THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

Bursa Securities has not perused the contents of this Circular relating to the Proposed IASC (as defined herein) prior to the issuance of this Circular as it is exempted pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

EKOVEST BERHAD

(Company No. 132493-D)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

(I) PROPOSED TRANSFER OF 100% OF THE ORDINARY SHARES OF RM1.00 EACH IN WIRA KRISTAL SDN BHD IN EXCHANGE FOR NEW ORDINARY SHARES OF RM1.00 EACH IN EKOVEST BERHAD ("EKOVEST") FOR A TOTAL CONSIDERATION OF RM325.68 MILLION ("PROPOSED SHARE EXCHANGE");

(II) PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF EKOVEST ("PROPOSED IASC"); AND

(III) PROPOSED EXEMPTION SOUGHT BY TAN SRI DATO' LIM KANG HOO ("TAN SRI LIM") AND THE PERSONS ACTING IN CONCERT ("PACS") WITH TAN SRI LIM UNDER PARAGRAPH 16.1 OF PRACTICE NOTE 9 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 FROM THE OBLIGATION TO EXTEND A TAKE-OVER OFFER FOR ALL THE REMAINING ORDINARY SHARES OF RM1.00 EACH IN EKOVEST NOT ALREADY OWNED BY TAN SRI LIM AND THE PACS WITH TAN SRI LIM UPON COMPLETION OF THE PROPOSED SHARE EXCHANGE ("PROPOSED EXEMPTION")

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

PART B

INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSED SHARE EXCHANGE

PART C

INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSED EXEMPTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for the Proposals

CIMB

CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for the Proposed Share Exchange

Ferrier Hodgson
CORPORATE FINANCE

FHMH Corporate Advisory Sdn Bhd
(Company No. 774955-D)
(CMSL / A0212 / 2007)

Independent Adviser for the Proposed Exemption

OSK Investment Bank Berhad (14152-V)
(A member of RHB Banking Group)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") and the Proxy Form for the EGM are set out in this Circular. Our EGM will be held as follows:

Date and time of the EGM	:	Wednesday, 17 April 2013 at 11.00 a.m.
Venue of the EGM	:	Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur.
Last date and time for lodging the Proxy Form	:	Monday, 15 April 2013 at 11.00 a.m.

This Circular is dated 26 March 2013

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	Companies Act, 1965, as amended from time to time and any re-enactment thereof
BDO	BDO Capital Consultants Sdn Bhd (405309-T)
Board	Board of Directors of Ekovest
BOT	Build, Operate and Transfer
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W)
CIMB	CIMB Investment Bank Berhad (18417-M)
Code	The Malaysian Code on Take-Overs and Mergers, 2010 as amended or revised from time to time
Concession Agreement	Concession agreement dated 12 August 2004 entered into between Kesturi and the Government whereby the Government granted Kesturi the right and authority to undertake the design, construction, operation, management and maintenance of the DUKE for a period of 34 years
Consideration	RM325,680,000 being the transfer consideration for the WK Shares
Consideration Shares	126,723,735 new Ekovest Shares (representing approximately 41.47% of the entire enlarged issued and paid up share capital upon completion of the Proposed Share Exchange), to be issued at the Issue Price pursuant to the Proposed Share Exchange
Dato' Haris	Dato' Haris Onn Bin Hussein
Director(s)	In accordance with Paragraph 10.02(c) of the Listing Requirements, a director shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of Ekovest, its subsidiary or holding company or a chief executive of Ekovest, its subsidiary or holding company
DUKE	Duta-Ulu Kelang Expressway, a toll road within the Federal Territory of Kuala Lumpur
DUKE Phase-2	Proposed extension of the DUKE as described in the Supplemental Concession Agreement
EGM	Extraordinary general meeting
EHSB	Ekovest Holdings Sdn Bhd (221954-M)
Ekovest	Ekovest Berhad (132493-D)
Ekovest Group	Collectively, Ekovest, its subsidiaries and its associates
Ekovest Shares	Ordinary shares of RM1.00 each in our Company
EPS	Earnings per share
FHCA	FHMH Corporate Advisory Sdn Bhd (774955-D)
FYE	Financial year ended/ending

GDP	Gross domestic product
Government	Government of Malaysia
Issue Price	The issue price of RM2.57 for each Consideration Share
Junior Bonds	RM50 million in nominal value of redeemable secured junior bonds issued by Kesturi
Kesturi	Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (539274-U)
Kesturi RPS A	Redeemable preference shares Series A of RM1.00 each in Kesturi
LAT	Loss after tax
LATAMI	Loss after tax and after minority interest
LBT	Loss before tax
Listing Requirements	Main Market Listing Requirements of Bursa Securities
LPD	28 February 2013, being the latest practicable date prior to the date of this Circular
LSHH	Lim Seong Hai Holdings Sdn Bhd
NA	Net assets
NKVE	North Klang Valley Expressway
Nuzen	Nuzen Corporation Sdn Bhd (486730-P), a joint venture company which is 70% and 30% owned by Wira Kristal and Malaysian Resources Corporation Berhad, respectively
Original Share Exchange Agreement	Share Exchange Agreement dated 30 January 2012 entered into between the WK Shareholders and Ekovest
OSK	OSK Investment Bank Berhad (14152-V)
PAC(s)	Persons acting in concert
PATAMI	Profit after tax after minority interest
Proposals	Proposed Share Exchange, Proposed IASC and Proposed Exemption collectively
Proposed Exemption	Proposed exemption sought by Tan Sri Lim and the PACs with him under Paragraph 16.1 of Practice Note 9 of the Code from the obligation to extend a take-over offer for all the remaining Ekovest Shares not already owned by Tan Sri Lim and the PACs with him upon completion of the Proposed Share Exchange
Proposed IASC	Proposed increase in our authorised share capital from RM200,000,000 comprising 200,000,000 Ekovest Shares to RM1,000,000,000 comprising 1,000,000,000 Ekovest Shares
Proposed Share Exchange	Proposed transfer by the WK Shareholders of 100% of the WK Shares in exchange for the Consideration Shares in accordance with the terms and subject to the conditions of the Original Share Exchange Agreement, which was subsequently restated by the Restated Share Exchange Agreement

Restated Share Exchange Agreement	Restated Share Exchange Agreement dated 25 January 2013 entered into between the WK Shareholders and us
RM and sen	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
SC	Securities Commission Malaysia
Supplemental Concession Agreement	Supplemental concession agreement dated 3 December 2012 entered into between Kesturi and the Government in relation to the DUKE Phase-2
Tan Sri Lim	Tan Sri Dato' Lim Kang Hoo
VWAMP	Volume weighted average market price
Wira Kristal	Wira Kristal Sdn Bhd (254084-X)
Wira Kristal Group	Wira Kristal, Nuzen and Kesturi, collectively
WK RPS	Redeemable preference shares of RM1.00 each in Wira Kristal
WK Shareholders	Tan Sri Lim and Dato' Haris, collectively
WK Shares	Ordinary shares of RM1.00 each in Wira Kristal
YoY	Year-on-year

All references to "**our Company**" in this Circular are to Ekovest. References to "**our Group**" or "**Ekovest Group**" are to our Company, our subsidiaries and our associates. References to "**we**", "**us**" and "**our**" are to our Company and where the context otherwise requires, shall include our subsidiaries.

All references to "**you**" in this Circular are to our shareholders.

For practical reasons, information disclosed in this Circular has been mainly based on information available as at the LPD, unless otherwise stated.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Certain amounts and percentage figures included in this Circular have been subjected to rounding adjustments. Any discrepancies between the figures shown in this Circular and figures announced by our Company, such as quarterly results and annual reports, may be due to such rounding adjustments.

Any reference to a time of day in this Circular is a reference to Malaysia time, unless otherwise stated.

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PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS

EKOVEST BERHAD

(Company No. 132493-D)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Ground Floor
Wisma Ekovest
118, Jalan Gombak
53000 Kuala Lumpur

26 March 2013

Our Board of Directors:

Tan Sri Dato' Lim Kang Hoo (*Executive Chairman*)
Lim Keng Cheng *(Managing Director)*
Khoo Nang Seng @ Khoo Nam Seng (*Executive Director*)
Lim Hoe *(Executive Director)*
Cho Joy Leong @ Cho Yok Lon (*Independent and Non-Executive Director*)
Mohd Salleh Bin Othman (*Independent and Non-Executive Director*)
Kang Hui Ling (*Independent and Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam

(I) PROPOSED SHARE EXCHANGE;
(II) PROPOSED IASC; AND
(III) PROPOSED EXEMPTION

---

1. INTRODUCTION

CIMB had announced on our behalf on:

(a) 30 January 2012, that we had on even date, entered into the Original Share Exchange Agreement with the WK Shareholders in respect of the Proposed Share Exchange;

(b) 18 July 2012, that we had together with the WK Shareholders, mutually agreed to extend the period for the fulfillment of the conditions precedent of the Original Share Exchange Agreement for a period of six (6) months from 30 July 2012 to 30 January 2013;

(c) 6 November 2012, that the Government had via its letter dated 5 November 2012, granted its approval for the change in the ultimate shareholders of Kesturi, the concession holder of the DUKE pursuant to the Proposed Share Exchange. The approval was not subject to any conditions;

(d) 7 December 2012, that the WK Shareholders had, via their letter dated 7 December 2012, informed our Company that Kesturi, the concession holder to the DUKE, had on, 3 December 2012, entered into a Supplemental Concession Agreement for the DUKE Phase-2;

(e) 4 January 2013, that we had submitted an application to Bursa Securities to seek an extension of time to comply with Paragraph 9.33(1)(a) of the Listing Requirements in relation to the submission of the draft circular for the Proposed Share Exchange to Bursa Securities;

(f) 10 January 2013, that Bursa Securities had, via its letter dated 8 January 2013, approved an extension of time of two (2) months from 5 January 2013 to 5 March 2013 to comply with Paragraph 9.33(1)(a) of the Listing Requirements;

(g) 25 January 2013, that we had on even date, entered into a Restated Share Exchange Agreement with the WK Shareholders pursuant to the Proposed Share Exchange which restated the terms of the Original Share Exchange Agreement and announced the Proposed Exemption. The main differences between the Restated Share Exchange Agreement and the Original Share Exchange Agreement are as follows:

    (i) there is no adjustment clause in the Restated Share Exchange Agreement since the audited financial statements of Wira Kristal Group for the FYE 31 December 2011 had been made available;

    (ii) the approval of the Government for the change in the ultimate shareholders of Kesturi was removed from the conditions precedent as it had been obtained;

    (iii) the approval from our shareholders and the SC for the Proposed Exemption is a new condition precedent in the Restated Share Exchange Agreement; and

    (iv) additional undertaking from the WK Shareholders that they shall ensure Wira Kristal Group obtain our prior approval on all matters relating to the DUKE Phase-2 as set out in Section 2.1.8(e), Part A of this Circular; and

(h) 19 March 2013, that Bursa Securities had via its letter dated 18 March 2013, granted its approval for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities, to be issued pursuant to the Proposed Share Exchange subject to the following conditions:

Conditions		**Status of Compliance**
(i)	Ekovest and CIMB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Share Exchange;	To be met.
(ii)	Ekovest and CIMB to inform Bursa Securities upon the completion of the Proposed Share Exchange; and	To be met.
(iii)	Ekovest to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Share Exchange is completed.	To be met.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION IN RELATION TO THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM TO BE CONVENED. THE NOTICE OF EGM, TOGETHER WITH THE PROXY FORM IS ENCLOSED WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR INCLUDING THE INDEPENDENT ADVICE LETTERS (AS SET OUT IN PART B AND PART C) AND THE INDICATIVE VALUATION LETTER (AS SET OUT IN APPENDIX VI) BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM TO BE CONVENED.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Exchange

2.1.1 Overview

Pursuant to the Original Share Exchange Agreement, the WK Shareholders will transfer 1,000,000 WK Shares, representing 100% of the issued and paid-up ordinary share capital in Wira Kristal, to Ekovest, in exchange for the Consideration Shares subject to the terms and conditions contained therein.

The entire ordinary shares of Wira Kristal are held by the WK Shareholders, namely Dato' Haris and Tan Sri Lim, in the proportion of 60% and 40%, respectively. The Consideration Shares will be issued to the WK Shareholders in proportion to their respective shareholdings in Wira Kristal. For illustrative purposes, the public shareholding spread of the Company as at the LPD is 56.93%. After taking into consideration the Proposed Share Exchange and based on the shareholdings as at the LPD, the public shareholding spread of the Company will be approximately 33.32%.

The WK Shareholders agree to assign, convey and transfer to Ekovest, the WK Shares free from all claims, charges, liens and encumbrances together with all rights attached thereto.

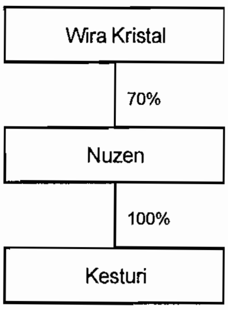
On 25 January 2013, we and the WK Shareholders entered into the Restated Share Exchange Agreement pursuant to the Proposed Share Exchange, to amend and restate the Original Share Exchange Agreement in its entirety with effect from the date of the Original Share Exchange Agreement. The Restated Share Exchange Agreement was entered into to update the terms of the Original Share Exchange Agreement which was executed on 30 January 2012 and as a result of Tan Sri Lim and his PAC's intention to undertake the Proposed Exemption.

We propose to settle the Consideration via the issuance of the Consideration Shares rather than cash payment as our existing cash balance of RM51.45 million as at 31 December 2012 is not sufficient to pay the Consideration amount of RM325.68 million. If we were to fund the acquisition of the WK Shares via bank borrowings, we would incur substantial interest cost as the Consideration amount is large.

2.1.2 Information on Wira Kristal

Wira Kristal, which is 40% and 60% owned by Tan Sri Lim and Dato' Haris, respectively, is the 70% ordinary equity holder in Nuzen. In turn, Nuzen holds 100% ordinary equity interest in Kesturi. Both Wira Kristal and Nuzen are investment holding companies, with Kesturi being the active operating subsidiary within the Wira Kristal Group. Based on the latest audited financial statements of the Wira Kristal Group for the FYE 31 December 2011, the Wira Kristal Group reported a revenue and LATAMI of approximately RM73.3 million and RM36.7 million, respectively.

The diagram below illustrates the group structure of the Wira Kristal Group:



Nuzen is a joint venture company between Wira Kristal and MRCB who holds the remaining 30% ordinary equity interest in Nuzen. Nuzen was formed as the holding company of Kesturi. MRCB is a public listed investment holding company whose core businesses include, amongst others, property development, infrastructure and construction.

We propose to acquire Wira Kristal instead of Nuzen or Kesturi as we intend to continue the joint venture with MRCB after the Proposed Share Exchange.

Kesturi is the concession holder of the DUKE which has been fully operational since 30 April 2009. The existing DUKE is an 18-kilometer tolled expressway, which provides connectivity to the east-west route of the northern part of Kuala Lumpur. The existing DUKE's toll concession under the Concession Agreement commenced on 11 August 2005 and ends on the 34th anniversary of the commencement date, being in August 2039 ("**Concession Period**"). In addition, on 3 December 2012, Kesturi had entered into the Supplemental Concession Agreement in relation to the DUKE Phase-2, further details of which are disclosed in Section 4.2, Part A of this Circular.

Ekovest participated as the main turnkey contractor for the design and construction of the DUKE and had also provided part of the funding for the said construction in the form of its subscription in RM28,000,000 in WK RPS, RM136,500,000 in Kesturi RPS A. For information purposes, the subscription dates of the WK RPS and the Kesturi RPS A by ECSB, our wholly-owned subsidiary, are as follows:

(i)	WK RPS	:	RM14.00 million on 15 November 2005 and RM14.00 million on 21 March 2006
(ii)	Kesturi RPS A	:	RM50.05 million on 20 September 2006, RM50.05 million on 26 March 2007 and RM36.40 million on 5 October 2007

In addition, on 8 October 2010, Ekovest had further subscribed for RM35,000,000 in Junior Bonds. The subscription of the Junior Bonds by Ekovest was undertaken in conjunction with the debt restructuring exercise of Kesturi to realign its debt profile with its future expected cash flows.

The salient terms of the WK RPS, the Kesturi RPS A and the Junior Bonds are set out in Appendix II of this Circular.

Upon completion of the Proposed Share Exchange, we will be holding 70% effective equity interest in Kesturi, which shall become a subsidiary of our Company. As a result, any income received by ECSB, our wholly-owned subsidiary, from its holding of Kesturi RPS A will be eliminated in Ekovest's consolidated financial statements. As such, in order to better reflect our effective equity interest, we intend to reorganise the capital structure of Kesturi by converting the Kesturi RPS A into ordinary shares, subject to the relevant approvals being obtained. Further details on the DUKE are set out in Section 4, Part A of this Circular.

Further details on the Wira Kristal Group are set out in **Appendix I** of this Circular.

2.1.3 Basis and justification of arriving at the Consideration

The Consideration was arrived at on an arm's length basis between us and the WK Shareholders prior to the signing of the Original Share Exchange Agreement, after taking into consideration, amongst others, Kesturi's cash flow generating capabilities, future earnings potential, the nature, risk and prospects of the existing DUKE and the independent advice provided by FHCA.

In assessing the Consideration, we had taken into account, amongst others, the Wira Kristal Group's 70% effective interest in Kesturi. The value of Kesturi was estimated based on the financial projections of Kesturi up to the end of the Concession Period (not taking into consideration the DUKE Phase-2) as prepared by the management of Kesturi. The remaining assets and liabilities of Wira Kristal Group were valued at their respective book values based on the then latest available management accounts as at 31 October 2011 prior to the signing of the Original Share Exchange Agreement (except for the preference shares i.e. WK RPS and Kesturi RPS A which were adjusted to include the estimated interest accrued thereon up to 31 December 2011).

The audited financial statements of the Wira Kristal Group for the FYE 31 December 2011 were subsequently made available to us after the signing of the Original Share Exchange Agreement. Based on the Original Share Exchange Agreement, the Consideration would be subject to adjustments to reflect the audited value of the remaining assets and liabilities of the Wira Kristal Group as at 31 December 2011.

The amounts of assets, liabilities and net liabilities of the Wira Kristal Group based on its management accounts as at 31 October 2011 and its audited financial statements as at 31 December 2011 are as follows:

RM million	**(Unaudited)**	**(Audited)**
	31 October 2011	**31 December 2011***
Current Assets	72.93	84.73
Non-current assets	1,092.39	1,091.07
Total assets	1,165.32	1,175.80
Current liabilities	130.64	21.05
Non-current assets	1,130.01	1,318.59
Total liabilities	(1,260.65)	(1,339.64)
Minority interests	13.87	29.61
Net liabilities	(81.46)	(134.23)

Note:

* *Further details are disclosed in the Accountants' Report as set out in Appendix IV of this Circular*

The Proposed Share Exchange was not completed by the second half of 2012 as initially envisaged and announced due to, amongst others, the receipt of the approval from the Government for the change in the ultimate shareholders of Kesturi only on 5 November 2012, which is one of the conditions precedent stipulated in the Original Share Exchange Agreement. Subsequently, we appointed BDO to undertake an indicative valuation of the 100% equity interest in Wira Kristal based on the revised financial projections of Kesturi after taking into consideration, amongst others, the latest audited financial statements of Wira Kristal Group for the FYE 31 December 2011 (i.e. the same financial year as stated under the adjustment clause) and the latest unaudited financial performance of Kesturi up to 31 December 2012.

Based on the indicative valuation letter prepared by BDO as set out in Appendix VI of this Circular, the range of indicative values of the 100% equity interest in Wira Kristal is between RM309.91 million and RM344.84 million. The Consideration of RM325.68 million falls within BDO's range of indicative values. Accordingly, we have agreed with the WK Shareholders (as set out in the Restated Share Exchange Agreement) to maintain the Consideration stated in the Original Share Exchange Agreement of RM325.68 million.

BDO has adopted the discounted cash flow ("**DCF**") approach for the indicative valuation of 100% equity interest in Kesturi. The DCF approach is an investment appraisal technique, which takes into consideration both the time value of money and the cash flow over a fixed period of time. BDO has used the DCF approach for the indicative valuation of 100% equity interest in Kesturi after considering the nature of its principal activity of being a highway concession operator with concession period up to August 2039 (being the expiry of the Concession Agreement). In relation to the indicative valuation of Wira Kristal and Nuzen, BDO has adopted the adjusted net asset approach as these two companies are investment holding companies.

Set out below is a table below extracted from the indicative valuation letter prepared by BDO as set out in Appendix VI of this Circular which illustrates the methodology used to derive the range of indicative values of 100% of the equity interest in Wira Kristal:

RM' Million	**Note**	**Low Range**	**High Range**
Wira Kristal:			
Audited net liabilities as at 31 December 2011		(30.15)	(30.15)
Less: Cost of investment in Nuzen		(35.00)	(35.00)
Add: Range of indicative values of 70% equity interest in Nuzen	Note 1	375.06	409.99
Range of indicative values of 100% equity interest in Wira Kristal		309.91	344.84

Note:

1. The range of indicative values of Nuzen based on the bases and assumptions as detailed in BDO's indicative valuation letter:

RM' Million	**Note**	**Low Range**	**High Range**
Audited net assets as at 31 December 2011		49.77	49.77
Less: Cost of investment in Kesturi		(50.00)	(50.00)
Add: Range of indicative values of 100% equity interest in Kesturi	Note 2	536.03	585.93
Range of indicative values of 100% equity interest in Nuzen		535.80	585.70
Range of indicative values of 70% equity interest in Nuzen, attributable to Wira Kristal		375.06	409.99

2. The range of indicative values of Kesturi based on the bases and assumptions as detailed in BDO's indicative valuation letter:

RM' Million	**Note**	**Low Range**	**High Range**
Range of 100% enterprise values		1,696.63	1,746.53
Less: Audited book value of borrowings as at 31 December 2011		(1,160.60)	(1,160.60)
Range of indicative values of 100% equity interest in Kesturi		536.03	585.93
Derived discount rates	Note 3	9.10% to 9.35%	

3. In deriving at the discount rate of Kesturi to arrive at its enterprise value, BDO had applied the prevailing risk free rate, equity risk premium and betas of an available comparable listed company as at 31 December 2011. BDO had also relied on the data of the available comparable listed company in estimating the discount rates with appropriate adjustments taking into consideration the size and unlisted status as well as specific characteristics, profile and other factors that may affect the operations of Kesturi.

The capitalised earning approach was not adopted for the indicative valuation of 100% equity interest in Wira Kristal Group as this method is more suitable for valuing companies with consistent and stable profit and maintainable track records. Kesturi had recorded net losses for the FYE 31 December 2010 and 2011, while Wira Kristal and Nuzen are investment holdings companies. Further, the comparable transactions approach is also not adopted in the indicative valuation as it may not be appropriate given the lack of reliable public available information for the comparable transactions including their basis of pricing and the timing of the transactions.

2.1.4 Liabilities to be assumed

We will not be assuming any liabilities (including contingent liabilities and guarantees) pursuant to the Proposed Share Exchange, except for those incurred in the ordinary course of business of the Wira Kristal Group.

2.1.5 Estimated additional financial commitment

We do not expect to incur any additional financial commitment to put the operations of the Wira Kristal Group on-stream because the DUKE has been fully operational since April 2009.

Extension of the DUKE: DUKE Phase-2

The implementation of the DUKE Phase-2 is subject to the conditions precedent as stipulated in the Supplemental Concession Agreement being fulfilled, of which the procurement of the financing for the DUKE Phase-2 forms part of the conditions precedent. We will incur additional financial commitments for the DUKE Phase-2, the amount of which will only be determined once the details of the financing arrangements for the DUKE Phase-2 are determined. We shall seek our shareholders' approval in a general meeting for the implementation of the DUKE Phase-2.

In addition, as stipulated in the Restated Share Exchange Agreement, the WK Shareholders have agreed to ensure that we shall preside and have overriding rights over all decisions pertaining to the financing arrangements of the DUKE Phase-2 to be secured by Kesturi, of which our prior approval on all matters in respect of the DUKE Phase-2 will be sought for.

Please note that as at the date of this Circular, the WK Shareholders have informed us that the conditions precedent as stipulated in the Supplemental Concession Agreement have yet to be fully complied with. The Supplemental Concession Agreement may lapse if all the conditions precedent are not fulfilled or waived before the expiry of the CP Period (as defined herein). Please refer the Section 4.1 of Part A of this Circular for further details.

2.1.6 Basis and justification of arriving at the Issue Price

The issue price of RM 2.57 for the Consideration Shares was agreed upon based on the five (5)-day VWAMP up to 27 January 2012 of RM2.5686 (rounded up to the nearest sen), being the last trading day prior to the date of the Original Share Exchange Agreement.

The monthly highest and lowest market prices of Ekovest Shares transacted for the past twelve (12) months from March 2012 to February 2013 are as follows:

	High(RM)	Low(RM)
2012		
March	2.78	2.55
April	2.76	2.50
May	2.68	2.39
June	2.80	2.45
July	2.56	2.47
August	2.59	2.43
September	2.57	2.37
October	2.59	2.47
November	2.62	2.45
December	2.58	2.45
2013		
January	2.74	2.48
February	2.57	2.41
Last traded market price prior to the announcement of the Proposed Share Exchange on 27 January 2012		2.60
Last traded market price prior to the announcement of the signing of the Restated Share Exchange Agreement on 23 January 2013		2.65
Last traded market price on the LPD		2.47

(Source: Bloomberg)

2.1.7 Ranking and listing status of the Consideration Shares

The Consideration Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing Ekovest Shares save that they shall not be entitled to any rights, allotments, entitlements, dividends and/or distributions, the entitlement date of which is prior to the date of allotment of such Consideration Shares.

The Consideration Shares will be listed and quoted on the Main Market of Bursa Securities.

2.1.8 Other salient terms of the Restated Share Exchange Agreement

The other salient terms of the Restated Share Exchange Agreement includes:

(a) The Consideration shall be satisfied wholly by the issuance and allotment of the Consideration Shares on completion, being thirty (30) days from the date which all conditions precedent are fulfilled or waived.

(b) The Restated Share Exchange Agreement shall be conditional upon the following being obtained, procured, fulfilled and/or waived within six (6) months from the date of the Restated Share Exchange Agreement:

  (i) the approval of our shareholders at the forthcoming EGM to be convened for the Proposals;

  (ii) the approval of Bursa Securities for the listing of and quotation for the Consideration Shares;

  (iii) the satisfactory financial, legal and business due diligence in relation to the Wira Kristal Group;

  (iv) the approval of the SC for the Proposed Exemption; and

  (v) such other waivers, consents or approvals as may be required (or deemed necessary by the WK Shareholders and Ekovest) from any third party or governmental, regulatory body or competent authority having jurisdiction over any part of the Proposed Share Exchange.

(c) The completion of the Proposed Share Exchange is subject to the following conditions:

  (i) no event of default has occurred or would occur as a result of the completion;

  (ii) the conditions precedent have been procured, obtained and/or fulfilled or waived by the parties;

  (iii) the approval from the Government for the ultimate change in the shareholders of Kesturi has not been withdrawn or revoked for any reason whatsoever,

  (iv) there has been no material adverse change in the operations and financial condition of the Wira Kristal Group since the date of the Original Share Exchange Agreement;

  (v) each of the representations and warranties set out in the Original Share Exchange Agreement remain accurate at the date of completion as if given on that date by reference to the facts and circumstances then existing;

  (vi) the WK Shareholders have not breached any undertakings, representations, warranties and covenants;

(vii) no governmental entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other order, whether temporary, preliminary or permanent, which is in effect and which has or would have the effect of making the transactions contemplated therein illegal or restraining or prohibiting consummation of such transactions; and

(viii) the Concession Agreement shall not be withdrawn or terminated for whatsoever reason;

(d) The WK Shareholders further covenant and undertake that they shall cause or procure Wira Kristal to deliver, within ten (10) market days from the completion date, the closing accounts of Wira Kristal, Nuzen and Kesturi at the completion date; and

(e) The WK Shareholders agree, covenant and undertake to ensure that Ekovest shall preside and have overriding rights over all decisions pertaining to the financing of the DUKE Phase-2 to be secured by Kesturi and WK Shareholders covenant and undertake that they shall cause and/or procure Wira Kristal, Nuzen and Kesturi to obtain prior approval from Ekovest on all matters in respect of the DUKE Phase-2.

2.2 Proposed IASC

Our present authorised share capital is RM200,000,000 comprising 200,000,000 Ekovest Shares of which 178,793,715 Ekovest Shares has been issued and fully paid-up as at the LPD. To facilitate the issuance of the new 126,723,735 Ekovest Shares pursuant to the Proposed Share Exchange as well as any future issuance of equity capital, we propose to increase our authorised share capital to RM1,000,000,000 comprising 1,000,000,000 Ekovest Shares.

2.3 Proposed Exemption

As at the LPD, Tan Sri Lim, a major shareholder of our Company, and his PACs ("**PAC Group**") collectively hold approximately 42.12% of the issued and paid-up share capital of our Company. Upon completion of the Proposed Share Exchange and after the issuance of the Consideration Shares to Tan Sri Lim and Dato' Haris, the PAC Group will collectively hold approximately 66.13% of the issued and paid-up share capital of our Company. This represents an increase of the PAC Group's shareholding in Ekovest of more than two percent (2%) within a period of six (6) months and, accordingly, the PAC Group will collectively trigger a mandatory general offer obligation under the Code, should the Proposed Exemption not be obtained.

As it is not the intention of the PAC Group to undertake a take-over offer, the PAC Group will be seeking an exemption under Paragraph 16.1 of Practice Note 9 of the Code from the obligation to extend a take-over offer for all the remaining Ekovest Shares not already owned by them upon completion of the Proposed Share Exchange.

The PAC Group will make an application to the SC for the Proposed Exemption and our shareholders' approval will also be sought for the Proposed Exemption at our forthcoming EGM which will be conducted by way of a poll, whereby the PAC Group will abstain from voting in respect of their direct and/or indirect shareholdings in our Company on the resolution pertaining to the Proposed Exemption.

As at the LPD and after the Proposed Share Exchange, the PAC Group's direct shareholdings in Ekovest are as follows:

	As at the LPD		After the Proposed Share Exchange	
PAC Group	**No. of Ekovest Shares**	**%**	**No. of Ekovest Shares**	**%**
Tan Sri Lim	4,757,000	2.66	55,446,494	18.15
EHSB[(1)]	37,250,000	20.83	37,250,000	12.19
	42,007,000	23.49	92,696,494	30.34
Dato' Haris	-	-	76,034,241	24.89
Lim Hoe	1,356,000	0.76	1,356,000	0.44
Lee Hun Kheng	656,400	0.37	656,400	0.21
LSHH	9,836,300	5.50	9,836,300	3.22
Fablelite Sdn Bhd	3,761,300	2.10	3,761,300	1.23
Khoo Nang Seng @ Khoo Nam Seng	17,706,000	9.90	17,706,000	5.80
PAC Group total	75,323,000	42.12	202,046,735	66.13

Note:

(1) Tan Sri Lim is deemed interested in the Ekovest Shares held by EHSB by virtue of his direct interest in EHSB pursuant to Section 6A of the Act.

The Proposed Exemption is subject to approval from the SC and the non-interested shareholders of Ekovest. It is pertinent to note that in the event the PAC Group do not succeed in obtaining the approval from the SC and the non-interested shareholders of Ekovest for the Proposed Exemption, the Proposed Share Exchange and the Proposed IASC will not be implemented as they are inter-conditional upon the Proposed Exemption. Please refer to OSK's Independent Advice Letter in Part C of this Circular in relation to the Proposed Exemption.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Exchange

Our Group is primarily involved in the construction sector, which is cyclical in nature. The Proposed Share Exchange will strengthen the revenue profile of our Group with an additional stable revenue stream earned via Kesturi through the operations of the DUKE.

Moving forward, the performance of the existing DUKE is expected to improve with the expected increase in traffic volumes over the duration of the Concession Period and hence is expected to provide recurring earnings to our Group in future years. In addition, should the DUKE Phase-2 proceed as planned, there would be an extension of the existing DUKE which is expected to increase traffic to the highway.

3.2 Proposed IASC

The Proposed IASC is to cater for the issuance of the Consideration Shares pursuant to the Proposed Share Exchange as well as any future issuance of equity capital.

3.3 Proposed Exemption

The Proposed Exemption is sought as it is not the intention of the PAC Group to undertake a take-over offer for all the remaining Ekovest Shares not already owned by them as a result of the Proposed Share Exchange.

4. INFORMATION ON THE DUKE

4.1 Background

As mentioned in Section 2.1.2, Part A of this Circular, we participated as the main turnkey contractor for the design and construction of the DUKE and had also provided part of the funding for the said construction in the form of subscription in RM28,000,000 in WK RPS, RM136,500,000 in Kesturi RPS A, which we continue to hold.

Construction of the DUKE commenced in October 2005 and was completed in stages. It was opened for access to the public in phases commencing January 2009. In April 2009, the DUKE was fully operational and tollable.

The DUKE, is an 18-kilometer long expressway toll road which provides connectivity to the east-west route of the northern part of Kuala Lumpur. It effectively connects the NKVE 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.

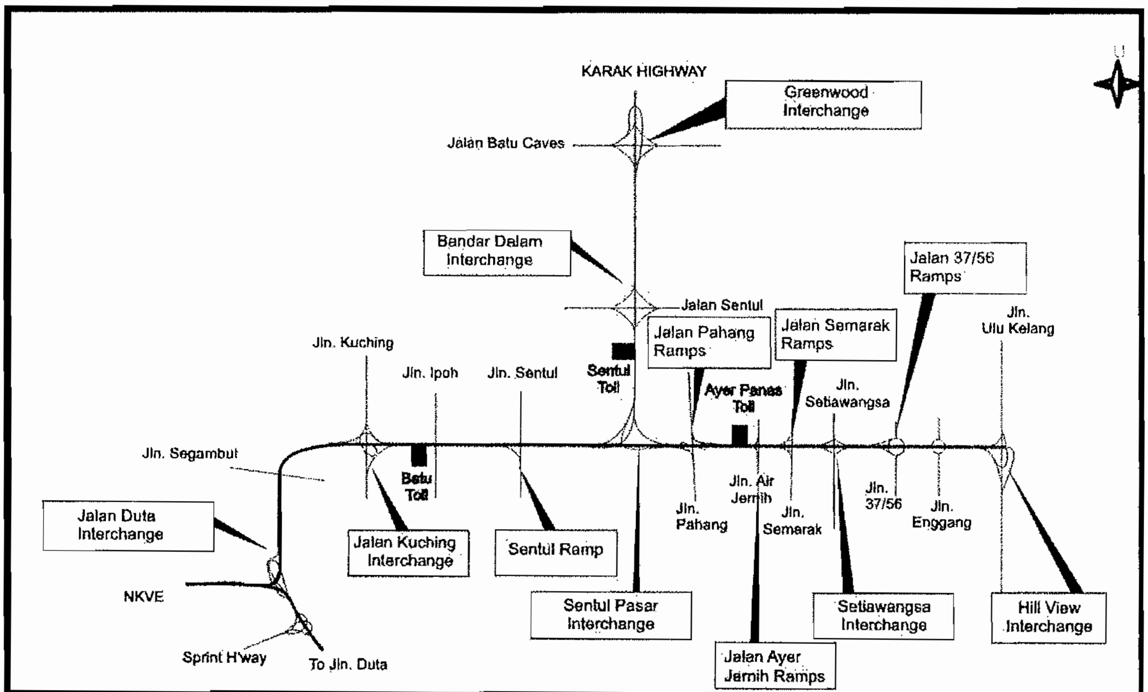
The DUKE consists of three (3) essential links, namely:

(a) the Duta Link that 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;

(b) the Ulu Kelang Link that continues eastwards from the Duta Link and crosses radial roads such as Jalan Pahang, Jalan Semarak and Jalan Setiawangsa; and

(c) the Karak Link that provides access to high density areas including Gombak and Batu Caves, and is also an important gateway to Genting Highlands, Karak and the east coast of Malaysia.

For information, an illustration of the interchanges of the DUKE is as follows:



LOCATION AND CONFIGURATION OF INTERCHANGES

Figure no : 1.2

(Source: Independent Traffic Report by Perunding Trafik Klasik Sdn Bhd)

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.

Currently the DUKE is revenue generating and cash flow positive, of which revenue for the DUKE has been increasing on a yearly basis. For information purposes, the historical toll revenue collected for the past three (3) FYE 31 December are as follows:-

	FYE 31 December (audited)			Unaudited
	2009[(1)]	2010	2011	2012
Toll collections (RM million)	34.0	63.0	73.3	81.9
Toll collections growth rate (%)	-	85.3	16.3	11.7

Note:

(1) Not for one (1) full financial year as tolling operations commenced on April 2009.

(Source: Management of Kesturi)

On 3 December 2012, Kesturi entered into a Supplemental Concession Agreement with the Government for the DUKE Phase-2.

The DUKE Phase-2, which will be an elevated highway that will complement the existing DUKE, comprises of two (2) additional links, namely the Sri Damansara Link and the 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 total cost of the DUKE Phase-2 is estimated to be approximately RM1.18 billion, subject to the finalisation of the financing structure.

4.2 Concession Agreement and Supplemental Concession Agreement

<u>Concession Agreement</u>

The Government had, via its letter of exclusivity dated 10 May 2001, agreed to privatise and award the DUKE Project to Kesturi.

On 12 August 2004, Kesturi entered into the Concession Agreement. The following are, amongst others, the principal salient terms of the Concession Agreement:

(a) the concession shall be for a period of 34 years commencing from 11 August 2005 and ending on the 34th anniversary, being 11 August 2039 ("**Concession Period**");

(b) the Concession Period may be extended, subject to agreement between Kesturi and the Government on the terms and conditions of such extension, no later than twelve (12) months prior to the expiry of the Concession Period;

(c) Pursuant to the Concession Agreement, Kesturi shall be entitled to collect and retain tolls from motorists during the Concession Period. At the end of the Concession Period, Kesturi will hand over all rights and responsibilities in respect of the DUKE to the Government;

(d) Kesturi shall undertake the DUKE Project on a BOT basis. The summary of responsibilities of the BOT arrangement of the DUKE Project are as follows:

    (i) to provide financing and to undertake the design, upgrading of existing roads and construction of new sections of the DUKE;

(ii) to operate (collect and retain tolls), manage and maintain the completed DUKE until expiry of the Concession Period; and

(iii) to hand over the DUKE to the Government upon expiry of the Concession Period.

Supplemental Concession Agreement

As stated in Section 4.1, Part A of this Circular, Kesturi had on 3 December 2012, entered into a Supplemental Concession Agreement for DUKE Phase-2.

The principal salient terms of the Supplemental Concession Agreement are as follows:-

(i) the concession period shall be for a period of fifty four (54) years commencing from the effective date of the expressway under the Concession Agreement (i.e. 11 August 2005) and ending on the fifty fourth (54^{th}) anniversary of the effective date ("**Revised Concession Period**");

(ii) the Revised Concession Period shall, subject to the terms and conditions of the Supplemental Concession Agreement, be extended for a further period of ten (10) years;

(iii) Kesturi shall fulfil the conditions precedent as stipulated in the Supplemental Concession Agreement within twelve (12) months from the date of execution of the Supplemental Concession Agreement ("**CP Period**") subject to any extension which shall not exceed three (3) months after the expiry of the CP Period;

(iv) The Supplemental Concession Agreement shall be null and void and neither parties shall have any claim against the other in the event the conditions precedent as stipulated in the Supplemental Concession Agreement are not fulfilled or waived within the CP Period or any extended period; and

(v) Kesturi shall procure the financing and will undertake the design and construction of the DUKE Phase-2.

Upon expiry of the Concession Period, Kesturi shall hand over all rights and responsibilities in respect of the DUKE and DUKE Phase-2 to the Government.

The conditions precedent as stipulated under the Supplemental Concession Agreement, which are to be satisfied within twelve (12) months from the date of the Supplemental Concession Agreement (i.e. 3 December 2012) are as follows:

(i) that Kesturi has the capacity to finance the construction of the DUKE Phase-2;

(ii) Kesturi has an issued and paid-up share capital of at least RM50,000,000;

(iii) a public opinion survey has been carried out and the report has been prepared and submitted for the Government's consideration;

(iv) neither Kesturi nor any of its directors has committed any corrupt practices, unlawful or illegal activities for the purpose of securing the Government's approval for the Concession;

(v) all information and documents given by Kesturi to the Government are true and correct; and

(vi) none of the directors of Kesturi has been an undischarged bankrupt and has not committed any offences under the Act.

As at the LPD, save for items (ii) and (iii) above, none of the conditions precedent as stipulated in the Supplemental Concession Agreement have yet to be fulfilled as Kesturi is still in the midst of procuring the relevant documentation and/or approvals.

Further information in relation to the DUKE Phase-2 will be announced and our shareholders' approval will be sought in a general meeting for the implementation of the DUKE Phase-2. Barring any unforeseen circumstances, the extraordinary general meeting to be held for the implementation of the DUKE Phase-2 is envisaged to be held by the third quarter of 2013.

5. PROSPECTS

The DUKE remains an attractive alternative and in some cases, a primary access for the upcoming developments in Northern Klang Valley and will be a major east-west link in the northern corridor linking major conurbations such as:

- Sungai Buloh / Bandar Sri Damansara;
- Kepong / Bandar Sri Manjalara;
- Selayang / Jinjang;
- Petaling Jaya;
- Kota Damansara / Taman Tun Dr. Ismail / Bukit Lanjan;
- Sri Hartamas / Mont Kiara;
- Kuala Lumpur;
- Gombak / Sentul;
- Ampang / Ulu Kelang;
- Wangsa Maju / Melawati; and
- Melawati / Ukay Perdana.

In addition to providing a major link between the conurbations above, the DUKE with its toll free and dual-three (3) lane upgrade of the Karak Link has now provided a major linkage to the Ulu Yam area where existing and future developments near the Universiti Islam Antarabangsa Malaysia are being planned.

Further, the DUKE will play an important role as an expressway link between the North South Expressway and the East Coast Expressway. This will help alleviate the traffic congestion on the Middle Ring Road 2 and other state and federal roads as there is a dedicated expressway linking the east to the west.

The future prospects of the DUKE will depend on future traffic volume which will generally be driven by the following factors:

5.1 Malaysian economy and vehicle growth

Since the economic downturn in 1998, the growth in Malaysia's GDP has been positive up until the subsequent economic downturn in 2008/2009 where the GDP shrank by -1.7% in 2009 but rebounded strongly at a rate of 7.2% in 2010. As a reference, the GDP growth for Selangor and Kuala Lumpur for 2010 was 10.8% and 9.2%, respectively. The national GDP growth for the six (6) most recent years as well as estimates for 2012 and 2013 is shown below:

Year	GDP Growth (%)
2005	5.3%
2006	5.8%
2007	6.2%
2008	4.6%
2009	-1.7%
2010	7.2%
2011	4.6%

(Source: Independent Traffic Report by Perunding Trafik Klasik Sdn Bhd)

Year	GDP Growth (%)
2012(preliminary)	5.6%
2013(estimated)	5.0% to 6.0%

(Source: Bank Negara Malaysia Annual Report 2012)

The positive GDP growth of Malaysia in 2012 and 2013 is expected to contribute to a further increase in vehicle growth. The table below tabulates the growth in registered vehicles in Malaysia from 2005 to 2011.

Year	National	Selangor	Kuala Lumpur
2005	7.1%	6.3%	9.0%
2006	7.2%	5.5%	7.7%
2007	6.5%	5.5%	7.4%
2008	6.9%	5.6%	7.8%
2009	5.7%	4.2%	6.7%
2010	6.2%	5.1%	7.2%
2011	6.0%	4.5%	7.1%

(Source: Independent Traffic Report by Perunding Trafik Klasik Sdn Bhd)

The national registration of vehicles since 2005 has been growing positively between 5.7% and 7.2%. Selangor and Kuala Lumpur have also registered favourable growth in vehicles registered over the years and this trend is expected to continue.

5.2 Population growth

Based on data from the Department of Statistics, Malaysia, the population of Malaysia has grown from approximately 22.2 million in 2000 to 27.6 million in 2010. This corresponds to an average annual growth rate of 2.2% between 2000 and 2010. It is estimated that the Malaysian population will reach approximately 29.5 million for 2012 based on the forecast by the Department of Statistics as of December 2012.

During the same period, the population of Selangor and Kuala Lumpur grew at a rate of 3.2% and 2.2% per annum, respectively, to a combined population of 7.03 million in 2010. As a result, the proportion of the combined population of both Selangor and Kuala Lumpur compared to the total Malaysian population increased from 23.6% to 25.5% in 2010.

Based on the projections stated in the Draft KL City Plan 2020 and the "Selangor Draft Structure Plan", Kuala Lumpur and Selangor are expected to achieve a combined population of 9.56 million in 2020 which represents an annual growth of 3.1% per annum from 2010 till 2020.

(Source: Independent Traffic Report by Perunding Trafik Klasik Sdn Bhd)

5.3 Employment growth

In 2000, Selangor and Kuala Lumpur's combined share of the total employment of the nation was 25.3% and 25.4% in 2010. However, for the same period, higher employment growth of 2.4% per annum was recorded in Selangor as compared to 0.5% in Kuala Lumpur.

Based on the projections stated in the Draft KL City Plan 2020, the employment growth in Kuala Lumpur is expected to grow at a rate of 2.6% per annum between 2010 and 2020. In addition, based on the "Selangor Draft Structure Plan", Selangor is projected to have an employment growth of 2.7% per annum between 2010 and 2020.

(Source: Independent Traffic Report by Perunding Trafik Klasik Sdn Bhd extracted from the Department of Statistics 2011)

The table below depicts the amount of employed persons in Malaysia for 2011 as a whole and specifically in Selangor and Kuala Lumpur:

(Million)	**2011**
Malaysia	12.284.4
Kuala Lumpur	811.8
Selangor	2,679.2

(Source: Department of Statistics, Malaysia)

5.4 Committed developments surrounding the DUKE

Planned future major developments along the highway corridor of the DUKE will also benefit from accessibility provided by the DUKE which in some cases will be beneficial for the success of certain major developments around the DUKE.

The DUKE in return will provide such developments with a more efficient road access to the Klang Valley region via the NKVE (western and southern catchments), Shah Alam Ulu Kelang Expressway (eastern and southern catchments), and Karak Link (northern catchments).

(Source: Independent Traffic Report by Perunding Trafik Klasik Sdn Bhd)

6. RISK FACTORS

The Proposed Share Exchange is subject to certain risk factors which include, but are not limited to, the following:

6.1 Acquisition risk

There can be no assurance that the current financial performance of the Wira Kristal Group will be sustainable in the future or that the Wira Kristal Group will be able to generate sufficient revenue to offset its associated investment cost.

Any fair value adjustments to the assets and liabilities of the Wira Kristal Group pursuant to amongst others, a purchase price allocation exercise, will affect our Group's NA. In addition, the effects of amortisation and impairment losses (pursuant to amongst others, an annual impairment testing), if any, in respect of the identified intangible assets will have an effect on the Group's future earnings and NA.

6.2 Future performance

The Consideration for the Proposed Share Exchange was arrived at after taking into account the basis described in Section 2.1.3 above. The said basis was derived from certain assumptions which include amongst others, the future cash flows and earnings of Kesturi, prospects of the DUKE, projected traffic volumes and the toll rates over the course of the remaining Concession Period, which are forward looking in nature. Such expectations of future performance are inherently subject to uncertainties and possible contingencies and as such, there can be no certainty that such assumptions will materialise as projected.

6.3 Financial gearing risks

The Proposed Share Exchange will result in Wira Kristal being our wholly-owned subsidiary. Accordingly, the borrowings of the Wira Kristal Group will be consolidated post completion of the Proposed Share Exchange and this will result in an increase in the gearing levels of our Group. The gearing of Ekovest before and after the Proposed Share Exchange, calculated based on the audited consolidated financial statements of Ekovest for FYE 30 June 2012 and the audited consolidated financial statements of Wira Kristal for the FYE 31 December 2011, is approximately 0.17 times and 0.87 times, respectively. Further information on the proforma effects of the Proposed Share Exchange is set out in Section 7.2 below.

Please note that the gearing level above excludes potential borrowings which may be incurred in relation to the DUKE Phase-2 as described in Sections 2.1.5 and 4, Part A of this Circular. Such borrowings, if any, will increase the gearing level of our Group. This may affect our Group's ability to procure additional financing for other future business ventures. We will seek our shareholders' approval for the implementation of the DUKE Phase-2 upon completion of the Proposed Share Exchange. Barring any unforeseen circumstances and assuming our shareholders' approval have been obtained for the implementation of the DUKE Phase-2, the construction of the DUKE Phase-2 is envisaged to commence in the second half of 2013.

6.4 Estimated traffic volumes and projections

Traffic volume, a primary determinant of the Wira Kristal Group's revenue, is largely affected by many factors which are beyond its control. Such factors may include (but are not limited to) the level of economic activity, affordability of automobiles, price of petrol and the availability of alternative routes or modes of transport e.g. the proposed Mass Rapid Transit System. There can be no assurance that any adverse trends affecting any of these factors over the course of the remaining Concession Period will not have a material adverse effect on traffic volumes and profitability of the DUKE.

Set out below are the projected and actual annual average daily traffic ("**AADT**") of the DUKE from year 2010 to 2012:

	2010	**2011**	**2012**
Actual AADT	87,983	102,204	113,689
Projected AADT*	94,085	105,337	115,218
Variation (%)	(6.5)	(3.0)	(1.3)

Note:

* *Based on traffic report dated 23 July 2010 from Perunding Trafik Klasik Sdn Bhd*

6.5 Toll rates

The Concession Agreement, which essentially governs the operations of the toll concessionaire, provides for agreed toll rates throughout the Concession Period and further provides that the Government may vary those rates throughout the Concession Period. In addition, the increase in the public and/or political opposition towards toll rate hikes for toll concessionaires may potentially defer the increase in the toll rates as stipulated in the Concession Agreement, of which may have a material adverse impact on the financial performance of Kesturi.

Notwithstanding the above, in the event the Government varies the toll rates such that the toll rates fall below the agreed toll rates as stipulated in the Concession Agreement, the Government is obliged to compensate Kesturi for the difference in the manner agreed in the Concession Agreement.

6.6 Expiration or termination of concession

The Government may terminate the toll concession of a toll concessionaire if, amongst others, an event of default has been declared. Pursuant to the Concession Agreement, events of default shall occur if at any time during the Concession Period:

(a) Kesturi assigns the whole or any part of the Concession Agreement save and except in relation to the assignment as allowed there under;

(b) an order is made or a resolution is passed for the winding-up of Kesturi, except for the purpose of reconstruction or amalgamation not involving the realisation of assets in which the interest of creditors are protected;

(c) Kesturi goes into liquidation or a receiver is appointed over its assets or Kesturi makes an assignment for the benefit of or enters into an arrangement or composition with its creditors or stops payment or is unable to pay its debts; or

(d) execution is levied against a substantial portion of Kesturi's assets, unless it has instituted proceedings in good faith to set aside such execution.

In the event the Concession Agreement is terminated, Kesturi's principal business and source of revenue would cease.

6.7 Unforeseen events

Generally, the use of the DUKE may be interrupted or affected by, amongst others, accidents, natural disasters, war, civil commotion, defective design and construction, labour, disputes and other unforeseen events. Interruptions in the use of the DUKE arising from such events may reduce Wira Kristal Group's revenue and may increase costs arising from repairs to expressways.

6.8 Operating and maintenance costs

Generally, costs and capital expenditure requirements relating to the operation and maintenance of expressways may increase due to factors which are beyond the toll concessionaires' control, which include but may not be limited to:

(a) the standards of maintenance of road safety to the expressways imposed by relevant regulatory authorities becoming more stringent;

(b) higher axle loading, traffic volume or environmental stress leading to more extensive or frequent repairs or maintenance costs; or

(c) increases in the prices and costs of materials, labour and supplies due to, amongst others, inflation.

There can be no assurance that any increase in such costs will not have a material adverse effect on Kesturi's and the Wira Kristal Group's financial results.

6.9 Completion risk

In the event the Proposed Share Exchange is not completed by the completion date, or the conditions precedent have not been waived or fulfilled or if there is a breach in the representations or warranties of the WK Shareholders and/or our Company as stated in the Restated Share Exchange Agreement, the Restated Share Exchange Agreement may be terminated.

Notwithstanding the above, our Company and the WK Shareholders will endeavour to take all reasonable steps to ensure the satisfaction and/or fulfillment of the conditions precedent stipulated in the Restated Share Exchange Agreement.

7. EFFECTS OF THE PROPOSALS

The Proposed IASC and the Proposed Exemption will not have any effect on our issued and paid-up share capital, substantial shareholders' shareholding, consolidated EPS, consolidated NA per share and consolidated gearing.

7.1 Share capital

The proforma effects of the Proposed Share Exchange on our issued and paid-up share capital as at the LPD are as follows:

	No. of Ekovest Shares	RM
Issued and paid-up share capital as at the LPD	178,793,715	178,793,715
New Ekovest Shares to be issued pursuant to the Proposed Share Exchange	126,723,735	126,723,735
Enlarged issued and paid-up share capital	305,517,450	305,517,450

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7.2 NA and gearing

The proforma effects of the Proposed Share Exchange on our consolidated NA and gearing based on our audited consolidated statement of financial position as at 30 June 2012 assuming the Proposed Share Exchange was completed on 30 June 2012 are as follows:

	Audited as at 30 June 2012	After the Proposed Share Exchange[(1)]
	RM 000	**RM 000**
Share capital	178,794	305,518
Share premium	46,978	245,934
Reserve	294	294
Retained earnings	184,648	227,789[(2)]
Shareholders' funds/ NA	**410,714**	**779,535**
Non-controlling interest	-	162,910
Total equity	**410,714**	**942,445**
No. of Ekovest Shares in issue (000)	178,794	305,518
NA per Ekovest Share (RM)	2.30	2.55
Total borrowings (RM 000) [(3)]	71,274	676,851
Gearing ratio (times)[(4)]	0.17	0.87

Notes:

(1) The proforma effects are based on the audited consolidated statement of financial position of Wira Kristal for FYE 31 December 2011.

(2) The proforma retained earnings after the Proposed Share Exchange takes into consideration amongst others, the recognition of negative goodwill of approximately RM26 million on consolidation of the Wira Kristal Group into our Group, the write-back of the impairment loss of approximately RM20 million previously provided by our Group in respect of its existing holdings of Junior Bonds, Kesturi RPS A and WK RPS and the estimated expenses of approximately RM3 million for the Proposed Share Exchange.

(3) The total borrowings stated above are based on our Group's borrowings as at 30 June 2012 and the fair value of Wira Kristal Group's liabilities assumed as at 31 December 2011, in accordance with Financial Reporting Standard - FRS 3 Business Combination.

The total borrowings of our Group and after the Proposed Share Exchange are as follows:

	Amount
	RM'000
Our Group's total borrowings as at 30 June 2012	*71,274*
Total borrowings of Wira Kristal Group as at 31 December 2011	*1,217,207*
Elimination on consolidation:	
Elimination of inter-company borrowings between our Group and Wira Kristal Group	*(321,177)*
Fair value adjustments of external borrowings for Wira Kristal Group	*(290,452)*
Borrowings after the Proposed Share Exchange	*676,851*

(4) The gearing ratio is calculated by dividing the total borrowings with shareholders' funds/NA.

7.3 Earnings

The Proposed Share Exchange is expected to be completed by the first half of 2013. The effects of the Proposed Share Exchange on our future consolidated earnings and EPS would depend on, amongst others, the future performance of the DUKE, as well as the future performance of our Group.

For illustrative purposes, assuming that the Proposed Share Exchange was completed on 1 July 2011, being the beginning of the FYE 30 June 2012, the proforma effects to the PATAMI and EPS of our Group are as follows:

	Audited as at 30 June 2012 RM 000	**After the Proposed Share Exchange RM 000**
Our consolidated PATAMI	72,644	72,644
Wira Kristal's audited consolidated LATAMI for the year ended 31 December 2011	-	(36,692)[(1)]
Proforma PATAMI	72,644	35,952
Weighted average number Ekovest Shares in issue (000)	178,794	305,518[(2)]
EPS (sen)	40.63	11.77

Notes:

(1) The LATAMI of RM36.692 million incurred by Wira Kristal Group is mainly attributed to finance cost. Total finance costs of Wira Kristal Group for the year ended 31 December 2011 were RM107.127 million.

(2) After incorporating the Consideration Shares assumed in issue as at 1 July 2011.

It should be noted that the illustrative proforma effects to the PATAMI and EPS above were calculated based on the aggregation of the audited results of our Group for FYE 30 June 2012 and the audited results of Wira Kristal Group for FYE 31 December 2011. As such, the above illustration may not represent a true reflection of the consolidated earnings of our Group for the FYE 30 June 2013 after the completion of the Proposed Share Exchange. There may be differences due to, amongst others, accounting adjustments which may be undertaken upon completion of the Proposed Share Exchange in accordance with Financial Reporting Standards issued by Malaysian Accounting Standards Board (in the event the Proposed Share Exchange is completed within the said financial year).

7.4 Substantial Shareholders' Shareholding

For illustrative purposes, the effects of the Proposed Share Exchange on our substantial shareholders' shareholding are as follows:

	As at the LPD				After the Proposed Share Exchange			
	Direct		Indirect		Direct		Indirect	
	No. of Ekovest Shares 000	%	No. of Ekovest Shares 000	%	No. of Ekovest Shares 000	%	No. of Ekovest Shares 000	%
EHSB	37,250	20.83	-	-	37,250	12.19	-	-
Khoo Nang Seng @ Khoo Nam Seng	17,706	9.90	-	-	17,706	5.80	-	-
LSHH	9,836	5.50	3,761[(1)]	2.10	9,836	3.22	3,761[(1)]	1.23
Tan Sri Lim	4,757	2.66	37,250[(2)]	20.83	55,446	18.15	37,250[(2)]	12.19
Dato' Haris	-	-	-	-	76,034	24.89	-	-
Lim Keng Cheng	-	-	13,598[(3)]	7.61	-	-	13,598[(3)]	4.45
Lim Keng Guan	-	-	13,598[(3)]	7.61	-	-	13,598[(3)]	4.45
Lim Keng Hun	-	-	13,598[(3)]	7.61	-	-	13,598[(3)]	4.45
Lim Pak Lian	-	-	13,598[(3)]	7.61	-	-	13,598[(3)]	4.45

Notes:

(1) *Deemed interested by virtue of its direct interest in Fablelite Sdn Bhd pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of his direct interest in EHSB pursuant to Section 6A of the Act.*

(3) *Deemed interested by virtue of his/her interest in LSHH pursuant to Section 6A of the Act.*

7.5 Convertible securities

As at the LPD, we do not have any convertible securities.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of our major shareholders and/or directors and/or persons connected to them have any interests, direct or indirect, in the Proposals.

8.1 Interests of major shareholders and/or persons connected to them

Tan Sri Lim is a major shareholder of our Company, EHSB and Wira Kristal. Tan Sri Lim is also a director of our Company, Wira Kristal, Nuzen and Kesturi. In addition, Tan Sri Lim is also one of the vendors for the WK Shares.

Accordingly, Tan Sri Lim and EHSB are deemed interested in the Proposals. They will abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolutions pertaining to the Proposals at the forthcoming EGM.

Tan Sri Lim and EHSB's direct and indirect shareholding in our Company as at the LPD are set out in Section 7.4 above.

8.2 Interests of Directors and/or persons connected to them

As disclosed in Section 8.1 above, Tan Sri Lim is interested in the Proposals.

Khoo Nang Seng @ Khoo Nam Seng is our director and substantial shareholder and Tan Sri Lim's business partner. Khoo Nang Seng @ Khoo Nam Seng does not have any equity interest in the Wira Kristal Group.

Lim Hoe is our director and is Tan Sri Lim's sibling. Lim Hoe does not have any equity interest in the Wira Kristal Group.

Lim Keng Cheng is our Managing Director and our indirect substantial shareholder (via his direct interest in LSHH) and he is Tan Sri Lim's nephew. Lim Keng Cheng is also a director of Wira Kristal, Nuzen and Kesturi, but does not have any equity interest in the Wira Kristal Group.

Tan Sri Lim has abstained and will continue to abstain from deliberating and voting on the Proposals at our relevant Board meetings. By virtue of their relationship with Tan Sri Lim, Khoo Nang Seng @ Khoo Nam Seng, Lim Hoe and Lim Keng Cheng ("**Interested Directors**") have also abstained and will continue to abstain from deliberating and voting on the Proposals at our relevant Board meetings. Tan Sri Lim, Khoo Nang Seng @ Khoo Nam Seng, Lim Hoe and Lim Keng Cheng will abstain and have undertaken to ensure that persons connected to them will abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company, if any, on the resolutions pertaining to the Proposals at the upcoming EGM to be convened.

Our Interested Director's direct and indirect shareholdings in our Company as at the LPD are as follows:

	Direct		Indirect	
	No. of Ekovest Shares 000	**%**	**No. of Ekovest Shares 000**	**%**
Tan Sri Lim	4,757	2.66	37,250[(1)]	20.83
Khoo Nang Seng @ Khoo Nam Seng	17,706	9.90	-	-
Lim Keng Cheng	-	-	13,598[(2)]	7.61
Lim Hoe	1,356	0.76	-	-

Notes:

(1) Deemed interested by virtue of his direct interest in EHSB pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of his direct interest in LSHH pursuant to Section 6A of the Act.

9. DIRECTORS' RECOMMENDATION

Our Board (save for the Interested Directors who have abstained from all deliberations on the Proposals), after taking into consideration the independent advice of FHCA and OSK, the indicative valuation conducted by BDO, and having considered all aspects of the Proposals including but not limited to the rationale and the financial effects of the Proposals, is of the opinion that the Proposals are in the best interests of our Company and are not detrimental to the interest of the non-interested shareholders. Our Board (save for the Interested Directors) is of the view that the Proposals are fair, reasonable and on normal commercial terms.

Accordingly, our Board (save for the Interested Directors) recommends that you vote in favour of the resolutions pertaining to the Proposals which will be tabled at our forthcoming EGM.

10. APPROVALS REQUIRED AND INTERCONDITIONALITY OF PROPOSALS

The Proposals are subject to approvals being obtained from the following:

(a) our shareholders at the forthcoming EGM;

(b) the Government for the change in the ultimate shareholders of Kesturi, the concession holder of the DUKE, which was obtained on 5 November 2012;

(c) Bursa Securities, for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities, which was obtained on 18 March 2013;

(d) the SC for the Proposed Exemption; and

(e) any other relevant authorities / parties, if required.

The Proposals are inter-conditional upon one another.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the first half of 2013. The tentative timeline in relation to the Proposals is as follows:

Events	Expected timing
EGM to approve the Proposals	17 April 2013
Listing of and quotation for the Consideration Shares	End April 2013
Completion of the Proposals	End April 2013

12. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

There are no other corporate proposals, which have been announced but are pending completion by our Company as at the LPD.

13. TRANSACTIONS INVOLVING THE SAME RELATED PARTY

In the preceding twelve (12) months, save for the Proposed Share Exchange and the recurrent related party transactions that had been approved by the shareholders of the Company on 19 December 2011 and 21 December 2012, there were no other transactions between our Group and the interested major shareholders (as set out in Section 8.1 above) and Interested Directors.

14. AUDIT COMMITTEE'S STATEMENT

Our Audit Committee, having considered all aspects of the Proposed Share Exchange, is of the opinion that the Proposed Share Exchange is in the best interest of our Company and is not detrimental to the interest on the non-interested shareholders. The Audit Committee is of the view that the Proposed Share Exchange is fair, reasonable and on normal commercial terms.

In forming its view and opinion on the Proposed Share Exchange, our Audit Committee has considered:

(a) the rationale and the key terms of the Proposed Share Exchange;

(b) the indicative valuation conducted by BDO; and

(c) FHCH's opinion and advice on the Proposed Share Exchange.

15. EGM

Our EGM, the notice of which is enclosed in this Circular, will be held at Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur on Wednesday, 17 April 2013 at 11.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions pertaining to the Proposals.

If you are unable to attend and vote in person at our EGM, you are requested to complete and return the enclosed Proxy Form in accordance with the instructions contained herein as soon as possible and in any event, so as to arrive at our Share Registrar's office at No. 28-1, Jalan Tun Sambathan 3, Brickfields, 50470 Kuala Lumpur not later than 48 hours before the time fixed for holding our EGM. The lodging of the Proxy Form does not preclude you from attending and voting in person at our EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

You are advised to refer to the appendices for further information.

Yours faithfully
For and on behalf of the Board of
EKOVEST BERHAD

Kang Hui Ling
Independent Non-Executive Director

PART B

INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSED SHARE EXCHANGE

Ferrier
Hodgson
CORPORATE FINANCE

FHMH Corporate Advisory Sdn Bhd
(Company No. 774955-D)
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Registered Office:-
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
26 March 2013

To: The non-interested shareholders of Ekovest Berhad

Dear Sir/Madam,

INDEPENDENT ADVICE LETTER ("IAL") TO THE NON-INTERESTED SHAREHOLDERS OF EKOVEST BERHAD ("EKOVEST") IN RELATION TO THE PROPOSED SHARE EXCHANGE

This IAL is prepared for inclusion in the Circular to the shareholders of Ekovest dated 26 March 2013 in relation to the Proposed Share Exchange and should be read in conjunction with the same. Unless otherwise defined herein, all terms set out in the Circular shall have the same meaning in this IAL.

1. INTRODUCTION

On 30 January 2012, CIMB on behalf of Ekovest had on even date announced that on 30 January 2012, Ekovest entered into the Original Share Exchange Agreement with the WK Shareholders in respect of the Proposed Share Exchange.

On 18 July 2012, CIMB on behalf of Ekovest had announced that Ekovest had together with the WK Shareholders, mutually agreed to extend the period for the fulfillment of the conditions precedent of the Original Share Exchange Agreement for a period of six (6) months from 30 July 2012 to 30 January 2013.

On 6 November 2012, CIMB on behalf of Ekovest had announced that the Government had via its letter dated 5 November 2012, granted its approval for the change in the ultimate shareholders of Kesturi, the concession holder of the DUKE pursuant to the Proposed Share Exchange.

On 7 December 2012, CIMB on behalf of Ekovest had announced that the WK Shareholders had, via their letter dated 7 December 2012, informed Ekovest that the concession holder to the DUKE had on, 3 December 2012, entered into a Supplemental Concession Agreement for the DUKE Phase-2.

On 4 January 2013, CIMB on behalf of Ekovest had announced that Ekovest had submitted an application to Bursa Securities to seek an extension of time to comply with Paragraph 9.33(1)(a) of the Listing Requirements in relation to the submission of the draft circular for the Proposed Share Exchange to Bursa Securities.

On 10 January 2013, Bursa Securities had, via its letter dated 8 January 2013, approved an extension of time of two (2) months from 5 January 2013 to 5 March 2013 to comply with Paragraph 9.33(1)(a) of the Listing Requirements.

On 25 January 2013, Ekovest, entered into a Restated Share Exchange Agreement with the WK Shareholders pursuant to the Proposed Share Exchange which restated the terms of the Original Share Exchange Agreement and announced to undertake the Proposed Exemption.

On 19 March 2013, CIMB on behalf of Ekovest had announced that Bursa Securities had via its letter dated 18 March 2013, granted its approval for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

To facilitate the issuance of the Consideration Shares pursuant to the Proposed Share Exchange, the Company proposes to increase its authorised share capital from RM200,000,000 comprising of 200,000,000 Ekovest Shares to RM1,000,000,000 comprising 1,000,000,000 Ekovest Shares. The Memorandum of Association of the Company are proposed to be amended accordingly.

The Proposed Share Exchange is deemed to be a related-party transaction as defined in the Listing Requirements in view of the interests of Tan Sri Lim as set out in Section 8 of Part A of the Circular. Accordingly, in compliance with Paragraph 10.08 of Chapter 10 of the Listing Requirements, the Board had appointed FHCA as the Independent Adviser to advise the non-interested shareholders of Ekovest in respect of the Proposed Share Exchange.

The purpose of this IAL is to provide the non-interested shareholders of Ekovest with an independent evaluation on the fairness and reasonableness of the Proposed Share Exchange in so far as the non-interested shareholders of Ekovest are concerned and whether the Proposed Share Exchange will be to the detriment of the non-interested shareholders of Ekovest as well as to provide our recommendation in relation to the resolution to be tabled at the forthcoming EGM, subject to the scope and limitations of our role and evaluation as specified herein.

This IAL is solely for the use of the non-interested shareholders of Ekovest for the purpose of considering the Proposed Share Exchange and should not be used or relied upon by any other party.

NON-INTERESTED SHAREHOLDERS OF EKOVEST ARE ADVISED TO READ BOTH THIS IAL TOGETHER WITH THE CIRCULAR AND TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE EXCHANGE TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, ACCOUNTANTS, SOLICITORS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE PROPOSED SHARE EXCHANGE

FHCA was not involved in any negotiations on the terms and conditions of the Proposed Share Exchange. FHCA's scope as Independent Adviser is limited to expressing an independent evaluation on the fairness and reasonableness of terms of the Proposed Share Exchange in so far as the non-interested shareholders of Ekovest are concerned and whether the Proposed Share Exchange will be to the detriment of the non-interested shareholders of Ekovest, based on information and documents made available to us, including but not limited to the following:-

(a) information contained in Part A of the Circular and the appendices thereto;

(b) the Original Share Exchange Agreement and the Restated Share Exchange Agreement;

(c) the cash flow forecast and projections of the DUKE prepared by the management of Kesturi of which the projected traffic volume was based on reports prepared by independent traffic consultant;

(d) the indicative valuation letter prepared by BDO;

(e) other relevant information, documents, confirmations and representation provided by the management of Ekovest or obtained in or derived from discussions with the management of Ekovest; and

(f) other publicly available information.

In line with our role and scope of work, FHCA is not responsible to independently verify the accuracy, validity or completeness of any of the abovementioned information or documents used, referred to and/or relied upon by FHCA for the purpose of this IAL. FHCA is not responsible in any manner for the accuracy, validity or completeness of any such information and documents, representation or warranty, expressed or implied. FHCA shall not be under any responsibility or liability for any misstatement of fact or from any omission therein.

We have obtained written confirmation from the Board that it has seen and approved, and collectively and individually, confirms and accepts full responsibility for the accuracy of the information given and contained in this IAL and further confirmed that after making all reasonable inquiries and to the best of the Directors' knowledge and belief, all material facts and information required for the purpose of the evaluation have been duly disclosed to FHCA accurately and that there are no facts and/or statements, the omission of which would make any information supplied to FHCA false or misleading.

As the Independent Adviser, we have evaluated the Proposed Share Exchange and in rendering our advice, we have considered those factors which we believe are of general importance to the assessment of the implications of the Proposed Share Exchange and would be of relevance and general concern to the non-interested shareholders of Ekovest. This evaluation is rendered solely for the benefit of the non-interested shareholders of Ekovest. Our evaluation and recommendations expressed herein are confined to the Proposed Share Exchange. Our scope as the Independent Adviser does not extend to expressing any opinion on the commercial merits of the Proposed Share Exchange as this remains the sole responsibility of the Board.

FHCA'S VIEW AND RECOMMENDATIONS IN THIS IAL ARE TO THE NON-INTERESTED SHAREHOLDERS OF EKOVEST AT LARGE AND NOT TO ANY NON-INTERESTED SHAREHOLDER INDIVIDUALLY. HENCE, IN CARRYING OUT OUR EVALUATION, WE HAVE NOT GIVEN ANY CONSIDERATION TO THE SPECIFIC OBJECTIVES, FINANCIAL SITUATION AND PARTICULAR NEEDS OF ANY INDIVIDUAL NON-INTERESTED SHAREHOLDER OR ANY SPECIFIC GROUP OF NON-INTERESTED SHAREHOLDERS OF EKOVEST.

We recommend that any individual non-interested shareholder or group of non-interested shareholders of Ekovest in doubt as to the action to be taken or requiring advice in relation to the Proposed Share Exchange in the context of their individual objectives, financial situation or particular needs, to consult their stockbroker, banker, solicitor, accountant or other professional advisers. We shall not be liable for any damage or loss of any kind sustained or suffered by an individual non-interested shareholder or any group of non-interested shareholders of Ekovest in reliance on the evaluation stated herein for any purpose whatsoever that is particular to such individual non-interested shareholder or group of non-interested shareholders of Ekovest.

3. DETAILS OF THE PROPOSED SHARE EXCHANGE

3.1 Overview

Pursuant to the Share Exchange Agreement, the WK Shareholders will transfer 1,000,000 WK Shares, representing 100% of the issued and paid-up ordinary share capital in Wira Kristal, to Ekovest, in exchange for the Consideration Shares.

The Consideration for the WK Shares was arrived at on an arm's length basis prior to the signing of the Original Share Exchange Agreement, after taking into consideration, amongst others, Kesturi cash flow generating capabilities, future earnings potential as well as the nature, risk and prospects of the existing DUKE.

The Company will not be assuming any liabilities (including contingent liabilities and guarantees) pursuant to the Proposed Share Exchange, except for those incurred in the ordinary course of business of the Wira Kristal Group.

The Issue Price for the Consideration Shares was agreed upon based on the five (5) day VWAMP up to 27 January 2012 of RM2.5686, being the last trading day prior to the date of the Original Share Exchange Agreement.

The Proposed Share Exchange is conditional upon the Proposed IASC and the Proposed Exemption.

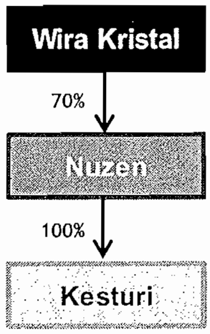
Refer to Section 2.1 of Part A of the Circular for further information on the Proposed Share Exchange.

3.2 Information on Wira Kristal

Wira Kristal was incorporated in Malaysia under the Act, on 14 December 1992. The principal activity of Wira Kristal is that of investment holding.

The authorised capital of Wira Kristal is RM1,000,028 consisting of 1,000,000 ordinary shares of RM1.00 each in Wira Kristal and 28 redeemable preference shares of RM1.00 each in Wira Kristal of which all have been issued and fully paid-up

Wira Kristal, which is held entirely by the WK Shareholders, is a 70% equity shareholder in Nuzen. In turn Nuzen holds 100% equity interest in Kesturi. The diagram belows illustrates the shareholding structure of the Wira Kristal Group:-



The WK RPS is entirely held by Ekovest Construction Sdn Bhd, a wholly-owned subsidiary of Ekovest. The WK RPS holders have the rights to a fixed cumulative gross dividend rate of 8% per annum, to be calculated based on the issue price of RM1,000,000 per WK RPS and any unpaid dividends shall be charged a compound interest rate of 8% per annum. The WK RPS shall be redeemed partially or in full on a redemption date, at the option of Wira Kristal. At the maturity date, which is 20 years from the first subscription date, any WK RPS not redeemed shall be automatically redeemed.

The current Directors of Wira Kristal are Dato' Haris, Tan Sri Lim, Lim Keng Cheng and Julie Sariyati Binti Abu Zarim.

Further information on Wira Kristal is detailed out in Appendix I of the Circular.

3.3 Information on the DUKE

The DUKE, an 18-kilometer long expressway, is a toll road which provides connectivity to the east-west route of the northern part of Kuala Lumpur. It effectively connects the NKVE 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.

The DUKE is made up of three essential links - the Duta Link which runs from the NKVE's Projek Lebuhraya Utara-Selatan's ("**PLUS**") Duta Toll plaza and Sri Hartamas towards the east, connecting to main roads such as Jalan Kuching and Jalan Sentul. The Ulu Kelang Link continues eastwards from the Duta Link and crosses radial roads such as Jalan Pahang, Jalan Semarak and Jalan Setiawangsa. 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.

Ekovest was the main turnkey contractor for the design and construction of the DUKE and had also provided part of the funding for the said construction in the form of its investment in the WK RPS amounting to RM28,000,000 and the Kesturi RPS A amounting to RM136,500,000. Ekovest had also subscribed for RM35,000,000 in nominal value of the Junior Bonds upon Kesturi's debt restructuring exercise in October 2010 undertaken to realign its debt profile with its future expected cash flow.

Construction of the DUKE commenced in October 2005 and was completed in stages. It was opened for access to the public in phases commencing January 2009 and in April 2009, the DUKE was fully operational and tollable.

The DUKE's toll concession commenced on 11 August 2005 and ends on the 34th anniversary of the Effective Date, being in August 2039 ("**Concession Period**"). Information on the DUKE and the Concession Agreement is set out in Sections 4.1and 4.2 of Part A of the Circular.

On 3 December 2012, Kesturi entered into a Supplemental Concession Agreement with the Government for the DUKE Phase-2. The DUKE Phase-2, which will be an elevated highway that will complement the existing DUKE, comprises of two (2) additional links, namely the Sri Damansara Link and the Tun Razak Link. The Sri Damansara Link will commence at the Menjalara Interchange at Bandar Menjalara on the west and traverse eastward to the Segambut Interchange at Jalan Segambut whilst the Tun Razak Link will commence at Jalan Tun Razak near Institut Jantung Negara and traverses northwards along Jalan Pahang and Jalan 9/48A to connect to Jalan Gombak.

The total cost of the DUKE Phase-2 is estimated to be approximately RM1.18 billion, subject to the finalisation of the financing structure and the construction of the DUKE Phase-2 is envisaged to commence in the second half of 2013.

4. MAJOR SHAREHOLDERS' AND DIRECTORS' INTERESTS IN THE PROPOSED SHARE EXCHANGE

The details of the major shareholders and Directors and/or person(s) connected to them who are interested in the Proposed Share Exchange are set out in Section 8 of Part A of the Circular. Save as disclosed in Section 8 of Part A of the Circular, to the best knowledge of your Board, none of the other major shareholders and Directors and/or person(s) connected to them has any interest, whether direct or indirect, in the Proposed Share Exchange.

4.1 Interests of Directors and/or persons connected to them

Tan Sri Lim is interested in the Proposed Share Exchange by virtue of him being a director and major shareholder of Ekovest, EHSB and Wira Kristal. Tan Sri Lim is also a director of Nuzen and Kesturi and is also one of the vendors for the WK Shares.

Khoo Nang Seng @ Khoo Nam Seng is a director and substantial shareholder of Ekovest and Tan Sri Lim's business partner. Khoo Nang Seng @ Khoo Nam Seng does not have any equity interest in the Wira Kristal Group.

Lim Hoe is a director of Ekovest and is Tan Sri Lim's sibling. Lim Hoe does not have any equity interest in the Wira Kristal Group.

Lim Keng Cheng, who is a nephew to Tan Sri Lim, is the Managing Director and an indirect substantial shareholder of Ekovest. Lim Keng Cheng is also a director of Wira Kristal, Nuzen and Kesturi, but does not have any equity interest in the Wira Kristal Group.

Tan Sri Lim has abstained and will continue to abstain from deliberating and voting on the Proposed Share Exchange at the relevant Board meetings of Ekovest. By virtue of their relationship with Tan Sri Lim, Khoo Nang Seng @ Khoo Nam Seng, Lim Hoe and Lim Keng Cheng also have abstained and will continue to abstain from deliberating and voting on the Proposed Share Exchange at the relevant Board meetings of Ekovest.

Tan Sri Lim, Khoo Nang Seng @ Khoo Nam Seng, Lim Hoe and Lim Keng Cheng will abstain and have undertaken to ensure that persons connected to them will abstain from voting in respect of their respective direct and/or indirect shareholdings in Ekovest, if any, on the resolution pertaining to the Proposed Share Exchange at the EGM to be convened.

4.2 Interests of major shareholders and/or persons connected to them

EHSB is a substantial shareholder of Ekovest.

Tan Sri Lim is a substantial shareholder of EHSB, Ekovest and Wira Kristal.

Accordingly, EHSB and Tan Sri Lim are deemed interested in the Proposed Share Exchange. They will abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in Ekovest, if any, on the resolution pertaining to the Proposed Share Exchange at an EGM to be convened.

EHSB and Tan Sri Lim's direct and indirect shareholding in Ekovest as at LPD are set out in Section 7.4 of Part A of the Circular.

Tan Sri Lim's direct and indirect shareholding in Wira Kristal as at LPD is as follows:-

	<-------- Direct -------->		<------- Indirect ------->	
	No. of shares	**%**	**No. of shares**	**%**
Tan Sri Lim	400,000	40	-	-

5. EVALUATION OF THE PROPOSALS

In our evaluation of the Proposed Share Exchange, we have considered the following factors:-

(a) rationale for the Proposed Share Exchange;
(b) prospects of the DUKE;
(c) financial evaluation of the Consideration;
(d) effects of the Proposed Share Exchange;
(e) salient terms of the Original Share Exchange Agreement and the Restated Share Exchange Agreement;
(f) risk factors associated with the Proposed Share Exchange; and
(g) other considerations.

The views expressed by FHCA in this IAL are, amongst others, based on the current economic, market and other conditions prevailing as at the LPD prior to the printing of this IAL. In this respect, the non-interested shareholders should take further note of any announcements made subsequent to the date of this IAL which are relevant to their consideration of the Proposed Share Exchange before making a decision to vote for or against the Proposed Share Exchange at the EGM to be convened.

5.1 **Rationale for the Proposed Share Exchange**

As stated in Section 3.1 of Part A of the Circular, "*Our Group is primarily involved in the construction sector, which is cyclical in nature. The Proposed Share Exchange will strengthen the revenue profile of our Group with an additional stable revenue stream earned via Kesturi through the operations of the DUKE.*

Moving forward, the performance of the existing DUKE is expected to improve with the expected increase in traffic volumes over the duration of the Concession Period and hence is expected to provide recurring earnings to our Group in future years. In addition, should the DUKE Phase-2 proceed as planned, there would be an extension of the existing DUKE which is expected to increase traffic to the highway."

In evaluating the rationale for the Proposed Share Exchange, we have considered the following:-

(a) The Proposed Share Exchange will enable Ekovest to recognise stable recurring revenue, in the form of toll revenue, in addition to the existing and any future construction contract revenue.

(b) Ekovest was previously the main turnkey contractor for the DUKE and had also provided part of the debt funding by subscribing for the debts issuance of Kesturi, for the construction of the DUKE in the form of investment in the WK RPS and the Kesturi RPS A. Ekovest had also subscribed for RM35,000,000 in nominal value of the Junior Bonds upon Kesturi's debt restructuring exercise in October 2010 undertaken to realign its debt profile with its future expected cash flow. The Proposed Share Exchange, if approved by the shareholders, shall enable Ekovest to have a residual equity interest of approximately 70% in DUKE. Tabulated below are the investments already made by Ekovest in the Wira Kristal Group:-

	At cost RM '000	Audited as at 30 June 2012 RM '000
Unquoted redeemable preference shares		
a. WK RPS	28,000	* 30,772
b. Kesturi RPS A	136,500	* 153,015
	164,500	183,787
Junior Bond		
c. Kesturi Junior Bond	35,000	35,000
	199,500	218,787

(Source: Annual report of Ekovest for FYE 30 June 2012)

The salient features of the WK RPS and Kesturi RPS A are as follows:-

(i) the WK RPS and Kesturi RPS A holders have the rights to a fixed cumulative gross dividend rate of 8% per annum, to be calculated based on issue price per WK RPS or Kesturi RPS A. Any unpaid dividends shall be charged a compound interest rate of 8% per annum;

(ii) the WK RPS and Kesturi RPS A does not carry any rights to participate in the profits or surplus assets of the investee company;

(iii) the WK RPS and Kesturi RPS A holders have the rights on a winding-up or other return of capital to payment, prior to all other shares;

(iv) the WK RPS and Kesturi RPS A shall be redeemed partially or in full on a redemption date, at the option of the investee company. The WK RPS and Kesturi RPS A redemption date is defined as RPS Dividend date. At the maturity dates, which are 20 years for WK RPS and 24 years for Kesturi RPS A from the first subscription date, any WK RPS and Kesturi RPS A not redeemed shall be automatically redeemed; and

(v) the holders do not have any right to vote at the investee company's General Meeting other than as conferred by Section 148(2) of the Companies Act 1965.

(Source: Annual report of Ekovest for FYE 30 June 2012)

The salient features of the Kesturi Junior Bond are as follows:

(i) The Kesturi Junior Bond have a tenure of 19.5 years from the date of issuance; and

(ii) The Junior Bond's coupon is calculated at a rate of 11.5% per annum, any interest on overdue and payable amount shall be payable at 1% per annum plus the prescribed coupon of the Junior Bond.

(Source: Annual report of Ekovest for FYE 30 June 2012)

It is envisaged that the Proposed Share Exchange will enable the Company to consolidate its existing investments in the Wira Kristal Group and enable itself to gain control and manage the distribution of cash generated by the highway concession, subject to the fulfillment of financial covenants (amongst others, the financial service reserve account, a ratio to measure the available cash flow to the borrowings) of borrowings in the Wira Kristal Group.

(c) Summarised below are the key highlights of the Wira Kristal Group for FYE 31 December 2010 and 2011:-

	Audited 2009	Audited 2010	Audited 2011
Total Revenue (RM millions)	120.43	63.02	73.32
Loss after taxation (RM millions)	36.21	51.24	49.86
Net cashflows (RM millions)	(49.43)	37.77	6.16
Annual Average Daily Traffic ("AADT")	64,463	87,983	102,204

(Source: The audited financial statement of Wira Kristal and the Independent Traffic Report by Perunding Trafik Klasik Sdn Bhd)

The DUKE has been generating increasing revenue and achieving better traffic volume since it became operational in 2009. However, we note that the Wira Kristal Group has not registered PATAMI since the DUKE was open to traffic on 30 April 2009 and this was mainly due to the finance costs arising from the WK RPS, Kesturi RPS A, IMTNs and Junior Bonds which was accrued for in the income statements of the Wira Kristal Group.

Notwithstanding the above, it is expected that the DUKE would be able to contribute positively to the future earnings of the Ekovest from 2014 onwards.

We further note that the net cashflow of the Wira Kristal Group in FYE 2010 amounting to RM37.77 million is mainly attributable to the debt restructuring exercise undertaken in the same year.

Further, the Supplemental Concession Agreement entered into between Kesturi and the Government on 3 December 2012 for the construction of DUKE Phase-2 provides to Ekovest an opportunity for the shareholders of Ekovest to enjoy any future benefits on assumption that DUKE Phase 2 is implemented. See Section 3.3 for details on information on Duke.

Premised on the above, we are of the opinion that the rationale for the Proposed Share Exchange is fair and reasonable and not detrimental to the interest of the non-interested shareholders of Ekovest.

5.2 **Prospects of the DUKE**

The prospects of the DUKE are as set out in Section 5 of Part A of the Circular. In evaluating the prospects of the DUKE, we have considered the following factors:-

(a) **Location of the DUKE**

The DUKE, an 18-kilometer long expressway, is a toll road which provides connectivity to the east-west route of the northern part of Kuala Lumpur. It effectively connects the NKVE 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.

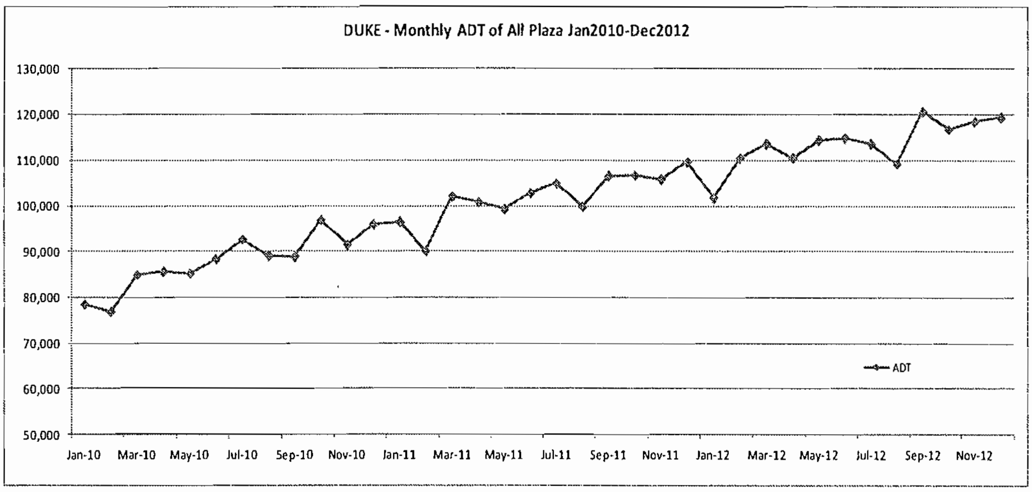
The DUKE is made up of three essential links - the Duta Link which runs from the NKVE's PLUS Duta Toll plaza and Sri Hartamas towards the east, connecting to main roads such as Jalan Kuching and Jalan Sentul. The Ulu Kelang Link continues eastwards from the Duta Link and crosses radial roads such as Jalan Pahang, Jalan Semarak and Jalan Setiawangsa. 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.

(Source: Ekovest announcement dated 30 January 2012)

Premised on the above, we are of the opinion that the DUKE is expected to remain as an attractive alternative route especially in the Northern area of Klang Valley due its location and numerous direct links to the highway.

(b) **Traffic growth rates**

The AADT volume of the DUKE since January 2010 (being the start of the first full calendar year where the DUKE commenced its toll collections) to 31 December 2012 is illustrated in the chart below:-



(Source: Management of Kesturi)

From the above chart, we note that the AADT of the DUKE has been on an uptrend with an increase of approximately 52.2% from 78,480 vehicles in January 2010 (being the start of the first full calendar year where the DUKE commenced its toll collections) to 119,482 vehicles in December 2012.

We also note from the traffic report of the DUKE that the increase in the traffic volume and growth along the DUKE is expected to be contributed by the following factors:-

(i) future major developments around the vicinity of DUKE such as those by Tan Chong Motor Holdings Berhad, TTDI KL Metropolis Sdn Bhd and FCW Holdings Berhad is expected to effect the future traffic growth of DUKE positively;

(ii) according to the National Summit on Urban Public Transport 2010, the population in the Klang Valley is estimated to growth at a rate of 1.7% to a total population of approximately 7.8 million people by year 2020 from 6.6 million in 2010;

(iii) employment in the Klang Valley in 2010 has a share of 25.4% of total Malaysian employment and based on the projections stated in the Draft KL City Plan 2020, the employment growth in Kuala Lumpur is expected to grow at a rate of 2.6% per annum between 2010 and 2020; and

(iv) vehicle ownership in Selangor and Kuala Lumpur has registered favorable annual growth of between 5.2% and 7.2% from 2005 to 2010 and this trend is expected to continue.

(Source: Extracted from the Traffic Report by Perunding Trafik Klasik Sdn Bhd)

We further note in Section 5.4 of Part A of the Circular, that the *"Planned future major developments along the highway corridor will also benefit from accessibility provided by the DUKE which in some cases will be beneficial for the success of these developments.The DUKE in return will provide such developments with a more efficient road access to the Klang Valley region via the NKVE (western and southern catchments), Shah Alam Ulu Kelang Expressway (eastern and southern catchments), and Karak Link (northern catchments)."*

Notwithstanding the above, Kesturi had in 2010 undergone a debt restructuring as there were cashflow constraints due to delays in the opening of the DUKE, the economic downturn in 2009 and slower development pace of the catchment areas of the DUKE. Hence, we wish to highlight that there are risks associated with the DUKE that could affect traffic volume and traffic growth which is beyond the control of the Wira Kristal Group. These risks are also highlighted in Section 6 of Part A of the Circular and Section 5.6 of this IAL. Nonetheless, it should be noted that the DUKE is currently revenue generating and cash flow positive.

Premised on the above and notwithstanding the risk factors which are beyond the control of the Wira Kristal Group, we are of the opinion that the traffic volumes along the DUKE are expected to continue to grow in line with the expected development in surrounding areas.

Premised on the above and notwithstanding the risk factors which are beyond the control of the Wira Kristal Group, we are of the opinion that the prospect of the DUKE will be further enhanced in the medium to long term especially as traffic volumes along the highways continue to grow.

5.3 **Financial Evaluation of the Consideration**

We note from Section 2.1.3 of Part A of the Circular that the Purchase Consideration for the Proposed Share Exchange was arrived at on an arm's length 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 existing DUKE. The valuation is based on the existing DUKE. Ekovest had appointed BDO to undertake an indicative valuation of the 100% equity interest in Wira Kristal based on the revised financial projections of Kesturi after taking into consideration, amongst others, the latest audited financial statements of Wira Kristal Group for the FYE 31 December 2011 (i.e. the same financial year as stated under the adjustment clause) and the latest unaudited financial performance of Kesturi for the FYE 31 December 2012. Based on the indicative valuation letter prepared by BDO, the range of indicative values of the 100% equity interest in Wira Kristal is between RM309.91 million and RM344.84 million. The Consideration of RM325.68 million falls within BDO's range of indicative values of the 100% equity interest in Wira Kristal. Accordingly, we are of the opinion that the Consideration as set out in the Restated Share Exchange Agreement of RM325.68 million is **fair.**

In evaluating the fairness and reasonableness of the terms of the Proposed Share Exchange, and at arriving at our recommendation, we have evaluated and considered the evaluation of the cash flow forecast and projections of the DUKE

As Wira Kristal is the holding company of Nuzen (who in turn holds 70% equity interest in Kesturi) and both Wira Kristal and Nuzen are special purpose vehicles with no other business operations, it is reasonable for Ekovest to consider the valuation of the DUKE as the underlying value of the transaction as the DUKE is Kesturi's primary cash generating asset.

For valuation of a concession business, the adoption of the discounted cash flow method is deemed suitable given the nature of the concession operations as well as the finite period of the concession agreements. Discounted cash flow valuations involve calculating the net present value of projected cash flows. The cash flows are discounted using a Weighted Average Discount Rate ("WACC") which reflects both the business and financial risks associated with the cash flow stream. For the purpose of the evaluation BDO has used a WACC of between 9.19% to 9.35% after having considered the cost of equity and cost of debt of Kesturi.

We have reviewed the underlying assumptions used in the computation of the cash flow forecast and projections for the DUKE in deriving the Consideration and noted the following assumption:-

(i) the projected traffic volume was based on reports prepared by independent traffic consultants without taking into consideration the possible expansions or extensions of the highway. The financial projections are taken for a period between FYE 2012 and FYE 2039;

(ii) the cash flow forecast and projections was based on the best estimates of the management of Kesturi and was found to be reasonable by the management of Ekovest;

(iii) the cash flow forecast and projections was based on the existing financial as well as operational commitments based on historical trend and expected future expenditures; and

(iv) the cash flow forecast and projections includes operation, investing and financing requirements including the repayment and servicing of all interest bearing debts.

The value attributable to the ordinary shareholders of Wira Kristal has taken into consideration the structure of the Wira Kristal Group whereby only 70% of the equity value of Kesturi was taken into consideration as the other 30% equity interest in Nuzen is held by MRCB Corporation Berhad.

After reviewing the computation and the underlying assumptions used in the cash flow forecast and projections for the DUKE, the cash flow forecast and projections used in deriving the Consideration for the Proposed Share Exchange appears to be fair and reasonable and not detrimental to the non-interested shareholders of Ekovest.

(a) **Review of the financial history of the Wira Kristal Group**

	Restated 2009 RM '000	Restated 2010 RM '000	Audited 2011 RM '000	Unaudited 2012 RM'000
Revenue	120,429	63,015	73,320	81,923
Operating profit	19,794	46,689	57,264	64,777
Finance cost	(56,008)	(97,927)	(107,127)	(107,054)
Loss before taxation	(36,214)	(51,238)	(49,863)	(42,277)
Taxation	(1,369)	-	-	-
Loss after taxation	(37,583)	(51,238)	(49,863)	(42,277)
No of ordinary shares in issue ('000)	1,000	1,000	1,000	1,000
Shareholders' funds/Net liabilities (RM '000)	(41,903)	(97,540)	(134,232)	(165,192)
Loss per share (RM)	41.90	97.54	134.23	165.19
Borrowings (RM millions)	1,062	1,174	1,217	1,263

(Source: Extracted from the audited financial statements of the Wira Kristal Group)

We note that the Wira Kristal Group has been experiencing growth in their revenue since 2009, when the DUKE was operational and was opened to the public. However, although the DUKE has been generating operating profits since 2009, the increasing finance costs and amortisation of concession asset has contributed to the loss after taxation in FYE 2009 to FYE 2011. The financing cost constitutes a significant amount of expenses in Kesturi which resulted in the restructuring of the Kesturi debt profile in FYE 2010.

However, as the DUKE's concession agreement would only expire in 2039 it is envisaged that the DUKE would be able to record higher profits corresponding to higher numbers of traffic volume in the later stages of its concession period of which this factor is taken into consideration in determining the fair value of the entire equity interest of Wira Kristal Group as tabulated in Section 2.1.3 of the main circular

Premised on the above together with the prospects of the DUKE as discussed in Section 5 of this IAL, it is reasonable to expect that the financial performance of the DUKE will improve in the future. This would augur well for Ekovest as they would be able to partake in the future growth of the DUKE via the Proposed Share Exchange.

5.4 **Effects of the Proposed Share Exchange**

The effects of the Proposed Share Exchange are set out in Section 7 of Part A of the Circular. Our comments on the proforma effects of the Proposed Share Exchange are set out below:-

(a) **Share capital**

The proforma effects of the Proposed Share Exchange on the issued and paid-up share capital of Ekovest are as follows:-

	No. of Ekovest Shares
Issued and paid-up share capital as at LPD	178,793,715
New Ekovest Shares to be issued pursuant to the Proposed Share Exchange	126,723,735
Proforma enlarged issued and paid-up share capital	305,517,450

The increase in the issued and paid-up share capital of Ekovest upon completion of the Proposed Share Exchange is due to the issuance of 126,723,735 new Ekovest Shares to satisfy the Consideration. The issuance of the Consideration Shares represents approximately 71% of Ekovest issued and paid-up share capital as at LPD. Hence, there will be dilution in the shareholders' shareholding as discussed in Section 5.7(c) of this IAL.

(b) **Net Assets Attributable to the Ordinary Shareholders of Ekovest ("NA")**

The proforma effects of the Proposed Share Exchange on the consolidated NA and NA per ordinary share of the Ekovest are as follows:-

	Audited as at 30 June 2012 RM'000	**After the Proposed Share Exchange (1) RM'000**
Share capital	178,794	305,518
Share premium	46,998	245,934
Retained earnings	184,648	227,789 (2)
Reserves	294	294
Shareholders' fund / NA	410,714	779,535
No. of Shares ('000)	178,794	305,518
NA per Share (sen)	2.30	2.55
Total borrowings (RM '000)(3)	71,274	676,851
Gearing (times) (4)	0.17	0.87

Notes:-

(1) *The illustrative proforma effects are based on the audited financial statements of the Wira Kristal Group for the financial year ended 31 December 2011;*

(2) *The proforma retained earnings after the Proposed Share Exchange takes into consideration amongst others, the recognition of negative goodwill of approximately RM26 million on consolidation of the Wira Kristal Group into our Group, the write-back of the impairment loss of approximately RM20 million previously provided by our Group in respect of its existing holdings of Junior Bonds, Kesturi RPS A and WK RPS and the estimated expenses of approximately RM3 million for the Proposed Share Exchange.*

(3) *The total borrowings stated above are based on our Group's borrowings as at 30 June 2012 and the fair value of Wira Kristal Group's liabilities assumed as at 31 December 2011, in accordance with Financial Reporting Standard - FRS 3 Business Combination.*
The total borrowings of our Group and after the Proposed Share Exchange are as follows:

	Amount RM'000
Our Group's total borrowings as at 30 June 2012	*71,274*
Total borrowings of Wira Kristal Group as at 31 December 2011(net of unamortised deferred payment)	*1,217,207*
Elimination on consolidation:	
Elimination of inter-company borrowings between our Group and Wira Kristal Group	*(321,177)*
Fair value adjustments of external borrowings for Wira Kristal Group	*(290,452)*
Borrowings after the Proposed Share Exchange	*676,851*

(4) *The gearing ratio is calculated by dividing the total borrowings with shareholders' funds/NA.*

We note that the Proposed Share Exchange is expected to increase the NA per Ekovest Share from 2.30 sen to 2.55 sen mainly due to the recognition of share premium arising from the issuance of the Consideration Shares at RM2.57 per Ekovest Shares and the proforma retained earnings after the Proposed Share Exchange takes into consideration amongst others, the recognition of negative goodwill of approximately RM26 million on consolidation of the Wira Kristal Group into Ekovest's Group, the write-back of the impairment loss of approximately RM20.0 million previously provided by the Ekovest Group in respect of its existing holdings of Junior Bonds, Kesturi RPS A and WK RPS and the estimated expenses of approximately RM3.0 million for the Proposed Share Exchange.

The gearing of the Ekovest Group is also expected to increase from 0.17 times to 0.87 times as a result of consolidation of interest bearing debts in the Wira Kristal Group into the statement of financial position of the Ekovest Group as discussed in Section 5.7(b) of this IAL.

(c) **Earnings**

It is pertinent to note that the effects of the Proposed Share Exchange on the future consolidated earnings and earnings per share ("**EPS**") of Ekovest would depend on, amongst others, the future performance of the DUKE, as well as the future performance of Ekovest.

Further, the consolidated earnings for the financial year ending 30 June 2012 for Ekovest Group after the completion of the Proposed Share Exchange may differ as illustrated in Section 7.3 of Part A of the Circular due to accounting adjustments that may be undertaken upon completion of the Proposed Share Exchange in accordance with the Financial Reporting Standards issued by Malaysian Accounting Standards Board (in the event the Proposed Share Exchange is completed within the financial year).

Barring any unforeseen circumstances, after taking into consideration the rationale and prospects of the Wira Kristal Group, as well as the potential accounting adjustments arising from consolidation that are mainly non-cash in nature, the Wira Kristal Group is expected to contribute positively to the future earnings of the Ekovest Group. It should also be noted that the DUKE is currently revenue generating and cash flow positive, and has concession for another 26 years before its expiry. This will provide ample time for the Ekovest Group to enjoy the benefits from the DUKE.

(d) **Substantial Shareholders' Shareholdings**

Information on the effects of the Substantial Shareholders' Shareholdings is detailed out in Section 7.4 of Part A of the Circular.

We understand that the Proposed Share Exchange would result in an increase the direct and indirect shareholding of Tan Sri Lim from 23.49% to 30.34% and would also result in Dato' Haris being a new major shareholder in Ekovest by holding 24.89% of Ekovest Shares.

We also note that the issuance of the Consideration Shares pursuant to the Proposed Share Exchange would result in the dilution to the shareholding of existing shareholders of Ekovest as detailed out in Section 5.7(c) of this IAL.

Premised on the above, we are of the view that the Proposed Share Exchange is not expected to have any immediate material impact on the share capital, NA and earnings of the Group for the FYE 30 June 2013.

5.5 The salient terms of the Restated Share Exchange Agreement

The Restated Share Exchange Agreement pursuant to the Proposed Share Exchange is to amend and restate the Original Share Exchange Agreement in its entirety with effect from the date the Original Share Exchange Agreement is executed.

The pertinent change on the Restated Share Exchange Agreement is that it has **removed** Clause 2.3 from the Original Share Exchange Agreement with our comments as tabulated below:-

Salient terms present in the Original Share Exchange Agreement but is removed from the Restated Share Exchange Agreement	FHCA's comments
(i) Ekovest shall be entitled to reduce the Consideration by adjusting downward the number of Consideration Shares (**"Adjusted Consideration"**) in the event the actual aggregated net assets of the Wira Kristal Group as at 31 December 2011 (**"Actual NA"**) is lower than the target aggregated net assets of the Wira Kristal Group of RM186,023,608 (**"Target NA"**).	This term would give the option to Ekovest to reduce the Consideration should the Actual NA as at 31 December 2011 is lower than Target NA. This term was introduced as it was possibly contemplated by the Parties that the Proposed Share Exchange agreement is expected to complete in 2012 prior to the availability of

Salient terms present in the Original Share Exchange Agreement but is removed from the Restated Share Exchange Agreement	FHCA's comments
For the purpose of this clause, the Actual NA of the Wira Kristal Group means, the aggregate of the following:- (aa) 70% of the net assets (excluding the Kesturi RPS A, as defined in Section 4.1 herein, and any interest accrued thereon) of Kesturi as at 31 December 2011; (bb) 70% of the net assets (excluding investment in Kesturi) of Nuzen as at 31 December 2011; and (cc) 100% of the net assets (excluding investment in Nuzen, the WK RPS, as defined in Section 4.1 herein, and any interest accrued thereon) of Wira Kristal as at 31 December 2011. Further, the Adjusted Consideration shall be adjusted based on the result of the review of the audited financial statements of Kesturi, Nuzen and Wira Kristal as at 31 December 2011 by an independent accounting firm as stated in the Share Exchange Agreement and in accordance with the adjustment formula below:- Adjusted Consideration = $\frac{\text{Consideration - (Target NA - Actual NA)}}{\text{RM2.57}}$ For avoidance of doubt, there will be no upward adjustment to the Consideration and Consideration Shares and the Adjusted Consideration will be rounded down to the nearest one (1) Ekovest Share and the final consideration shall be such number of Adjusted Consideration multiplied by RM2.57.	the audited net assets of Wira Kristal Group. However, as the Proposed Share Exchange was not completed by the second half of 2012 as initially envisaged and announced, Ekovest had appointed BDO to undertake an indicative valuation of the 100% equity interest in Wira Kristal based on the revised financial projections of Kesturi after taking into consideration, amongst others, the latest audited financial statements of Wira Kristal Group for the FYE 31 December 2011 (i.e. the same financial year as stated under the adjustment clause) and the latest financial performance of Kesturi up to 31 December 2012. Based on the indicative valuation letter prepared by BDO as set out in this Circular, the range of indicative values of the 100% equity interest in Wira Kristal is between RM309.91 million and RM344.84 million. The Consideration of RM325.68 million falls within BDO's range of indicative values of the 100% equity interest in Wira Kristal. Accordingly Ekovest have agreed with the WK Shareholders (as set out in the Restated Share Exchange Agreement) to maintain the Consideration stated in the Original Share Exchange Agreement of RM325.68 million. In addition, considering that the fair valuation as arrived by BDO only considers existing DUKE and does not value the option available to Ekovest to proceed with DUKE Phase-2 as provided for under Supplemental Concession Agreement which potentially may enhance shareholders value of Ekovest, **we believe the removal of the clause is fair.**

The pertinent change in Restated Share Exchange Agreement is that it has **inserted** a new clause which was not originally present in the Original Share Exchange Agreement with our comments as tabulated below:-

Salient terms of the Restated Share Exchange Agreement	FHCA's comments
WK shareholders agree, covenant and undertake to ensure that Ekovest shall preside and have overriding rights over all decisions pertaining to financing of Duke Phase-2 to be secured by Kesturi and WK Shareholders covenant and undertake that they shall cause and / or procure WKSB, Nuzen and Kesturi to obtain prior approval from Ekovest on all matters in respct of DUKE Phase-2.	This clause has that upon the execution of the Restated Share Exchange Agreement, Ekovest shall have a final decision on all financing matters on DUKE Phase-2 which we believe shall serve to protect the interest of the shareholders of Ekovest.

Our comments on the other salient terms of the Restated Share Exchange Agreement for the Proposed Share Exchange, the details of which are set out in Section 2.1.8 of Part A of the Circular, are as follow:-

Salient terms of the Restated Share Exchange Agreement	FHCA's comments
(i) The Consideration shall be satisfied wholly by the issuance and allotment of the Consideration Shares on completion, being thirty (30) days from the date which all conditions precedent are fulfilled or waived.	This is a common term in an agreement similar in nature.
(ii) The Share Exchange Agreement shall be conditional upon the following being obtained, procured, fulfilled and/or waived within six (6) months (or other extended period) from the date of the Share Exchange Agreement: (aa) the approval of the shareholders of Ekovest at a general meeting for the Proposals; (bb) the approval of Bursa Securities for the listing of and quotation for the Consideration Shares (cc) the satisfactory financial, legal and business due diligence in relation to the Wira Kristal Group; (dd) the approval of the SC for the Proposed Exemption; and	The time period of six (6) months imposed to satisfy all the conditions precedent is reasonable as the conditions involve obtaining approvals from various parties as well as to give sufficient time for the completion of the statutory audit. The approvals from the respective parties as highlighted in the conditions precedent in items (aa), (bb) and (cc) represents legal and regulatory requirements for the completion of the Proposed Share Exchange. As such, these terms are fair and reasonable. In respect of item (cc), the requirement for a satisfactory financial, legal and business due diligence is a common term for any

Salient terms of the Restated Share Exchange Agreement	FHCA's comments
(ee) such other waivers, consents or approvals as may be required (or deemed necessary by the WK Shareholders and Ekovest) from any third party or governmental, regulatory body or competent authority having jurisdiction over any part of the Proposed Share Exchange.	acquisition. Hence, item (cc) is fair and reasonable.
(iii) The completion of the Proposed Share Exchange is subject to the following conditions: (aa) no event of default has occurred or would occur as a result of the completion; (bb) the conditions precedent have been procured, obtained and/or fulfilled or waived by the parties; (cc) The approval from the Government for the ultimate change in the shareholders of Kesturi has not been withdrawn or revoked for any reason whatsoever; (dd) there has been no material adverse change in the operation and financial condition of the Wira Kristal Group since the date of the original Share Exchange Agreement; (ee) each of the representations and warranties set out in the Share Exchange Agreement remains accurate at the date of completion as if given on that date by reference to the facts and circumstances then existing; (ff) the WK Shareholders have not breached any undertakings, representations, warranties and covenants; (gg) no governmental entity shall have	The terms are common in an agreement similar in nature to protect the interest of Ekovest and are fair and reasonable.

Salient terms of the Restated Share Exchange Agreement		FHCA's comments
	enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other order, whether temporary, preliminary or permanent, which is in effect and which has or would have the effect of making the transactions contemplated therein illegal or restraining or prohibiting consummation of such transactions; and (hh) the concession agreement shall not be withdrawn or terminated for whatsoever reason;	
(iv)	The WK Shareholders further covenant and undertake that they shall cause or procure Wira Kristal to deliver, within ten (10) market days from the completion date, the closing accounts of Wira Kristal, Nuzen and Kesturi at the completion date.	This is a common term in an agreement similar in nature.

After evaluating the salient terms of the Restated Share Exchange Agreement as tabulated above, we are of the opinion that the salient terms of the Restated Share Exchange Agreement are fair and reasonable and not detrimental to the interest of the non-interested shareholders of Ekovest.

5.6 **Risk Factors Associated with the Proposed Share Exchange**

Upon completion of the Proposed Share Exchange, the Ekovest Group would be exposed to risk associated and inherent in the toll/expressway concession sub-sector. The non-interested shareholders of Ekovest are advised to consider carefully the risk factors as set out in Section 6 of Part A of the Circular before voting on the ordinary resolution at the forthcoming EGM. In addition, the non-interested shareholders of Ekovest should also carefully consider, but not limited, the following key risks factors:-

(a) **Expectations of future performance**

The Consideration for the Proposed Share Exchange was arrived at on arm's length basis as described in Section 2.1.3 of Part A of the Circular. The future projected cashflows used in the valuation were based on certain assumptions of Kesturi's performance and anticipated benefits to accrue to Ekovest, which are forward looking in nature. Such projections are inherently subject to uncertainties and possible contingencies and as such, there can be no certainty that such assumptions will materialise.

Although the Board believes that they can derive the benefits from the Proposed Share Exchange and that the expectations are reasonable at this point of time given the prevailing circumstances, there can be no certainty that such expectations will materialise and that the Ekovest Group would be able to realize these anticipated benefits of the Proposed Share Exchange.

(b) **Traffic volume and projections**

Traffic volume, a primary determinant of the Wira Kristal Group's revenue, is largely affected by many factors which are beyond its control. Such factors may include (but are not limited to) the level of economic activity, slow or delay in developments around the catchment areas of the DUKE, affordability of automobiles, price of petrol and the availability of alternative routes or modes of transport.

There can be no assurance that any adverse trends affecting any of these factors will not have a material adverse effect on traffic volumes and profitability of the DUKE, notwithstanding the fact that these trends are beyond the control of the Wira Kristal Group.

(c) **Public objection to increase in toll rates**

We have noted that the toll rates for the DUKE for the duration of the concession are bound by the terms and conditions as per the Concession Agreement. However, there can be no assurance that the Government will increase and/or delay the increase in toll rates should there be strong objections from the public and various parties.

However, in the event the Government decides to vary the toll rates such that the toll rates fall below the agreed toll rates as stipulated in the Concession Agreement, the Government is obliged to compensate Kesturi for the difference in the manner agreed in the Concession Agreement.

(d) **Defects on the structure of the DUKE**

Although the DUKE has been fully operational since April 2009, there can be no assurance that defects on the structure of the DUKE would not appear which would result in closure of of the DUKE until remedial action have been made to ensure that the structural form of the DUKE is safe. The closure of the DUKE or part of the DUKE would result in a lower traffic volume and would also discourage the public to use the DUKE in the future in fear of safety issues. The lower traffic volume may adversely impact the business operations of Kesturi.

Nonetheless, the DUKE has been built to meet the required standards and technical specification as required by the Government. However, should there be any issue with the structural form of the DUKE, the Ekovest Group, being the turnkey contractor for the DUKE, would be able to resolve the issue expediently.

(e) **Expiration or termination of concession**

The Government may terminate the toll concession of a toll concessionaire if, amongst others, an event of default has been declared. Pursuant to the Concession Agreement, events of default shall occur if at any time during the concession period:

(a) Kesturi assigns the whole or any part of the Concession Agreement save and except in relation to the assignment as allowed there under;

(b) an order is made or a resolution is passed for the winding up of Kesturi, except for the purpose of reconstruction or amalgamation not involving the realisation of assets in which the interest of creditors are protected;

(c) Kesturi goes into liquidation or a receiver is appointed over its assets or Kesturi makes an assignment for the benefit of or enters into an arrangement or composition with its creditors or stops payment or is unable to pay its debts; or

(d) execution is levied against a substantial portion of Kesturi's assets, unless it has instituted proceedings in good faith to set aside such execution.

In the event the concession is terminated, Kesturi's principal business and source of revenue would cease. Nonetheless, the Board would continuously take appropriate measures to limit such risks and to ensure that steps are taken to ensure compliance of all such conditions.

(f) **Expropriation of the Concession**

Pursuant to the Concession Agreement, the Government may terminate the Concession Agreement by expropriating the DUKE concession by giving not less than three (3) months notice to that effect to Kesturi if it considers that such expropriation is in the national interest or national security.

However, in the event that the Government expropriates the concession, Kesturi would be entitled to compensation from the Government based on the terms and conditions of the Concession Agreement

We wish to highlight that although measures may be taken by Ekovest to mitigate the above risk factors (to the extent possible), no assurance can be given that one or a combination of the above risk factors as well as the other risk factors stated in Section 6 of Part A of the Circular will not occur and materially affect the operations and financial position of the Ekovest Group.

5.7 **Other Considerations**

(a) **Increase in gearing level**

Upon completion of the Proposed Share Exchange, the Ekovest group's proforma gearing is expected to increase from 0.17 times to 0.87 times, after taking into consideration the existing borrowing of Kesturi. Illustrated below are the changes in the borrowings of the Ekovest Group upon completion of the Proposed Share Exchange:-

	Audited as at 30 June 2012 RM '000	Upon completion of the Proposed Share Exchange RM '000
Non-current		
Hire purchase liabilities	1,585	1,837
Bank term loans	61,737	61,737
Current		
Hire purchase liabilities	2,472	2,764
Bank borrowings	5,480	5,480
Islamic Medium Term Notes ("IMTNs")	-	517,707
Redeemable Secured Junior Bonds	-	13,439
Kesturi RPS A	-	73,887
	71,274	676,851
Shareholders' fund	410,714	779,535
Gearing (Times)	0.17	0.87

Note:-

The total borrowings stated above are based on our Group's borrowings as at 30 June 2012 and the fair value of WK Group's liabilities assumed as at 31 December 2011, in accordance with Financial Reporting Standard - FRS 3 Business Combination.

The total borrowings of the Ekovest Group and after the Proposed Share Exchange are as follows:

	Amount RM'000
Our Group's total borrowings as at 30 June 2012	*71,274*
Total borrowings of Wira Kristal Group as at 31 December 2011	*1,217,207*
Elimination on consolidation:	
Elimination of inter-company borrowings between our Group and Wira Kristal Group	*(321,177)*
Fair value adjustments of external borrowings for Wira Kristal Group	*(290,452)*
Borrowings after the Proposed Share Exchange	*676,851*

The increase in gearing levels is mainly due to the consolidation of the IMTNs, the Junior Bonds and Kesturi RPS A into Ekovest's statement of financial position. These borrowings contain certain financial covenants which includes, amongst others, to restrict the distribution to shareholders and requirement to maintain a certain level of financial service coverage ratio. However, it is pertinent to note that the Wira Kristal Group is currently able to service its current debt obligations through the operations of the DUKE and save for any unforeseen circumstances, would not require any additional funding to meet the operational and financial commitments of the existing DUKE.

As mentioned in Section 6.3 of Part A of the Circular, the increase in the gearing level of Ekovest after the Proposed Share Exchange may potentially affect Ekovest's ability to procure additional financing in the near future. However, the IMTNs have been charged to the assets of Kesturi, both present and future. As such, should Kesturi default on its financing obligation, the financiers would only have claim to the concession asset of Kesturi and not the other assets that is under the Ekovest Group. Thus, it is pertinent to note that any default by Kesturi on its financing obligations would deprive Ekovest of the future benefits arising from the Proposed Share Exchange

Barring any unforeseen circumstances, the Wira Kristal Group is expected to be able to meet all of its current debt obligations through the operations of the existing DUKE. For illustrative purpose, the unaudited EBITDA of RM74.2 million for the FYE 31 December 2012 (based on the unaudited management accounts provided by the management of Wira Kristal) is sufficient for the repayment for the interests amounting to RM61.5 million for the FYE 31 December 2012 arising mainly from the IMTNs and Junior Bonds. As such, the increase in the gearing level of the Ekovest Group upon completion of the Proposed Share Exchange is deemed manageable and is expected not to have an impact on the other operations of the Ekovest Group. Further, the Ekovest Group is also able to meet all of its financial obligations through the existing operations of the Group, without requiring the assistance of the potential contributions from the operations of the Wira Kristal Group.

(b) **Dividend payments**

The dividends declared and paid by Ekovest for the past five (5) financial years are as follows:-

FYE 30 June	2007	2008	2009	2010	2011	Average
Net dividend per share (Sen)	3.54	3.69	3.75	3.72	3.75	3.69
Dividend yield (%) *	1.76	1.81	3.27	2.47	1.53	2.17

* *Calculated based on the average market price of Ekovest Shares for the respective financial years.*
\# *Extracted from Bloomberg*

Based on the table above, Ekovest has consistently declared and paid dividends to its shareholders for the past five (5) years. Based on the historical payments of dividend, the average net dividend yield over the past five (5) years was approximately 2.17%, ranging between 1.53% and 3.27% during the period under review.

Shareholders should note that upon the completion of the Proposed Share Exchange, there can be no assurance that the dividends declared will be equivalent or better than the historical dividend payments of Ekovest.

Upon completion of the Proposed Share Exchange, the Wira Kristal Group would only be able to declare dividend to Ekovest when Wira Kristal and Kesturi have sufficient profits and reserves derived from the toll concession operations (which is envisaged by the management of Ekovest to be from 2018 onwards). The distribution of profits to the shareholders of Wira Kristal, if applicable, will be firstly subjected to the fulfilment of the financial covenants (amongst others, the financial service reserve account, a ratio to measure the available cash flow to the borrowings) of the Wira Kristal Group's borrowings.

(c) **Dilution in shareholders' shareholding**

The Proposed Share Exchange entails the issuance of a total of 126,723,735 new Ekovest Shares to the Vendors. The issuance of 126,723,735 represents an increase of approximately 70% to the issued and paid-up share capital of Ekovest. The changes in the issued and paid-up share capital of Ekovest upon completion of the Proposed Share Exchange are as follows:-

	No. of Ekovest Shares
Issued and paid-up share capital as at LPD	178,793,715
New Ekovest Shares to be issued pursuant to the Proposed Share Exchange	126,723,735
Proforma enlarged issued and paid-up share capital	305,517,450

The issuance of 126,723,735 new Ekovest Shares would result in dilution to the existing shareholders' shareholding in Ekovest. For illustration purposes only, the dilutive effects of a shareholder holding 1,000,000 Ekovest Shares upon completion of the Proposed Share Exchange is as illustrated below:-

	As at LPD		**Upon completion of the Proposed Share Exchange**	
	No. of Ekovest Shares	**%**	**No. of Ekovest Shares**	**%**
Shareholder A	1,000,000	0.56	1,000,000	0.33
Issued and paid-up share capital	178,793,715	100.00	305,517,450	100.00

Non-interested shareholders should note that the dilutive effects in shareholders' shareholding are shown for illustrative purposes only. From the example above, the shareholding of a shareholder holding 1,000,000 Ekovest Shares would be diluted by approximately 41% from 0.56% to 0.33% upon completion of the Proposed Share Exchange.

Nonetheless, the dilutive effects of the shareholders shareholding would be offset by the injection of a stable and secured revenue stream, in the form of toll collection revenue, into the Ekovest Group to complement its existing business operations.

(d) **DUKE Phase-2**

We wish to highlight that as disclosed in Section 4.2 of Part A of the Circular, Kesturi had on 3 December 2012, entered into a Supplemental Concession Agreement for DUKE Phase-2.

It is pertinent to note that our evaluation of the fair valuation as arrived by BDO does not take into consideration of any future extension of the DUKE and/or any possible financial commitments required for the extension of the DUKE, if any, should the Company decide to participate in any expansion of the DUKE after completion of the Proposed Share Exchange of which the amount of which will only be determined once the details of the financing arrangements for the DUKE Phase-2 are determined by Kesturi.

Nonetheless, the DUKE has been fully operational since April 2009 and the Company does not expect to incur any significant additional financial commitments to put the existing operations of the Wira Kristal Group on-stream.

6. CONCLUSION AND RECOMMENDATION

Before arriving at the decision to vote on the resolutions pertaining to the Proposed Share Exchange, it is imperative that the non-interested shareholders of Ekovest consider all relevant issues and implications raised in this IAL carefully, as well as those set out in Part A of the Circular together with the appendices thereto, and other publicly available information.

We wish to highlight that certain statements in this IAL are based on historical statistics which may not be reflective of the future results, and others are forward-looking in nature, which may or may not be achieved. Whether such statements ultimately prove to be accurate depends on a variety of factors which may affect the business and operations of the Ekovest and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievement of the Ekovest or the DUKE, to be materially different from any future results, plans, performances and achievements, expressed or implied, by prospective statements.

It is also pertinent to note that our evaluation of the Proposed Share Exchange does not take into consideration of any future extension of the DUKE and/or any possible financial commitments required for the extension of the DUKE, should the Company decide to participate in the DUKE Phase-2 after the completion of the Proposed Share Exchange.

In our evaluation of the Proposed Share Exchange and in arriving at our opinion and recommendation, we have taken into consideration the various factors, summarised as follows:-

(a) upon completion of the Proposed Share Exchange, Ekovest would be able to diversify its revenue stream, in the form of toll collection revenue arising from Kesturi's concession highway assets, in addition to existing and any future construction contract revenue;

(b) Ekovest was previously the main turnkey contractor for the DUKE and had also provided part of the funding for the construction of the DUKE. It is envisaged that the Proposed Share Exchange will enable the Company to consolidate its existing investments in the Wira Kristal Group and enable itself to gain control and manage the distribution of cash generated by the highway concession, subject to the financial covenants (amongst others, the financial service reserve account, a ratio to measure the available cash flow to the borrowings) of borrowings in Kesturi;

(c) the DUKE is already fully constructed, operational and is currently revenue generating and cash flow positive. The Ekovest Group would be able to derive immediate benefit as compared to a greenfield project which entails a longer gestation period and potentially higher risks associated with its construction and execution. Furthermore, the Company is able to derive benefits from the DUKE for another 26 years before the end of the concession period in 2039;

(d) the prospect of the DUKE is expected to be further enhanced in the medium to long term especially as traffic volumes along the highways continue to grow as the DUKE is expected to remain as an attractive alternative route especially in the Northern area of Klang Valley with numerous direct links to the highway and the traffic volumes along the DUKE are expected to continue to grow due to the robust developments in surrounding areas;

(e) it is reasonable to expect that the financial performance of the DUKE will improve in the future and this would augur well for Ekovest as they would be able to partake in the future growth of the DUKE via the Proposed Share Exchange;

(f) the underlying assumptions used in the computation of the cash flow forecast and projections for the DUKE appears to be fair and reasonable and not detrimental to the non-interested shareholders of Ekovest;

(g) the salient terms of the Restated Share Exchange Agreement are fair and reasonable and not detrimental to the interest of the non-interested shareholders of Ekovest;

(h) the increase in the gearing level of the Ekovest Group upon completion of the Proposed Share Exchange as detailed out in Section 5.7(a) of this IAL is deemed manageable and is expected that it would not have an impact on the operations of the other business segment of the Ekovest Group as the Wira Kristal Group is expected to be able to meet all of its current debt obligations through the operations of the DUKE. However, it is pertinent to note that the IMTNs have been charged to the assets of Kesturi, both present and future and in the event Kesturi defaults on its financing obligation, the financiers would have a claim on the concession asset of Kesturi. As such, any default by Kesturi on its financing obligations would deprive Ekovest of the future benefits arising from the Proposed Share Exchange;

(i) the current operation of the DUKE is expected to be sufficient to meet the Wira Kristal's financial obligation and fulfill all financial covenants as demonstrated by the unaudited EBITDA of RM74.2 million for the FYE 31 December 2012 (based on the unaudited management accounts provided by the management of Wira Kristal) which is sufficient for the repayment of interests amounting to RM61.5 million for the FYE 31 December 2012 arising mainly from the IMTNs and Junior Bonds;

(j) the Ekovest Group is also able to meet all of its current financial obligations through the existing operations of the Group, without requiring the assistance of the potential contributions from the operations of the Wira Kristal Group; and

(k) the dilutive effects of the shareholders shareholding would be offset by the injection of a stable and secured revenue stream, in the form of toll collection revenue, into the Ekovest Group to complement the existing business operations.

We wish to highlight that although measures may be taken by the Ekovest Group to attempt to limit the risks associated with the Proposed Share Exchange, no assurance can be given that one or a combination of the risk factors stated in Section 6 of Part A of the Circular and Section 5.6 of this IAL will not occur and adversely affect the Ekovest Group's future operations and/or profitability.

While we recognise the fact that the various non-interested shareholders may have differing risk profiles and investment outlooks, we advise them to also carefully consider other factors such as the future plans and prospects of Ekovest and the DUKE after the Proposed Share Exchange and any other relevant considerations including those set out in this IAL.

Based on our scope of work and evaluation as set out in this IAL, we are of the opinion that, taken as a whole, the terms of the Proposed Share Exchange are fair, reasonable and not detrimental to the interest of the non-interested shareholders of Ekovest.

Accordingly recommend that the non-interested shareholders of Ekovest to vote in favour of the resolution pertaining to the Proposed Share Exchange to be tabled at the forthcoming EGM.

Yours faithfully
FHMH Corporate Advisory Sdn Bhd

NARIMAH BTE MOHD PERAI
EXECUTIVE DIRECTOR

ONG TEE CHIN
DIRECTOR

PART C

INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSED EXEMPTION

All words and expression used in this Executive Summary shall have the same meaning as defined in the Definitions section of the Circular except where the context otherwise requires or otherwise defined herein.

This Executive Summary highlights the salient information relating to the Proposed Exemption. Shareholders of Ekovest are advised to read thoroughly this Independent Advice Letter ("Letter") from OSK, the Independent Adviser for the Proposed Exemption, for further information and recommendation in relation to the Proposed Exemption. This Letter should also be read in conjunction with the contents set out in Part A and Part B of this Circular and its enclosed appendices for any other relevant information, and non-interested shareholders should consider carefully the recommendation contained herein before voting on the resolution relating to the Proposed Exemption at the forthcoming EGM of your Company.

On 30 January 2012, CIMB, on behalf of Ekovest announced the Proposed IASC and that your Company had on even date, entered into the Original Share Exchange Agreement with the WK Shareholders in respect of the proposed transfer by the WK Shareholders of 100% of the WK Shares in exchange for 126,723,735 new Ekovest Shares, to be issued at the issue price of RM2.57 per Ekovest Share in accordance with the terms and subject to the conditions of the Original Share Exchange Agreement, which was subsequently restated by the Restated Share Exchange Agreement.

On 25 January 2013, CIMB, on behalf of Ekovest announced that your Company had on even date, entered into a Restated Share Exchange Agreement with the WK Shareholders pursuant to the Proposed Share Exchange which restated the Original Share Exchange Agreement dated 30 January 2012 and announced that your Company proposes to undertake the Proposed Exemption.

On 31 January 2013, OSK was appointed by the Board to act as the Independent Adviser to advise the non-interested shareholders of Ekovest on the Proposed Exemption. On 4 February 2013, OSK declared its independence to the SC to act as the Independent Adviser in relation to the Proposed Exemption. The SC has, on 18 March 2013, given its consent for the despatch of this Letter. **The consent of the SC for the despatch of this Letter is not to be taken or implies that the SC concurs with the views and recommendations of OSK contained herein but merely that this Letter has complied with all the relevant disclosure requirements pursuant to the Code and the SC's Guidelines On Contents Of Applications Relating To Take-Over And Mergers.**

The purpose of this Letter is to provide non-interested shareholders of Ekovest with an independent evaluation of the Proposed Exemption and the recommendation thereon. Based on OSK's evaluation:

(a) Rationale for the Proposed Exemption

It is not the intention of the PAC Group to undertake the mandatory take-over offer but the increase of the shareholding of the PAC Group in Ekovest and the emergence of Dato' Haris as a direct major shareholder are a consequence of the issuance of the Consideration Shares pursuant to the Proposed Share Exchange.

We have taken cognisance of the rationale of the Proposed Share Exchange as set out in **Section 3.1, Part A of this Circular**. Upon completion of the Proposed Share Exchange, Ekovest will own the entire equity interest in Wira Kristal and 70% effective equity interest in Kesturi, the toll concession holder for the Duke vide Nuzen, a 70% owned subsidiary of Wira Kristal.

The number of vehicles using DUKE has increased from 32.1 million in the FYE 31 December 2010 to 41.6 million in the FYE 31 December 2012. Similarly, the toll concession revenue has been steadily increasing from RM63.0 million in the FYE 31 December 2010 to RM81.9 million in the unaudited FYE 31 December 2012 representing a CAGR of 14.02%. Based on the Traffic Report dated January 2013 by Perunding Trafik Klasik Sdn Bhd (the profile of Perunding Trafik Klasik Sdn Bhd is set out in **Section 5 of this Letter**), the traffic volume for DUKE is expected to increase at a growth rate of 15.84% for 2013. In addition, we note the upward revision of the toll rates which is scheduled to be implemented in 2014 and the forecasted increase in vehicles using the DUKE will augur well for the Wira Kristal Group.

Notwithstanding the scheduled increase in toll rates in 2014 of between 25% to 31%, the growth in EBITDA of the Wira Kristal Group since the DUKE was open for traffic indicates that it is capable of generating positive cash flow which would then be used to repay borrowings amounting to RM1,262.4 million as at the FYE 31 December 2012, (based on the unaudited management accounts provided by the management of Wira Kristal) and to fund working capital of the Wira Kristal Group.

Your Group is primarily involved in the construction industry and we note that the construction industry in Malaysia is cyclical in nature. The construction business of Ekovest which is dependent on the ability of your management to continuously secure construction contracts, which typically are non-recurring in nature and generally span between two (2) to three (3) years. With the completion of the Proposed Share Exchange, your Group would be able to consolidate the results of the Wira Kristal Group which would reduce the reliance on the revenue stream derived from its construction activities. The additional stable revenue stream arising from the DUKE would also reduce the fluctuations of the revenue of your Group.

(b) Overview and outlook of the Malaysian economy, construction industry and land transport segment

The Malaysian economy expanded 6.4% in the fourth quarter of 2012, whilst the construction industry grew by 18.1% in the fourth quarter of 2012, the estimated growth of the Malaysian population from year 2010 to 2040, the number of vehicles on the tolled highway increased by 2.6% to 401.2 million for the fourth quarter of 2012, and assuming that the trend continues to 2013, the positive growth sentiment should augur well to your Group upon the completion of the Proposed Share Exchange.

In addition, the Wira Kristal Group would also benefit from the planned major developments (based on the Traffic Report dated January 2013 by Perunding Trafik Klasik Sdn Bhd) which include, amongst others, the developments proposed by DBKL and Zil Enterprise Sdn Bhd, TTDI KL Metropolis Sdn Bhd and Tan Chong Motor Holdings Bhd which are located in the vicinity of the DUKE and is envisaged to increase the traffic volume to the DUKE in the future.

(c) Future plan and prospect of the Ekovest Group

Construction

The following factors would augur well for your Group:

(i) the growth in the construction industry of 18.1% in the fourth quarter of 2012;

(ii) the commencement of the Eco Business Park, Menara Titiwangsa and the Gateway projects;

(iii) pursuant to the Supplemental Concession Agreement, Kesturi would design, construct and operate the DUKE Phase-2 subject to conditions precedents being met, which would increase the book order of your Group; and

(iv) the current uptrend of the construction industry as shown in **Sections 5 and 6 of this Letter.**

Toll concession

We noted the following factors for which will augur well for the future prospects of the Wira Kristal Group:

(i) the number of vehicles using the DUKE has increased from 32.1 million in the FYE 31 December 2010 to 41.6 million in the FYE 31 December 2012 representing a compounded annual growth rate ("**CAGR**") of 13.84%;

(ii) the toll concession revenue has been steadily increasing from RM63.0 million in the FYE 31 December 2010 to RM81.9 million in the unaudited FYE 31 December 2012 representing a CAGR of 14.02%;

(iii) notwithstanding the rate of increase in the traffic volume for the DUKE has been declining for the past three (3) years up to 31 December 2012, the absolute number of vehicles using the DUKE and its corresponding contribution to the revenue of Wira Kristal Group remains significant. Further, the Traffic Report dated January 2013 by Perunding Trafik Klasik Sdn Bhd has forecasted an increase in traffic volume at a growth rate of 15.84% in 2013; and

(iv) the upward revision of between 25% to 31% for the toll rates of the DUKE which is scheduled to be implemented in 2014 and the increase in traffic volume for the DUKE after the scheduled review of toll rates as indicated by Perunding Trafik Klasik Sdn Bhd in its Traffic Report dated January 2013.

The Wira Kristal Group has a good prospect due to the DUKE being strategically located in the highly congested city of Kuala Lumpur and its surrounding satellite towns which connects several key locations in the Klang Valley and links the North South Expressway and the East Coast Expressway.

(d) Evaluation of the Consideration Shares

The issue price of RM2.57 for the Consideration Shares was agreed upon based on the five (5)-day VWAMP up to 27 January 2012, being the last trading day prior to the date of the Original Share Exchange Agreement.

Since the signing of the Original Share Exchange Agreement, which was announced on 30 January 2012, the market price of Ekovest Shares has been generally trading close to the issue price of RM2.57 per Consideration Share. Similarly, the Ekovest Shares have been thinly traded since the said announcement. In addition, the average monthly trading volume of Ekovest Shares from January 2012 to February 2013 of approximately 0.59% of the estimated free float of the listed Ekovest Shares, indicates that Ekovest Shares have been thinly traded.

BDO was appointed by Ekovest to assess the indicative value of 100% equity interest in Wira Kristal (i.e. based on the 70% effective interest in the DUKE held by Kesturi). BDO had vide its indicative valuation letter dated 26 March 2013 valued Wira Kristal at between RM309.91 million and RM344.84 million and the Consideration of RM325.68 million is within the range of indicative value ascribed by BDO.

The indicative value for Wira Kristal as ascribed by BDO was arrived at upon the application of the following valuation methologies for Wira Kristal and its subsidiaries:

(i) the DCF method for the valuation of Kesturi, the main operating asset of the Wira Kristal Group; and

(ii) the adjusted net assets for the valuation of Wira Kristal and Nuzen.

In considering the basis and justification of the Consideration, we have also reviewed the independent advice by FHCA, which states amongst others, that based on the indicative valuation letter prepared by BDO, the Consideration of RM325.68 million falls within BDO's range of indicative values of the 100% equity interest in Wira Kristal and accordingly, FHCA is of the opinion that the Consideration as set out in the Restated Share Exchange Agreement of RM325.68 million is **fair**.

(e) Effects of the Proposed Exemption

The Proposed Exemption will not have any effects on your Company's share capital, net assets, gearing, earnings and dividends. However, the Proposed Share Exchange would result in:

(i) Tan Sri Lim and his PACs holding more than 50% of the shareholdings in Ekovest. The aggregate shareholdings of Tan Sri Lim and his PACs will increase from 42.12% to 66.13%.

(ii) a dilution of the equity interest of other shareholders of Ekovest;

(iii) the increase in issued and paid-up share capital of the Ekovest from 178,793,715 Ekovest Shares to 305,517,450 Ekovest Shares as a result of issuance of Consideration Shares pursuant to the Proposed Share Exchange; and

(iv) an increase in the NA per Ekovest Share from RM2.30 to RM2.55 per Ekovest Share which is due to the premium on the issue price of the Consideration Shares to be issued, the estimated negative goodwill of approximately RM26 million on consolidation of Wira Kristal and the estimated write-back of impairment loss of approximately RM20 million previously provided by the Ekovest Group in respect of its existing holdings of Junior Bonds, Kesturi RPS A and WK RPS, which is a result of Ekovest gaining control of the Wira Kristal Group.

(f) Implications of the Proposed Exemption

We wish to highlight that pursuant to Part III of the Code, PAC Group will be obliged to extend a mandatory take-over offer for the remaining Ekovest Shares not already held by them upon issuance of the Consideration Shares pursuant to the Proposed Share Exchange when:

(i) the PAC Group, collectively or individually acquires Ekovest Shares which would result in the PAC Group holding more than 33% of the issued and paid-up share capital of Ekovest; or

(ii) the PAC Group, collectively or individually acquires more than 2% of the issued and paid-up share capital in Ekovest in any period of six (6) months and that the PAC Group has more than 33% but not more than 50% of the issued and paid-up share capital of Ekovest during the six (6) months period.

However, pursuant to Practice Note 9 of the Code, the PAC Group may seek an exemption from undertaking a take-over offer subject to obtaining relevant approvals.

Set out below are the implications of the voting of the non-interested shareholders of Ekovest to the Proposed Exemption:

(i) If the non-interested shareholders of Ekovest **vote in favour** of the Proposed Exemption, the SC would be able to consider the application made by the PAC Group for the Proposed Exemption. Non-interested shareholders should note that the Proposed Exemption will allow the shareholding of the PAC Group in Ekovest to increase from 42.12% to 66.13% without being required to extend a mandatory take-over offer for the remaining Ekovest Shares not already owned by them pursuant to the Proposed Share Exchange. It is pertinent to note that if the Proposed Exemption is approved, there would be an increase in the shareholdings of the PAC Group in Ekovest which would result in a dilution of the equity interest of the non-interested shareholders of Ekovest.

The approval of the Proposed Exemption will imply that the non-interested shareholders have agreed to exempt the PAC Group from their obligation to undertake a take-over offer for all the remaining Ekovest Shares not already owned by them pursuant to Part III of the Code as a result of the Proposed Share Exchange, whereby the vendors of Wira Kristal will receive shares at RM2.57 per Consideration Share. It should also be noted that pursuant to the approval of the Proposed Exemption, the PAC Group who would hold more than 50% equity interest in Ekovest pursuant to the Proposed Share Exchange may increase their shareholdings in Ekovest without incurring any further take-over obligation under Part III of the Code and will be able to determine the outcome of any resolutions (which requires a simple majority of 50% + one (1) share) at a general meeting.

The Proposed Exemption would essentially deny the non-interested shareholders the opportunity to exit your Company through a take-over offer pursuant to the Proposed Share Exchange. The Proposed Exemption is in line with the requirements of Paragraph 16.1 of Practice Note 9 of the Code which provide for exemptions to persons from undertaking a take-over offer subject to compliance and obtaining relevant approval. Upon full compliance with the provisions of Paragraph 16.1 Practice Note 9 of the Code, the non-interested shareholders interests would not be compromised.

(ii) Should the non-interested shareholders **vote against** the Proposed Exemption, the SC would not be able to consider the application by the PAC Group for the Proposed Exemption under Paragraph 16.1 of Practice Note 9 of the Code.

In the event that the Proposed Exemption is not approved by the non-interested shareholders of your Company, the Proposed Share Exchange will be aborted and any of the potential benefits arising from the Proposed Share Exchange which include, amongst others, Ekovest Group being able to generate a recurring and stable source of income in the form of toll concessions, and potential improvements on the cash flow of your Group in the future will not materialise.

Please refer to **Section 11 of this Letter** for the implications of the non-interested shareholders voting in favour or against the Proposed Exemption in the forthcoming EGM.

The Proposed Exemption is implemented to facilitate the Proposed Share Exchange and ultimately allow for your Group to acquire the entire equity interest in Wira Kristal, which vide Nuzen, a wholly-owned subsidiary of Wira Kristal, owns 70% equity interest in Kesturi, the toll concession holder of the Duke. Amongst the benefits arising from the Proposed Share Exchange entered into with the vendors of Wira Kristal are as follows:

(i) reduced reliance on the revenue stream derived from its construction activities which is cyclical in nature;

(ii) the ability to generate stable and recurring revenue upon consolidating the revenue contributed by the DUKE;

(iii) positive operating cash flow assets which are self-sustaining and the cash flow generated is able to repay the borrowings incurred by the Wira Kristal Group and if there be any excess, the balance would then be available to your Group for working capital and/or future expansion (subject to the financial covenants of the Wira Kristal Group's borrowings); and

(iv) opportunity to acquire a toll concession business which stands to benefit from a positive outlook and prospects based on amongst others, planned major developments connected to DUKE, the positive growth sentiment for the Malaysian population and number of vehicles on tolled highways.

In addition, we have also taken note that the share price of your Company has been trading close to the issue price of RM2.57 per Ekovest Shares, has been thinly traded since the announcement of the Proposals and there is no significant premium or discount to the relevant VWAP of the Ekovest Shares as set out in **Section 8.2.2 of this Letter**.

With due regard given to the above factors and on an overall basis, OSK is of the opinion that the Proposed Exemption is **FAIR** and **REASONABLE** to the non-interested shareholders. Accordingly, OSK advise and recommend the non-interested shareholders to **VOTE IN FAVOUR** of the ordinary resolution pertaining to the Proposed Exemption to be tabled at the forthcoming EGM.

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OSK Investment Bank Berhad (14152-V)
(A member of RHB Banking Group)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Registered Office

20th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur

26 March 2013

To: The non-interested shareholders of Ekovest

Dear Sir / Madam,

PROPOSED EXEMPTION SOUGHT BY TAN SRI LIM AND PERSONS ACTING IN CONCERT WITH HIM PURSUANT TO SECTION 219 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 AND PARAGRAPH 16.1(A) OF PRACTICE NOTE 9 OF THE CODE FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING EKOVEST SHARES NOT ALREADY HELD BY TAN SRI LIM AND HIS PACS UPON THE ISSUANCE OF THE CONSIDERATION SHARES PURSUANT TO THE PROPOSED SHARE EXCHANGE

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1. INTRODUCTION

On 30 January 2012, CIMB, on behalf of Ekovest announced that your Company had on even date, entered into the Original Share Exchange Agreement with the WK Shareholders in respect of the proposed transfer by the WK Shareholders of 100% of the WK Shares in exchange for 126,723,735 new Ekovest Shares, to be issued at the issue price of RM2.57 per Ekovest Share in accordance with the terms and subject to the conditions of the Original Share Exchange Agreement, which was subsequently restated by the Restated Share Exchange Agreement and the Proposed IASC.

On 18 July 2012, CIMB, on behalf of Ekovest announced that your Company had together with the WK Shareholders, mutually agreed to extend the period for the fulfillment of the conditions precedent of the Original Share Exchange Agreement for a period of six (6) months from 30 July 2012 to 30 January 2013.

On 6 November 2012, CIMB, on behalf of Ekovest announced that the Government had via its letter dated 5 November 2012, granted its approval for the change in the ultimate shareholders of Kesturi, the concession holder of the DUKE pursuant to the Proposed Share Exchange. The approval was not subject to any conditions.

On 7 December 2012, CIMB, on behalf of the WK Shareholders had, via their letter dated 7 December 2012, informed your Company that Kesturi, the concession holder to the DUKE, had on, 3 December 2012, entered into a Supplemental Concession Agreement for the DUKE Phase-2.

On 4 January 2013, CIMB, on behalf of Ekovest announced that they had submitted an application to Bursa Securities to seek an extension of time to comply with Paragraph 9.33(1)(a) of the Listing Requirements in relation to the submission of the draft circular for the Proposed Share Exchange to Bursa Securities.

On 10 January 2013, CIMB, on behalf of Ekovest announced that Bursa Securities had, via its letter dated 8 January 2013, approved an extension of time of two (2) months from 5 January 2013 to 5 March 2013 to comply with Paragraph 9.33(1)(a) of the Listing Requirements.

On 25 January 2013, CIMB, on behalf of Ekovest announced that your Company had on even date, entered into a Restated Share Exchange Agreement with the WK Shareholders pursuant to the Proposed Share Exchange which restated the Original Share Exchange Agreement dated 30 January 2012 and announced that your Company proposes to undertake the Proposed Exemption.

Upon the completion of the Proposed Share Exchange, the shareholdings of the PAC Group will increase from 42.12% to 66.13%. Pursuant to Part III of the Code, the PAC Group will be obliged to extend a mandatory take-over offer for the remaining Ekovest Shares not already held by them upon the completion of the Proposed Share Exchange.

Pursuant to Section 216 (3) of the CMSA, Part I, Paragraph 4(1) of the Code and Practice Note 4 of the Code, the following are deemed to be a PAC of Tan Sri Lim:

(a) EHSB is an investment holding company in which Tan Sri Lim is a major shareholder;

(b) Dato' Haris is a vendor for the Proposed Share Exchange and a business partner of Tan Sri Lim;

(c) Lim Hoe is a sibling of Tan Sri Lim;

(d) Lee Hun Kheng is a nephew of Tan Sri Lim;

(e) LSHH is a company which Lim Keng Cheng who is a nephew of Tan Sri Lim, has an interest in;

(f) Fablelite Sdn Bhd is a company in which Lim Keng Cheng who is a nephew of Tan Sri Lim, has a indirect interest in; and

(g) Khoo Nang Seng @ Khoo Nam Seng is a business partner of Tan Sri Lim.

As it is not the intention of the PAC Group to undertake a take-over offer, the PAC Group is seeking an exemption under Paragraph 16.1(a) of Practice Note 9 of the Code from the obligation to extend a take-over offer for all the remaining Ekovest Shares not already owned by them upon completion of the Proposed Share Exchange.

On 31 January 2013, OSK was appointed by the Board to act as the Independent Adviser to advise the non-interested shareholders of Ekovest on the Proposed Exemption. On 4 February 2013, OSK declared its independence to the SC to act as the Independent Adviser in relation to the Proposed Exemption.

Pursuant to the approval from the non-interested shareholders, CIMB will, on behalf of the PAC Group, make an application to the SC for an exemption from the obligation to undertake a mandatory take-over offer for all the remaining Ekovest Shares not already held by the PAC Group, pursuant to Practice Note 9 of the Code.

The contents of this Letter were consented by the SC on 18 March 2013. However, the consent of the SC for the despatch of this Letter is not to be taken or implies that the SC concurs with the views and recommendations of OSK contained herein but merely that this Letter has complied with all the relevant disclosure requirements pursuant to the Code and the SC's Guidelines On Contents Of Applications Relating To Take-Over And Mergers.

The purpose of this Letter is to provide the non-interested shareholders with an independent evaluation on the fairness and reasonableness of the terms of the Proposed Exemption together with our recommendations thereon due to the conditionality of the Proposed Exemption, subject to the scope and limitations of our role and evaluation as specified therein.

THE NON-INTERESTED SHAREHOLDERS OF EKOVEST ARE ADVISED TO READ AND FULLY UNDERSTAND BOTH THIS LETTER TOGETHER WITH THE ACCOMPANYING ATTACHMENTS AND PART A AND PART B OF THIS CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES THEREIN AND TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED IN THIS LETTER BEFORE VOTING ON THE ORDINARY RESOLUTION TO GIVE EFFECT TO THE PROPOSED EXEMPTION AT THE FORTHCOMING EGM.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, ACCOUNTANTS, SOLICITORS OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. LIMITATIONS TO THE EVALUATION OF THE PROPOSED EXEMPTION

OSK was not involved in the formulation of the terms and conditions of the Proposed Exemption. Our role as Independent Adviser is limited to expressing an independent opinion on the terms and conditions of the Proposed Exemption based on information and documents provided to us or which are available to us and we believe that these information provided or made available to us are sufficient after due enquires having been made, including the following:

(i) information contained in Part A and Part B of this Circular and the appendices enclosed therein;

(ii) information and supporting documents furnished to us by the Board and management of Ekovest as well as discussions with the management of Ekovest;

(iii) information and supporting documents furnished to us by the management of Wira Kristal;

(iv) indicative valuation letter dated 26 March 2013 prepared by BDO(1);

(v) the audited financial statements for the FYE 31 December 2010 and 2011 and latest management accounts for the FYE 31 December 2012 of the Wira Kristal Group; and

(vi) publicly available information.

We have not independently verified such information for its reliability, accuracy and/or completeness. We have relied on your Company, the directors and your Company's management to take due care in ensuring that all the information, documents and representations, including projections or forward looking statements provided to us by them to facilitate our evaluation are accurate, valid and complete in all material aspects. Accordingly, we have neither undertaken any independent investigations into the business and affairs of Ekovest nor Wira Kristal. **However, after having made all reasonable enquiries and to the best of our knowledge and belief, we have no reason to believe that the aforesaid information provided to us was unreliable, incomplete, misleading or inaccurate.** In carrying out our evaluation, we have taken into consideration various factors and conditions prevailing at the time of preparing our independent evaluation, which we believe are vital in our assessment, from a financial point of view of the impact of the Proposed Exemption on the non-interested shareholders, and therefore of general concern to the non-interested shareholders as a whole.

Note:

(1) BDO is part of BDO Malaysia, and provides financial advisory services which includes corporate finance, transaction services, restructuring and insolvency, and forensic accounting.

We have obtained confirmation from the Board that they individually and collectively accept full responsibility for the accuracy of the information in relation to WK provided and contained herein and/or documents provided to us, which are essential to our evaluation, and they have confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant facts and information in relation to WK that is necessary for our evaluation have been disclosed to us and there is no omission of any material fact, the omission of which would render any information in relation to WK provided to us incomplete, false and/or misleading.

In rendering our advice, OSK had considered the pertinent issues which we believe are of importance to the assessment of the implications of the Proposed Exemption and therefore of general concern to the non-interested shareholders. As such:

(i) the scope of OSK's responsibility regarding the evaluation and recommendation contained herein is based on the considerations set out in the ensuing sections of this Letter and where comments or points of consideration are included on matters which may be commercially oriented, these are incidental to our overall evaluation and concern matters which may be deemed material for disclosure; and

(ii) OSK's views and advice as contained in this Letter only cater for the non-interested shareholders at large and do not cater to any individual shareholders or specific group of shareholders. Hence, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual shareholders or specific group of shareholders. We recommend that such individual shareholders or any specific group of shareholders who may require advice in relation to the Proposed Exemption in the context of their individual investment objectives, risk profiles, financial and tax situations and particular needs to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately.

OSK confirms that (based on all the aforesaid information provided to us and after having made all reasonable enquiries and to the best of our knowledge and belief), this Letter constitutes a full and true disclosure of all material facts concerning the Proposed Exemption and there are no statement or other material facts the omission of which would make any statement herein false and misleading.

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3. DETAILS OF THE PROPOSED EXEMPTION

As at 20 March 2013, being the latest practicable date prior to the issuance of this Letter ("**LPD**"), the PAC Group collectively hold a total of approximately 42.12% of the issued and paid-up share capital in Ekovest. Upon the issuance of the Consideration Shares to Tan Sri Lim and Dato' Haris pursuant to the Proposed Share Exchange, the PAC Group will collectively hold approximately 66.13% of the issued and paid-up share capital in Ekovest.

The issuance of the Consideration Shares will result in PAC Group, collectively acquiring more than 2% of the issued and paid-up share capital in Ekovest in the period of six (6) months where PAC Group has collectively more than 33% but not more than 50% of the issued and paid-up share capital of Ekovest during the six (6) months period. As such, PAC Group will be obliged to extend a mandatory take-over offer for the remaining Ekovest Shares not already held by them upon issuance of the Consideration Shares pursuant to Part III of the Code.

For illustrative purposes, the proforma shareholding effects of the issuance of Consideration Shares pursuant to the Proposed Share Exchange to the PAC Group are as follows:

Name	As at the LPD		After the Proposed Share Exchange	
	No. of Ekovest Shares	%	No. of Ekovest Shares	%
Tan Sri Lim	4,757,000	2.66	55,446,494	18.15
EHSB	37,250,000	20.83	37,250,000	12.19
Dato' Haris	-	-	76,034,241	24.89
Lim Hoe	1,356,000	0.76	1,356,000	0.44
Lee Hun Kheng	656,400	0.37	656,400	0.21
LSHH	9,836,300	5.50	9,836,300	3.22
Fablelite Sdn Bhd	3,761,300	2.10	3,761,300	1.23
Khoo Nang Seng @ Khoo Nam Seng	17,706,000	9.90	17,706,000	5.80
Total	**75,323,000**	**42.12**	**202,046,735**	**66.13**

As at the LPD, your Company does not have any convertible securities.

As it is not the intention of the PAC Group to undertake a take-over offer, the PAC Group is seeking an exemption under Paragraph 16.1(a) of Practice Note 9 of the Code from the obligation to extend a take-over offer for all the remaining Ekovest Shares not already owned by them upon completion of the Proposed Share Exchange.

The Proposed Exemption, if approved, will allow PAC Group to increase their shareholdings in Ekovest pursuant to the Proposed Share Exchange, without having to extend a mandatory take-over offer for the remaining Ekovest Shares not already owned by them.

Notwithstanding the aforementioned, the Proposals (Proposed Share Exchange, Proposed IASC and Proposed Exemption) are subject to and conditional upon approval being obtained from the following:

(a) the shareholders of Ekovest for the Proposals (Proposed Share Exchange, Proposed IASC and Proposed Exemption) which will be obtained at the forthcoming EGM;

(b) the Government for the change in the ultimate shareholders of Kesturi, the concession holder of the DUKE, which was obtained on 5 November 2012;

(c) Bursa Securities, for the listing of and quotation for the Consideration Shares pursuant to the Proposed Share Exchange on the Main Market of Bursa Securities, which was obtained on 18 March 2013;

(d) the SC, for the Proposed Exemption; and

(e) any other relevant authority (if required).

The Proposed Share Exchange, Proposed IASC and Proposed Exemption are inter-conditional upon one another.

4. EVALUATION OF THE PROPOSED EXEMPTION

In evaluating the Proposed Exemption, we have taken into consideration the following factors in forming our opinion:

(i)	Rationale for the Proposed Exemption	**Section 5**
(ii)	Overview and outlook of the Malaysian Economy, construction industry and land transport segment	**Section 6**
(iii)	Future plan and prospect of the Ekovest Group	**Section 7**
(iv)	Evaluation of the Consideration Shares	**Section 8**
(v)	Salient terms of the Restated Share Exchange Agreement	**Section 9**
(vi)	Effects of the Proposed Exemption	**Section 10**

5. RATIONALE FOR THE PROPOSED EXEMPTION

We have taken cognisance of the rationale for the Proposed Exemption as set out in **Section 3.3, Part A of this Circular** and noted that it is not the intention of PAC Group to undertake the mandatory take-over offer but the increase of the shareholding of the PAC Group in Ekovest and the emergence of Dato' Haris as a direct major shareholder are a direct consequence of the issuance of the Consideration Shares pursuant to the Proposed Share Exchange. The Proposed Exemption, if successful, would result in an increase in the shareholdings of the PAC Group in Ekovest from 42.12% to 66.13%.

Our commentary

We have also taken cognisance of the rationale of the Proposed Share Exchange as set out in **Section 3.1, Part A of this Circular.** Upon the completion of the Proposed Share Exchange, Ekovest will own the entire equity interest in Wira Kristal, which vide Nuzen owns a 70% interest in Kesturi, the toll concession holder for the DUKE. Ekovest's ownership in Wira Kristal upon the completion of the Proposed Share Exchange would allow your Group to consolidate the results of the Wira Kristal Group.

We note that the DUKE was open for traffic since 30 April 2009 and the audited financial results of Wira Kristal for the past three (3) FYEs from 31 December 2009 to 31 December 2011 and the latest unaudited FYE 31 December 2012 are set out below:

	<-----FYE 31 December (Audited) ---->			FYE 31 December (Unaudited)
	2009[1]	2010	2011	2012
No. of vehicles using the DUKE ('million)	17.5	32.1	37.3	41.6
Usage growth (%)	-	22.1[2]	16.2	11.2
Toll collection (RM'million)	34.0	63.0	73.3	81.9
Toll collections growth rate (%)	-	23.5[3]	16.3	11.7
Earnings before interest, tax, depreciation and amortisation ("**EBITDA**") (RM'million)	23.9	54.2	63.8	74.2
EBITDA growth rate (%)	-	50.97[4]	17.7	16.3

Notes:

(1) For the period of eight (8) months from the date the DUKE was open for traffic on 30 April 2009.

(2) Calculated by comparing the number of vehicles using the DUKE in the FYE 31 December 2010 against the annualised number of vehicles using the DUKE in the FYE 31 December 2009.

(3) Calculated by comparing the toll collection revenue in the FYE 31 December 2010 against the annualised toll collection revenue in the FYE 31 December 2009.

(4) Calculated by comparing the EBITDA in the FYE 31 December 2010 against the EBITDA in the FYE 31 December 2009.

(Source: Management of Kesturi and Independent Traffic Report dated January 2013 by Perunding Trafik Klasik Sdn Bhd, a transportation planning and traffic management consultancy in Malaysia.)

We wish to highlight that the commentary of the financial performance of the Wira Kristal Group are set out in **Section 6 of Appendix I**.

Further, we noted that the EBITDA of the Wira Kristal Group has increased from RM54.20 million in the FYE 31 December 2010 to RM74.2 million in the unaudited FYE 31 December 2012 representing a CAGR of 17.16%. The positive EBITDA indicates that the Wira Kristal Group is currently able to generate positive cash flow which would then be used to repay borrowings amounting to RM1,262.4 million as at the FYE 31 December 2012, (based on the unaudited management accounts provided by the management of Wira Kristal) and to fund working capital of the Wira Kristal Group. Further, the EBITDA of RM74.2 million for the FYE 31 December 2012 (based on the unaudited management accounts provided by the management of Wira Kristal) is sufficient for the repayment for the interests amounting to RM61.5 million for the FYE 31 December 2012 arising mainly from the IMTNs and Junior Bonds.

The dividends arising from the WK RPS and Kesturi RPS A would only be paid upon redemption pursuant to the terms and conditions of the respective subscription agreements. In addition, we wish to highlight that the cash flow forecast and projection of the Wira Kristal Group (which was relied upon by BDO and included in its indicative valuation letter dated 26 March 2013) have indicated that the principal and interest amount of the borrowings incurred by the Wira Kristal Group can be sufficiently paid.

We note that the Wira Kristal Group has not registered PATAMI since the DUKE was open to traffic on 30 April 2009 and this was mainly due to the finance costs arising from the WK RPS, Kesturi RPS A, IMTNs and Junior Bonds which was accrued for in the income statements of the Wira Kristal Group. We further note that based on the subscription agreements of the WK RPS and Kesturi RPS A, the dividend payments, which forms part of the finance costs will only be payable when Wira Kristal and Kesturi respectively having sufficient profits and reserves. As such, the Wira Kristal Group would only be able to declare dividend to Ekovest when Wira Kristal and Kesturi have sufficient profits and reserves derived from the toll concession operations (which is envisaged by the management of Ekovest to be from 2018 onwards). The distribution of profits to the shareholders of Wira Kristal, if applicable, will be firstly subjected to the fulfilment of the financial covenants (amongst others, the financial service reserve account, a ratio to measure the available cash flow to the borrowings) of the Wira Kristal Group's borrowings.

Whilst the DUKE toll road operations recorded positive growth, your Group has been involved primarily in the construction industry and this industry in Malaysia is cyclical in nature and is highly dependent on the country's general economic conditions. The construction industry generally moves in tandem with the economy, whereby strong economic growth coupled with fiscal stimulus by the Government would spur the growth of the construction industry.

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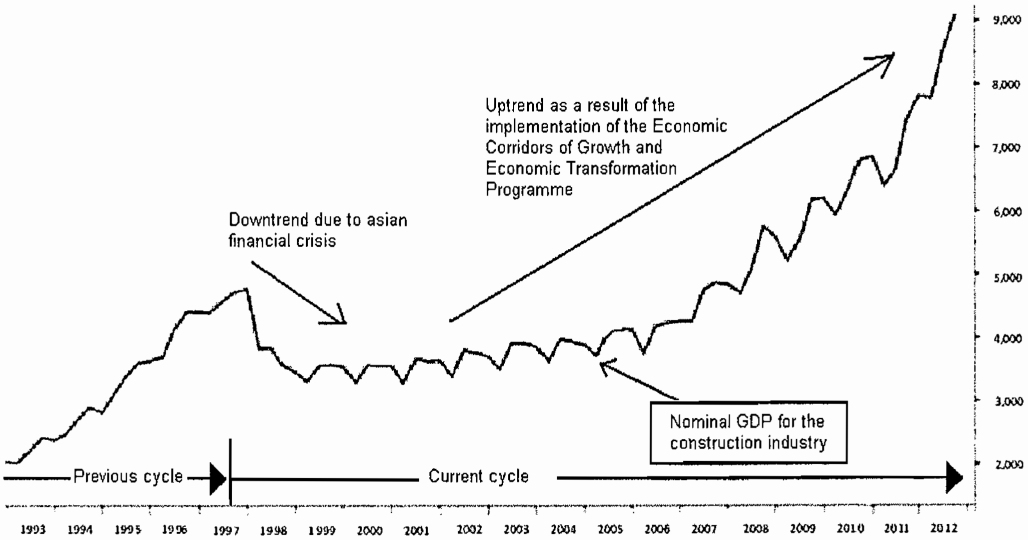
In addition, we drew reference to the statistics obtained from the Department of Statistics of Malaysia and noted that the construction sector in Malaysia have undergone three (3) up/down business cycles since 1963, the first business cycle which was from 1963 to 1978, the second business cycle which was from 1979 to 1984 and the third business cycle which was from 1985 to 1996. Malaysia is currently in experiencing an uptrend in its fourth business cycle. Further, we have also set out below the nominal gross domestic product contributed by the construction industry* from the past twenty (20) years from 1992 to 2012:



Note:

* *The gross domestic product contributed by the construction industry is the total value of the annual output of goods and services produced from the construction industry within Malaysia.*

(Source: Bloomberg)

As illustrated above, the construction industry was on an uptrend until the Asian financial crisis in year 1997. Subsequently, the construction industry declined for the next two (2) subsequent years and plateau for the most part of year 2000 to 2006. It then experienced an upturn cycle in year 2006 onwards which was in line with the implementation of the Malaysian Construction Industry Master Plan 2006-2016 and was further boosted by the Malaysia Government's implementation of a new set of economic stimulus policies and initiations such as the five (5) Economic Corridors of Growth, namely Northern Corridor Economic Region, Johor Bahru and Iskandar Malaysia, Kuantan and East Coast Economic Region, Kuching and Sarawak Corridor of Renewable Energy and Kota Kinabalu and Sabah Development Corridor and the implementation of the Economic Transformation Programme. Whilst the construction sector remained robust, the management is of the view that the sole reliance on the construction business is not prudent due to the cyclical nature of the construction industry and the construction business also depends on the ability of your management to continuously secure construction contracts, which typically are not recurring in nature and generally span between two (2) to three (3) years only.

As part of the mitigating factor to avoid an over-reliance on the construction industry and to stem the revenue fluctuations recorded by your Group as tabulated below, your management has decided to embark on the Proposed Share Exchange which will allow your Group to generate toll concession revenue from the DUKE which is more stable and recurring due to the constant usage of DUKE by motorists and is less dependent on the economic conditions of Malaysia. In addition, your Group has also begun to embark on property development activities with the intended commencement of the Eco Business Park, Menara Titiwangsa and The Gateway projects as part of your Group's effort to reduce the reliance on the revenue stream derived from its construction activities.

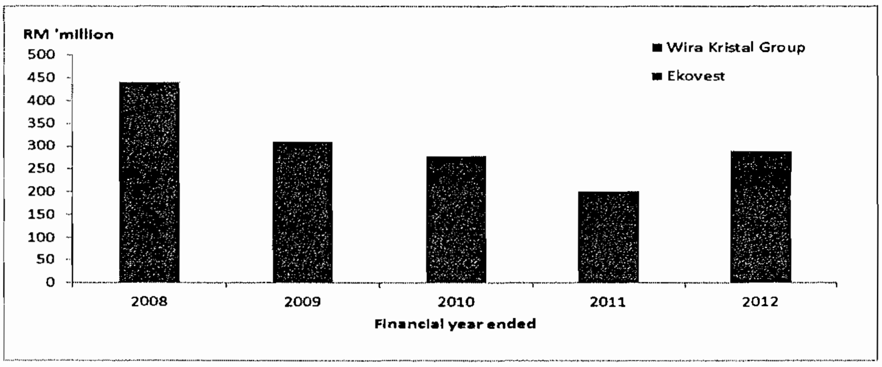
Set out below is the revenue of your Group for the past five (5) FYE 30 June 2008 to 30 June 2012:

	<----FYE 30 June (Audited)---->				
	2008	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	441,992	277,759	217,733	128,175	208,948

(Source: Annual Report 2012 of Ekovest)

As shown in the table above, the revenue for your Group has declined from RM442.0 million in the FYE 30 June 2008 to RM128.2 million in the FYE 30 June 2011 before increasing again to RM208.9 million in the FYE 30 June 2012 indicating that the revenue of your Group can fluctuate and is dependent on your Group's ability to secure construction contracts. After the Proposed Share Exchange, your Group would be able to consolidate the revenue of the Wira Kristal Group to that of your Group's revenue which is in-line with your Group's effort to reduce the reliance on the revenue stream derived from its the construction activities.

Based on the assumption that the toll concession revenue from the DUKE was included into the revenue of your Group since 2009, the chart below details out the proforma effect of the toll concession revenue from the Wira Kristal Group to your Group:



As illustrated in the table above, with the consolidation of the toll concession revenue of the Wira Kristal Group to that of your Group's revenue, we note that the additional stable revenue stream arising from the DUKE would reduce the fluctuations of the revenue of your Group.

Further, on a pro forma basis, the EBITDA of your Group will increase from RM59.80 million to RM134.00 million and the EBITDA per Ekovest Share would increase from RM0.33 per Ekovest Share to RM0.44 per Ekovest Share.

Whilst the Wira Kristal Group has borrowings amounting to RM1,262.4 million as at the FYE 31 December 2012, (based on the unaudited management accounts provided by the management of Wira Kristal) your management is optimistic that the Wira Kristal Group is able to generate sufficient cash flow from the operation of the toll concession to repay all the Wira Kristal Group's bank borrowings as demonstrated by the positive EBITDA amounting to RM74.2 million in the FYE 31 December 2012 (based on the unaudited management accounts provided by the management of Wira Kristal). Similarly, we concur with the view of the management after reviewing the cash flow projections adopted by BDO in its indicative valuation letter dated 26 March 2013, where the cash flow generated from the operations of the toll concession would be sufficient to repay its borrowings. The repayment of borrowings in relation to the IMTNs and Junior Bonds will be repaid semi-annually based on the repayment schedule of which the maturity date for the final tranche of the IMTNs is in October 2029 and the maturity date for the Junior Bonds is in April 2030. The WK RPS and Kesturi RPS A can be redeemed at the option of the issuer (i.e. Wira Kristal or Kesturi, as the case may be) or shall be automatically redeemed upon its maturity in November 2025 for the WK RPS and in September 2030 for the Kesturi RPS A. The said redemption will be dependent upon the actual amount of cash flow generated by Kesturi in the future. However, we note as disclosed in **Section 2.1.2 of Part A of this Circular**, that upon completion of the Proposed Share Exchange, your Company intends to reorganise the capital structure of Kesturi by converting the Kesturi RPS A into ordinary shares in Kesturi, subject to the relevant approvals being obtained. Should such conversion occur, the reduced borrowings and finance costs will enhance the financial performance and cash flow of the Wira Kristal Group.

6. OVERVIEW AND OUTLOOK OF THE MALAYSIAN ECONOMY, CONSTRUCTION INDUSTRY AND LAND TRANSPORT SEGMENT

6.1 Malaysian economy

The Malaysian economy registered a robust growth of 6.4% in the fourth quarter of 2012 (Third quarter of ("**Q3**") 2012: 5.3%) led by strong performance in all sectors. The services and manufacturing sectors remained the key drivers of growth. The services sector recorded a growth of 6.3% (Q3 2012: 7%) spurred by the finance and insurance, wholesale and retail trade as well as communication subsectors. In line with higher Industrial Production Index (IPI), the manufacturing sector expanded 5.8% (Q3 2012: 3.3%) driven by the stronger performance of the transport equipment, petroleum and chemical products as well as electrical and electronic subsectors. The agriculture sector recorded a higher growth of 5.6% (Q3 2012: 0.5%) mainly attributed to strong growth in the oil palm, livestock and fishing subsectors. Meanwhile, growth in the mining sector rebounded strongly by 4.3% (Q3 2012: -1.2%) on account of increased production of crude oil and natural gas. For the whole year, the economy expanded 5.6%, surpassing the forecast of 4.5% - 5% in October 2012.

(Source: Malaysian Economy, Fourth Quarter 2012, Ministry of Finance Malaysia)

6.2 Construction industry

The construction sector remained robust and grew 18.1% during the quarter (Q3 2012: 18.3%) driven by the civil engineering, residential and special trade subsectors. The civil engineering subsector continued to drive the expansion of the sector and recorded a double-digit growth of 26.9% (Q3 2012: 28.5%). Major civil engineering project, particularly the Sungai Buloh – Kajang Line MY Rapid Transit contributed significantly to the growth of the subsector. In tandem with the robust expansion of the economy, the residential subsector also grew strongly by 22.9% (Q3 2012: 16.4%), particularly in the Klang Valley, Johor, Sabah and Sarawak. Meanwhile, the non-residential subsector moderated to 6.1% (Q3 2012: 13.4%) due to completion of major construction works in commercial and industrial buildings, particularly in Sarawak. In line with higher residential construction activity, the special trade subsector grew 12.1% (Q3 2012: 8.6%)

(Source: Malaysian Economy, Fourth Quarter 2012, Ministry of Finance Malaysia)

6.3 Population growth

As tabulated below, in 2010, Malaysia's population is 28.6 million and is projected to increase by 10 million (35.0%) to 38.6 million in 2040. However, the annual population growth rate decreased from 1.8 percent in 2010 to 0.6 per cent in 2040. This situation is in tandem with the targeted decline in fertility rate and international migration.

Period	Population (million)	Growth rate per annum (%)
2010	28.6	1.8
2015	30.5	1.3
2020	32.4	1.2
2025	34.3	1.0
2030	36.0	0.9
2035	37.4	0.7
2040	38.6	0.6

(Source: Population Projection, Malaysia 2010-2040, Department of Statistics, Malaysia)

6.4 Land transport segment

The transport and storage subsector expanded 4.4% (Q3 2012: 3.6%) on account of strong supporting activities from ports, airports and highways. Traffic volume on tolled highways increased 2.6% to 401.2 million vehicles (Q3 2012: 3.7%; 388.8 million vehicles) attributed to higher usage during the school holidays. The total number of passengers on urban rail services in the Klang Valley increased further by 8.9% to 51.1 million (Q3 2012: 1.6%; 49.2 million) largely due to growing ridership as well as extended services, particularly during sporting events, Christmas and New Year's Eve. However, Keretapi Tanah Melayu Berhad (KTMB) intercity passenger traffic continued to decline 6.8% to 1.2 million (Q3 2012: -4.5%; 1 million) mainly due to service disruptions. In addition, rail cargo tonnage declined marginally by 0.7% to 1.6 million tonnes (Q3 2012: 2.2%; 1.5 million tonnes)

(Source: Malaysian Economy, Fourth Quarter 2012, Ministry of Finance Malaysia)

6.5 Committed developments surrounding the DUKE

Planned future major developments along the highway corridor will also benefit from accessibility provided by the DUKE which in some cases will be beneficial for the success of these developments.

The DUKE will provide such developments with a more efficient road access to the Klang Valley region via the NKVE (western and southern catchments), Shah Alam Ulu Kelang Expressway (eastern and southern catchments), and Karak Link (northern catchments).

(Source: Independent Traffic Report dated January 2013 by Perunding Trafik Klasik Sdn Bhd)

Commentary by OSK

The Wira Kristal Group should benefit from the planned major developments (based on the Traffic Report dated January 2013 by Perunding Trafik Klasik Sdn Bhd) which include, amongst others, the developments proposed by DBKL and Zil Enterprise Sdn Bhd, TTDI KL Metropolis Sdn Bhd and Tan Chong Motor Holdings Bhd in the vicinity of the DUKE as it would increase the amount of traffic volume to the DUKE in the future.

The Malaysian economy expanded 6.4% in the fourth quarter of 2012, whilst the construction industry grew by 18.1% in the fourth quarter of 2012, the estimated growth of the Malaysian population from year 2010 to 2040, the number of vehicles on the tolled highway increased by 2.6% to 401.2 million for the fourth quarter of 2012, and assuming that the trend continues to 2013, the positive growth sentiment should augur well to your Group upon the completion of the Proposed Share Exchange.

7. FUTURE PLAN AND PROSPECT OF THE EKOVEST GROUP

7.1 Future plan of Ekovest

In accordance with Third Schedule of the Code, the PAC Group have given their confirmations on the following for the period of twelve (12) months from the date of the SC's approval for the Proposed Exemption, the PAC Group do not intend to effect any immediate major changes to:

(i) the continuation of the business of your Group;

(ii) the existing business activities of your Group, including any plans to liquidate your Group, sell the assets or effect major re-deployment of fixed assets of your Group or make any major changes to the structure of your Group, unless it is required to rationalise and/or improve the operational and financial position of your Group; and

(iii) the continued employment of the employees of your Group or the employment policies, except where such re-deployment of the employees may be effected to rationalise and/or improve the efficiency of your Group's operations.

After considering the aforementioned intentions, we wish to highlight that the future success of your Group will depend to a certain extent on the competitiveness of your Group, the ability to secure new customers, capital outlay, skill, experience, abilities and continued efforts by the management and employees.

7.2 Prospect of Ekovest

Construction

Your Group has established a reputation as one of the specialists in turnkey, design and build contracts in Malaysia. The projects successfully completed ranges from construction to turnkey design and build for clients including government and semi government bodies and private companies. Ekovest have previously undertaken several major projects which includes:

- the construction of Labuan International Business and Financial Centre;
- the building works for Universiti Malaysia Sabah, Kota Kinabalu;
- fitting works for the Petronas Twin Towers;
- contractor for the construction of block E8, E9, E12 and E13 of the Federal Administrative Capital in Putrajaya;
- construction of the Kolej Universiti Teknologi Tun Hussein Onn;
- construction of central terminal area roads and structures for Kuala Lumpur International Airport;
- design and construction of the Kuala Lumpur Central Station and related infrastructures; and
- design and construction of the existing DUKE.

Ekovest currently has a book order amounting to approximately RM401.80 million which is expected to be derived from the following projects:

- the River of Life Project;
- the widening of Bukit Lanjan and Jalan Duta toll plazas of the North-South Expressway;
- the widening of Nilai Interchange located at kilometre 285.6 of the North-South Expressway and Nilai kilometre 280.4 of the North-South Expressway; and
- a mixed development consisting of 129 units 3 storey shop office and 6 units 6 storey tower in Johor Bahru.

Ekovest is expected to commence development and/or construction for the following projects:

- Eco Business Park, an eco-friendly mixed development commercial hub located right next to Jalan Cheras which is expected to completed in 2017 with an estimated gross development value ("**GDV**") of RM1.5 billion;
- Menara Titiwangsa which is expected to be completed in 2016 with an estimated GDV of RM440 million; and
- The Gateway, a retail development located near the River of Life Project in Kuala Lumpur, which is expected to be completed in 2022 with an estimated GDV of RM 2.8 billion.

The future prospect of your Group will be dependent on your Group's ability to successfully complete the current book order and developments and construction projects to commence as indicated above.

(Source: Management of Ekovest)

Toll concession

The DUKE remains an attractive alternative and in some cases, a primary access for the upcoming developments in Northern Klang Valley and will be a major east-west link in the northern corridor linking major conurbations such as:

- Sungai Buloh / Bandar Sri Damansara;
- Kepong / Bandar Sri Manjalara;
- Selayang / Jinjang;
- Petaling Jaya;
- Kota Damansara / Taman Tun Dr. Ismail / Bukit Lanjan;
- Sri Hartamas / Mont Kiara;
- Kuala Lumpur;
- Gombak / Sentul;
- Ampang / Ulu Kelang;
- Wangsa Maju / Melawati; and
- Melawati / Ukay Perdana.

In addition to providing a major link between the conurbations above, the DUKE with its toll free and dual-three (3) lane upgrade of the Karak Link has now provided a major linkage to the Ulu Yam area where existing and future developments near the Universiti Islam Antarabangsa Malaysia are being planned.

Further, the DUKE will play an important role as an expressway link between the North South Expressway and the East Coast Expressway. This will help alleviate the traffic congestion on the Middle Ring Road 2 and other state and federal roads as there is a dedicated expressway linking east to west.

The future prospects of the DUKE will depend on future traffic volume which will generally be driven by the factors listed in **Sections 5 and 6 of Part A of this Circular**.

(Source: Management of Ekovest)

OSK's commentary:

Construction

We note that your Group is a holder of a Grade 7 licensed contractor issued by the Construction Industry Development Board Malaysia and have previously been contractors for the several major projects in Klang Valley, Johor Bahru and Sabah. Moving forward, the following factors would augur well for your Group:

(i) the growth in the construction industry of 18.1% in the fourth quarter of 2012;

(ii) the commencement of the Eco Business Park, Menara Titiwangsa and the Gateway projects;

(iii) pursuant to the Supplemental Concession Agreement, Kesturi would design, construct and operate the DUKE Phase-2 subject to conditions precedents being met, which would increase the book order of your Group; and

(iv) the current uptrend of the construction industry as shown in **Sections 5 and 6 of this Letter.**

Toll concession

We noted the following factors for which will augur well for the future prospects of the Wira Kristal Group:

(i) the number of vehicles using the DUKE has increased from 32.1 million in the FYE 31 December 2010 to 41.6 million in the FYE 31 December 2012 representing a compounded annual growth rate ("**CAGR**") of 13.84%;

(ii) the toll concession revenue has been steadily increasing from RM63.0 million in the FYE 31 December 2010 to RM81.90 million in the unaudited FYE 31 December 2012 representing a CAGR of 14.02%;

(iii) notwithstanding rate of increase in the traffic volume for the DUKE has been declining for the past three (3) years up to 31 December 2012, the absolute number of vehicles using the DUKE and its corresponding contribution to the revenue of Wira Kristal Group remains significant. Further, the Traffic Report dated January 2013 by Perunding Trafik Klasik Sdn Bhd has forecasted an increase in traffic volume at a growth rate of 15.84% in 2013; and

(iv) the upward revision of between 25% to 31% for the toll rates of the DUKE which is scheduled to be implemented in 2014 and the increase in traffic volume for the DUKE after the scheduled review of toll rates as indicated by Perunding Trafik Klasik Sdn Bhd in its Traffic Report dated January 2013.

The Wira Kristal Group has a good prospect due to the DUKE being strategically located in the highly congested city of Kuala Lumpur and its surrounding satellite towns which connects several key locations in the Klang Valley and links the North South Expressway and the East Coast Expressway.

Pursuant to the Supplemental Concession Agreement, Kesturi would design, construct and operate the DUKE Phase-2 subject to conditions precedent being met. Duke Phase-2 is also expected to increase the amount of revenue generated from toll collections. The DUKE Phase-2 may also have synergies with the existing DUKE as the highways would be inter-connected and would be able to divert higher traffic volume from other areas to the DUKE.

After reviewing the forecasts and projections provided to us by the Wira Kristal Group (which was relied upon by BDO and included in its indicative valuation letter dated 26 March 2013) and after due enquiry being made, we are of the opinion that the forecasts and projections are reasonable based on the assumptions provided by the management of Wira Kristal Group. We wish to highlight that the Wira Kristal Group recorded positive free cash flows to equity for the FYE 31 December 2012 and is forecasted to record future positive free cash flows to equity. The Ekovest Group would benefit from the positive operating cash flow and free cash flow to equity arising from the operations of the DUKE. The positive operating cash flow would then be used to repay the borrowings incurred by the Wira Kristal Group amounting to RM1,262.4 million as at the FYE 31 December 2012, (based on the unaudited management accounts provided by the management of Wira Kristal) and any excess would then be available to your Group for working capital and/or future expansion (subject to the financial covenants of the Wira Kristal Group's borrowings). We further note that the forecasts and projections provided by the Wira Kristal Group (which was relied upon by BDO and included in its indicative valuation letter dated 26 March 2013) has not taken into consideration the DUKE Phase-2.

8. EVALUATION OF THE CONSIDERATION SHARES

As the Proposed Exemption is required to facilitate the implementation of the Proposed Share Exchange, we have considered the evaluation of the Proposed Share Exchange as set out in **Section 8.1 of this Letter** when arriving at our recommendation to the non-interested shareholders of Ekovest.

8.1 Basis and justification of arriving at the Consideration

We noted from **Section 2.1.3 of Part A of this Circular** that the Consideration was arrived at on an arm's length basis between Ekovest and the WK Shareholders prior to the signing of the Original Share Exchange Agreement, after taking into consideration, amongst others, Kesturi's cash flow generating capabilities, future earnings potential, the nature, risk and prospects of the existing DUKE and the independent advice provided by FHCA[(1)].

Note:

(1) FHCA is a corporate finance division within the Ferrier Hodgson Group, which is licensed with the SC. Its core focus includes providing equity valuation services for companies both listed and private.

Further, BDO was appointed by Ekovest to assess the indicative value of 100% equity interest in Wira Kristal (i.e. based on the 70% effective interest in the DUKE held by Kesturi). BDO had vide its indicative valuation letter dated 26 March 2013 valued Wira Kristal at between RM309.91 million and RM344.84 million and the Consideration of RM325.68 million is within the range of indicative value ascribed by BDO.

We further note that the indicative value for the WK Shares were determined by BDO ascribing the following methodology:

(i) The main operating asset of the Wira Kristal Group is the 70% effective interest in the DUKE held by Kesturi. The indicative value of Kesturi was derived based on the DCF method using the following key bases and assumptions:

(a) the financial projections of Kesturi up to the end of the Concession Period (not taking into consideration the DUKE Phase-2) as prepared by the management of Kesturi;

(b) a discount rate based on the estimated weighted average cost of capital of Kesturi;

(c) the financial projections will be achieved;

(d) the valuation method adopted implicitly assumes that a generic investor has sufficient control of the business' cash flow to determine the dividend policy, capital structure and major capital developments;

(e) 70% of the Series A Redeemable Preference Share, together with relevant cumulative accrued dividend will be converted into ordinary share capital on 30 September 2013;

(f) Wira Kristal Group has all relevant licences, permits, approvals, agreements, contracts or any other contractual agreements to carry out the business and that there are no breaches and there will not be any breaches of any provision in the licences/agreements and that they will be renewed upon expiry;

(g) the Wira Kristal Group are in full compliance with all applicable regulations and laws;

(h) the assets of the Wira Kristal Group are free and clear of any liens or encumbrances;

(i) there will be no material changes in the present legislation, government regulations, inflation rates, interest rates, foreign exchange rates, bases and rates of taxation, and other lending guidelines which will affect the activities of the Wira Kristal Group;

(j) there will be no material changes in the present management of the Wira Kristal Group and principal activities as well as the accounting and operating policies presently adopted by the Wira Kristal Group. There will be continuity in responsible ownership and competent management with respect to the operation of the business;

(k) there are no and will not be any material changes in the financial position and performance as well as business operations of the Wira Kristal Group that will affect the Wira Kristal Group after the valuation date;

(l) there are no undisclosed actual or contingent assets or liabilities, including but not limited to, any contracts and/ or off-balance sheet financial instruments, no unusual obligations or commitments other than in the ordinary course of business, nor any pending litigation which would have a material effect on the financial position or operations of the Wira Kristal Group now and in the future;

(m) the indicative valuation has been carried out on the basis that the Wira Kristal Group is and will continue to be a going concern. The current operations and activities of the Wira Kristal Group will continue and the indicative valuation has not taken into account any future developments and/ or potential venture activities that the Wira Kristal Group may undertake; and

(n) there will be no event of *force majeure* occurring such as any act of God, act of public enemies, war, act of terrorism, restraint of Government or people of any nation, riots, insurrections, civil commotion, floods, fire, restrictions due to quarantines, epidemics, storms, or any other causes beyond the reasonable control of the management of the Wira Kristal Group, which could materially affect the financial position and business operations of the Wira Kristal Group.

(ii) The remaining assets and liabilities of Wira Kristal Group were valued at their respective book values based on the audited financial statements as at 31 December 2011.

<u>Commentary by OSK</u>

We note that the indicative valuation letter prepared by BDO used the adjusted net assets methodology for the valuation of the investment holding business (i.e. Wira Kristal and Nuzen) and DCF methodology for the valuation of the toll concession business (i.e. Kesturi).

We have further noted that the indicative value of Wira Kristal was derived in the following manner:

	Low range (RM'million)	**High range (RM'million)**
Audited net assets of Wira Kristal as at 31 December 2011	(30.15)	(30.15)
Less: cost of investment in Nuzen	(35.00)	(35.00)
Add: Range of indicative values of 70% equity interest in Nuzen	375.06	409.99
Range of indicative values of 100% equity interest in Wira Kristal	309.91	344.84

We are of the opinion that the usage of adjusted net assets for the valuation of Wira Kristal and Nuzen is reasonable as both the companies are investment holding companies which have yet to receive any dividends from Kesturi, its only operating subsidiary.

We are of the opinion that the DCF method together with its key bases and assumptions used for the toll concession business is reasonable as the toll concession is expected to generate stable cash flow over the period of the concession which ends in 26 years and the estimated cost and finance cost can be reliably forecasted. **Nevertheless, you should note that the DCF methodology is still subject to vagaries which may include amongst others changes in the economic condition, population growth, growth in the usage of vehicles and political conditions that may affect the ability of the Wira Kristal Group to generate revenue.**

In considering the basis and justification of the Consideration, we have also reviewed the independent advice by FHCA, which states amongst others, that based on their evaluation and review of the valuation methodology, underlying assumptions and computations used in the valuation of Wira Kristal set out in the indicative valuation letter prepared by BDO, the Consideration of RM325.68 million falls within BDO's range of indicative values of the 100% equity interest in Wira Kristal and accordingly, FHCA is of the opinion that the Consideration as set out in the Restated Share Exchange Agreement of RM325.68 million is **fair**. We note that FHCA has reviewed the indicative valuation letter prepared by BDO, the discounting factors and the underlying assumptions used in the cash flow forecast and projections of the DUKE. In view of the above, we are of the opinion that the methodologies used by FHCA are **reasonable**.

We have taken note of previous privatisation of toll concessions, namely the acquisition of 55% equity interest in Cerah Sama Sdn Bhd by Taliworks Corporation Berhad and the take-over offer by UEM Group Berhad and the Employees Provident Fund Board for Plus Expressway Berhad. Set out below are the consideration paid for Cerah Sama Sdn Bhd and Plus Expressway Berhad as compared to the discounted cash flow valuation performed on the respective assets:

Acquiree	Acquirer	Consideration paid	Valuation	Valuer
		RM' million	RM' million	
Cerah Sama Sdn Bhd	Taliworks Corporation Berhad	55.54	53.2 – 60.9	KPMG Corporate Advisory Sdn Bhd
Plus Expressway Berhad	UEM Group Berhad	23,000	22,000 – 24,500	Goldman Sach (Malaysia) Sdn Bhd

We are of the opinion that the previous privatisation of toll concessions above are comparable.

Based on the table above, we note that the consideration paid for Cerah Sama Sdn Bhd and Plus Expressway Berhad is within the range of valuation prescribed by KPMG Corporate Advisory Sdn Bhd and Goldman Sach (Malaysia) Sdn Bhd. Similarly, the Consideration is within the range of valuation prescribed by BDO.

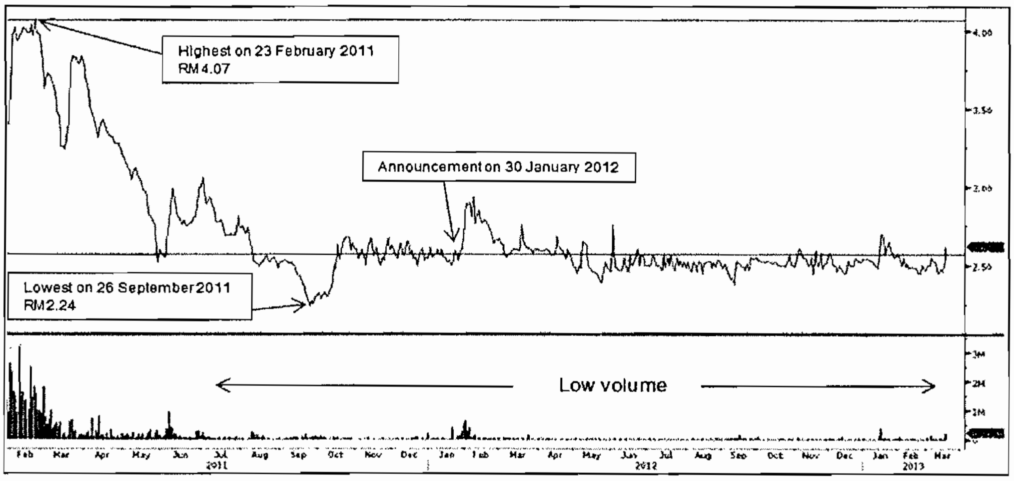
We are of the opinion that based on the above, the valuation of Wira Kristal is **reasonable**.

8.2 Historical market price performance and trading volume of the Ekovest Shares

8.2.1 The issue price of RM2.57 for the Consideration Shares was agreed upon based on the five (5)-day VWAMP up to 27 January 2012, being the last trading day prior to the date of the Original Share Exchange Agreement.

In considering the Proposed Exemption, the shareholders should take into consideration, amongst others, the historical movement of the market price of Ekovest Shares as traded on the Main Market of Bursa Securities.

The movement in the market price of Ekovest Shares for the past one (1) year from 27 January 2012, being the last market day prior to the date of the Original Share Exchange Agreement up to the LPD are illustrated below:



(Source: Bloomberg)

The monthly high and low closing market prices and trading volume of Ekovest Shares from January 2012 up to and including February 2013 are shown in the table below:

Month	High RM	Low RM	Monthly volume (Units)	Percentage of monthly volume over free float [(1)] %
2012				
January	2.80	2.50	1,713,900	1.66
February	3.01	2.64	2,129,400	2.06
March	2.78	2.55	654,400	0.63
April	2.76	2.50	272,900	0.26
May	2.68	2.39	246,700	0.24
June	2.80	2.45	270,400	0.26
July	2.56	2.47	177,200	0.17
August	2.59	2.43	211,900	0.20
September	2.57	2.37	661,500	0.64
October	2.59	2.47	293,300	0.28
November	2.62	2.45	236,200	0.23
December	2.58	2.45	488,100	0.47
2013				
January	2.74	2.48	898,600	0.87
February	2.57	2.41	360,000	0.35
Average monthly traded volume			615,321	0.59

(Source: Bloomberg)
Note:
(1) Ekovest's total free float is 103,470,715 Ekovest Shares, being the remaining number of Ekovest Shares not held by Tan Sri Lim, his PACs and substantial shareholders as at the LPD.

Based on the chart above, the highest traded market price for the Ekovest Shares was RM4.07 recorded on 23 February 2011 and the lowest traded market price for the Ekovest Shares was RM2.24 recorded on 26 September 2011.

Based on the above, the issue price of RM2.57 per Consideration Share represents:

(i) a discount of 36.86% to the highest market price for the Ekovest Share; and

(ii) a premium of 14.73% to the lowest market price of the Ekovest Shares.

We wish to highlight that the market price of Ekovest was at the highest on 23 February 2011, possibly be due to the announcement that the Government of Malaysia via the Datuk Bandar Kuala Lumpur had issued a letter of intent dated 22 February 2011 to Ekovest Berhad-MRCB JV wherein the Government of Malaysia intend to obtain the services of Ekovest Berhad-MRCB JV as the Project Deliver Partner for the River of Life Project, an Entry Point Project identified in the Greater Kuala Lumpur/Klang Valley National Key Economic Area under the Economic Transformation Programme of Malaysia ("**River of Life Project**"). Subsequent thereto, the market price of Ekovest Shares drifted downwards and plateau at approximately RM2.57 prior to the announcement of the Proposed Share Exchange.

As illustrated in the chart above, subsequent to the announcement of the River of Life Project, the Ekovest Shares have been thinly traded. Furthermore, as shown in the table above, the average monthly trading volume of Ekovest Shares from January 2012 to February 2013 of approximately 0.59% of the estimated free float of the listed Ekovest Shares, indicates that Ekovest Shares have been thinly traded.

8.2.2 The premium represented by the issue price of the Consideration Shares vis-á-vis the relevant VWAP of the Ekovest Shares are as follows:

		Market price of Ekovest Shares	(Discount to)/ Premium of the issue price of RM2.57 to the prevailing market price	
		RM	RM	%
(i)	Last transacted price as at the LPD	2.6200	(0.0500)	(1.91)
	Five (5)-day VWAP up to and including the LPD	2.5451	0.0249	0.98
	One (1)-month VWAP up to and including the LPD	2.5283	0.0417	1.65
	Three (3)-month VWAP up to and including the LPD	2.5755	(0.0055)	(0.21)
	Six (6)-month VWAP up to and including the LPD	2.5521	0.0179	0.70
(ii)	Last transacted price as at 27 January 2012*	2.6000	(0.0300)	(1.15)
	Five (5)-day VWAP up to and including 27 January 2012*	2.5685	0.0015	0.06
	One (1)-month VWAP up to and including 27 January 2012*	2.5676	0.0024	0.09
	Three (3)-month VWAP up to and including 27 January 2012*	2.5793	(0.0093)	(0.36)
	Six (6)-month VWAP up to and including 27 January 2012*	2.5028	0.0672	2.68

(Source: Bloomberg)

Note:

* *Being the last market day prior to the announcement of the Proposed Share Exchange on 30 January 2012.*

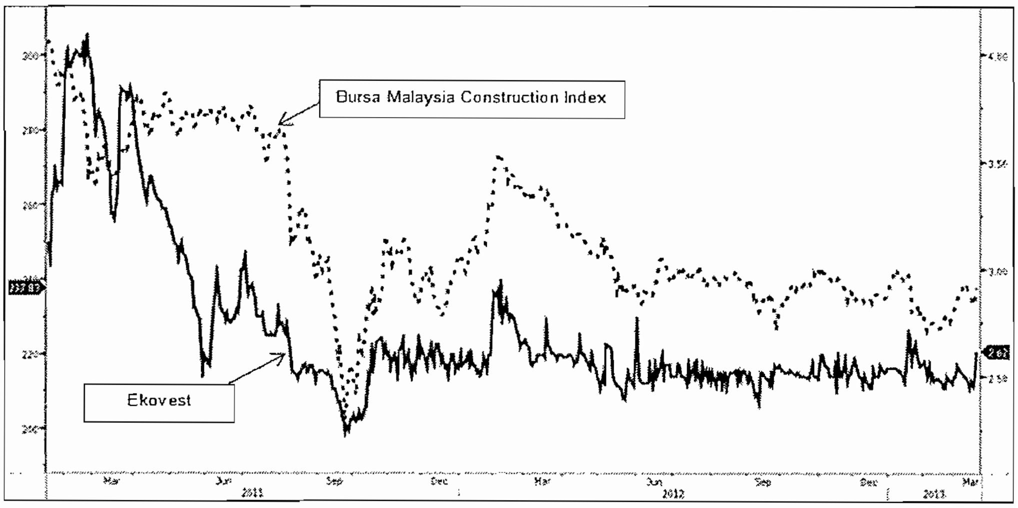
Based on the table above, we note the following:

(i) the issue price of the Consideration Shares represents a (discount)/premium ranging between (1.91)% and 1.65% over the last transacted price as at the LPD and the latest five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of Ekovest Shares up to and including the LPD; and

(ii) the issue price of the Consideration Shares represents a (discount)/premium ranging between (1.15)% and 2.68% over the last transacted price as at 27 January 2012 and the latest five (5)-day, one (1)-month, three (3)-month and six (6)-month VWAP of Ekovest Shares up to and including 27 January 2012, being the last market day prior to the announcement of the Proposed Share Exchange on 30 January 2012.

8.2.3 Historical market price performance of Ekovest Shares vis-a-vis Bursa Malaysia Construction Index

The movement in the market price of Ekovest Shares for the past one (1) year from 27 January 2012, being the last market day prior to the date of the Original Share Exchange Agreement up to the LPD as compared to the Bursa Malaysia Construction Index are illustrated below:



(Source: Bloomberg)

Based on the chart above, we note that the market price of Ekovest Shares has declined since the announcement of the River of Life Project which has led to the market price of Ekovest Shares underperforming as compared to the Bursa Malaysia Construction Index as highlighted in Section A of the chart. Subsequently, the market price of Ekovest Shares have moved in tandem with the Bursa Malaysia Construction Index which may indicate that the market price of Ekovest Shares have normalised and reflect the market value of Ekovest Shares.

<u>**Commentary by OSK**</u>

As set out in **Section 2.1.6 of Part A of this Circular**, the issue price of RM2.57 per Consideration Share was arrived at based on the five (5)-day VWAP up to 27 January 2012 of RM2.5686 (rounded up to the nearest sen), being the last trading day prior to the date of the Original Share Exchange Agreement. Since the signing of the Original Share Exchange Agreement, which was announced on 30 January 2012, the market price of Ekovest Shares has been generally trading close to the issue price of RM2.57 per Consideration Share.

In the event that the Proposed Exemption is successful, Ekovest stands to benefit from the Proposed Share Exchange which include, amongst others, your Group being able to generate a recurring source of income in the form of toll concessions, and potential improvements on the cash flow of your Group in the future.

Premised on the analysis as set out in Section 8.2 of this Letter which is primarily based on the following factors:

(a) historical market price performance and trading volume of the Ekovest Shares; and

(b) the premium represented by the issue price of the Consideration Shares vis-á-vis the relevant VWAP of the Ekovest Shares;

we are of the opinion that the issue price of RM2.57 per Consideration Share is fair and not to the detriment of the non-interested shareholders as the market price of Ekovest Shares have been trading close to the issue price.

We also wish to highlight that the issuance of Consideration Share as opposed to cash consideration would not be detrimental to the non-interested shareholders as Ekovest would not be required to incur additional borrowings or deplete its current cash reserves to acquire the entire equity in Wira Kristal.

Based on the chart in **Section 8.2.3 of this IAL**, we note that the market price of Ekovest Shares has declined since the announcement of the River of Life Project which has led to the market price of Ekovest Shares underperforming as compared to the Bursa Malaysia Construction Index as highlighted in Section A of the chart. Subsequently, the market price of Ekovest Shares have, in general, moved in tandem with the Bursa Malaysia Construction Index. We note that the issue price of the Consideration Shares does not factor in any control premium save for the marginal premium to the market price accorded to the issuance of Consideration Shares. We have further note that the benefits which includes amongst others, the addition of an asset with the ability to generate stable and recurring revenue and positive operating cash flows which are self-sustaining arising from the Proposed Share Exchange, will bode well for the shareholders of Ekovest. Kindly refer to **Section 16 of this Letter** for further details of the benefits to be derived from the Proposed Exemption.

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9. SALIENT TERMS OF THE RESTATED SHARE EXCHANGE AGREEMENT

As extracted from **Section 2.1.9 of Part A of the Circular**, the salient terms of the Restated Share Exchange Agreement together with our comments are as set out below:

	Salient terms of the Restated Share Exchange Agreement	**Our comments**
(a)	The Consideration shall be satisfied wholly by the issuance and allotment of the Consideration Shares on completion, being thirty (30) days from the date which all conditions precedent are fulfilled or waived.	This is a typical condition precedent applicable to transactions of this nature. We are of the opinion that this term is reasonable and is not to the detriment of the non-interested shareholders of Ekovest.
(b)	The Restated Share Exchange Agreement shall be conditional upon the following being obtained, procured, fulfilled and/or waived within six (6) months from the date of the Restated Share Exchange Agreement: (i) the approval of your shareholders at the forthcoming EGM to be convened for the Proposals; (ii) the approval of Bursa Securities for the listing of and quotation for the Consideration Shares; (iii) the satisfactory financial, legal and business due diligence in relation to the Wira Kristal Group; (iv) the approval of the SC for the Proposed Exemption; and (v) such other waivers, consents or approvals as may be required (or deemed necessary by the WK Shareholders and Ekovest) from any third party or governmental, regulatory body or competent authority having jurisdiction over any part of the Proposed Share Exchange.	These are typical conditions precedent applicable to transactions of this nature. Furthermore, the period of six (6) months imposed to satisfy all the conditions precedent is reasonable as the conditions involve obtaining approvals from various parties as well as to give sufficient time for the completion of the financial, legal and business due diligence in relation to the Wira Kristal Group. As such, we are of the opinion that this term is reasonable and is not to the detriment of the non-interested shareholders of Ekovest.
(c)	The completion of the Proposed Share Exchange is subject to the following conditions: (i) no event of default has occurred or would occur as a result of the completion; (ii) the conditions precedent have been procured, obtained and/or fulfilled or waived by the parties; (iii) the approval from the Government has not been withdrawn or revoked for any reason whatsoever,	These are typical conditions precedent applicable to transactions of this nature. We are of the opinion that this term is reasonable and is not to the detriment of the non-interested shareholders of Ekovest.

	Salient terms of the Restated Share Exchange Agreement	Our comments
	(iv) there has been no material adverse change in the operations and financial condition of the Wira Kristal Group since the date of the Restated Share Exchange Agreement; (v) each of the representations and warranties set out in the Restated Share Exchange Agreement remain accurate at the date of completion as if given on that date by reference to the facts and circumstances then existing; (vi) the WK Shareholders have not breached any undertakings, representations, warranties and covenants; (vii) no governmental entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other order, whether temporary, preliminary or permanent, which is in effect and which has or would have the effect of making the transactions contemplated therein illegal or restraining or prohibiting consummation of such transactions; and (viii) the Concession Agreement shall not be withdrawn or terminated for whatsoever reason;	These are typical conditions precedent applicable to transactions of this nature. We are of the opinion that this term is reasonable and is not to the detriment of the non-interested shareholders of Ekovest.
(d)	The WK Shareholders further covenant and undertake that they shall cause or procure Wira Kristal to deliver, within ten (10) market days from the completion date, the closing accounts of Wira Kristal, Nuzen and Kesturi at the completion date; and	This is a typical conditions precedent applicable to transactions of this nature. We are of the opinion that this term is reasonable and is not to the detriment of the non-interested shareholders of Ekovest.
(e)	The WK Shareholders agree, covenant and undertake to ensure that Ekovest shall preside and have overriding rights over all decisions pertaining to the financing of the DUKE Phase-2 to be secured by Kesturi and WK Shareholders covenant and undertake that they shall cause and/or procure Wira Kristal, Nuzen and Kesturi to obtain prior approval from Ekovest on all matters in respect of the DUKE Phase-2.	We are of the opinion that the terms set out are to facilitate the financing of the DUKE Phase-2 to be secured by Kesturi and to undertake the construction and design of the DUKE Phase-2 after all terms for the DUKE Phase-2 has been finalised. As such, we are of the opinion that these terms are reasonable and are not to the detriment of the non-interested shareholders of Ekovest.

10. EFFECTS OF THE PROPOSED EXEMPTION

The Proposed Exemption and Proposed IASC will not have any effects on your Company's share capital, net assets, gearing, earnings and dividends. However, the Proposed Exemption is undertaken to facilitate the Proposed Share Exchange. As a result you should consider the following effects arising from the Proposed Share Exchange:

10.1 Share capital

The proforma effects of the Proposed Share Exchange on the issued and paid-up share capital as at the LPD are as follows:

	No. of Ekovest Shares	RM
Issued and paid-up share capital as at the LPD	178,793,715	178,793,715
New Ekovest Shares to be issued pursuant to the Proposed Share Exchange	126,723,735	126,723,735
Enlarged issued and paid-up share capital	**305,517,450**	**305,517,450**

10.2 NA and gearing

The proforma effects of the Proposed Share Exchange on the NA and gearing based on the audited consolidated statement of financial position as at 30 June 2012 assuming the Proposed Share Exchange was completed on 30 June 2012 are as follows:

	Audited as at 30 June 2012 RM 000	After the Proposed Share Exchange[(1)] RM 000
Share capital	178,794	305,518
Share premium	46,978	245,934
Reserve	294	294
Retained earnings	184,648	227,789[(2)]
Shareholders' funds/ NA	**410,714**	**779,535**
Non-controlling interest	-	162,910
Total equity	**410,714**	**942,445**
No. of Ekovest Shares in issue ('000)	178,794	305,518
NA per Ekovest Share (RM)	2.30	2.55
Total borrowings (RM 000) [(3)]	71,274	676,851
Gearing ratio (times)[(4)]	0.17	0.87

Notes:

(1) The proforma effects are based on the audited consolidated statement of financial position of Wira Kristal for FYE 31 December 2011.

(2) The proforma retained earnings after the Proposed Share Exchange takes into consideration amongst others, the recognition of negative goodwill of approximately RM26 million on consolidation of the Wira Kristal Group into your Group, the write-back of the impairment loss of approximately RM20 million previously provided by your Group in respect of its existing holdings of Junior Bonds, Kesturi RPS A and WK RPS and the estimated expenses of approximately RM3 million for the Proposed Share Exchange.

(3) *The total borrowings stated above are based on your Group's borrowings as at 30 June 2012 and the fair value of Wira Kristal Group's liabilities assumed as at 31 December 2011, in accordance with Financial Reporting Standard - FRS 3 Business Combination.*

The total borrowings of your Group and after the Proposed Share Exchange are as follows:

	Amount RM'000
Your Group's total borrowings as at 30 June 2012	*71,274*
Total borrowings of Wira Kristal Group as at 31 December 2011	*1,217,207*
Elimination on consolidation:	
Elimination of inter-company borrowings between your Group and Wira Kristal Group	*(321,177)*
Fair value adjustments of external borrowings for Wira Kristal Group	*(290,452)*
Borrowings after the Proposed Share Exchange	*676,851*

(4) *The gearing ratio is calculated by dividing the total borrowings with shareholders' funds/NA.*

10.3 Earnings

The Proposed Share Exchange is expected to be completed by the first half of 2013. The effects of the Proposed Share Exchange on your future consolidated earnings and EPS would depend on, amongst others, the future performance of the DUKE, as well as the future performance of your Group.

For illustrative purposes, assuming that the Proposed Share Exchange was completed on 1 July 2011, being the beginning of the financial year ended 30 June 2012, the proforma effects to the PATAMI and EPS of your Group are as follows:

	Audited as at 30 June 2012 RM 000	After the Proposed Share Exchange RM 000
Our consolidated PATAMI	72,644	72,644
Wira Kristal's audited consolidated LATAMI for the year ended 31 December 2011	-	(36,692) [(1)]
Proforma PATAMI	72,644	35,952
Weighted average number of Ekovest Shares in issue ('000)	178,794	305,518 [(2)]
EPS (sen)	40.63	11.77

Note:

(1) *The LATAMI of RM36.692 million incurred by Wira Kristal Group is mainly attributed to finance cost. Total finance costs of Wira Kristal Group for the year ended 31 December 2011 were RM107.127 million.*

(2) *After incorporating the Consideration Shares assumed in issue as at 1 July 2011.*

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10.4 Substantial Shareholders' Shareholding

The Proposed Exemption would allow PAC Group to increase their shareholdings in Ekovest pursuant to the issuance of the Consideration Shares arising from the Proposed Share Exchange and a dilution of the equity interest of the non-interested shareholders of Ekovest therefrom. For illustrative purposes, the effects of the Proposed Share Exchange on the substantial shareholders' shareholding are as follows:

	As at the LPD				After the Proposed Share Exchange			
	Direct		Indirect		Direct		Indirect	
Name	No. Ekovest Shares '000	%	No. Ekovest Shares '000	%	No. Ekovest Shares '000	%	No. Ekovest Shares '000	%
EHSB	37,250,000	20.83	-	-	37,250,000	12.19	-	-
Khoo Nang Seng @ Khoo Nam Seng	17,706,000	9.90	-	-	17,706,000	5.80	-	-
LSHH	9,836,300	5.50	3,761,300(1)	2.10	9,836,300	3.22	3,761,300(1)	1.23
Tan Sri Lim	4,757,000	2.66	37,250,000(2)	20.83	55,446,494	18.15	37,250,000(2)	12.19
Dato' Haris	-	-	-	-	76,034,241	24.89	-	-
Lim Keng Cheng	-	-	13,597,600(3)	7.61	-	-	13,597,600(3)	4.45
Lim Keng Guan	-	-	13,597,600(3)	7.61	-	-	13,597,600(3)	4.45
Lim Keng Hun	-	-	13,597,600(3)	7.61	-	-	13,597,600(3)	4.45
Lim Pak Lian	-	-	13,597,600(3)	7.61	-	-	13,597,600(3)	4.45

Notes:

(1) *Deemed interested by virtue of its direct interest in Fablelite Sdn Bhd pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of his direct interest in EHSB pursuant to Section 6A of the Act.*

(3) *Deemed interested by virtue of his/her interest in LSHH pursuant to Section 6A of the Act.*