

EKOVEST BERHAD (“EKOVEST” OR THE “COMPANY”)

- (I) PROPOSED DISPOSAL OF 40% EQUITY INTEREST HELD IN KONSORTIUM LEBUHRAYA UTARA-TIMUR (KL) SDN BHD TO EMPLOYEES PROVIDENT FUND BOARD (“PROPOSED DISPOSAL”);**
- (II) PROPOSED SHARE SPLIT; AND**
- (III) PROPOSED AMENDMENTS TO THE COMPANY’S MEMORANDUM AND ARTICLES OF ASSOCIATION**

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

Reference is made to the announcements dated 19 August 2016, 21 September 2016 and 2 November 2016 in relation to the Proposed Disposal.

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**”) wish to announce that Nuzen Corporation Sdn Bhd (“**Nuzen**” or the “**Vendor**”), a wholly-owned subsidiary of Ekovest, had on 8 November 2016 entered into a conditional share sale agreement (“**SSA**”) with Employees Provident Fund Board (“**EPF**” or the “**Purchaser**”) for the disposal of:

- (i) 3,440,400 ordinary shares of RM1.00 each in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (“**Kesturi**”), a wholly-owned subsidiary of Nuzen (“**Kesturi Shares**”); and
- (ii) 18,000,000 redeemable preference shares of RM1.00 each in Kesturi (“**Kesturi RPS**”),

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.

(The Vendor and the Purchaser are collectively referred to as the “**SSA Parties**” and individually as a “**SSA Party**”, the Kesturi Shares and Kesturi RPS are collectively referred to as the “**Sale Shares**”).

In addition to the above, on behalf of the Board, CIMB, Astramina and AmInvestment wish to announce that 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 (“**Existing Share(s)**”) into five (5) ordinary shares of RM0.20 each in Ekovest (“**Subdivided Share(s)**”) held on an entitlement date to be determined and announced later (“**Entitlement Date**”) (“**Proposed Share Split**”); and
- (ii) proposed amendments to the Company’s Memorandum and Articles of Association (“**M&A**”) to facilitate the implementation of the Proposed Share Split (“**Proposed Amendments**”).

(The Proposed Share Split and the Proposed Amendments are collectively referred to as the “**Proposed Subdivision**”).

Further details of the Proposed Disposal and Proposed Subdivision are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Proposed Disposal

The Vendor is the holding company of Kesturi, which is the concession holder of the Duta-Ulu Klang Expressway (“**DUKE**”), a highway comprising the following two (2) phases:

- (i) Phase-1, which is 18 kilometres in length and commences from the New Klang Valley Expressway (“**NKVE**”) at Jalan Duta to Hill View at the Middle Ring Road 2/Ulu Klang and from Sentul Pasar to the existing Kuala Lumpur-Karak Highway and ending at Greenwood at the Middle Ring Road 2 in Batu Caves (“**DUKE Phase-1**”); and
- (ii) Phase-2, which is 16 kilometres in length and consists of two (2) links, namely (a) the Sri Damansara Link which commences from the Menjalara Interchange at Bandar Menjalara and ends at the Segambut Interchange at Jalan Segambut; and (b) the Tun Razak Link which commences from Jalan Tun Razak near Kuala Lumpur Hospital/Institut Jantung Negara and ends at the Sentul Pasar Interchange at Jalan Gombak (“**DUKE Phase-2**”).

Please refer to Section 3 of this announcement for further information on the DUKE and the concession agreements executed with the Government of Malaysia (“**Government**”).

The Proposed Disposal entails the disposal by the Vendor of the Sale Shares to the Purchaser for a total cash consideration of RM1,130.0 million, which is payable in the following manner:

- (i) On the completion date of the SSA (“**Completion Date**”), the Purchaser shall pay to the Vendor a sum of RM921.0 million in cash (“**Completion Sum**”); and
- (ii) Within seven (7) business days following the receipt by the Purchaser of a copy of the certificate of practical completion (“**CPC**”) for the DUKE Phase-2, the Purchaser shall pay to the Vendor a sum of RM209.0 million in cash (“**CPC Payment**”), of which RM149.0 million forming part of the CPC Payment (“**Exit Payment**”) is to be deposited into a special purpose account to be designated by the Vendor and opened and maintained in the name of the Vendor (“**Designated Account**”) and the Vendor shall retain the Exit Payment and all interest, dividend and other investment income accrued on the Exit Payment (“**Accrued Income**”) in accordance with the provisions as set out in Sections 2.4.5 and 2.4.6 of this announcement.

(The Completion Sum and the CPC Payment are collectively referred to as the “**Disposal Consideration**”).

In conjunction with the SSA, the SSA Parties have also agreed to enter into a shareholders’ agreement (“**Shareholders’ Agreement**”) with the Company and a wholly owned subsidiary of EPF to be identified (“**EPF’s Subsidiary**”), in an agreed form as appended to the SSA, in respect of their investment in Kesturi, upon completion of the SSA. Please refer to Sections 2.3 and 2.4 of this announcement for the salient terms of the SSA and Shareholders’ Agreement respectively.

(Nuzen, EPF, EPF’s Subsidiary and the Company, all of whom will be parties to the Shareholders’ Agreement, are collectively referred to as the “**SHA Parties**” and individually as a “**SHA Party**”, while Nuzen and EPF’s Subsidiary, who will be the shareholders of Kesturi, are collectively referred to as the “**Shareholders**” and individually as a “**Shareholder**”. The SSA and Shareholders’ Agreement are collectively referred to as the “**Definitive Agreements**”).

Further information on the Vendor, Kesturi, and the Purchaser are set out in the ensuing sections herein.

2.1.1 Background information of the Vendor

Nuzen was incorporated in Malaysia under the Companies Act, 1965 (“**Act**”) on 24 June 1999 as a private limited company.

The principal activity of Nuzen is investment holding. Nuzen has a wholly-owned subsidiary, namely Kesturi. Kesturi is the concession holder of the DUKE.

As at 3 November 2016, being the latest practicable date prior to the date of this announcement (“**LPD**”), Nuzen has an authorised share capital of RM50,008,500 comprising 5,000,000 ordinary shares of RM1.00 each, and 45,008,500 redeemable preference shares of RM1.00 each (“**Nuzen RPS**”), all of which are fully issued and paid up.

Based on the latest consolidated audited financial statements of Nuzen for the financial year ended (“**FYE**”) 30 June 2016, Nuzen’s net assets (“**NA**”) is RM211.1 million with net losses for the year of RM3.0 million.

The directors of Nuzen are Dato’ Haris Onn Bin Tun Hussein (“**DH**”), Tan Sri Dato’ Lim Kang Hoo (“**TSDLKH**”), Datuk Seri Lim Keng Cheng (“**DSLKC**”), Chua Soo Kok (“**CSK**”), Zakaria Bin Shaffie (“**ZS**”) and Ahmad Nasir Bin Mohd Said (“**AN**”).

2.1.2 Background information of Kesturi

Kesturi was incorporated in Malaysia under the Act on 15 February 2001 as a private limited company and is a wholly-owned subsidiary of Nuzen.

The principal activities of Kesturi are design, construction, operation, management and maintenance of the DUKE.

As at the LPD, Kesturi has an authorised share capital of RM53,606,551 comprising 8,601,000 ordinary shares of RM1.00 each in Kesturi, and 45,005,551 redeemable preference shares in Kesturi, to which 8,601,000 ordinary shares of RM1.00 each in Kesturi, and 45,000,000 redeemable preference shares in Kesturi are fully issued and paid up.

The directors of Kesturi are DH, TSDLKH, DSLKC, CSK, ZS and AN.

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A summary of the key audited financial information of Kesturi is as follows:

FYE 30 June	2014 ⁽¹⁾	2015	2016
	RM 000	RM 000	RM 000
Revenue			
- toll operation	132,219	93,423	123,007
- construction contract	96,419	275,405	610,397
(Loss before tax (“LBT”)) / Profit before tax (“PBT”)	(134,879)	152,552	19,946
(Loss after tax (“LAT”)) / Profit after tax (“PAT”)	(137,579)	128,493	(2,479)
No. of ordinary shares in issue	5,000	5,000	5,000
No. of redeemable preference shares in issue	45,000	45,000	45,000
No. of Series B redeemable preference shares (“RPS-B”) in issue	-	4	4
(Net Liabilities) (“NL”) / NA	(274,153)	214,440	211,961
(NL) / NA per share ⁽²⁾ (RM)	(54.83)	42.89	42.39
Borrowings ⁽³⁾	2,613,836	2,122,967	2,182,897

Notes:

- (1) Based on the audited 18 months financial results from 1 January 2013 to 30 June 2014.
- (2) Computed based on NL/NA divided by the number of ordinary shares in issue.
- (3) Comprise of the Islamic Medium Term Notes (“IMTNs”), redeemable secured junior bonds issued by Kesturi (“Kesturi Junior Bonds”), Series A redeemable preference shares (“RPS-A”) and hire purchase and finance lease liabilities.

Commentaries

FYE 30 June 2014

Revenue for FYE 30 June 2014 increased by approximately RM146.4 million or 178.8%. The increase in revenue is mainly due to the commencement of the construction for DUKE Phase-2. However, Kesturi recorded an increased LBT and LAT of approximately RM96.8 million and RM99.5 million respectively mainly due to the increase in the finance cost of RM38.1 million and the accrued dividend for RPS-A of RM105.8 million.

FYE 30 June 2015

Revenue for FYE 30 June 2015 increased by approximately 61.5% to RM368.8 million. The increase in revenue is mainly due to recognition of construction revenue for DUKE Phase-2 and improvement of the toll revenue for DUKE Phase-1. For the FYE 30 June 2015, Kesturi recorded a PAT of RM128.5 million mainly due to the write back of over provision on RPS-A dividend of RM171.2 million.

As at FYE 30 June 2015, Kesturi recorded a NA of RM214.4 million as compared to a NL of RM274.1 million due to the issuance of RPS-B being an equity instrument in order to redeem the RPS-A which is a debt instrument. Pursuant to that, a write back of the overprovision on RPS-A dividend of RM171.2 million was recognised and thereafter improved the NA for the FYE 30 June 2015.

FYE 30 June 2016

Revenue for FYE 30 June 2016 increased significantly by approximately 98.8% to RM733.4 million. The increase in revenue is mainly due to the increase in construction revenue by RM335.0 million, attributable to DUKE Phase-2. Besides that, during the year, there was toll compensation revenue of RM11.0 million. However, Kesturi recorded a decrease in PAT by RM131.0 million for the FYE 30 June 2016 as compared to FYE 30 June 2015 mainly due to the write back of overprovision on RPS-A dividend of RM171.2 million in the FYE 30 June 2015.

2.1.3 Background information of EPF

The EPF is Malaysia's premier retirement savings fund, providing basic financial security for retirement. The EPF is committed to preserving and growing the savings of its members in accordance with best practices in investment and corporate governance. It will always be guided by prudence in its investment decisions.

As a customer-focused organisation, the EPF delivers efficient and reliable services for the convenience of its members and registered employers. The EPF continues to play a catalytic role in the nation's economic growth, consistent with its position as a leading savings institution in Malaysia.

2.2 Basis of and justification in arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration, amongst others, Kesturi's cash flow generating capabilities, future earnings potential as well as the nature, risk and prospects of the DUKE. The key assumptions for the cash flows projections as prepared by the management of Kesturi include the forecasted traffic volume, toll rate, maintenance costs, financing costs and other operating costs.

Based on the Disposal Consideration of RM1,130.0 million and Kesturi's projected cash flows to the firm up to the end of the concession period, the implied discount rate of approximately 8.0% is in line with comparable highway concession companies in Asia Pacific.

2.3 Salient terms of the SSA

2.3.1 Conditions Precedent

The obligations of the SSA Parties in respect of the SSA are conditional upon the following conditions precedent being obtained or fulfilled or waived (as the case may be), by the day falling 6 months from the date of the SSA, or such later date as the SSA Parties may mutually agree upon ("**Cut-Off Date**"):

- (i) Ekovest obtaining the approval of its shareholders at an extraordinary general meeting ("**EGM**") to be convened for the sale of the Sale Shares in accordance with the terms and conditions of the SSA;
- (ii) The Vendor having procured Kesturi to obtain consent from the Government through Unit Kerjasama Awam Swasta, a unit of the Economic Planning Unit of the Prime Minister's Department ("**UKAS**"), under the relevant concession agreement entered into by Kesturi for the proposed change of equity structure of Kesturi and any other necessary approvals in relation to the Proposed Disposal; and

- (iii) Kesturi having obtained the requisite consent/approval from the holders of the existing senior sukuk issued by Kesturi for the proposed change of equity structure of Kesturi and any other necessary approvals in relation to the Proposed Disposal.

(Collectively referred to as the “**Conditions Precedent**”)

2.3.2 Termination

Termination in the event any of the Conditions Precedent is not fulfilled:

- (i) on the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal or appeals to the persons against such refusal have not been successful;
- (ii) on the expiry of the Cut-Off Date, any of the Conditions Precedent have not been obtained or fulfilled or waived; or
- (iii) at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions (“**Adverse Conditions**”) which affects any SSA Party (“**Affected Party**”), and further representations to the persons to vary such terms and conditions have not been successful, and the Affected Party is not willing to accept the Adverse Conditions then imposed by the relevant authorities or persons,

then the Affected Party shall be entitled to terminate the SSA by notifying the other party to such effect in writing and thereafter the SSA Parties shall not have any further rights under the SSA except in respect of:

- (i) any obligation under the SSA which is expressed to apply after the termination of the SSA; and
- (ii) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either SSA Party prior to such termination.

Purchaser’s right to terminate due to Vendor’s breach

Without prejudice to the provisions in the SSA, the Purchaser shall be entitled to issue a notice of termination (“**Purchaser’s Notice of Termination**”) to the Vendor if, at any time prior to completion of the SSA as contemplated under the terms of the SSA (“**Completion**”):

- (i) the Vendor commits any breach of any of its obligations under the SSA which:
 - (a) is incapable of remedy; or
 - (b) if capable of remedy, is not remedied within 30 days of the Vendor being given notice to do so; or
- (ii) the Vendor commits any act or omission which would constitute a breach of any of the warranties given by the Vendor under the SSA involving a loss or liability in excess of RM50,000,000 and such breach of warranties is not remedied by the Vendor within 30 days of the Vendor being given notice to do so.

Vendor's right to terminate due to Purchaser's breach

Without prejudice to the provisions in the SSA, the Vendor shall be entitled to issue a notice of termination ("**Vendor's Notice of Termination**") to the Purchaser if, at any time prior to Completion:

- (i) the Purchaser commits any breach of any of its obligations under the SSA which:
 - (a) is incapable of remedy; or
 - (b) if capable of remedy, is not remedied within 30 days of the Purchaser being given notice to do so,

provided that for the purposes of this clause, any breach of the Purchaser's obligation in respect of settlement of the Disposal Consideration shall constitute a material breach which is incapable of remedy; or

- (ii) any of the representations or warranties given by the Purchaser as set out in the SSA is found at any time to be untrue or inconsistent and such breach of warranties is not remedied within 30 days of the Purchaser being given notice to do so.

2.4 Salient terms of the Shareholders' Agreement

2.4.1 Board of directors

- (i) At all times while the Shareholders' Agreement remains in force, the Shareholders shall procure that at any one time, unless otherwise expressly agreed by the shareholders of Kesturi, the number of directors shall not be more than 5 in number.
- (ii) Except as otherwise provided, Nuzen will, while it remains a shareholder, be entitled to nominate and appoint 3 directors of Kesturi and EPF's Subsidiary will, while it remains a shareholder, be entitled to nominate and appoint 2 directors.
- (iii) Nuzen will, while it remains a Shareholder, be entitled to nominate and appoint the managing director of Kesturi.
- (iv) Unless otherwise agreed, the chairman of the board of directors of Kesturi and any shareholders' meetings will be a director nominated by Nuzen from amongst its members from time to time and such the chairman shall not be entitled to exercise any casting vote.

2.4.2 Reserved Matters

Unless otherwise agreed by the Shareholders in writing, the consent of Nuzen and EPF's Subsidiary or the affirmative votes of Nuzen and EPF's Subsidiary are required to pass board of directors' resolutions and shareholders' resolutions (which require by applicable law the approval of shareholders of Kesturi, in addition to any requirement for the approval of the board of directors of Kesturi) in respect of identified board of directors' reserved matters and shareholders' reserved matters, including amongst others:

- (i) an increase, reduction or other alteration to Kesturi's issued share capital;
- (ii) issue or grant of any securities or any option to subscribe for ordinary shares in Kesturi's share capital;

- (iii) unbudgeted capital expenditure or operating expenditure exceeding an agreed threshold;
- (iv) making of related party contracts;
- (v) borrowings exceeding an agreed threshold;
- (vi) change in the nature or scope of the business of Kesturi;
- (vii) any corporate exercise, transaction, reorganisation or capital reduction which will result in a change in the percentage of equity and/or voting rights held by the SHA Parties;
- (viii) any resolution to wind up or liquidate Kesturi or the making of any composition or arrangement with creditors;
- (ix) modification or amendment to the concession agreement executed with the Government of Malaysia; and
- (x) declaration or making of any dividend or other distribution in cash or specie otherwise than in accordance with the Shareholders' Agreement or business plan.

2.4.3 Transfer of Shares

- (i) No Shareholder may during the term of the Shareholders' Agreement, sell, transfer, assign, charge, mortgage, lien over, pledge, encumber, grant options over or otherwise dispose of or encumber any of its ordinary shares and redeemable preference shares in Kesturi ("**Shares in Kesturi**") without (1) the prior written consent of the other Shareholder or (2) complying with this Section 2.4.3.
- (ii) Notwithstanding any other provisions of the Shareholders' Agreement, EPF's Subsidiary shall not sell, transfer or otherwise dispose of the whole or any part of its Shares in Kesturi to any party which is involved in the business of a concessionaire for toll roads or in any other company or business that competes, directly or indirectly, with Kesturi and in which EPF or EPF's Subsidiary directly or indirectly holds a equity interest and has any board representation or the right to board representation. For the avoidance of doubt, the foregoing restriction does not apply to companies or other business vehicles in which EPF or EPF's Subsidiary holds interests due to its discretionary fund investment activities.
- (iii) In the event any Shareholder intends to sell or transfer or otherwise dispose of all of its Shares in Kesturi ("**Transfer Shares**") other than a transfer to any wholly owned subsidiary company or sole holding company of that company or wholly owned subsidiary of such sole holding company ("**100% related company**") pursuant to the provisions of the Shareholders' Agreement, such Shareholder ("**Offeror**") shall make an offer in writing to the other Shareholder ("**Offeree**") to sell and transfer the Transfer Shares to the Offeree ("**ROFO Notice**") at such terms and conditions stated in the ROFO Notice ("**Sale Terms**").
- (iv) If within 30 days of the ROFO Notice, the Offeree does not accept the offer in respect of all of the Transfer Shares so offered to it, then the Offeror may sell such Transfer Shares in a *bona fide* sale to a third party ("**Third Party Purchaser**") which is not an affiliate or related company of the Offeror upon the sale terms and conditions which are not more favourable to the Third Party Purchaser than the Sale Terms.

2.4.4 Option to participate

- (i) If following the expiry of the ROFO Notice issued in accordance with the provisions of the Shareholders' Agreement, an Offeror accepts an offer from a third party for all (and not some or part only) of its Shares in Kesturi:
 - (a) which is a *bona fide* offer in writing; and
 - (b) which contains all material terms and conditions of the offer ("**Option to Participate Offer**"), including without limitation the consideration payable for the relevant Shares in Kesturi,

it will give a written notice ("**Option to Participate Notice**") to the other Shareholder ("**Option to Participate Offeree**") inviting the Option to Participate Offeree to offer to sell all of its Shares in Kesturi on the same terms and conditions.

- (ii) If the Option to Participate Offeree elects to exercise its rights under this Section, the Offeror will ensure and procure that the third party making the Option to Participate Offer shall make an offer to the Option to Participate Offeree for the Option to Participate Shares on the same terms and conditions of the Option to Participate Offer.

2.4.5 Guaranteed Return

- (i) Nuzen and the Company agree, covenant and undertake that if the exit event, being either a listing of the entire issued share capital of Kesturi on the Main Market of Bursa Securities Malaysia Berhad ("**Bursa Securities**") or any other recognised stock exchange, whether via an initial public offering or reverse take-over exercise or otherwise ("**Listing**") or a trade sale of Kesturi ("**Exit Event**"), is undertaken within five (5) years from the Completion Date ("**Exit Date**"), or an automatically extended period of an additional two (2) years from the Exit Date or other such extended date to be mutually agreed upon by the SHA Parties in writing ("**Extended Exit Date**") (irrespective of whether it is undertaken prior to or after the Exit Date/Extended Exit Date) at such price which shall give rise to a resultant internal rate of return ("**IRR**") of less than an IRR of 10.0%, which shall be computed from the Completion Date until the date of the Exit Event ("**Minimum IRR**"), Nuzen and the Company shall within 7 business days after the date of the Exit Event pay to EPF an amount equivalent to the difference between the sum which would have been received by EPF had the Minimum IRR been achieved and the IRR actually achieved upon the Exit Event.
- (ii) The provisions of this Section shall immediately cease to apply in the event that:
 - (a) EPF's Subsidiary sells or transfers or otherwise disposes of any part or all of its Shares in Kesturi, other than a transfer to a 100% related company pursuant to the provisions of the Shareholders' Agreement; or
 - (b) EPF's Subsidiary exercises the Put Option (as defined below) in accordance with the provisions of the Shareholders' Agreement.

2.4.6 Exit Return

- (i) In the event that an IRR of 11.5%, which shall be computed as at the date of the Exit Event (“**Exit IRR**”) is achieved by the Extended Exit Date, Nuzen shall be entitled to deal with the Exit Payment and the Accrued Income at its absolute discretion.
- (ii) In the event that the Exit Event has occurred by the Extended Exit Date and the Exit IRR has not been achieved but the IRR achieved is equivalent to or more than the Minimum IRR but less than the Exit IRR, Nuzen shall, within 7 business days following the Exit Event, pay to EPF the whole or part of the Exit Payment and Accrued Income in the Designated Account in order to achieve the Exit IRR.
- (iii) In the event that the Exit Event has occurred by the Extended Exit Date but the Exit IRR is less than the Minimum IRR, Nuzen shall, within 7 business days following the Exit Event, pay to EPF the whole of the Exit Payment and the Accrued Income.
- (iv) In the event that the Exit Event has not occurred by the Extended Exit Date and EPF’s Subsidiary exercises the Put Option (as defined below) during the Put Option Period (as defined below), Nuzen shall, within 7 Business Days following the Extended Exit Date, pay to EPF the whole of the Exit Payment and the Accrued Income.
- (v) In the event that the Exit Event has not occurred by the Extended Exit Date, either Shareholder may propose that an independent valuer be appointed (“**Valuer**”) to ascertain the IRR achieved as at the Extended Exit Date. Upon the Valuer issuing a certificate certifying that an IRR of 11.5% or more has been achieved as at the Extended Exit Date, Nuzen shall, within 7 business days following the issuance of such certificate, be entitled to deal with the Exit Payment and the Accrued Income at its absolute discretion.
- (vi) Notwithstanding the foregoing provisions, in the event that at any time prior to the Extended Exit Date, EPF sells or transfers or otherwise disposes any part or all of its Shares in Kesturi (other than a transfer to a 100% related company), Nuzen shall immediately be entitled to deal with the Exit Payment and the Accrued Income at its absolute discretion.
- (vii) Nuzen may utilise the Designated Account or all or any part of the Exit Payment and/or Accrued Income as collateral/security for the business or financing needs or obligations of Nuzen and/or the Company subject to the written consent of EPF being obtained.

2.4.7 Put Option and Call Option

- (i) In the event that the Exit Event has not occurred by the Extended Exit Date, the Company shall grant the right (“**Put Option**”) to EPF’s Subsidiary, exercisable at any time during a period of 6 months after the expiry of the Extended Exit Date (“**Put Option Period**”), to require the Company to purchase all (but not some only) of such number of Shares in Kesturi held by EPF’s Subsidiary as at the date of exercise of the Put Option (“**Put Option Shares**”) from EPF’s Subsidiary at an amount which will give EPF an IRR of 10% (“**Put IRR**”) based upon:
 - (a) the aggregate amount of EPF’s investment in Kesturi which has been paid by EPF to Nuzen including the Exit Payment;

- (b) any capital and/or dividend distribution received by EPF's Subsidiary and/or declared by Kesturi for EPF Subsidiary's entitlement from the Completion Date until the Extended Exit Date in relation to or derived from EPF's investment in Kesturi; and
 - (c) the aggregate of the Exit Payment and the Accrued Income ("**Designated Amount**") which has been, or is to be paid pursuant to the terms of the Shareholders' Agreement (which shall be treated as an amount paid by Nuzen towards meeting the Put IRR).
- (ii) In the event that the Exit Event has not occurred by the Extended Exit Date and the Company or Nuzen has failed to comply with its obligations to purchase the Put Option Shares from EPF's Subsidiary following the exercise of the Put Option by EPF's Subsidiary, Nuzen shall grant the right to EPF's Subsidiary ("**Call Option**"), exercisable at any time during the Call Option Period, to require Nuzen to sell all (but not some only) of such number of Shares in Kesturi held by Nuzen as at the date of exercise of the Call Option ("**Call Option Shares**") to EPF's Subsidiary at an amount to be determined by an independent valuer, using the discounted cash flows method at the weighted average cost of capital ("**WACC**") model in which the WACC must adopt the higher of the calculation of the cost of equity ("**Ke**") based on the capital asset pricing model or 13.5% and the result of which shall then be reduced by Kesturi's outstanding indebtedness and increased by all the cash and cash equivalents (including fixed deposits and money market instruments held by Kesturi).

2.4.8 Termination

- (i) The Shareholders' Agreement shall be deemed terminated upon occurrence of any of the following events:
 - (a) the termination of the Shareholders' Agreement by mutual written consent of all the Shareholders; or
 - (b) the winding-up of Kesturi in accordance with the provisions of the Shareholders' Agreement; or
 - (c) when Kesturi ceases to carry on any business;
 - (d) expiry or termination of the Concession Agreement; or
 - (e) the Listing having occurred (without prejudice to any accrued rights or obligations of the Shareholders and the Company under the Shareholders' Agreement).
- (ii) The Shareholders may at any time mutually agree to terminate the Shareholders' Agreement as of a date to be agreed in writing by the Shareholders and the Shareholders will agree upon a course of action to implement any arrangements that they may agree upon within 3 months from the date of such termination.
- (iii) Unless otherwise stated in the Shareholders' Agreement, if any Shareholder shall sell or transfer all its Shares in Kesturi to another Shareholder or to a third party in accordance with the provisions of the Shareholders' Agreement, the Shareholders' Agreement will terminate only as to that Shareholder upon the completion of the sale or transfer (whichever is the latter to occur) of all its Shares in Kesturi to the other Shareholder or to the relevant third party.

2.4.9 Consequences of termination

In the event that a Shareholder (the “**Defaulting Shareholder**”) –

- (i) commits any material breach of any of its obligations under the Shareholders’ Agreement and fails to take appropriate steps to remedy such breach (if capable of remedy) within 60 days after being given notice so to do by the other non-defaulting Shareholder;
- (ii) assigns, transfers or disposes of its Shares in Kesturi in violation of the terms and conditions of the Shareholders’ Agreement;
- (iii) is wound up or goes into liquidation, whether compulsory or voluntary or shall cease or threaten to cease to carry on the whole or substantially all of its business (except for the purposes of a *bona fide* reconstruction or amalgamation with the consent of the other Shareholder, such consent not to be unreasonably withheld);
- (iv) becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;
- (v) solely in the case of Nuzen, commits or suffers the cessation of the ability of the Company or a company controlled by the Company to exercise, directly or indirectly, (1) a majority of the voting rights attributable to the shares of Nuzen or (2) control of the board of directors of Nuzen (being a change in control of Nuzen) without the prior consent in writing of EPF’s Subsidiary; or
- (vi) solely in the case of EPF’s Subsidiary, commits or suffers the cessation of the ability of EPF or a company controlled by EPF to exercise, directly or indirectly, (1) 100% of the voting rights attributable to the shares of EPF’s Subsidiary or (2) 100% control of the board of directors of EPF’s Subsidiary (being a change in control of EPF’s Subsidiary) without the prior consent in writing of Nuzen;

then such Shareholder shall be deemed to be in breach of the Shareholders’ Agreement and the other Shareholder (i.e. the Shareholder other than the Defaulting Shareholder) will be entitled (but not after 30 days of the event in question first coming to the attention of the Shareholder entitled to give the notice) to give a notice (a “**Default Notice**”) to the Defaulting Shareholder.

The obligations of the SHA Parties under the clauses of the Shareholders’ Agreement relating to the Guaranteed Return, Exit Return and Put Option and Call Option referred to in Sections 2.4.5, 2.4.6 and 2.4.7 respectively above do not constitute obligations which are subject to a breach under Section 2.4.9 (i) above or for which a Shareholder is entitled to give a Default Notice.

At any time within 60 days of the service of the Default Notice on the Defaulting Shareholder, the non-defaulting Shareholder will be entitled to give written notice ("**Default Buy-Sell Notice**") to the Defaulting Shareholder. Upon service of the Default Buy-Sell Notice, the non-defaulting Shareholder shall at its discretion be entitled to any one of the following remedies:

- (i) require the Defaulting Shareholder to purchase all the Kesturi Shares of the non-defaulting Shareholder in Kesturi at a purchase price which is RM50,000,000 more than the value of such Kesturi Shares as determined by the Valuer in accordance with the provisions of Shareholders' Agreement ("**IV's Value**") provided that if the IV's Value of all the Kesturi Shares of the non-defaulting Shareholder is zero or a negative amount, the purchase price for all the Shares shall be RM1.00; or
- (ii) purchase all the Kesturi Shares of the Defaulting Shareholder in Kesturi at a purchase price which is RM50,000,000 less than the IV's Value of such Kesturi Shares of the non-defaulting Shareholder, provided that if the IV's Value of all the Kesturi Shares of the Defaulting Shareholder is zero or a negative amount, the purchase price for all the Shares shall be RM1.00.

2.4.10 Deadlock

- (i) Whenever any of the reserved matters as set out in the Shareholders' Agreement has been raised at and/or considered by the board of directors of Kesturi or Shareholders of Kesturi and no resolution has been passed on at least 2 successive occasions by such meeting in respect of that matter and such unresolved reserved matters will result in Kesturi not being able to continue to conduct or carry on the Business, then a deadlock (**Deadlock**) shall be deemed to have occurred between the Shareholders in relation to that matter.
- (ii) If a matter in dispute is not resolved or disposed of within 90 days of being referred to the senior management of the Shareholders, the SHA Parties shall in good faith submit the dispute, controversy or claim to the Malaysian Mediation Centre for non-binding mediation, in accordance with mediation procedure for the time being in force, or any other location as the Shareholders may mutually agree.
- (iii) If a matter in dispute is not resolved or disposed of within 60 days after the appointment of the mediator under Section 2.4.10 (ii), then either Shareholder ("**First Shareholder**") may by notice ("**Auction Notice**") served on the other Shareholder ("**Second Shareholder**") within 30 business days of the expiry of said 60 days, require that the Second Shareholder to participate in the auction procedure set out in the Shareholders' Agreement.
- (iv) Each of the Shareholders shall submit to Kesturi (as auctioneer) a sealed bid for the other Shareholder's Shares (each such bid, a "**Bid**") and each Bid shall specify the price which each such Shareholder is prepared to pay per Share for the Shares of the other Shareholder ("**Auction Price**"), which shall be no less favourable than the IV's Value of the Shareholder's Shares determined by the Valuer. On the Auction Date, the Shareholder making the Bid specifying the lower Auction Price (the "**Lower Bidder**") shall accept the Bid of the other Shareholder (the "**Higher Bidder**"), in which event the Higher Bidder shall be bound to purchase the Lower Bidder's Shares at the Auction Price specified in the Bid of the Higher Bidder.

2.5 Date and original cost of investment

As at the LPD, the date and original cost of investment of the Vendor in Kesturi are as follows:

Securities	Date of Subscription / (Redemption)	Number of shares	Cost of investment RM 000
Ordinary Shares	15.02.2001	1	-
Ordinary Shares	29.08.2002	98	-
Ordinary Shares	02.03.2004	2,499,900	2,500
RPS	02.03.2004	2,500,000	2,500
Ordinary Shares	10.03.2004	1	-
Ordinary Shares	02.02.2005	2,500,000	2,500
RPS	02.02.2005	2,500,000	2,500
RPS	17.11.2005	20,000,000	20,000
RPS	28.03.2006	20,000,000	20,000
Ordinary Shares	03.11.2016	3,601,000	360,100
Total		53,601,000	410,100

2.6 Utilisation of the proceeds

The Company and its subsidiaries (“**Ekovest Group**” or the “**Group**”) intend to utilise the proceeds from the Proposed Disposal as follows:

Purpose	Gross proceeds		Estimated utilisation timeframe from Completion
	RM 000	%	
Repayment of borrowings	400,000	35.4	Within 6 months
Distribution to shareholders of Ekovest	Up to 244,414	21.6	Within 6 months
Exit Payment ^(Note 1)	149,000	13.2	Note 1
General corporate and working capital	Up to 325,168	28.8	Within 24 months
Estimated expenses for the Proposed Disposal	Up to 11,418	1.0	Within 6 months
Total⁽¹⁾	1,130,000	100.0	

Note:

- (1) *The Vendor is entitled to the full legal and beneficial rights to the Exit Payment and the Accrued Income but is obligated to retain the Exit Payment in the Designated Account. In the event that the Exit IRR is achieved by the Extended Exit Date, the Vendor shall immediately be entitled to transfer the Exit Payment at its absolute discretion to the Company and which the full amount of RM149.0 million shall be utilised for general corporate and working capital as set out in Section 2.6.3 below.*

2.6.1 Repayment of borrowings

The Ekovest Group's total borrowings as at the LPD amounts to approximately RM6.5 billion. The proposed repayment of part of the Group's bank borrowings amounting to RM400.0 million is expected to contribute to interest savings of approximately RM24.0 million per annum based on the average interest rate of 6.0% per annum.

2.6.2 Distribution to shareholders of Ekovest

Subject to the completion of the Proposed Disposal, it is the intention of the Board to distribute part of the proceeds to the shareholders of the Company via a cash dividend of RM0.25 per share or an equivalent of up to RM244.4 million, assuming that as at entitlement date the total shares outstanding in the Company comprises of 855,448,860 Existing Shares and new shares issued pursuant to the full exercise of outstanding 122,206,980 warrants ("**Proposed Distribution**").

The actual amount to be paid to the shareholders of the Company will be based on the Company's shares outstanding as at the entitlement date to be determined later by the Board, and an announcement in relation thereto will be made at the appropriate time.

The purpose of the Proposed Distribution is to reward shareholders of the Company for their investment in Ekovest after having considered the investment capital expenditure and operational cash flow requirements of the Ekovest Group.

If the actual amount to be utilised for the Proposed Distribution is lower than estimated, the excess will be utilised for general corporate and working capital as set out in Section 2.6.3 below.

2.6.3 General corporate and working capital

The Ekovest Group proposes to utilise part of the gross proceeds from the Proposed Disposal for its business operations. This includes financing the Ekovest Group's daily operations and operating expenses, which include sales and marketing expenses, general administrative and other operating expenditure, as well as for general corporate purposes.

The actual amount to be utilised for general corporate and working capital will vary based on the actual utilisation of the Proposed Distribution and estimated expenses for the Proposed Disposal.

2.6.4 Estimated expenses for the Proposed Disposal

The expenses to be borne by the Company in connection with the Proposed Disposal is estimated to be approximately RM11.4 million. The nature of such expenses comprises of professional fees, fees to authorities, printing, postage, advertising and other miscellaneous expenses connected to the Proposed Disposal.

If the actual expenses are higher than estimated, the deficit will be funded out of the amount allocated for general corporate and working capital. However, if the actual expenses are lower than estimated, the excess will be utilised for general corporate and working capital as set out in Section 2.6.3 above.

Pending the deployment of the net proceeds from the Proposed Disposal, such net proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or debt instruments, as the Board may deem appropriate in the interest of the Ekovest Group.

2.7 Liabilities to be assumed

There are no liabilities, including any contingent liabilities and guarantees, to be assumed by the Purchaser pursuant to the Proposed Disposal.

3. DETAILS OF THE PROPOSED SUBDIVISION

3.1 Details of the Proposed Share Split

The Proposed Share Split entails the subdivision of every two (2) Existing Shares into five (5) Subdivided Shares held by the entitled shareholders of Ekovest, whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date (“**Entitled Shareholders**”).

As at the LPD, the issued and paid-up share capital of the Company is RM427,724,430 comprising 855,448,860 Existing Shares. Assuming the full exercise of the outstanding 122,206,980 warrants issued by the Company on 26 June 2014 (“**Warrants 2014/2019**”) pursuant to the deed poll dated 16 May 2014 (“**Deed Poll**”) prior to the Entitlement Date, the enlarged issued and paid-up share capital of the Company shall be RM488,827,920 comprising 2,444,139,600 Subdivided Shares upon completion of the Proposed Share Split.

No suspension will be imposed on the trading of the Existing Shares on Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the purpose of implementing the Proposed Share Split.

3.1.1 Ranking of the Subdivided Shares

The Subdivided Shares shall, upon allotment and issue, rank *pari passu* in all respects with each other.

3.1.2 Listing of and quotation for the Subdivided Shares

An application will be made to Bursa Securities for the listing of and quotation for the Subdivided Shares and additional Warrants 2014/2019 (consequential securities to be issued pursuant to the Proposed Share Split) (“**Additional Warrants**”) and new ordinary shares of the Company to be issued arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities.

The Subdivided Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day following the entitlement date to be determined later (“**Entitlement Date**”). The notice of allotment for the Subdivided Shares will be issued and dispatched to the Entitled Shareholders within 21 days after listing and quotation of the Subdivided Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

As the Subdivided Shares are prescribed securities under Section 14(5) of the SICDA, the Subdivided Shares will be subjected to the SICDA and the Rules of Bursa Malaysia Depository Sdn. Bhd. Accordingly, the Subdivided Shares will be credited into the respective Central Depository System accounts of the Entitled Shareholders and no physical share certificate will be issued.

3.2 Details of the Proposed Amendment

The Company proposes to amend its M&A to facilitate the implementation of the Proposed Share Split as follows:

	Existing	Proposed amendment
Clause 5 of Memorandum of Association	The capital of the Company is RM1,000,000,000 divided into 2,000,000,000 ordinary shares of RM0.50 each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the share into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.	The capital of the Company is RM1,000,000,000 divided into 5,000,000,000 ordinary shares of RM0.20 each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the share into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.

4. INFORMATION ON THE DUKE

4.1 Background

DUKE Phase-1 is an 18-kilometres long expressway toll road which provides connectivity to the East-West route of the Northern part of Kuala Lumpur. It connects the New Klang Valley Expressway on the west side of Kuala Lumpur to the Kuala Lumpur-Karak Highway in the North and the Middle Ring Road 2 in the East.

DUKE Phase-1 is made up of three essential links – the Duta Link which runs from the NKVE's Duta Toll plaza and Sri Hartamas towards the East, connecting to main roads such as Jalan Kuching and Jalan Sentul. The Ulu Klang Link continues eastwards from the Duta Link and crosses radial roads such as Jalan Semarak, Jalan Setiawangsa and Jalan Pahang. The Karak Link provides access to high density areas including Gombak and Batu Caves and is an important gateway to Genting Highlands, Karak and the East coast of Malaysia.

The expressway features an advanced traffic information and management system, and is equipped with modern facilities such as variable messaging signs, central control and monitoring as well as electronic tolling.

Construction for DUKE Phase-1 commenced in October 2005 and was opened for access to the public in stages commencing January 2009. By April 2009, the DUKE Phase-1 was fully operational and tollable.

The DUKE Phase-2 will be an elevated highway that complements the DUKE Phase-1, and comprises of two (2) additional links, namely the Sri Damansara Link and Tun Razak Link.

The Sri Damansara Link will commence at the Menjalara Interchange at Bandar Menjalara on the West and traverse eastwards to the Segambut Interchange at Jalan Segambut whilst the Tun Razak Link will commence at Jalan Tun Razak near Institut Jantung Negara and traverse northwards along Jalan Pahang and Jalan 9/48A to connect to Jalan Gombak.

The Sri Damansara Link is approximately 7 kilometres in length (including interchanges and ramps) and the Tun Razak Link is approximately 9 kilometres in length (including interchanges and ramps).

The construction of DUKE Phase-2 commenced in December 2013 and is expected to be operational and tollable by 2017. The length (including interchanges and ramps) of the entire DUKE upon completion of the DUKE Phase-2 is 34 kilometres.

The expressway is primarily financed by a combination of issuance of redeemable preference shares, IMTNs and Kesturi Junior Bonds.

4.2 Concession Agreement and Supplemental Concession Agreement

The Government had, vide its letter of exclusivity dated 10 May 2001, agreed to privatise the design, construction, operation and management of the DUKE ("**DUKE Project**") and award the DUKE Project to Kesturi.

On 12 August 2004, Kesturi entered into the concession agreement with the Government for the design, construction, operation and management of DUKE Phase-1 ("**Concession Agreement**"), followed by a supplemental concession agreement for DUKE Phase-2 ("**Supplemental Concession Agreement**") on 3 December 2012.

The following are, amongst others, the principal salient terms of the Concession Agreement and Supplemental Concession Agreement:

- (i) the concession period shall be for a period of 54 years commencing from 11 August 2005 and ending on the fifty-fourth (54th) anniversary of the said date and shall be further extended for a period of 10 years, subject to terms and conditions of the Supplemental Concession Agreement; and
- (ii) Kesturi is to undertake the DUKE Project on a Build, Operate and Transfer ("**BOT**") basis. The summary of responsibilities of the BOT arrangement of the DUKE Project is as follows:
 - (a) to provide financing and to undertake the design, upgrading of existing roads and construction of the DUKE;
 - (b) to operate (collect and retain tolls), manage and maintain the completed DUKE until expiry of the concession period; and
 - (c) to hand over all rights and responsibilities in respect of the entire DUKE to the Government upon expiry of the concession period.

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Disposal

The Proposed Disposal is in line with the Company's strategy to monetise its matured infrastructure assets to free up its financial resources for its infrastructure division expansion and other core businesses such as construction and property development. The Proposed Disposal represents an opportunity for the Company to partially monetise its investment in Kesturi at an attractive pricing while allowing the Company to continue participating in Kesturi via its remaining 60% equity interest in Kesturi.

Furthermore, the Proposed Disposal represents an opportunity for Ekovest and EPF to establish a long term relationship with each other through their joint investment in a mature yield-generating infrastructure project, with the prospect of leveraging on the establishment of such relationship as a platform to pursue collaboration on other potential investments in the future.

The Disposal Consideration will enhance the Company's financial flexibility to raise the funding required to meet Ekovest Group's working capital requirements and to facilitate any plans by the Company to enhance shareholders' value. Upon completion of the Proposed Disposal, the Company intends to utilise part of the Disposal Consideration for distribution to its shareholders to reward the shareholders for their support to the Company.

The Company's consolidated NA is expected to increase by RM763.5 million upon completion of the Proposed Disposal and prior to the Proposed Distribution. In furtherance, Ekovest Group's balance sheet will be further enhanced following the deleveraging of its financial position, utilising a portion of the Disposal Consideration.

5.2 Proposed Share Split

The Proposed Share Split is expected to enhance the marketability and trading liquidity of the ordinary shares of the Company on the Main Market of Bursa Securities as a result of the increase in the number of ordinary shares in issue.

However, the Proposed Share Split will result in an adjustment to the market price of the ordinary shares of the Company, making the shares more affordable and appealing to a wider group of public shareholders and/or investors to participate in the growth of the Company.

5.3 Proposed Amendments

The Proposed Amendments are undertaken to facilitate the implementation of the Proposed Share Split whereby, the authorised share capital of the Company of RM1,000,000,000 comprising 2,000,000,000 ordinary share of RM0.50 each will be amended to RM1,000,000,000 comprising 5,000,000,000 ordinary shares of RM0.20 each.

6. RISK FACTORS

6.1 Failure to meet certain pre agreed rate of return will result in compensation to the Purchaser, which could materially impact the Ekovest Group, financially and operationally

The Company and the Vendor have undertaken that if the Exit Event was to occur prior to or after the Extended Exit Date at such price which gives rise to a resultant internal rate of return (“**Resultant IRR**”) to the Purchaser below the Minimum IRR, the Company and the Vendor will be obliged to compensate the Purchaser an amount equivalent to the difference between the Minimum IRR and the Resultant IRR. The quantum of such compensation, if any cannot be ascertained at this juncture as the value of the shares of Kesturi at the point of the Exit Event, could be affected by various factors, among which:

- (i) general market condition, political and economic conditions;
- (ii) changes in market valuations of shares of companies comparable to Kesturi;
- (iii) future financial performance of Kesturi;
- (iv) changes in government policy, legislation or regulation; and
- (v) general operational and business risks.

In the event that the Company and the Vendor are required to compensate the Purchaser as a result of failure to meet the Minimum IRR, the compensation, depending on the quantum may adversely impact the Ekovest Group’s business and financial and operational conditions.

Furthermore, in the event that the Exit Event has occurred within the Extended Exit Date but the Resultant IRR is either (a) less than the Minimum IRR or (b) equivalent to or more than the Minimum IRR but less than the Exit IRR, the Vendor is obligated to pay the whole of the Exit Payment and Accrued Income to EPF or the whole or part of the Exit Payment and Accrued Income to EPF respectively.

However, in the event that the Exit Event has not occurred by the Extended Exit Date and the Resultant IRR is less than the Exit IRR, the Vendor is obligated to pay to EPF the whole of the Exit Payment and the Accrued Income.

6.2 Failure to achieve the Exit Event within the Extended Exit Date could result in the obligation to either acquire the interests in Kesturi purchased by the Purchaser or to sell the Company’s effective interests in Kesturi to the Purchaser

In the event that the Exit Event is not undertaken by the Extended Exit Date, the Purchaser has a right to require the Company to purchase the Purchaser’s 40% equity interest in Kesturi (“**Put Shares**”) at an amount equivalent to any purchase consideration already paid by the Purchaser together with an additional cash outflow payable to the Vendor calculated at the Put IRR (“**Put Option Obligation**”). Should the Company fail to purchase the Put Shares following the execution of the Put Option Obligation, and the Purchaser exercises the Call Option, the Vendor is obliged to sell its 60% equity interest in Kesturi to the Purchaser (“**Call Shares**”) at a price to be determined based on an independent valuation to be undertaken, using the discounted cash flows method at the WACC model in which the WACC must adopt the higher of the calculation of the Ke based on the capital asset pricing model or 13.5% and the result of which shall be further reduced by Kesturi’s outstanding indebtedness and increased by all the cash and cash equivalents (including fixed deposits and money market instruments held by Kesturi) (“**Call Option Obligation**”).

Although the Company has up to 7 years from the date of completion of the Proposed Disposal to achieve the Exit Event, there is no certainty that a successful Exit Event can be achieved within the stipulated timeframe. Failure to do so could result in either the Put Option Obligation or the Call Option Obligation being invoked, which would result in the obligation by the Company to acquire the Put Shares or sell the Call Shares respectively.

6.3 Non-completion of the Proposed Disposal

The completion of the Proposed Disposal is conditional upon the Conditions Precedent of the SSA as set out in Section 2.3 of this announcement being met. The non-fulfilment of the Conditions Precedent unless waived may result in the SSA being terminated. There is no assurance that the Proposed Disposal can be completed within the timeframe permitted under the SSA.

Should a delay or non-completion occur, Ekovest Group will not be able to utilise the proceeds from the Proposed Disposal in the manner set out in Section 2.6 of this announcement. Nevertheless, the Company will ensure that all reasonable steps will be taken in relation to the completion of the Proposed Disposal to ensure that the Conditions Precedent are met within the stipulated timeframe and that every effort is made to obtain all necessary approvals or consents and confirmations to give effect to the completion of the Proposed Disposal.

7. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on the Company's issued and paid-up share capital, substantial shareholders' shareholdings, NA, NA per share, gearing, earnings and earnings per share ("**EPS**").

The pro forma effects of the Proposed Share Split on the Company's issued and paid-up capital, NA, NA per share, gearing, earnings and earnings per Share ("**EPS**") are set out below based on the following assumptions:

Minimum scenario : Assuming none of the outstanding Warrants 2014/2019 are exercised prior to the Proposed Share Split

Maximum scenario : Assuming all of the outstanding Warrants 2014/2019 are exercised prior to the Proposed Share Split

The proforma effects exclude any effects from adjustments to the exercise price and/or number of Warrants 2014/2019 pursuant to the Proposed Share Split. Further details of the adjustments are set out in Section 7.4.

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7.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital of the Company as well as the substantial shareholders' shareholdings in the Company as the Proposed Disposal does not involve any issuance of new ordinary shares in the Company.

The Proposed Share Split will not have any effect on the substantial shareholders' shareholdings in the Company save for the proportionate increase in the number of Subdivided Shares.

The effects of the Proposed Share Split on the issued and paid-up share capital of the Company are as follows:

	Minimum scenario			Maximum scenario		
	Par value (RM)	No. of ordinary shares (000)	RM 000	Par value (RM)	No. of ordinary shares (000)	RM 000
Issued and paid-up share capital as at LPD	0.50	855,449	427,724	0.50	855,449	427,724
No. of ordinary shares to be issued assuming full exercise of the outstanding Warrants 2014/2019	-	-	-	0.50	122,207	61,103
Enlarged issued and paid-up share capital after the Proposed Share Split	0.50	855,449	427,724	0.50	977,656	488,827
	0.20	2,138,622	427,724	0.20	2,444,140	488,827

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7.2 NA, NA per Share and gearing

For illustrative purposes, the proforma effects of the Proposed Disposal and the Proposed Share Split on the NA, NA per Share and gearing of the Company based on the audited consolidated financial statements of the Company as at 30 June 2016, assuming that both Proposed Disposal and the Proposed Share Split had been effected at the end of that financial year are as follows:

Minimum scenario:

	Audited as at 30 June 2016 RM 000	After the Proposed Disposal RM 000	After the Proposed Disposal and Proposed Share Split RM 000
Share capital	427,724	427,724	427,724
Share premium	367,806	367,806	367,806
Asset revaluation reserve	82,453	82,453	82,453
Warrant reserve	40,328	40,328	40,328
Retained earnings	398,827	948,488	948,488
NA attributable to the Company's shareholders	1,317,138	1,866,799 ⁽¹⁾	1,866,799
Non-controlling interest	69	357,371	357,371
NA	1,317,207	2,224,170	2,224,170
No. of Ekovest shares in issue (000)	855,449	855,449	2,138,622
NA per Ekovest share ⁽²⁾ (RM)	1.54	2.18	0.87
Total borrowings (RM 000)	6,533,789 ⁽³⁾	6,133,789 ⁽⁴⁾	6,133,789
Gearing ⁽⁵⁾ (times)	4.96	3.29	3.29
Net gearing ⁽⁶⁾ (times)	1.21	0.47	0.47

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Maximum scenario:

	Audited as at 30 June 2016 RM 000	After the full exercise of existing Warrants 2014/2019 ⁽⁷⁾ RM 000	After the Proposed Disposal RM 000	After the Proposed Disposal and Proposed Share Split RM 000
Share capital	427,724	488,827	488,827	488,827
Share premium	367,806	512,010	512,010	512,010
Asset revaluation reserve	82,453	82,453	82,453	82,453
Warrant reserve	40,328	-	-	-
Retained earnings	398,827	398,827	917,936	917,936
NA attributable to the Company's shareholders	1,317,138	1,482,117	2,001,226 ⁽¹⁾	2,001,226
Non-controlling interest	69	69	357,371	357,371
NA	1,317,207	1,482,186	2,358,597	2,358,597
No. of Ekovest shares in issue (000)	855,449	977,656	977,666	2,444,140
NA per Ekovest share ⁽²⁾ (RM)	1.54	1.52	2.05	0.82
Total borrowings (RM 000)	6,533,789 ⁽³⁾	6,533,789	6,133,789 ⁽⁴⁾	6,133,789
Gearing ⁽⁵⁾ (times)	4.96	4.41	3.07	3.07
Net gearing ⁽⁶⁾ (times)	1.21	0.96	0.38	0.38

Notes:

- (1) Including the increase in the consolidated NA by RM763.5 million upon completion of the Proposed Disposal and prior to the Proposed Distribution.
- (2) Computed as NA attributable to the Company's shareholders divided by number of ordinary shares in issue.
- (3) The total borrowings as at 30 June 2016 is RM2,193.8 million. This has been adjusted to take into account the additional borrowings of RM700.0 million term loan and RM3,640.0 million sukuk incurred since 30 June 2016 in respect of the development, design and construction of the proposed Setiawangsa-Pantai Expressway (formerly known as the DUKE Phase-3).
- (4) Assuming repayment of borrowings of RM400.0 million as set out in Section 2.6 of this announcement in relation to the proceeds of the Proposed Disposal.
- (5) Computed as total borrowings divided by NA attributable to the Company's shareholders.
- (6) Computed as total borrowings less cash and cash equivalent divided by NA attributable to the Company's shareholders. The total cash and cash equivalent as at 30 June 2016 amounts to RM600.2 million. This has been adjusted to take into account the additional cash and cash equivalent of RM4,340.0 million following the drawdown of the RM700.0 million term loan and RM3,640.0 million sukuk referred to in Note 3 above.
- (7) Assuming the exercise of all 122,206,980 outstanding Warrants 2014/2019 from 1 July 2016 to LPD at an exercise price of RM1.35.

7.3 Earnings and EPS

The Proposed Disposal is not expected to have a material effect on the earnings and EPS of Ekovest Group for the FYE 30 June 2017 as the Company will continue to consolidate the revenue and profits from Kesturi.

The proceeds received from the Proposed Disposal are expected to strengthen Ekovest's financial position in view of the interest savings arising from the repayment of borrowings.

The Proposed Share Split will not have any impact on the Company's consolidated earnings for FYE 30 June 2017 but the EPS will be reduced proportionately as a result of the increase in the number of Subdivided Shares pursuant to the Proposed Share Split.

7.4 Convertible securities

As at the LPD, save for 122,206,980 outstanding Warrants 2014/2019 listed on Bursa Securities, the Company does not have any existing convertible securities.

The Proposed Disposal would not have any effect on the terms and conditions of the existing outstanding warrants.

Pursuant to the Proposed Distribution, an adjustment to the exercise price of the Warrants 2014/2019 will be made in accordance with the provisions of the Deed Poll to ensure that the status of the holders of Warrants 2014/2019 would not be prejudiced.

The Proposed Share Split will give rise to adjustments to the exercise price and/or number of Warrants 2014/2019 pursuant to the provisions of the memorandum to the Deed Poll. Any necessary adjustments arising from the Proposed Share Split in relation to the outstanding Warrants 2014/2019 will only be finalised on the Entitlement Date.

The details of the actual adjustments to the exercise price and number of Warrants 2014/2019 shall be announced at a later date and shall be set out in a notice of adjustments to the holders of Warrants 2014/2019, which shall be dispatched within 21 days of such adjustments.

8. PERCENTAGE RATIOS

The highest percentage ratio applicable for the Proposed Disposal based on the Disposal Consideration pursuant to paragraph 10.02(g) of the Listing Requirements is approximately 85.8%, based on the latest audited consolidated financial statements of the Company for the FYE 30 June 2016.

The Proposed Disposal is not expected to result in the Company becoming a Cash Company or a PN17 Issuer as defined under the Listing Requirements.

9. APPROVALS REQUIRED

The Proposed Disposal is conditional upon approvals being obtained from the following:

- (i) The shareholders of the Company at an EGM to be convened for the sale of the Sale Shares in accordance with the terms and conditions of the Definitive Agreements;
- (ii) The Vendor having procured Kesturi to obtain consent from the Government through UKAS under the relevant concession agreements entered into by Kesturi for the proposed change of equity structure of Kesturi and any other necessary approvals in relation to the Proposed Disposal; and

- (iii) Kesturi having obtained the requisite consent/approval from the holders of the existing senior sukuk issued by Kesturi for the proposed change of equity structure of Kesturi and any other necessary approvals in relation to the Proposed Disposal.

The Proposed Subdivision is conditional upon approvals being obtained from the following:

- (i) Bursa Securities, for the Proposed Share Split as well as the listing of and quotation for the Subdivided Shares, the Additional Warrants and new ordinary shares of the Company to be issued arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities;
- (ii) The shareholders of the Company, for the Proposed Subdivision at an EGM to be convened; and
- (iii) Any other relevant authorities, if required.

The Proposed Share Split and Proposed Amendments are inter-conditional upon each other.

The Proposed Subdivision is intended to be undertaken after the completion of the Proposed Disposal and the Proposed Distribution. However, the Proposed Disposal and the Proposed Subdivision are not conditional upon each other.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors and/or major shareholders of the Company and/or any persons connected with them has any interests, direct or indirect, in the Proposals, save for their respective entitlements as shareholders of the Company under the Proposed Share Split which are also available to all other shareholders of the Company.

11. DIRECTORS' STATEMENT

The Board having considered all aspects of the Proposals (including but not limited to the rationale, risk factors and the effects of the Proposals), is of the opinion that the Proposals are in the best interest of the Company and its shareholders.

12. ADVISERS

The Company has appointed the following advisers for the Proposed Disposal:

- (i) CIMB as the Principal Adviser and AmInvestment as the Co Adviser; and
- (ii) Astramina Advisory as the Financial Adviser.

Astramina is also appointed by EPF as Transaction Arranger for the Proposed Disposal.

13. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the applications to the relevant authorities in relation to the Proposals is expected to be made within 2 months from the date of this announcement.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposals are expected to be completed by the first (1st) half of 2017.

15. DOCUMENT AVAILABLE FOR INSPECTION

The SSA will be made available for inspection during normal business hours at the Company's registered office at Ground Floor, Wisma Ekovest, No. 118 Jalan Gombak, 53000 Kuala Lumpur during normal business hours from Mondays to Fridays (except for public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 8 November 2016.