS Plantations Berhad (“PLS Warrants”) representing approximately 24.54% equity interest in PLS and 4.35% of the outstanding PLS warrants respectively, for a total cash consideration of RM85.750 million (“Proposed Acquisitions”). Upon completion of the Proposed Acquisitions on 30 October 2020, the Group’s shareholding in PLS increase from 32.84% to 57.38%.

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 September 2020.

A13 Capital Commitments

Capital commitments of the Group as at 30 September 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
- purchase of PLS Shares & PLS Warrants (refer to Note A10)	85,750
- concession assets	<u>611,556</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:

	3 months ended 30 September 2020 RM’000
With company in which certain Directors of the Company, have interests:	
Knusford Construction Sdn Bhd	16,932
Knusford Marketing Sdn Bhd	<u>4,967</u>

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B1 Financial Review

Financial review for current quarter

	Individual Period (1 st Quarter)		Changes	
	Current Year Quarter (Unaudited)	Preceding Year Corresponding Quarter (Restated)	RM'000	%
	30/09/2020 RM'000	30/09/2019 RM'000		
Revenue	313,768	346,795	(33,027)	(9.52)
Gross profit	74,770	75,762	(992)	(1.31)
Profit before interest and tax	60,621	115,231	(54,610)	(47.39)
Profit before tax	14,714	86,756	(72,042)	(83.04)
Profit after tax	6,301	60,622	(54,321)	(89.61)
Profit attributable to owners of the Company	10,864	63,318	(52,454)	(82.84)

Current quarter (“1Q 2021”) against preceding year corresponding quarter (“1Q 2020”)

For the 1Q 2021, the Group registered a revenue of RM313.768 million and profit before tax of RM14.714 million as compared to revenue of RM346.795 million and profit before tax of RM86.756 million reported in the 1Q 2020. In the preceding year corresponding quarter, the Company received an income from the facilitation fund for the infrastructures at Jalan Cheras which has increased the profit before tax as compared to the performance of the current year quarter.

The performance of the respective operating business segments for the 1Q 2021 under review as compared to the 1Q 2020 is analysed as follow:

Construction operations

The construction sector reported a lower revenue of RM256.070 million for the 1Q 2021 as compared to RM286.552 million in 1Q 2020. The decrease in revenue in the 1Q 2021 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 and the extended Recovery Movement Control Order (RMCO) which is expected to end on 31 December 2020. The impact of the above has slowed down the construction work. Currently, we have adjusted to the current norm while complying to new SOP's procedures at the construction sites.



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B1 Financial Review (cont'd)

Property development

The property development segment reported higher revenue of RM5.450 million as compared to a revenue of RM3.162 million in the preceding year corresponding quarter. The higher revenue was due to the higher sales for the Office Tower and the 3 blocks of service apartments In EkoCheras. However, the gross profit margin is slightly lower than the preceding year corresponding quarter due to higher overheads costs incurred relating to the sale.

Toll operations

The toll operations sector registered a lower revenue of RM43.713 million in 1Q 2021 as compared to RM46.248 million in 1Q 2020. There is a decrease of approximately 5.48% in the toll revenue due to the implementation of the MCO and the RMCO which has impacted the traffic volume for this current quarter as compared to the preceding corresponding quarter. As a result of the decreased revenue, the sector reported a lower gross profit of RM31.471 million in 1Q 2021 as against RM35.613 million in 1Q 2020.

Investment holding and others

The revenue for the current quarter decreased from RM10.833 million in 1Q 2020 to RM8.535 million in 1Q 2021 mainly due to the decrease in both the revenue for EkoCheras Shopping Mall and the food and beverage activities.

Rental rebates were given with the implementation of MCO and the RMCO for the tenants of EkoCheras Mall. The food and beverage activities was also badly affected during this MCO period. For the 1Q 2021, this segment reported a gross profit of RM2.983 milion as compared to a gross profit of RM3.696 million in 1Q 2020.



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B1 Financial Review (cont'd)

Financial review for financial year to date

	Cumulative Period		Changes	
	Current Year To- Date (Unaudited)	Preceding Year Corresponding Period (Restated)		
	30/09/2020 RM'000	30/09/2019 RM'000	RM'000	%
Revenue	313,768	346,795	(33,027)	(9.52)
Gross profit	74,770	75,762	(992)	(1.31)
Profit before interest and tax	60,621	115,231	(54,610)	(47.39)
Profit before tax	14,714	86,756	(72,042)	(83.04)
Profit after tax	6,301	60,622	(54,321)	(89.61)
Profit attributable to owners of the Company	10,864	63,318	(52,454)	(82.84)

Current year to date (“YTD 2021”) against preceding year corresponding period (“YTD 2020”)

For the YTD 2021, the Group registered a revenue of RM313.768 million and profit before tax of RM14.714 million as compared to the revenue of RM346.795 million and profit before tax of RM86.756 million reported in YTD 2020. Please refer to the above for the analysis of the performance of the respective operating business segments.

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B2 Comparison with preceding quarter results

Financial review for current quarter compare with immediate preceding quarter

	Current Quarter (Unaudited)	Immediate Preceding Quarter (Restated)	Changes	
	30/09/2020	30/06/2020	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	313,768	192,298	121,470	63.17
Gross profit	74,770	26,700	48,070	180.04
Profit / (Loss) before interest and tax	60,621	(6,297)	66,918	1,062.70
Profit / (Loss) before tax	14,714	(44,868)	59,582	132.79
Profit / (Loss) after tax	6,301	(66,702)	73,003	109.45
Profit / (Loss) attributable to owners of the Company	10,864	(53,815)	64,679	120.19

The Group recorded a revenue of RM313.768 million and profit before tax of RM14.714 million in the current quarter as compared to revenue of RM192.298 million and loss before tax of RM44.868 million in the immediate preceding quarter.

In the current reporting quarter, the Group's revenue has increased and a profit before tax incurred mainly due to more construction workdone recognized, increase in traffic volume in toll operation and increase of rental income from EkoCheras Shopping Mall as compared to the immediate preceding quarter.

The performance of the respective Group's operating business segments in the immediate preceding quarter was adversely affected with the implementation of MCO by the authority since 18 March 2020, followed by the CMCO and RMCO where there were suspension of construction work during the MCO and the manpower and supply chain were also disrupted. The Group's revenue and earnings have dropped significantly in the immediate preceding quarter as compared to the 1Q 2021.

B3 Prospects

As the nation entered into RMCO phase starting 10 June 2020, almost all business sectors had reopen with standard operating procedure to be adhered to. 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 and 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 current financial year.



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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 current 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 September 2020	3 months ended 30 September 2020
	RM '000	RM '000
Malaysian taxation		
- current	10,245	10,245
- deferred	(1,832)	(1,832)
	<u>8,413</u>	<u>8,413</u>

The effective tax rate for the quarter is higher than statutory tax rate mainly due to the losses incurred by certain subsidiaries and certain expenses not being deductible for tax purposes.



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B6 Group Borrowings

Current Liabilities	CURRENT 1st QUARTER ENDED 30 SEPTEMBER 2020 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2019 RM '000
Bank overdraft		
-secured	16,395	10,841
-unsecured	-	1,082
Bank Term Loans-secured	7,322	14,773
Medium term notes	50,000	22,489
Revolving credit-secured	480,231	620,850
	553,948	670,035

Non-current Liabilities	CURRENT 1st QUARTER ENDED 30 SEPTEMBER 2020 RM '000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2019 RM '000
Bank Term Loans-secured	271,612	321,049
Islamic medium term notes	5,392,242	5,405,937
	5,593,854	5,726,986

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

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B7 Material Litigation

Save as disclosed below as at 30 September 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.

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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 were vacated following the order of the Court as detailed in item B7(iii) below.



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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.



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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. . The hearing of the Stay Applications was then adjourned to 13 July 2020. Further to the filing of the written submissions and reply submissions by the parties’ solicitors, the parties’ solicitors also submitted orally and addressed the High Court Judge’s questions during the hearing fixed on 13 July 2020. Thereafter, the High Court Judge fixed the Clarification/Decision for the Stay Applications on 30 July 2020. On 30 July 2020, the High Court Judge dismissed the Company’s application for a stay of proceedings; and the High Court Judge allowed ECSB’s application for a stay of proceedings but imposed a condition that the arbitration between ECSB and SRSB shall only proceed after the resolution of SRSB’s claim against the Company at Kuala Lumpur High Court.

On 25 August 2020, the Company has filed its notice of application to appeal against the decision of the Court that dismissed the Company’s Stay Application (“Company’s appeal”), and ECSB had also filed its notice of application to appeal partly against the condition imposed by the Court when allowing ECSB’s Stay Application. Both the appeals are fixed for case management on 13 January 2021 pending the grounds of judgment from the Kuala Lumpur High Court.

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 had on 2 September 2020 filed the application for a stay of proceedings pending the disposal of the Company’s appeal at the Court of Appeal. After having instructed parties to present their submissions, the High Court Judge had on 13 November 2020 dismissed the Company’s application for a stay of proceedings pending the disposal of the Company’s appeal at the Court of Appeal with costs of RM4,000 to be paid to SRSB. The judge thereafter proceeded to fix the trial for SRSB’s claim against the Company on 24 May 2021, 25 May 2021, 27 May 2021, 31 May 2021, 9 June 2021, and 10 June 2021, and that with the next case management date on 23 December 2020 (collectively, “High Court Proceedings”). The Company is in the midst of seeking legal advice on whether to file a motion at the Court of Appeal to stay the aforesaid High Court Proceedings.

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B7 Material Litigation (cont'd)

On the above matter as a whole, 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, ECSB has a fair chances of success in the Arbitration Proceeding and the Company has a fair chances of success in the defence to the Claim brought by SRSB as they have failed to expeditiously and diligently make the necessary applications for the approvals from LBUSB for the sub-contract of the Highway Project to the JV Company, and failed to take any step to compel LBUSB to consent to the sub-contract of the Highway Project to the JV Company, which should not have been unreasonably withheld.

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

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

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

The case management is fixed on 25 November 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.

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
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B8 Dividend Declared

No interim dividend has been declared for the current quarter and period ended 30 September 2020.

B9 Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 September 2020 (Unaudited)	Preceding year corresponding quarter 30 September 2019 (Unaudited)	Current year to-date 30 September 2020 (Unaudited)	Preceding year Corresponding Period 30 September 2019 (Unaudited)
(a) Basis earnings per share				
Net profit attributable to owners of the Company (RM'000)	10,864	63,318	10,864	63,318
Weighted average number of ordinary share issue (‘000)	2,695,828	2,654,828	2,695,828	2,654,828
Basic earnings per ordinary share (sen)	0.40	2.39	0.40	2.39
(b) Diluted earnings per ordinary share (sen)	0.40	2.39	0.40	2.39

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

	Current quarter ended 30 September 2020 RM ‘000	3 months ended 30 September 2020 RM ‘000
Profit before tax is stated after charging /(crediting) :		
Interest income	(2,462)	(2,462)
Other income including investment income	(5,407)	(5,407)
Interest expense	48,369	48,369
Depreciation and amortization	11,513	11,513



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**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
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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.



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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 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 proceeds raised from this First Tranche placement have been fully utilized according to the approved utilisation purposes.

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. However, on 29 September 2020, the Company completed the second and final tranche of the Private Placement comprising 41,000,000 Placement Shares at RM0.51 per share for total consideration of RM20,910,000. This proceeds were raised for general working capital purposes.

**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
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B11 Corporate Exercises (cont'd)

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.

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.



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**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
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B11 Corporate Exercises (cont'd)

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 2021 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.

B11 (d)

The Company had on 8 September 2020 received a letter dated 7 September 2020 from IWH ("Letter") in relation to an exclusive offer to the Company to enter into exclusive negotiation with IWH to explore the participation of the Company as a strategic investor in the Bandar Malaysia development project, through the proposed acquisition by the Company of 40% of the equity interest held by IWH in IWH CREC Sdn Bhd ("IWH-CREC") ("Proposal").

IWH, through IWH-CREC, a joint venture vehicle between IWH and China Railway Engineering Corporation (M) Sdn Bhd ("CRECM") (a wholly owned company of the China state-owned company, China Railway Group Limited (CREC), which is a Fortune Global 500 company), had on 17 December 2019 entered into a restated and amended share sale agreement with TRX City Sdn Bhd ("TRXC") (an indirect wholly owned subsidiary of the Ministry of Finance Malaysia) in relation to the acquisition by IWH-CREC of a 60% equity interest in Bandar Malaysia Sdn Bhd to undertake the development of the Bandar Malaysia project.



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**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
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B11 Corporate Exercises (cont'd)

The Board of Directors of the Company ("Board") wishes to announce that the Board has agreed to commence exclusive negotiation to finalize with IWH in relation to the Proposal, with a view towards entering into agreement within 30 market days from the acceptance of the Letter, unless extended with the consent of both parties.

The Proposal is subject to the approvals, waivers or consents of all relevant parties include, among others, CRECM and TRXC.

IWH takes cognizance of EkoVest as being one of its long-term trusted business partners that has the necessary skills and technical know-how to undertake largescale infrastructure developments. The Bandar Malaysia Project is a prime national economic project, in which EkoVest's direct participation and investment in IWH-CREC will potentially generate billions in order book sales arising from future infrastructure and development of Bandar Malaysia, which has an estimated gross development value (GDV) of approximately RM140 billion.

The Company and IWH have mutually agreed to an extension of time of a period of 30 market days commencing from 22 October 2020 to 3 December 2020 for the Company to deliberate and consider as well as to enable the parties to finalise the relevant agreements in relation to the Proposal.

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