



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 (3rd Quarter - 31 March 2022)

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 2021.

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 2021, except for the adoption of the following Amendments to MFRSs that are effective for the Group from 1 July 2021:

Amendments to MFRS 9, MFRS
139, MFRS 7, MFRS 4 and
MFRS 16

Interest Rate Benchmark Reform – Phase 2

Amendment to MFRS 16

Covid-19-Related Rent Concessions beyond 30 June
2021

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.

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 ended 31 March 2022.



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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 Paid

There were no dividend declared or paid for the current quarter ended 31 March 2022.

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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 | | Current Financial Year (Unaudited) | Preceding Financial Year | |
| | 31/03/2022 RM'000 | 31/03/2021 RM'000 | Changes % | 31/03/2022 RM'000 | 31/03/2021 RM'000 | Changes % |
| <u>Revenue</u> | | | | | | |
| Construction operations | 69,240 | 251,170 | (72.43) | 284,419 | 793,693 | (64.17) |
| Property development | 12,921 | 5,406 | 139.01 | 23,689 | 14,342 | 65.17 |
| Toll operations | 41,968 | 30,680 | 36.79 | 106,071 | 106,693 | (0.58) |
| Plantation | 32,111 | 8,415 | 281.59 | 139,218 | 36,066 | 286.01 |
| Food and beverages | 2,557 | 1,814 | 40.96 | 6,660 | 5,122 | 30.03 |
| Property Investment & Others | 9,485 | 7,026 | 35.00 | 24,053 | 21,311 | 12.87 |
| Total | 168,282 | 304,511 | (44.74) | 584,110 | 977,227 | 329.33 |
| <u>Gross profit</u> | | | | | | |
| Construction operations | 13,340 | 53,456 | (75.04) | 69,938 | 127,134 | (44.99) |
| Property development | 2,392 | 1,434 | 66.81 | 4,778 | 2,886 | 65.56 |
| Toll operations | 30,611 | 24,173 | 26.63 | 75,039 | 78,681 | (4.63) |
| Plantation | 15,186 | 1,574 | 864.80 | 52,666 | 10,131 | 419.85 |
| Food and beverages | (964) | (1,176) | (18.03) | (1,054) | (4,479) | (76.47) |
| Property Investment & Others | (1,563) | 1,002 | (255.99) | 94 | 5,917 | (98.41) |
| Total | 59,002 | 80,463 | 609.18 | 201,461 | 220,270 | 260.91 |

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A8 Segmental Information (Cont'd)

| | INDIVIDUAL PERIOD | | | CUMULATIVE PERIOD | | |
|--|--|--|-----------------|--|--------------------------------|----------------|
| | Current Year Quarter (Unaudited) | Preceding Year Corresponding Quarter | | Current Financial Year (Unaudited) | Preceding Financial Year | |
| | 31/03/2022 RM'000 | 31/03/2021 RM'000 | Changes % | 31/03/2022 RM'000 | 31/03/2021 RM'000 | Changes % |
| Other income | 9,111 | 4,055 | 124.69 | 19,282 | 12,685 | 52.01 |
| Administrative and general expenses | (33,547) | (22,145) | 51.49 | (80,532) | (61,881) | 30.14 |
| <u>Profit before interest and tax</u> | 34,566 | 62,373 | (44.58) | 140,211 | 171,074 | (18.04) |
| Interest income | 3,340 | 4,098 | (18.50) | 6,915 | 10,265 | (32.64) |
| Interest expenses | (53,741) | (53,247) | 0.93 | (144,682) | (144,133) | 0.38 |
| <u>(Loss) / profit before tax</u> | (15,835) | 13,224 | (219.74) | 2,444 | 37,206 | (93.43) |

NM – Not meaningful

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

Save for those disclosed in Note B11 on the status of Corporate Exercises, there were no other material events subsequent to the end of the current quarter.



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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 31 March 2022.

A13 Capital Commitments

Capital commitments of the Group as at 31 March 2022 are as follows –

| | RM'000 |
|--|---------------|
| Approved and contracted for capital expenditure in respect of: | |
| - concession assets | 350,715 |

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:

| | 9 months ended 31 March 2022 RM'000 |
|--|--|
| With company in which certain Directors of the Company, have interests: | |
| Besteel Engtech Sdn Bhd | 2,921 |
| Knusford Construction Sdn Bhd | 20,443 |
| Knusford Marketing Sdn Bhd | 5,927 |

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Notes to the Interim Financial Report (3rd Quarter - 31 March 2022)

B1 Financial Review

(i) Financial review for current quarter

| | Individual Period (3rd Quarter) | | Changes | |
|---|--|--|-----------|----------|
| | Current Year Quarter (Unaudited) | Preceding Year Corresponding Quarter | | |
| | 31/03/2022 RM'000 | 31/03/2021 RM'000 | RM'000 | % |
| Revenue | 168,282 | 304,511 | (136,229) | (44.74) |
| Gross Profit | 59,002 | 80,463 | (21,461) | (26.67) |
| Profit before Interest and tax | 34,566 | 62,373 | (27,807) | (44.58) |
| (Loss)/profit before tax | (15,835) | 13,224 | (29,059) | (219.74) |
| (Loss)/profit after tax | (12,172) | 13,758 | (25,930) | (188.47) |
| (Loss)/profit attributable to owners of the Company | (7,959) | 27,544 | (35,503) | (128.90) |

Current quarter (“3Q 2022”) against preceding year corresponding quarter (“3Q 2021”)

For the 3Q 2022, the Group registered a revenue of RM168.282 million and loss before tax of RM15.835 million as compared to the revenue of RM304.511 million and profit before tax of RM13.224 million reported in the 3Q 2021.

The performance of the respective operating business segments for the 3Q 2022 under review as compared to the 3Q 2021 is analysed as follow:

Construction operations

The construction sector reported a lower revenue of RM69.240 million for the 3Q 2022 as compared to RM251.170 million in 3Q 2021. Correspondingly, the gross profit has also decreased from RM53.456 million in 3Q 2021 to RM13.340 million in 3Q 2022. Even with the gradual recovery from the MCO easing of the restrictions, this segment has reported a lesser construction activities due to slower supply of building materials and foreign labour shortages which takes time to improve and recover to pre-MCO period.



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B1 Financial Review (cont'd)

Property development

The property development segment reported a revenue of RM12.921 million for this current quarter as compared to preceding year corresponding quarter of RM5.406 million. The revenue for the completed units in EkoCheras has improved with the gradual recovery from the MCO easing of the restrictions. Correspondingly, this segment reported a higher gross profit of RM2.392 million in 3Q 2022 compared with RM1.434 million in 3Q 2021.

Toll operations

The toll operations sector registered a higher revenue of RM41.968 million in 3Q 2022 as compared to RM30.680 million in 3Q 2021, an increase of approximately 36.8% in revenue. This is a reflection of the increase in the traffic volume following the relaxation of MCO restrictions. As a result of the increased revenue, this sector reported a higher gross profit of RM30.611 million in 3Q 2022 as against RM24.173 million in 3Q 2021.

Plantation

For the current quarter 3Q 2022, the plantation segment registered a higher revenue of RM32.111 million and a gross profit of RM15.186 million as compared with revenue of RM8.415 million and gross profit of 1.574 million in the preceding year corresponding quarter. The increase in revenue and gross profit were mainly attributed to the significant increase in Fresh Fruit Bunches (FFB)'s average selling price. Meanwhile, other divisions' sales such as the durian plantation, contract farming and manufacturing and trading division have also contributed higher revenue as compared to the 3Q 2021.

Food and Beverages

The relaxation of the MCO restrictions during the current quarter has resulted in an increase in our F&B division's revenue as many industries have resumed their businesses with consumer improving spending habits. The revenue for the current quarter increased from RM1.814 million in 3Q 2021 to RM2.557 million in 3Q 2022. Before the implementation of NRP Phase 4 our F&B outlets were only operating take away which has affected our revenue.

Property Investment and others

The rental revenue for the current quarter increased from RM7.026 million in 3Q 2021 to RM9.485 million in 3Q 2022 mainly due to the lower rental rebates given to the tenants in EkoCheras Shopping Mall. However, continuing support to the tenants in various other forms were still provided to ease the cash flows of certain tenants.

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B1 Financial Review (cont'd)

(ii) Financial review for financial year to date

| | Cumulative Period | | Changes | |
|---|----------------------------------|-------------------------------------|-----------|----------|
| | Current Year To-Date (Unaudited) | Preceding Year Corresponding Period | RM'000 | % |
| | 31/03/2022 RM'000 | 31/03/2021 RM'000 | | |
| Revenue | 584,110 | 977,227 | (393,117) | (40.23) |
| Gross Profit | 201,461 | 220,270 | (18,809) | (8.54) |
| Profit before Interest and tax | 140,211 | 171,074 | (30,863) | (18.04) |
| Profit/(loss) before tax | 2,444 | 37,206 | (34,762) | (93.43) |
| (Loss)/profit after tax | (8,259) | 21,763 | (30,022) | (137.95) |
| (Loss)/profit attributable to owners of the Company | (1,169) | 46,052 | (47,221) | (102.54) |

Current year to date (“YTD 2022”) against preceding year corresponding period (“YTD 2021”)

For the YTD 2022, the Group registered a revenue of RM 584.110 million and profit before tax of RM 2.444 million as compared to the revenue of RM977.227 million and profit before tax of RM37.206 million reported in YTD 2021. The performance of the respective operating business segments for the YTD 2022 under review as compared to the YTD 2021 is analysed as follows:

Construction operations

The construction sector reported a lower revenue of RM284.419 million for the YTD 2022 as compared to RM793.693 million in YTD 2021. Correspondingly, the gross profit has also decreased from RM127.134 million in YTD 2021 to RM69.938 million in YTD 2022. The decrease in revenue was due to lesser construction contribution during this 9 months of YTD 2022. In YTD 2022, the effects of MCO 3.0 and the total lockdown as implemented by the Government of Malaysia had impacted the construction work on-site. Although the construction industry was allowed to operate under strict SOPs, the lockdown had disrupted the supply-chain of the entire construction industry, resulting in slower lead time for supply of building materials and labour shortages.



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B1 Financial Review (cont'd)

Property development

The property development segment for the YTD 2022 reported a higher revenue of RM23.689 million as compared to preceding year corresponding quarter of RM14.342 million. The sales of the completed properties have picked up slowly with an improvement of 65.17% as compared to the YTD 2021. With the government implementation of NRP Phase 4, there was a gradual recovery from the lesser restrictions imposed. Correspondingly, the gross profit margin in YTD 2022 is higher than the preceding year.

Toll operations

The toll operations sector registered a slight reduction of revenue of RM106.071 million in YTD 2022 as compared to RM106.693 million in YTD 2021. There is a decrease of approximately 0.58% in the toll revenue. The lower traffic volume is mainly due to stricter restrictions under the National Recovery Plan (NRP) for the 1st quarter of our current reporting period. However, with the NRP moving to Phase 4 from October 2021 onwards, our traffic volume have gradually improved as many industries have resumed their businesses and economic activities have improved. This sector reported a lower gross profit of RM75.039 million in YTD 2022 as against RM78.681 million in YTD2021.

Plantation

The plantation segment registered a higher revenue of RM139.218 million and a gross profit of RM52.666 million in YTD 2022 as compared with the revenue of RM36.066 million and gross profit of 10.131 million in YTD 2021.

The lower revenue of RM36.066 million in YTD 2021 is partly due to the incorporation of the plantation sector results for only five(5) months following the completion of the acquisition of PLS on 30 October 2020. As for YTD 2022, besides the inclusion of the entire nine(9) months results, the revenue and gross profit have increased attributable to the higher sales contribution from the oil palm and sales for the frozen durian products. The significant increase in FFB's average selling price has further improved the revenue of the oil palm division.



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B1 Financial Review (cont'd)

Food and Beverages

The F&B division has registered a higher revenue of RM6.660 million for YTD 2022 as against the preceding corresponding year of RM5.122 million.

The implementation of the MCO 3.0 National Recovery Plan (NRP) Phase 4 during this 9 months YTD 2022, has resulted in an increase in our F&B division's revenue as many industries have resumed their businesses. Our newly opened restaurant, Saemaeul Korean BBQ has also contributed to the increase in our F&B division's revenue and gross profit. Before the implementation of Phase 4 NRP, our F&B outlets were only operating take aways (during the lockdown) which has affected our revenue in the preceding corresponding period.

Property Investment and others

The rental revenue for YTD 2022 increased slightly from RM21.311 million in YTD 2021 to RM24.053 million mainly due to lower rental rebates given to the tenants in EkoCheras Shopping Mall. We have continued to support and provide rental rebates to ease the cashflows of certain tenants, as some non-essential businesses were not permitted to operate earlier.

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B2 Comparison with preceding quarter results

Financial review for current quarter compare with immediate preceding quarter

| | Individual Period (3rd Quarter) | | Changes | |
|---|--|--|-----------|----------|
| | Current Year Quarter (Unaudited) | Immediate Preceding Quarter (Unaudited) | | |
| | 31/03/2022 RM'000 | 31/12/2021 RM'000 | RM'000 | % |
| Revenue | 168,282 | 235,968 | (67,686) | (28.68) |
| Gross Profit | 59,002 | 80,643 | (21,641) | (26.84) |
| Profit before Interest and tax | 34,566 | 64,313 | (29,747) | (46.25) |
| (Loss)/profit before tax | (15,835) | 22,705 | (38,540) | (169.74) |
| (Loss)/profit after tax | (12,172) | 14,816 | (26,988) | (182.15) |
| (Loss)/profit attributable to owners of the Company | (7,959) | 112,898 | (120,857) | (107.05) |

The Group recorded a revenue of RM 168.282 million and loss before tax of RM 15.835 million in the current quarter as compared to revenue of RM235.968 million and profit before tax of RM22.705 million in the immediate preceding quarter.

For the current reporting quarter, the Group reported a lower revenue mainly due lesser contribution from construction sector as compared to the immediate preceding quarter. The lesser construction activities in this 3Q 2022 were mainly due to the continuation impact from the breakdown in the supply chain of construction materials and loss of productivity in adapting to new health protocols and SOPs had continued to affect our construction progress. The plantation segment has also reported a lower revenue in 3Q 2022 mainly attributable to the lower fresh fruit bunch (FFB) sales volume which has declined from 30,529 metric tonnes in the preceding quarter to 16.667 metric tonnes in the current quarter and also lower contribution from the manufacturing and trading division.

B3 Prospects

As part of our strategy to transform Ekovest into a larger listed conglomerate with a portfolio of diversified businesses, our presence in PLS has enabled us to venture into the management and operation of oil palm and forest plantations as well as in durian plantation, production, distribution and related businesses. This is in line with the long-term strategy of expanding and diversifying into other businesses to reduce dependency and reliance on our existing businesses in construction, property development and toll operations.



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The Board expects the Group's performance for the current financial year ending 2022 would remain challenging with the uncertainties resulting from the Russia-Ukraine war and the increasing material and petrol prices. However, with the new plantations segment, the ongoing construction of SPE and the toll revenue, the Board is hopeful that these segments would contribute positively to the Group's revenue and earnings in the current financial year.

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. The Company is also currently planning to launch property development projects in Klang Valley, following the re-introduction of HOC 2020/2021 which is expected to be an important catalyst to stimulate property sales in Malaysia. However, the Board will review the financial impact and monitor closely on any new property development project before launching.

B4 Forecast/Profit Guarantee

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

B5 Taxation

| | Current quarter ended 31 March 2022 | 9 months ended 31 March 2022 |
|--------------------|--|---|
| | RM'000 | RM'000 |
| Malaysian taxation | | |
| - current tax | 443 | 7,399 |
| - deferred tax | (4,106) | 3,304 |
| | <u>(3,663)</u> | <u>10,703</u> |

The effective tax rate 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 3rd Quarter Ended 31 March 2022 RM'000 | Preceding Year Corresponding Period 31 March 2021 RM'000 |
|---------------------------------|--|---|
| Bank overdraft | | |
| - secured | 16,662 | 32,837 |
| - unsecured | 23,317 | 1,404 |
| Bank term loans - secured | 51,917 | 197,834 |
| Medium term notes | 120,000 | 80,000 |
| Trade working capital financing | 6,392 | - |
| Revolving credit - secured | 458,454 | 479,125 |
| | 676,742 | 791,200 |
| | | |
| Non-current Liabilities | Current 3rd Quarter Ended 31 March 2022 RM'000 | Preceding Year Corresponding Period 31 March 2021 RM'000 |
| Bank term loans - secured | 416,925 | 283,879 |
| Islamic medium term notes | 5,432,391 | 5,345,129 |
| | 5,849,316 | 5,629,008 |

The Group's total borrowings as compared to the preceding year has increased mainly due to additional financing obtained for working capital purposes.



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B7 Material Litigation

Save as disclosed below as at 31 March 2022, 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) 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 (“**JV Agreement**”) 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 (ii) below.

On 12 January 2022, SRSB had initiated an arbitration proceeding against ECSB by serving a new Notice of Arbitration on ECSB, claiming against ECSB for, amongst others, the following:



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- (a) negligent misrepresentation and/or misstatements;
- (b) breach of duty of care, fiduciary duties, duties under common law and equity;
- (c) breach of the JV Agreement; and
- (d) breach of a collateral agreement between the parties.

ECSB had challenged the validity of the aforesaid notice on grounds that SRSB's attempt to initiate this fresh arbitration tantamount to duplicity and is an abuse of process. ECSB is now pending a response from SRSB.

- (ii) 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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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 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 pending arbitration 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 appeal to appeal against the decision of the High Court that dismissed the Company’s Stay Application (“**Company’s Appeal**”), and ECSB had also filed its notice of appeal to appeal partly against the condition imposed by the High Court when allowing ECSB’s Stay Application. The Company and ECSB were 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.

Notwithstanding the aforesaid, the Court of Appeal had on 25 November 2021 (after reading the parties’ respective written submissions together with all relevant documents) (a) allowed ECSB’s appeal and set aside the condition imposed by the High Court Judge that the arbitration between ECSB and SRSB shall only proceed after the resolution of SRSB’s Claim against the Company at the Kuala Lumpur High Court (“**Set Aside Decision**”); and (b) dismissed the Company’s Appeal as the Court of Appeal was of the view that the High Court proceedings between SRSB and the Company could proceed.

On 24 December 2021, SRSB had filed a Notice of Motion to the Federal Court to seek leave from the Federal Court to appeal against the Court of Appeal’s Set Aside Decision (“**SRSB’s Motion**”). The Company had also on 27 December 2021 filed a Notice of Motion to seek leave from the Federal Court to appeal against the decision of the Court of Appeal in dismissing the Company’s Appeal as earlier mentioned (“**Company’s Motion**”). The case management for both the Company’s Motion and SRSB’s Motion is fixed on 7 June 2022 pending the Grounds of Judgment from the Court of Appeal..

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 chance of success in the Arbitration Proceeding and the Company has a fair chance of success in the defence to the Claim brought by SRSB as SRSB has failed to expeditiously and diligently make the necessary applications for the approvals from LBUSB for the sub-contract of the Highway

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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. Our solicitors are also of the opinion that the Company has a fair chance of success in the defence to the Claim brought by SRSB as the Company has no involvement after the execution of the JV agreement.

- (iii) 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) a declaration that the alleged misrepresentations and/or misstatements pleaded by the GKCSB in the Statement of Claim was by ECSB and/or contributed by ECSB;
- (b) a declaration that ECSB owes a duty of care to GKCSB and is in breach of that duty of care;
- (c) a declaration that ECSB owes SRSB a fiduciary duty and/or a duty to take care, and ECSB is in breach of that duty;
- (d) a declaration that ECSB has caused SRSB to be sued by GKCSB in the Primary Proceeding;
- (e) consequently, and in the event that SRSB is held liable to GKCSB, an order that ECSB is liable to SRSB for an indemnity and/or a contribution in respect of GKCSB's claim;
- (f) costs incurred by SRSB in defending GKCSB's action;
- (g) cost of this Third Party Proceeding; and
- (h) interests.

The pleadings in respect of the Third Party Proceeding closed on 9 December 2019 and the matter was fixed for further case management on 16 July 2020.

On 19 December 2019, SRSB filed an application under Order 14A and/or Order 33 rule 2 and/or rule 5 of the Rules of Court 2012 ("**O. 14A Application**") for determination of six questions of law and for several consequential orders, including (a) that in the event the



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questions are determined in SRSB's favour, the claim of GKCSB against SRSB be struck out and/or dismissed, and (b) until the determination of the said questions, all proceedings in this matter be stayed. The case management for this O.14A Application was also fixed on 16 July 2020.

On 16 July 2020, the High Court directed for the O.14A Application to be heard first before the amendment application filed by GKCSB, and that parties are to comply with the directions for submissions.

Upon having heard the parties on their submissions, the High Court had on 3 September 2021 dismissed the O. 14A Application with cost to GKCSB. On 27 September 2021, SRSB filed a Notice of Appeal in respect of the O. 14A Application. SRSB had also filed a Notice of Application together with the Affidavit in Support for a stay of proceedings application ("**Stay Application**") on 22 October 2021 and 25 October 2021 respectively. In addition, SRSB had on 20 December 2021 filed a Notice of Application for the recusal of the present judge from hearing and deciding on the action, and that the action be heard and decided by a different high court judge ("**Recusal Application**"). The High Court ordered that in the interest of justice, the Recusal Application shall be heard first. Accordingly, the hearing of this Recusal Application is fixed on 22 March 2022.

Upon hearing parties on 22 March 2022, the Court dismissed the Recusal Application (Encl. 137) with no order as to costs. The Defendant further filed a Stay Application (Encl. 163) in respect of the Recusal Application (Encl. 137). On 25 April 2022, the Court fixed a ruling date on 11 May 2022 to rule whether to hear the Stay Application for Order 14 (Encl. 126) or Stay Application for Recusal (Encl. 163) first both filed by the Defendant. The Court vacated the ruling date on 11 May 2022 and further fixed the same on 17 June 2022.

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.

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B8 Dividend Declared

No interim dividend has been declared for the current quarter and period ended 31 March 2022.

B9 Earnings Per Share

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------------------------------|--|------------------------------|---|
| | Current year Quarter | Preceding year corresponding Quarter | Current year to-date | Preceding year Corresponding Period |
| | 31 March 2022 (Unaudited) | 31 March 2021 (Unaudited) | 31 March 2022 (Unaudited) | 31 March 2021 (Unaudited) |
| (a) Basis earning per share | | | | |
| Net (loss)/profit attributable to owners of the Company (RM'000) | (7,959) | 27,544 | (1,169) | 46,052 |
| Weighted average number of ordinary share issue ('000) | 2,695,828 | 2,695,828 | 2,695,828 | 2,695,828 |
| Basic earnings per ordinary share (sen) | (0.30) | 1.02 | (0.04) | 1.71 |
| (b) Diluted earnings per ordinary share (sen) | (0.30) | 1.02 | (0.04) | 1.71 |



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

| | Current quarter ended 31 March 2022 | 9 months ended 31 March 2022 |
|---|--|---------------------------------|
| | RM'000 | RM'000 |
| Loss before tax is stated after charging /(crediting): | | |
| Interest income | (3,340) | (6,915) |
| Other income including investment income | (9,111) | (19,282) |
| Interest expenses | 53,741 | 144,682 |
| Depreciation and amortisation | 12,016 | 32,635 |
| | <hr/> | <hr/> |

B11 Corporate Exercises

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**").



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B11 Corporate Exercises (cont'd)

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

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

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

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B11 Corporate Exercises (cont'd)

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 |
| | <u>1,130,000</u> | <u>981,000</u> | <u>149,000</u> | | |

Remarks :

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

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

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

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.

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