



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 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 2022.

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 2022, except for the adoption of the following Amendments to MFRSs that are effective for the Group from 1 July 2022:

Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual improvement to MFRS Standards 2018 - 2020
Amendment to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contract – Cost of Fulfilling a Contract

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.



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A4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 September 2022.

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 30 September 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
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
<u>Revenue</u>				
Construction operations	156,932	95,638	156,932	95,638
Property development	66,384	4,908	66,384	4,908
Toll operations	50,982	21,396	50,982	21,396
Plantation	37,752	49,846	37,752	49,846
Food and beverages	3,398	933	3,398	933
Property Investment & Others	7,450	5,394	7,450	5,394
Total	322,898	178,115	322,898	178,115
<u>Segment Results</u>				
Construction operations	13,194	23,953	13,194	23,953
Property development	10,745	688	10,745	688
Toll operations	42,872	14,892	42,872	14,892
Plantation	11,248	19,671	11,248	19,671
Food and beverages	(249)	(640)	(249)	(640)
Property Investment & Others	1,380	2,880	1,380	2,880
Elimination	269	5,550	269	5,550
Total	79,459	66,994	79,459	66,994

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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
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Administrative expenses	(17,967)	(23,478)	(17,967)	(23,478)
Finance cost	(58,310)	(47,942)	(58,310)	(47,942)
Profit / (loss) before tax	3,182	(4,426)	3,182	(4,426)
Tax expense	(2,007)	(6,477)	(2,007)	(6,477)
Profit / (loss) for the period	1,175	(10,903)	1,175	(10,903)

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 September 2022.



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A13 Capital Commitments

Capital commitments of the Group as at 30 September 2022 are as follows –

	RM'000
Approved and contracted for capital expenditure in respect of:	
- concession assets	158,488
- property, plant and equipment, new planting of bearer plants and biological asset	2,194
	<u>160,682</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 2022 RM'000
With company in which certain Directors of the Company, have interests:	
Besteel Engtech Sdn Bhd	35
Knusford Construction Sdn Bhd	3,726
Knusford Marketing Sdn Bhd	1,569
	<u>5,330</u>

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Notes to the Interim Financial Report (1st Quarter - 30 September 2022)

B1 Financial Review

(i) Financial review for current quarter and financial year to date

	Individual Period (1st Quarter)		Changes	
	Current Year Quarter (Unaudited)	Preceding Year Corresponding Quarter	RM'000	%
	30/09/2022 RM'000	30/09/2021 RM'000		
Revenue	322,898	178,115	144,783	81.29
Segment Results	79,459	66,994	12,465	18.61
Profit/(loss) before tax	3,182	(4,426)	7,608	171.89
Profit/(loss) after tax	1,175	(10,903)	12,078	110.78
Profit/(loss) attributable to owners of the Company	182	(6,108)	6,290	102.98

Current quarter (“1Q 2023”) against preceding year corresponding quarter (“1Q 2022”)

For the 1Q 2023, the Group registered a revenue of RM322.898 million and profit before tax of RM3.182 million as compared to the revenue of RM178.115 million and loss before tax of RM4.426 million reported in the 1Q 2022.

The performance of the respective operating business segments for the 1Q 2023 under review as compared to the 1Q 2022 is analysed as follow:

Construction operations

The construction sector reported a higher revenue of RM156.932 million for the 1Q 2023 as compared to RM95.638 million in 1Q 2022. The increase in revenue for the 1Q 2023 as compared to 1Q 2022 is mainly attributable to the commencement of our new Rapid Transit System Link (“RTS Link”) project. Despite a higher revenue for this reporting quarter, the segment result has decreased from RM23.953 million in 1Q 2022 to RM13.194 million in 1Q 2023. This is mainly due to the new RTS Link project has higher operating costs as compare to our current construction projects.



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B1 Financial Review (cont'd)

Property development

The property development segment reported a revenue of RM66.384 million for this current quarter as compared to preceding year corresponding quarter of RM4.908 million. The revenue for the completed units in EkoCheras has improved with the gradual recovery from the transition to an endemic phase as compared to the preceding year corresponding quarter where tighter MCO restrictions were imposed. The sales had also improved due to obtaining the Bumi Release for EkoCheras property units in September 2022. Correspondingly, this segment reported a better result of RM10.745 million profit in 1Q 2023 compared with RM0.688 million profit in 1Q 2022.

Toll operations

The toll operations sector registered a higher revenue of RM50.982 million in 1Q 2023 as compared to RM21.396 million in 1Q 2022, an increase of approximately 138.28% in revenue. The higher revenue in this current reporting quarter was due to the increase in traffic volume after the termination of MCO restrictions and also from the contribution of toll collection from our Wangsa Maju section of the SPE highway which has just begun operation. As a result of the increased revenue, this sector reported a higher profit of RM42.872 million in 1Q 2023 as against RM14.892 million in 1Q 2022.

Plantation

For the current quarter 1Q 2023, the plantation segment registered a lower revenue of RM37.752 million and a segment result of RM11.248 million profit as compared with RM49.846 million and segment result of RM19.671 million profit in the preceding year corresponding quarter. The decrease in revenue was mainly attributed to the lower sales contribution from the oil palm plantation and lower Fresh Fruit Bunches (FFB) average selling price. Meanwhile, other divisions' sales such as the durian manufacturing and trading division were also having a lower sales volume for their durian products to overseas customers in China.

Food and Beverages

The termination of the MCO restrictions in the country and the better performance from our restaurant has resulted in an increase in our F&B division's revenue. The revenue for the current quarter increased from RM0.933 million in 1Q 2022 to RM3.398 million in 1Q 2023. During the MCO restrictions period in the prior year, our F&B outlets were only focusing in operating take away services which affected our total revenue.

Property Investment and others

The rental revenue for the current quarter has increased from RM5.394 million in 1Q 2022 to RM7.450 million in 1Q 2023. With the termination of the MCO restrictions in the country, lower rebates were given to the tenants in EkoCheras Shopping Mall as compared to the preceding year corresponding quarter. Our homestay business also registered a better revenue due to the recovery in the tourism industry in our country.

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B2 Comparison with preceding quarter results

Financial review for current quarter compare with immediate preceding quarter

	Current Year Quarter (Unaudited)	Immediate Preceding Quarter	Changes	
	30/09/2022	30/06/2022		
	RM'000	RM'000	RM'000	%
Revenue	322,898	224,489	98,409	43.84
Segment results	79,459	71,911	7,548	10.50
Profit/(loss) before tax	3,182	(42,757)	45,939	107.44
Profit/(loss) after tax	1,175	(114,987)	116,162	101.02
Profit/(loss) attributable to owners of the Company	182	(123,810)	123,992	100.15

The Group recorded a revenue of RM322.898 million and profit before tax of RM3.182 million in the current quarter as compared to revenue of RM224.489 million and loss before tax of RM42.757 million in the immediate preceding quarter.

For the current reporting quarter, the Group reported a higher revenue mainly due to higher contribution from construction, toll operations and property development as compared to the immediate preceding quarter. The higher revenue reported mainly due to the commencement of our new RTS Link project, increased traffic volume for the toll operation sector in this current reporting quarter following the resumption of business activities from the transition to endemic phase of the MCO, and increase in sales of the completed properties in EkoCheras.

B3 Prospects

The Board remains optimistic in delivering positive financial results and expects the new construction project for the RTS Link rail works to contribute positively to the Group's future revenue and earnings starting from this financial year ending 30 June 2023. With endemic, we have experienced steady increase in toll collection for Duke 1 and 2 and with the full opening of Setiawangsa-Pantai Expressway ("SPE") after the completion will further increase the revenue in our toll operations segment.

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. In addition, the Board will continue to review the financial impact and monitor any opportunity to launch new property development project for the Group. Barring any unforeseen circumstances, the Board is confident that each of the Group's segments would contribute positively to the Group's performance for this financial year ending 30 June 2023.



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B3 Prospects (cont'd)

Our 73.08% listed subsidiary, PLS Plantations Berhad (“PLS”), is focused in the management and operation of oil palm and forest plantation including durian plantation, production, distribution and related businesses. In addition, PLS is also embarking on its food securities program to conduct an in-depth research and put forward proposals for the nation. PLS has also entered into various cash crops joint ventures for the purpose of intercropping with cash crops, durian and other plantations. This is in line with the long-term group strategy to expand and diversified into other businesses to reduce dependency and reliance on our existing businesses in construction, property development and toll operations.

B4 Forecast/Profit Guarantee

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

B5 Taxation

	Current quarter ended 30 September 2022	3 months ended 30 September 2022
	RM'000	RM'000
Malaysian taxation		
- current tax	(5,008)	(5,008)
- deferred tax	3,001	3,001
	<u>(2,007)</u>	<u>(2,007)</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 1ST QUARTER ENDED 30 SEPTEMBER 2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2021 RM'000
Bank overdraft		
- secured	41,688	17,216
- unsecured	2,473	22,500
Bank term loans - secured	63,743	58,734
Medium term notes	127,500	80,000
Trade working capital financing	6,488	33,183
Revolving credit - secured	440,329	465,304
	682,221	676,937

Non-current Liabilities	CURRENT 1ST QUARTER ENDED 30 SEPTEMBER 2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2021 RM'000
Bank term loans - secured	370,312	443,060
Islamic medium term notes	5,580,888	5,380,560
	5,951,200	5,823,620

The overall Group's borrowings as compared to the preceding year has increased due to the issuance of Islamic medium term notes for construction operating purposes.

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B7 Material Litigation

Save as disclosed below as at 30 June 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:

- (a) negligent misrepresentation and/or misstatements;
- (b) breach of duty of care, fiduciary duties, duties under common law and equity;

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B7 Material Litigation (cont'd)

- (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.

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

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B7 Material Litigation (cont'd)

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 was fixed on 12 September 2022 pending the Grounds of Judgment from the Court of Appeal. A Case Management was fixed on 25 October 2022 to update the Court Registrar on the filing of the written submission. The Hearing of both the Company's Motion and SRSB's Motion at the Federal Court was fixed on 8 November 2022. Thereafter, the Hearing of both the Company's Motion and SRSB's Motion fixed on 8 November 2022 is vacated due to the rescheduling of cases at the Federal Court. The Court Registrar fixed a Case Management on 7 February 2023 to update the Court Registrar on the filing of the written submissions (which have been filed on 20 October 2022) and the Hearing of both the Company's Motion and SRSB's Motion at the Federal Court is fixed on 22 February 2023.

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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 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 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.

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B7 Material Litigation (cont'd)

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 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. On 17 June 2022, the Court ordered that the Stay Application for Recusal (Encl. 163) should be heard first.

Upon hearing parties on 21 July 2022 and noted the appeals for both the O. 14A Application and Recusal Application on 28 September 2022, the Court allowed the Stay Application for Recusal (Encl. 163) with no order as to costs for the interest of justice. The Court further fixed a further mention on 30 September 2022 to monitor the case.

On 30 September 2022, as the instant matter has been stayed pending disposal of the appeals filed by the Defendant and the hearing date of the appeals has yet to be confirmed by the Court of Appeal, the Court fixed a mention via e-review on 29 November 2022 to update the court on the status of the appeals.

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B7 Material Litigation (cont'd)

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 Declared

No interim dividend has been declared for the current quarter and year ended 30 September 2022.

B9 Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year Quarter	Preceding year corresponding Quarter	Current year to-date	Preceding year Corresponding Period
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
(a) Basis earning per share				
Net profit/(loss) attributable to owners of the Company (RM'000)	182	(6,108)	182	(6,108)
Weighted average number of ordinary share issue ('000)	2,695,828	2,695,828	2,695,828	2,695,828
Basic earnings/(losses) per ordinary share (sen)	0.01	(0.23)	0.01	(0.23)
(b) Diluted earnings/(losses) per ordinary share (sen)	0.01	(0.23)	0.01	(0.23)



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

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

	Current quarter ended 30 September 2022	3 months ended 30 September 2022
	RM'000	RM'000
Loss before tax is stated after charging /(crediting):		
Interest income	(1,670)	(1,670)
Other income including investment income	(5,442)	(5,442)
Interest expenses	58,310	58,310
Depreciation and amortisation	<u>17,378</u>	<u>17,378</u>

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

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.