

**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 advisers immediately.

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EASTLAND EQUITY BHD. 200001013359 (515965-A)

**EASTLAND EQUITY BHD.**  
Registration No.: 200001013359 (515965-A)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

**PROPOSED SETTLEMENT OF RM10,990,000 DEBTS OWING TO LEE CHEE KIANG, ITS MANAGING DIRECTOR, VIA THE ISSUANCE OF 104,966,571 NEW ORDINARY SHARES IN EASTLAND EQUITY BHD. AT AN ISSUE PRICE OF RM0.1047 PER SHARE**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Principal Adviser**



**AmInvestment Bank**

**AmInvestment Bank Berhad**  
(Registration No. 197501002220 (23742-V))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“**EGM**”) of Eastland Equity Bhd. (“**Eastland**”) will be held via a fully virtual platform at the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 3 March 2021 at 11.00 a.m., or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed herewith in this Circular.

Please complete and return your Form of Proxy in accordance with the instructions thereon as soon as possible to the Company’s Share Registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 1 March 2021 at 11.00 a.m.  
Date and time of the EGM : Wednesday, 3 March 2021 at 11.00 a.m, or at any adjournment thereof

This Circular is dated 11 February 2021

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## DEFINITIONS

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

<b>Act</b>	: Companies Act, 2016 of Malaysia, as amended from time to time including any re-enactment thereof
<b>AmInvestment Bank or Principal Adviser</b>	: AmInvestment Bank Berhad (Registration No.: 197501002220 (23742-V))
<b>Board</b>	: Board of Directors of Eastland
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
<b>Circular</b>	: This circular dated 11 February 2021 in relation to the Proposed Debt Settlement
<b>COVID-19</b>	: Coronavirus disease
<b>Director's Advances Agreement</b>	: The agreement dated 16 June 2019 entered into between Eastland and LCK to regularise the advances made by LCK to Eastland
<b>Eastland or Company</b>	: Eastland Equity Bhd. (Registration No.: 200001013359 (515965-A))
<b>Eastland Group or Group</b>	: Collectively, Eastland and its subsidiaries
<b>Eastland Shares or Shares</b>	: Ordinary shares in Eastland
<b>EGM</b>	: Extraordinary General Meeting
<b>EPS</b>	: Earnings per share
<b>FP</b>	: Financial period ended/ending, as the case may be
<b>FY</b>	: Financial year ended/ending 30 June, as the case may be
<b>LAT</b>	: Loss after tax
<b>LCK</b>	: Lee Chee Kiang, the Managing Director and substantial shareholder of Eastland as at LPD
<b>Listing Requirements</b>	: Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	: 2 February 2021, being the latest practicable date prior to the printing of this Circular
<b>Main Market</b>	: Main Market of Bursa Securities
<b>Market Day</b>	: A day on which Bursa Securities is open for trading in securities
<b>MCO</b>	: Movement control order
<b>NA</b>	: Net assets

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**DEFINITIONS (Cont'd)**

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<b>Proposed Debt Settlement</b>	:	Proposed settlement of debts amounting to RM10,990,000 owing by Eastland to LCK to be fully satisfied via the issuance of the Settlement Shares at an issue price of RM0.1047 per Settlement Share
<b>Record of Depositors</b>	:	A record of depositors established by Bursa Depository under the rules of Bursa Depository, as amended from time to time
<b>RM and sen</b>	:	Ringgit Malaysia and sen, respectively
<b>Settlement Agreement</b>	:	The settlement agreement dated 26 November 2020 entered into between Eastland and LCK for the Proposed Debt Settlement
<b>Settlement Shares</b>	:	104,966,571 Eastland Shares to be allotted and issued to LCK under the Proposed Debt Settlement in accordance with the Settlement Agreement
<b>VWAP</b>	:	The average daily traded volume weighted price per Share

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to “**you**” in this Circular are to Eastland Shareholder(s). All references to “**Major Shareholder**” shall have the meaning ascribed to them in the Listing Requirements.

Any reference in this Circular to any provision of a statute, rule, regulation, enactment, or rule of a stock exchange shall (where the context admits) be construed as a reference to the provision of such statute, rule, regulation, enactment or rule of a stock exchange (as the case may be) as modified by any written law, or, if applicable, any amendment of re-enactment to the statute, rule, regulation, enactment or rule of a stock exchange for the time being in force. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amount listed, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Eastland Group’s plans and objectives will be achieved.

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**EASTLAND EQUITY BHD.**  
Registration No.: 200001013359 (515965-A)  
(Incorporated in Malaysia)

**Registered Office:**  
12th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor  
Malaysia

11 February 2021

### **Board of Directors**

Mohamed Akwal Bin Sultan Mohamad	(Independent Non-Executive Director/Chairman)
Lee Chee Kiang	(Managing Director)
Tan Chin Hong	(Executive Director)
Eric Wee Ei-Mas	(Executive Director)
Phang Kiew Lim	(Executive Director)
Masleena Binti Zaid	(Independent Non-Executive Director)
Ong Lu Yuan	(Independent Non-Executive Director)

### **To: The Shareholders of Eastland Equity Bhd.**

Dear Sir/Madam,

### **PROPOSED DEBT SETTLEMENT**

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#### **1. INTRODUCTION**

On 26 November 2020, AmInvestment Bank had, on behalf of the Board, announced that Eastland had entered into a settlement agreement to settle debts amounting to RM10,990,000 owing to Lee Chee Kiang, its Managing Director, via the issuance of 104,966,571 Settlement Shares at an issue price of RM0.1047 per Settlement Share ("**Settlement Agreement**").

On 21 January 2021, AmInvestment Bank had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 21 January 2021, resolved to approve the listing of and quotation for 104,966,571 Settlement Shares to be issued pursuant to the Proposed Debt Settlement, subject to the conditions as set out in Section 6 of this Circular.

**The purpose of this Circular is to provide you with the relevant information on the Proposed Debt Settlement and to seek your approval for the resolution pertaining to the Proposed Debt Settlement to be tabled at the Company's forthcoming EGM. The notice of EGM and the form of proxy are enclosed in this Circular.**

**Shareholders are advised to read and carefully consider the contents of this Circular together with the appendices contained herein before voting on the resolution pertaining to the Proposed Debt Settlement to be tabled at the Company's forthcoming EGM.**

## 2. PROPOSED DEBT SETTLEMENT

Eastland's principal activity is investment holding. The principal activities of its subsidiaries include property development, property investment, hotel operations and money lending.

The financial performance of the Group for the past 3 financial years and the latest unaudited 9 months results for FP 30 September 2020 are set out below:-

FY 31 December	Audited			Unaudited
	2017	2018	2019	9 months FP 30.09.2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	17,742	21,305	18,074	8,574
LAT	(7,944)	(7,159)	(12,790)	(9,137)
<b>Shareholders' Funds</b>	<b>184,773</b>	<b>175,979</b>	<b>170,361</b>	<b>161,271</b>

The Board acknowledges that the past years had been exceedingly challenging for Eastland Group as it faced intense competition resulting in declining revenue resulting with the Group recording losses for the past 3 consecutive financial years.

Since his appointment as the Chief Executive Officer of the Company on 23 January 2018 (and subsequently re-designated as the Managing Director on 1 July 2018), to enable the Group to meet its working capital obligations, LCK had made numerous advances to the Group to facilitate its continued operations.

On 16 June 2019, the Company had entered into a Director's Advances Agreement with LCK to regularise the advances that LCK had made to the Group. The salient terms of the Director's Advances Agreement are set out in Section 2.7 of this Circular. For clarification, subsequent to the expiry of the Director's Advances Agreement on 30 April 2020, LCK had on 3 August 2020 entered into a letter of exchange with Eastland to advance RM300,000 to the Eastland Group, subject to the terms of the Director's Advances Agreement. The RM300,000 advance was made on 28 August 2020. As at the date of the Settlement Agreement, LCK had advanced RM10,990,000 to Eastland Group. The advances were interest free.

On 26 November 2020, the Company had entered into a Settlement Agreement with LCK to settle the debts owing by Eastland Group to LCK. Under the agreement, RM10,990,000 debts ("**Settlement Sum**") are to be settled via the issuance of 104,966,571 Settlement Shares at an issue price of RM0.1047 per Settlement Share. Such number of Settlement Shares represents 32.37% of the total number of issued Eastland Shares as at LPD.

On 31 December 2020, LCK had further advanced RM450,000 to Eastland Group. The advance was interest free, and with no fixed terms of repayment. For information, LCK or Eastland had not entered into any agreement or letter of exchange to facilitate the advance.

### 2.1 Information on LCK

LCK, a Malaysian, age 47, is the Managing Director of Eastland. He was appointed the Chief Executive Officer of the Company on 23 January 2018 and was re-designated as the Managing Director on 1 July 2018. As at LPD, LCK is a substantial shareholder of the Company holding approximately 7.78% equity interest in Eastland.

## 2.2 Details of the amount owing to LCK

As at LPD, the amount owing by Eastland Group to LCK amounted to RM11,440,000 ("**LCK Debt**"). The advances were made to Eastland Group since January 2018 as follows:-

<u>Date</u>	<u>Amount</u> <u>(RM)</u>
31 December 2020	450,000
28 August 2020	300,000
1 April 2020	210,000
25 March 2019	<sup>(i)</sup> 4,000,000
27 September 2018	740,000
26 September 2018	600,000
26 July 2018	1,100,000
10 July 2018	2,000,000
2 April 2018	1,000,000
29 March 2018	1,000,000
29 January 2018	40,000
Total LCK Debt	<u>11,440,000</u>
<b>Less: Debt settled through the Proposed Debt Settlement</b>	<b><u>(10,990,000)</u></b>
Amount owing to LCK after the Proposed Debt Settlement	<u>450,000</u>

### **Note:**

- (i) On 25 January 2018, Eastland Group in its ordinary course of business, received an amount of RM4.00 million, being the deposit for the disposal of its 9 units shop lots in Project Bandar Tasek Raja, at Pasir Mas, Kelantan. Subsequently, the buyer had vide a letter dated 22 November 2018, terminated the transaction as Eastland was unable to obtain the requisite approval from the authorities to convert the shop lots from bumiputera to non-bumiputera status ("**Terminated Transaction**"). The buyer in the same letter also requested for the refund of RM4.00 million, being the abovementioned deposit. As Eastland Group had already utilised the RM4.00 million to repay bank borrowings and interests, the repayment of RM4.00 million to the buyer was made by LCK in March 2019. Pursuant thereto, the aforementioned RM4.00 million repayment by LCK on behalf of Eastland Group was recognised as advances from LCK.

The LCK Debt had been accumulated by the Eastland Group since January 2018 and such amount received by the Eastland Group were utilised for the following:-

<u>Details</u>	<u>RM'000</u>
Repayment of bank borrowings and interests	<sup>(i)</sup> 3,731
Payment for working capital	<sup>(ii)</sup> 3,709
Refund of deposit for the Terminated Transaction	4,000
<b>Total</b>	<b><u>11,440</u></b>

**Notes:**

(i) The details for the repayment of bank borrowings and interests are as follows:-

Facility	Outstanding amount as at 2.2.2021	Total amount repaid
	<b>RM'000</b>	<b>RM'000</b>
Business financing-i (term loan)	29,940	1,943
Business cashline-i (overdrafts)	30,000	1,725
Hire Purchase	5	63
<b>Total</b>	<b>59,945</b>	<b>3,731</b>

Based on the effective interest rate of 7.85%-8.18%, the proposed repayment has resulted in estimated annual interest savings of RM180,379.

(ii) The breakdown for payment for working capital are as follows:-

Details	Amount
	<b>RM'000</b>
Staff cost	(a) 2,582
Professional fees	(b) 739
Insurance	47
Other operating expenses	(c) 341
<b>Total</b>	<b>3,709</b>

(a) Payment for staff costs included staff salary, Directors' remuneration and contributions to the Employees Provident Fund and the Social Security Organisation. Director's remuneration amounted to RM0.61 million of which RM0.04 million was paid to LCK.

(b) Payment for professional fees included, amongst others, auditor fees, tax agent fees, company secretary fees and legal adviser fees.

(c) Payment for other operating expenses included, amongst others, printing fees, office rental and electricity.

Eastland had considered, amongst others, the following in taking up the advances from LCK:-

- (i) Eastland Group had at that material point in time, almost fully utilised all banking facilities available to Eastland Group;
- (ii) There is no interest charged for advances from LCK;
- (iii) No collateral is required for advances from LCK;
- (iv) There is no fixed repayment schedule for advances from LCK; and
- (v) The borrowings would enable Eastland Group's working capital funding requirements to be addressed in a timely manner.

### 2.3 Basis of pricing

The issue price per Settlement Share has been fixed by the Board at RM0.1047, after taking into consideration the following:-

- (i) the 5-day VWAP of Eastland Shares up to and including 25 November 2020, being the date immediately prior to the execution of the Settlement Agreement, of RM0.1047; and



- (ii) the rationale for the Proposed Debt Settlement as set out in Section 3 of this Circular.

## 2.4 Ranking of the Settlement Shares

The Settlement Shares shall, upon allotment and issue, carry the same rights as the existing Eastland Shares, save and except that the Settlement Shares shall not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid for which the relevant entitlement date is prior to the date of allotment of the Settlement Shares.

## 2.5 Listing of and Quotation for the Settlement Shares

Bursa Securities had vide its letter dated 21 January 2021 granted its approval for the listing of and quotation for 104,966,571 Settlement Shares on the Main Market of Bursa Securities.

## 2.6 Salient terms of the Settlement Agreement

### (i) Conditions precedent

The Proposed Debt Settlement pursuant to the Settlement Agreement is conditional upon the following being obtained (collectively referred to as the "**Conditions Precedent**"):-

- (a) Eastland obtaining the approval of the shareholders of Eastland for the issuance of the Settlement Shares as full and final settlement of Settlement Sum upon the terms and conditions contain in the Settlement Agreement;
- (b) Eastland obtaining the approval of Bursa Securities for the listing of and quotation for the Settlement Shares on the Main Market of Bursa Securities; and
- (c) the approvals, consents, authorisations, permits or waivers of any other relevant authorities and any other third parties necessary or appropriate for the issuance of the Settlement Shares and/or settlement of Settlement Sum pursuant to the terms of the Settlement Agreement having been obtained, if any.

The parties shall also furnish evidence of the approvals immediately upon receipt of the same and such information required by the other party.

In the event that any approvals set out in Section 2.6(i) is subject to any conditions, variations or modifications ("**Adverse Condition**") which materially affects any party ("**Affected Party**"), the Affected Party shall be entitled to give notice in writing of the same to the other party within 2 business days (or such other extension of time as may be agreed upon by the parties hereto) of the Affected Party being notified of such terms and conditions, failing which the Affected Party shall be deemed to have accepted such terms and conditions and such approval or waiver, as the case may be, shall be deemed to have been obtained. However, if the Affected Party decides to seek an amendment or waiver of such terms and condition, then:-

- (a) the Affected Party, if such Affected Party is the applicant, shall have 10 business days from the date of the receipt of such terms and conditions; or
- (b) if the Affected Party is not the applicant, the applicant shall have 10 business days from the date of the receipt of the notification from the Affected Party,

to submit to the authorities an appeal for an amendment or waiver of such terms and conditions and if such amendment or waiver is not obtained within 1 month from the date of the submission of the appeal or such further extension as may be agreed by the parties, the relevant approval or waiver shall be deemed not to have been obtained.

Notwithstanding anything to the contrary, the Conditions Precedent shall be satisfied on or before 6 months from the date of the Settlement Agreement ("**Cut-Off Date**").

Thereafter, the parties may (before or on expiry of the Cut-Off Date) have an extension(s) of time as may be agreed between the parties to comply with the Conditions Precedent. If the Conditions Precedent has not been fulfilled on the expiry of the Cut-Off Date or such extension of time agreed between the parties, then the Settlement Agreement shall lapse and cease to have any further force or effect and thereafter none of the parties shall have any further rights against the other(s).

The parties agree that the Settlement Agreement shall be unconditional upon the fulfilment of all the Conditions Precedents set out in Section 2.6(i) ("**Unconditional Date**").

**(ii) Settlement and acceptance of Settlement Shares**

- (a) The parties agree that the Proposed Debt Settlement shall be conditional on all parties complying with their respective obligations under the Settlement Agreement and the listing of and quotation for the Settlement Shares on the Main Market of Bursa Securities.
- (b) Eastland shall within the period 30 days from the Unconditional Date, subject to any extended period as the parties may mutually agree upon in writing ("**Settlement Date**"), allot and issue the Settlement Shares directly into the CDS account of LCK.
- (c) LCK shall, before the Cut-Off Date, notify Eastland in writing of the details of LCK's CDS accounts and hereby authorises Eastland, through its agents or otherwise, for the purposes of crediting/allotting/issuing the Settlement Shares.

**2.7 Salient terms of the Director's Advances Agreement**

As stated in Section 2 of this Circular, Eastland had on 16 June 2019 entered into a Director's Advances Agreement with LCK to regularise the advances that LCK had made to the Group prior to the date of the said agreement. The salient terms of the Director's Advances Agreement are set out below:-

- (i) LCK agrees to lend and make available to Eastland a loan amount of up to RM21.0 million ("**Total Loan Amount**") subject to the terms and conditions of the Director's Advances Agreement.
- (ii) Eastland shall not be entitled to borrow the remaining sum of the Total Loan Amount or any part thereof after the commitment termination date, being 30 April 2020 ("**Commitment Termination Date**"), unless the prior mutual written consent of LCK and Eastland is obtained to extend such period. For clarification, Eastland was entitled to borrow such amount up to the Total Loan Amount from the date of the Director's Advances Agreement up to the Commitment Termination Date.
- (iii) The loan made by LCK to Eastland shall not bear interest.
- (iv) Eastland agrees and undertakes that it shall repay the loan and future loan (if applicable) in one lump sum or in such amount and at such time or times as LCK shall from time to time demand after the Commitment Termination Date by at least 90 days' notice in writing to Eastland subject always that such repayment will not materially impact Eastland's operating cash flow in a negative manner ("**Borrower's Financial Condition**"). In the event there is any dispute on the Borrower's Financial Condition, the parties shall appoint an independent third-party licenced auditor approved by both parties to determine if the repayment under this clause would materially impact the operating cash flow of Eastland in a negative manner. The independent third-party licenced auditor shall act as experts and not arbitrators and their decision of the licenced auditor shall be final and conclusive. The costs and expenses incurred in relation to the appointment of an independent third-party licenced auditor under this clause shall be borne by both parties equally.

- (v) Notwithstanding anything contained in the Director's Advances Agreement, the loan, balance of the loan or future loan for the time being outstanding shall become immediately due and repayable without deduction or set-off subject always to the relevant provisions of the applicable laws:-
- (a) upon the occurrence of the following events:-
- if a petition is presented or an effective resolution is passed for winding-up;
  - if Eastland ceases or threatens to cease to carry on its business or substantially the whole of its business, unless otherwise determined with the prior written consent of LCK (whose consent shall not be unreasonably withheld);
  - if a receiver is appointed of any part of the assets of Eastland.
- (b) within 1 month upon the occurrence of the following events:-
- if Eastland commits any breach of the Director's Advances Agreement in a material respect;
  - if Eastland fails to make any payment due under the Director's Advances Agreement on the due date;
  - any representation or warranty made by Eastland pursuant to the Director's Advances Agreement is incorrect;
  - if for whatever reason, LCK ceases to be the managing director of Eastland, except where LCK chooses to resign as such on his own volition.
- (vi) Eastland acknowledges, represents and warrants to LCK that Eastland shall make every reasonable effort to repay the loan, balance of the loan and the future loan (if applicable) in accordance with the terms of the Director's Advances Agreement whenever Eastland obtains any banking facilities or completes any fund raising exercise. For the avoidance of doubt, such fund raising exercise shall not include the proposed share issuance which was announced by Eastland to Bursa Securities on 24 April 2019 and completed on 26 June 2019.

### **3. RATIONALE FOR THE PROPOSED DEBT SETTLEMENT**

Eastland Group is principally involved in property development, property investment, hotel operations and money lending.

As set out in Section 2 of this Circular, the Board acknowledges that the past years have been exceedingly challenging for Eastland Group as it faced intense competition resulting in declining revenue with Eastland Group recording losses for the past 3 consecutive financial years.

The financial results of Eastland Group for the 9-months FP 30 September 2020 had further weakened, as reflected in the reduction of revenue to RM8.6 million (2019: RM13.4 million), due the COVID-19 pandemic. The pandemic prompted the Malaysian Government to declare the MCO, placing restrictions on the mobility of the public and shutting its borders. As at LPD, travel restrictions are still in force, thus placing continued strain on the Group's operations.

For information, as at LPD, Eastland has not carried out any fund raising exercises for the past 12 months. The Company's cash and bank balances as at LPD is approximately RM2.1 million.

The Board is of the opinion that the Proposed Debt Settlement is an appropriate and reasonable option after considering the financial position of the Group and that the proposal would facilitate the following:-

- (i) to repay the amount owing to LCK without any cash payment thus allowing the Group to preserve its cash flows;
- (ii) to further strengthen the Company's equity base as well as NA and gearing ratio of the Group through the increase in the share capital of Eastland; and
- (iii) to increase the shareholding of LCK (Managing Director) from 7.78% to 30.33% in Eastland, to further affirm his commitment to Eastland.

### **3.1 Value creation and impact of the Proposed Debt Settlement to the Company and its shareholders**

The Proposed Debt Settlement is not expected to have any material impact on the earnings of the Group as the Proposed Debt Settlement does not involve any injection of new funds into the Company.

However, the Group's EPS and Eastland shareholders' shareholdings (other than LCK) will be diluted as a result of the increase in the number of issued Eastland Shares upon issuance of the Settlement Shares.

The Proposed Debt Settlement would allow the Group to preserve its cash flow and utilise it for working capital requirements instead of utilising its cash reserve to repay debt owing to LCK amounting to RM10,990,000.

### **3.2 Adequacy of the Proposed Debt Settlement in addressing the Group's financial concerns**

The Proposed Debt Settlement is not intended to address the Group's current financial concerns. Nevertheless, as illustrated in Section 4.3 of this Circular, the Proposed Debt Settlement will improve the Company's capital structure as well as its gearing. The purpose of the Proposed Debt Settlement is to repay the debt owing to LCK amounting to RM10,990,000 while still allowing the Group to continue its operations.

Going forward, the Board will continue to assess the Group's funding requirements which may include, amongst others, undertaking corporate exercises to improve its financial condition.

### **3.3 Steps or actions which have been taken/will be taken to improve the financial condition of the Group**

The Group has taken the following measures to improve its financial position:-

- (i) The Group has an on-going project in Pasir Mas, Kelantan, namely the Bandar Tasek Raja commercial property development, which is a joint venture with Majlis Daerah Pasir Mas. The Group proposed to develop the project in 2 phases, comprising shoplots, a market, a supermarket, a bus station and taxi terminal, and other ancillary buildings.

The status of the project as at LPD is set out below:-

<u>Description</u>	<u>GDV RM'000</u>	<u>Construction works</u>	<u>Launched</u>	<u>Units sold No. of units</u>	<u>Balance unsold No. of units</u>
<u>Phase 1</u>					
112 units of shoplots	42,300	Completed in 2016	29 September 2011	97	15

<u>Description</u>	<u>GDV RM'000</u>	<u>Construction works</u>	<u>Launched</u>	<u>Units sold No. of units</u>	<u>Balance unsold No. of units</u>
<u>Phase 2</u>					
(a) 30 units of shoplots	22,300	On-going*	5 - 6 January 2017	6	24
(b) 124 units of shoplots	102,200	Not commenced		-	124
<b>Total</b>	<b>166,800</b>			<b>103</b>	<b>163</b>

**Note:**

\* To date, the Group has completed 61.30% of part (a) Phase 2 of Bandar Tasek Raja project consisting of 30 units shoplots.

For information, the Bandar Tasek Raja project has an estimated aggregate gross development cost of approximately RM140.6 million.

In view of the soft property market condition, the COVID-19 pandemic, banks' cautious stance on providing end-financing for certain property sectors and to manage the Group's cash flow, the Group had decided to put on hold further development of its phase 2 Bandar Tasek Raja project. The Board will consider, amongst others, the property market sentiment and the financial position of the Group when deciding the timing to resume its development of its shoptlots.

Notwithstanding the above, the Board is continuously identifying new opportunities for development projects to provide the Group with new income streams. Pursuant thereto, the Company had on 18 August 2020 announced that its wholly-owned subsidiary, FBO Land (Setapak) Sdn. Bhd. had entered into a conditional sale and purchase agreement with Inland World Sdn. Bhd. to purchase a joint development right for a development situated in Damai, Kota Kinabalu, Sabah. Further details of the transaction are set out in Section 10 of this Circular.

- (ii) For the hospitality segment, the Group had capitalised on the hygiene concern arising from the COVID-19 pandemic and its hotel's reputation as amongst the more established hotel in Kota Bharu, and had on 13 May 2020 embarked on a marketing campaign which emphasizes on the standard operating procedures that the hotel had undertaken. The Group hopes that this will in turn translate to improved occupancy rates for its hotel. In addition, the Group had on 11 November 2020 started providing food delivery service for its food and beverages business (as part of the Group's hospitality segment) via third-party online food delivery service provider (Food2U) to capitalise on the increasing popularity of food delivery services, in anticipation of expanding its food and beverages customer base.
- (iii) The Proposed Debt Settlement is intended to reduce amount owing by the Group to LCK and accordingly improve the financial position of the Group.
- (iv) The Group will continue to seek and explore non-property related business opportunities that would contribute positively towards the Group's financial performance. The Board acknowledges the current weak economic sentiments and the ongoing COVID-19 pandemic and remains cautious in exploring any new business opportunities. As at LPD, the Board has yet to identify any business opportunities. The Company will make the necessary announcement(s) in accordance with the Listing Requirements and seek shareholders' approval (if required) as and when the Company has entered into any agreements for new business opportunities, if any.
- (v) The Group had on 1 December 2020 restructured and rescheduled the payment schedule for its bank borrowings with its main financier, namely Bank Islam Malaysia Berhad, which will allow the Group to preserve its cash flow for the Group's existing operations.

#### 4. EFFECTS OF THE PROPOSED DEBT SETTLEMENT

##### 4.1 Share capital

For illustrative purposes, the proforma effects of the Proposed Debt Settlement on the issued share capital of the Company are as follows:-

Description	No. of Shares	RM
Share capital as at LPD	324,281,570	129,878,659
To be issued pursuant to the Proposed Debt Settlement	104,966,571	10,990,000
<b>Enlarged issued share capital</b>	<b>429,248,141</b>	<b>140,868,659</b>

##### 4.2 Substantial shareholders' shareholdings

The proforma effects of the Proposed Debt Settlement on the shareholdings of the substantial shareholders of Eastland based on the Register of Substantial Shareholders as at LPD are set out below:-

	As at LPD				After Proposed Debt Settlement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
LCK	25,236,200	7.78			130,202,771	30.33	-	-
Prestige Pavilion Sdn Bhd	17,670,000	5.45			17,670,000	4.12	-	-
Tan Chin Hong	-	-	<sup>(i)</sup> 18,333,928	5.65	-	-	<sup>(i)</sup> 18,333,928	4.27
Tan Chin Hao	84,000	0.03	<sup>(ii)</sup> 18,249,928	5.63	84,000	0.02	<sup>(ii)</sup> 18,249,928	4.25

##### Notes:

(i) Deemed interest by virtue of his interest in Prestige Pavilion Sdn Bhd and Danhwa Holding Sdn Bhd and deemed interest by virtue of his sister, Ms Adeline Tan Wan Chen and brother, Mr Tan Chin Hao's shareholding in the Company.

(ii) Deemed interest by virtue of his interest in Prestige Pavilion Sdn Bhd and Danhwa Holding Sdn Bhd and deemed interest by virtue of his sister, Ms Adeline Tan Wan Chen's shareholding in the Company.

For information, LCK will become the single largest shareholder in the Company pursuant to the Proposed Debt Settlement. The Proposed Debt Settlement will not result in a change in controlling shareholder in accordance with Chapter 1 of the Listing Requirements.

#### 4.3 Net assets (“NA”), NA per share and gearing

Based on the consolidated audited statements of financial position of Eastland as at 31 December 2019 and assuming that the Proposed Debt Settlement was completed on 31 December 2019, the proforma effects of the Proposed Debt Settlement on the consolidated NA per Share and the gearing of Eastland are as follows:-

	Audited as at 31 December 2019 RM	After Proposed Debt Settlement RM
Share capital	129,878,659	140,868,659
Other reserves	112,329,553	112,329,553
Accumulated losses	(71,847,321)	<sup>(i)</sup> (72,097,321)
Total equity / NA	<b>170,360,891</b>	<b>181,100,891</b>
Number of Shares in issue	324,281,570	429,248,141
NA per Share (sen)	52.53	42.19
Total borrowings (RM)	59,559,974	59,599,974
Gearing ratio (times)	0.35	0.33

**Note:**

(i) After deducting estimated expenses for the Proposed Debt Settlement of approximately RM250,000. For information, the estimated expenses will be financed by internally generated funds and/or advances from directors.

#### 4.4 Earnings and EPS

The Proposed Debt Settlement is not expected to have any material effect on the earnings of the Group for FY 2021.

The Proposed Debt Settlement will result in an immediate dilution of Eastland's EPS as a result of the increase in the number of Eastland Shares in issue upon completion of the Proposed Debt Settlement.

Based on the consolidated audited statements of financial position of Eastland as at 31 December 2019 and assuming that the Proposed Debt Settlement was completed on 31 December 2019, the proforma effects of the Proposed Debt Settlement on the EPS of Eastland are as follows:-

	Audited FY 31 December 2019 RM	After Proposed Debt Settlement RM
Loss for the year	(12,789,732)	(12,789,732)
Number of ordinary shares	<sup>(i)</sup> 324,281,570	429,248,141
EPS	(0.04)	(0.03)

**Note:**

(i) Based on 324,281,570 total issued Eastland Shares as at 31 December 2019.

#### 4.5 Convertible securities

As at LPD, Eastland does not have any convertible securities.

## 5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Eastland Shares as traded on the Main Market of Bursa Securities for the past 12 months from February 2020 to January 2021 are as follows:-

	<b>High (RM)</b>	<b>Low (RM)</b>
<b>2020</b>		
February	0.085	0.075
March	0.085	0.035
April	0.065	0.045
May	0.090	0.055
June	0.080	0.060
July	0.105	0.060
August	0.190	0.085
September	0.230	0.095
October	0.145	0.090
November	0.120	0.090
December	0.160	0.105
<b>2021</b>		
January	0.165	0.120
		<b>RM</b>
The last transacted market price of Eastland Shares on 25 November 2020 <i>(being the last Market Day immediately prior to the announcement of the Proposed Debt Settlement)</i>		0.105
The last transacted market price of Eastland Shares as at LPD		0.130

*(Source: Bloomberg)*

## 6. APPROVALS REQUIRED

The Proposed Debt Settlement is conditional upon the following approvals being obtained:-

- (i) the shareholders of Eastland at the EGM to be convened for the Proposed Debt Settlement;
- (ii) Bursa Securities for the listing of and quotation for the Settlement Shares on the Main Market of Bursa Securities which was obtained on 21 January 2021, subject to the following conditions:-

<b>No.</b>	<b>Conditions</b>
------------	-------------------

- |     |  |
|-----|--|
| (a) | Eastland and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Debt Settlement; |
| (b) | Eastland and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposed Debt Settlement;   |



<b>No.</b>	<b>Conditions</b>
(c)	Eastland to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Debt Settlement is completed; and
(d)	Eastland to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed Debt Settlement.

(iii) any other relevant authority and/or party, if any.

## **7. CONDITIONALITY OF THE PROPOSAL**

The Proposed Debt Settlement is not conditional upon any other proposals undertaken or to be undertaken by the Company.

## **8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

Save as disclosed below, none of the directors, chief executive and/or major shareholders of Eastland and/or any persons connected to them have any interest, direct or indirect, in the Proposed Debt Settlement.

LCK is the Managing Director and a substantial shareholder of Eastland holding 25,236,200 Eastland Shares representing 7.78% of the total issued shares of Eastland as at LPD. LCK is interested in the Proposed Debt Settlement ("**Interested Director**").

Accordingly, LCK has abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings of the Company pertaining to the Proposed Debt Settlement.

LCK will also abstain from voting in respect of his direct and indirect shareholdings (if any) at the EGM on the resolution pertaining to the Proposed Debt Settlement. LCK has also undertaken to ensure that persons connected to him will abstain from voting in respect of their direct and indirect shareholdings at the EGM on the resolution pertaining to Proposed Debt Settlement.

## **9. RECOMMENDATION AND BASIS OF RECOMMENDATION**

The Board (save for the Interested Director), having considered all aspects of the Proposed Debt Settlement, including but not limited to the rationale and effects of the Proposed Debt Settlement, is of the opinion that the Proposed Debt Settlement is in the best interest of the Company.

Accordingly, the Board (save for the Interested Director) recommends that you vote **IN FAVOUR** of the resolution pertaining to the Proposed Debt Settlement to be tabled at the Company's forthcoming EGM.

## 10. **OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

On 18 August 2020, the Company announced that its wholly-owned subsidiary, FBO Land (Setapak) Sdn. Bhd. (“**FBO**”) had entered into a conditional sale and purchase agreement (“**CSPA**”) with Inland World Sdn. Bhd. (“**IWSB**”). The CSPA lays out the agreement for FBO to purchase all rights, title, benefits, interests, covenants, undertakings, duties, liabilities and obligations of IWSB under the Joint Venture Agreement (as defined herein) which are to be transferred to and/or assumed by FBO pursuant to the CSPA, for a purchase consideration of RM8.0 million.

For information, IWSB had on 18 September 2018 enter into a joint venture agreement with Sabah Urban Development Corporation Sdn. Bhd. (“**SUDC**”) (“**Joint Venture Agreement**”) to collaborate in the development of a 14,059.82 square feet land, situated in Damai, in the district of Kota Kinabalu, Sabah, which is managed by SUDC on behalf of Perbadanan Pembangunan Ekonomi Sabah (the registered owner of the land) (“**SEDCO**”). In the Joint Venture Agreement, IWSB will develop, construct and manage a building consisting of, inter alia a 16-storey building with 2-storey shoptop, 5-storey carpark, 1-storey private facilities and 8-storey commercial units (“**Project**”) on the said piece of land.

IWSB had on 28 October 2020 issued a written request to FBO to request for an extension of time for a period of 90 days from 18 November 2020 to 15 February 2021 to obtain/fulfil the conditions precedent of the CSPA. The Company had on 17 November 2020 announced that FBO had agreed to grant IWSB the extension sought.

IWSB had on 2 February 2021 issued a written request to FBO to request for a further extension of time for a period of 90 days from 16 February 2021 to 16 May 2021 to satisfy the conditions precedent of the CSPA. The Company had on 8 February 2021 announced that FBO had agreed to grant IWSB the further extension sought. As at LPD, the CSPA has not been completed.

Save as disclosed above and the Proposed Debt Settlement, there are no outstanding corporate proposals which has been announced by the Company but not yet completed prior to the printing of this Circular.

## 11. **ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED DEBT SETTLEMENT**

Barring any unforeseen circumstances, the Proposed Debt Settlement is expected to be completed by the 1st quarter of the calendar year 2021.

## 12. **EGM**

The EGM, the notice of which is enclosed in this Circular, will be held virtually at the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 3 March 2021 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Debt Settlement. The resolution pertaining to the Proposed Debt Settlement is set out in our Notice of EGM which is enclosed with this Circular.

If you are unable to attend and vote in person remotely via the remote participation and electronic voting facilities provided for the EGM, please complete, sign and send the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and to deposit it at the Company’s Share Registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than 48 hours before the time fixed for holding the EGM or at any adjournment thereof. Alternatively, the Proxy Form can be lodged electronically through Boardroom Smart Investor Online Portal at <https://boardroomlimited.my> not later than 48 hours before the EGM. The lodgement of the Form of Proxy will not preclude you from attending and voting at the EGM should you subsequently wish to do so.

**13. ADDITIONAL INFORMATION**

Shareholders are advised to refer to the attached appendices for additional information.

Yours faithfully  
For and on behalf of the Board  
**EASTLAND EQUITY BHD.**

**PHANG KIEW LIM**  
Executive Director

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## APPENDIX I - ADDITIONAL INFORMATION

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### 1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given. The Board hereby confirms that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular, or other facts the omission of which would make any information herein false or misleading.

### 2. CONSENT AND CONFLICT OF INTERESTS

AmInvestment Bank, being the Principal Adviser for the Proposed Debt Settlement, has given and has not subsequently withdrawn their written consent for the inclusion in this Circular of their names, reports and/or letters (where applicable) and all references thereto in the form and context in which they appear in this Circular.

AmInvestment Bank has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser in respect of the Proposed Debt Settlement.

AmInvestment Bank, its related and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of its holding company ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of Eastland Group.

As at LPD, AmBank Group has not extended any credit facilities to Eastland Group.

AmInvestment Bank is of the view that its role as the Principal Adviser for the Proposed Debt Settlement is not likely to result in a conflict of interest and has not resulted in any conflict of interest situation for the following reasons:

- (i) AmInvestment Bank's role in the Proposed Debt Settlement is undertaken in the ordinary course of business; and
- (ii) AmInvestment Bank undertakes each of its roles on an arm's length basis and its conduct is regulated by Bank Negara Malaysia and the Securities Commission Malaysia and governed under, inter alia, the Financial Services Act 2013, the Capital Markets and Services Act 2007, and AmBank Group's Chinese Wall policy and internal controls and checks.

Premised on the above, AmInvestment Bank confirms that there is no conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser in respect of the Proposed Debt Settlement.

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**APPENDIX I - ADDITIONAL INFORMATION (Cont'd)**

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**3. MATERIAL LITIGATION**

As at LPD, the Eastland Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material and adverse effect on the business or financial position of the Eastland Group and the Board is not aware of any proceedings, pending or threatened against the Eastland Group, or of any facts likely to give rise to any proceedings which may have material impact on the business or financial position of the Eastland Group.

**4. CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS****(a) Contingent liabilities**

As at LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by Eastland Group which may have a material impact on the financial position of Eastland Group.

**(b) Material commitments**

Save as disclosed below, as at LPD, the Board is not aware of any other material commitments incurred or known to be incurred by the Eastland Group, which upon becoming enforceable, may have a material impact on the results or financial position of the Eastland Group:-

	<b>Amount RM'000</b>
Purchase of development rights pursuant to the CSPA as disclosed in Section 10 of this Circular	8,000

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of Eastland at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of Eastland;
- (b) the Director's Advances Agreement;
- (c) the letter of exchange dated 3 August 2020 entered into between LCK and Eastland referred to in Section 2 of the Circular;
- (d) the Settlement Agreement;
- (e) the audited consolidated financial statements of Eastland for the past 2 FYs 31 December 2018 and 31 December 2019 and the latest unaudited results of Eastland for the 9-months FP 30 September 2020; and
- (f) the letter of consent and conflict of interest referred to in Section 2 of Appendix I of this Circular.

## APPENDIX II – FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF EASTLAND

The summary of historical financial performance and financial position of Eastland Group based on the restated consolidated financial statement for FY 31 December 2017, audited consolidated financial statements for FY 31 December 2018 and 31 December 2019 and the latest 9 months unaudited consolidated financial statement for FP 30 September 2020 are as follows:-

FY 31 December	Audited			Unaudited	
	(a) 2017	2018	2019	9-months FP 30.09.2019	9-months FP 30.09.2020
<b><u>Financial Performance</u></b>					
Revenue	17,741,751	21,304,532	18,074,088	13,447,164	8,573,766
Loss before tax	(8,220,099)	(7,975,905)	(13,333,287)	(8,499,163)	(9,137,395)
Loss after tax	(7,944,257)	(7,159,104)	(12,789,732)	(8,499,163)	(9,137,395)
Loss per ordinary share (sen)	(b) (3.23)	(b) (2.91)	(c) (4.64)	(f) (3.23)	(d) (2.82)
<b><u>Financial Position</u></b>					
Total equity	184,772,609	175,978,723	170,360,891	171,680,068	161,271,301
Total borrowings	58,894,446	59,325,728	59,559,974	59,682,529	59,828,663
NA per share (sen)	(b) 75.2	(b) 71.6	(d) 52.5	(e) 58.2	(d) 49.7
Gearing ratio (times)	0.32	0.34	0.35	0.35	0.37

(Source: Annual Reports of the Company for FY 31 December 2017, 31 December 2018 and 31 December 2019 and the latest 9 months unaudited consolidated financial statement for FP 30 September 2020)

### Notes:-

(a) The financial statements of the Group for FY 31 December 2018 are the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”). For periods up to and including FY 31 December 2017, the Group prepared its financial statements in accordance with the Financial Reporting Standards (“FRS”) in Malaysia.

The Group has consistently applied the same accounting policies in the preparation of the financial statements of the Group for FY 31 December 2018, the comparative financial statements for FY 31 December 2017 and the opening MFRS statements of financial position as at 1 January 2017 (the date of transition to MFRS). The effect on the transition to the MFRS framework have been restated in the comparative financial statements and the opening MFRS statements of financial position.

(b) Computed based on 245,667,975 shares in issue.

(c) Computed based on 275,417,334 shares in issue.

(d) Computed based on 324,281,570 shares in issue.

(e) Computed based on 294,801,570 shares in issue.

(f) Computed based on 263,125,699 shares in issue.

**Commentaries on the financial performance and financial position of Eastland Group**

**FY 31 December 2017 (“FY 2017”)**

Eastland Group recorded lower revenue of RM17.74 million for FY 2017, a decrease of 26.57% compared to FY 31 December 2016 (“FY 2016”) (2016: RM24.16 million), primarily attributable to:-

- (a) lower revenue from the hospitality segment as a result of the continuous lower room sales to oil and gas companies and lower room sales and room rates in view of the competition from the hotels of similar class in Kota Bahru. The average room occupancy rate for The Grand Renai Hotel (“Hotel”) has declined from 38.36% for FY 2016 to 36.24% for FY 2017 and the average room rates for the Hotel has declined from RM244.60 per room in FY 2016 to RM219.60 per room in FY 2017;
- (b) loss of revenue of RM1.3 million (2017: RM4.5 million, 2016: RM5.8 million) from the management of common areas and advertisement spaces in the Kota Sri Mutiara Condominium, Kota Sri Mutiara Shopping Complex and the Hotel (collectively, “KSM Development”) following the transfer of the management corporation from the Group to Kota Sri Mutiara Management Corporation on 1 April 2017\*; and
- (c) reversal of revenue amounting to RM2.5 million due to the reversal of sales of shop lots in Phase 1 of the Bandar Tasek Raja project, following the rejection of the application for the transfer of the land titles from Bumiputera to non-Bumiputera purchasers by the local authority.

**Note:-**

- \* *With the coming into force of the Strata Management Act 2013 on 1 June 2015, the Kota Sri Mutiara Management Corporation, an unrelated third party (as defined in the Listing Requirements), was formed to take over the maintenance and management of the common property of KSM Development. The Group, as developer, had in previous years maintained and managed the common property of the KSM Development and for auditing and taxation purposes, consolidated all amounts received as its revenue. However, on 1 April 2017 the Group handed over its responsibilities including book of accounts, all assets and all other relevant documentation to the Kota Sri Mutiara Management Corporation.*

Eastland Group recorded a higher LAT of RM7.94 million for FY 2017, an increase of 66.11% compared to FY 2016 (2016: LAT RM4.78 million), mainly attributable to the write down in fair value for Kota Sri Mutiara Shopping Complex of RM2.34 million as the valuation for the Kota Sri Mutiara Shopping Complex has reduced from RM87.45 million in FY 2016 to RM85.11 million in FY 2017 and impairment losses of trade receivables of RM1.02 million (2016: Nil).

The gearing of the Group increased from 0.30 times to 0.32 times due to further borrowings by the Group to finance the contractors’ payments for Phase 2 of the Bandar Tasek Raja project and to fund operating expenditures of the Group.

**FY 31 December 2018 (“FY 2018”)**

Eastland Group recorded higher revenue of RM21.30 million for FY 2018, an increase of 20.07% compared to FY 2017 (2017: RM17.74 million), primarily attributable to the sale of shoplots in Phase 1 of the Bandar Tasek Raja project completed in FY 2018 for RM1.80 million and the disposal of a land earmarked for the development of departmental store in Bandar Tasek Raja for RM2.70 million, in contrast to the reversal of sales recorded for the previous financial year.

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**APPENDIX II – FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF EASTLAND (Cont'd)**

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Eastland Group recorded a lower LAT of RM7.16 million for FY 2018, a decrease of 9.82% compared to the prior FY 2017 (2017: LAT RM7.94 million). This was attributable to a gain in disposal of RM1.56 million for a disposal of leasehold property in Setapak and the absence of the write down in fair value of RM2.34 million for Kota Sri Mutiara Shopping Complex which was recorded in the previous financial year. However, this was netted off by the reduction of other operating income of RM2.96 million from RM3.15 million in 2017 to RM0.20 million in 2018.

The gearing of the Group increased from 0.32 times to 0.34 times due to further borrowings obtained by the Group to settle payment to contractors for Phase 2 of the Bandar Tasek Raja project.

**FY 31 December 2019 (“FY 2019”)**

Eastland Group recorded lower revenue of RM18.07 million for FY 2019, a decrease of 15.16% compared to FY 2018 (2018: RM21.30 million), primarily due to a one-off revenue recorded in the previous year of RM2.70 million for the sale of a piece of land earmarked for departmental store at Bandar Tasek Raja.

Eastland Group recorded a higher LAT of RM12.79 million for FY 2019, an increase of 78.63% compared to FY 2018 (2018: RM7.16 million), mainly due to an increase in finance cost amounting to RM2.46 million from RM1.89 million in FY 2018 to RM4.34 million in FY 2019. The increase in finance cost in FY 2019 was because the Group had in FY 2018 fully capitalised the allowable finance cost for its property development. As a result, the Group recognized a higher finance cost of RM4.34 million in FY 2019 which resulted in higher LAT. In addition, for FY 2019, Eastland recorded a RM2.52 million (2018: nil) of fair value loss on investment properties and RM1.14 million (2018: nil) impairment of property, plant and equipment. The higher LAT is also due to the absence of RM1.56 million of disposal gain from the disposal of a leasehold property in Setapak.

**FP 30 September 2020**

Eastland Group recorded lower revenue of RM8.57 million for FP 30 September 2020, a decrease of 36.24% compare to FP 30 September 2019 (2019: RM13.47 million), primarily due to the anchor tenant of the Group’s Kota Sri Mutiara Shopping Complex reducing its rental floor space and the Group offering discounts to the tenants of the shopping complex as a relief in view of the ongoing COVID-19 pandemic.

Eastland Group recorded a higher LAT of RM9.14 million for FY 2019, an increase of 7.53% compared to FY 2018 (2018: RM8.50 million), mainly due to the reduce in revenue caused by the COVID-19 pandemic as well as reduced rental floor space by its anchor tenant in the Kota Sri Mutiara Shopping Complex.





**EASTLAND EQUITY BHD.**  
Registration No.: 200001013359 (515965-A)  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (“**EGM**”) of Eastland Equity Bhd. (“**EASTLAND**” or the “**Company**”) will be held via a fully virtual platform at the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 3 March 2021 at 11.00 a.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolution, with or without modifications:-

Meeting Title : Eastland Equity Bhd. Virtual Extraordinary General Meeting  
Day, Date and Time : Wednesday, 3 March 2021 at 11.00 a.m.  
Broadcast Venue : 12th Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Mode of Communication : Shareholders may pose questions during live streaming at  
<https://web.lumiagm.com/>

## **ORDINARY RESOLUTION**

**PROPOSED SETTLEMENT OF RM10,990,000 DEBTS OWING TO LEE CHEE KIANG, ITS MANAGING DIRECTOR, VIA THE ISSUANCE OF 104,966,571 NEW ORDINARY SHARES IN EASTLAND EQUITY BHD. (“EASTLAND SHARES”) AT AN ISSUE PRICE OF RM0.1047 PER SHARE (“PROPOSED DEBT SETTLEMENT”)**

“**THAT**, subject to the approval of all relevant authorities and/or parties (if required) being obtained, approval be and is hereby given to the Board for the following:-

- (i) to allot and issue 104,966,571 new Eastland Shares (“**Settlement Shares**”) at an issue price of RM0.1047 per Settlement Share to LCK, being the settlement of debts owing by the Company to LCK amounting to RM10,990,000, upon the terms and subject to the conditions as set out in the Settlement Agreement dated 26 November 2020 entered into between the Company and LCK; and
- (ii) such Settlement Shares shall, upon allotment and issuance, carry the same rights as the existing Eastland Shares, save and except that such Settlement Shares shall not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date of allotment of the Settlement Shares;

**AND THAT**, the Board be and is hereby authorised and empowered to do all acts, deeds and things and to enter, sign, execute and deliver and cause to be delivered on behalf of the Company all such documents and/or agreements as may be necessary and/or expedient in order to implement, finalise and to give full effect to and to complete the Proposed Debt Settlement with full power to assent any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary and/or expedient in the best interest of the Company.”

By Order of the Board  
**EASTLAND EQUITY BHD.**

**TAI YIT CHAN**  
**(SSM PC No. 202008001023)**  
**(MAICSA 7009143)**

**WONG SIEW YEEN**  
**(SSM PC No. 202008001471)**  
**(MAICSA 7018749)**

Secretaries  
Selangor Darul Ehsan  
11 February 2021

**Notes:**

**Virtual EGM**

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be present at the main venue of the meeting.
2. Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED to be physically present** nor will they be admitted at the Broadcast Venue on the day of the EGM. Therefore, members are strongly advised to participate and vote remotely at this EGM through live streaming and online remote voting using the Remote Participation and Voting facilities provided by the Company's Share Registrar, namely Boardroom Share Registrars Sdn. Bhd.. **Please read these Notes carefully and follow the Procedures in the Administrative Guide for the EGM in order to participate remotely.**
3. Pursuant to the Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and corporate representatives ("**Participants**") shall communicate with the Broadcast Venue of the EGM via real time submission of typed text through a text box using the Remote Participation and Electronic Voting ("**RPEV**") facilities during the live streaming of the EGM as the primary mode of communication.

**Members entitled to Attend the EGM**

4. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 22 February 2021 and only Members whose names appear on such Record of Depositors shall be entitled to attend, participate, speak (in the form of real time submission of typed texts) and vote via the RPEV facilities.

**Appointment of Proxy and Registration for Attendance**

5. A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the meeting is entitled to appoint a maximum of 2 proxies to attend, participate, speak and vote on his (her) behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak (in the form of real time submission of typed texts) and vote via the RPEV facilities shall have the same rights as the members to speak at the meeting.
6. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. Where a member appoints 2 proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) holdings to be represented by each proxy.
8. The Proxy Form shall be signed by the appointer or his (her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
9. The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at **Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, the Proxy Form may also be lodged electronically via Boardroom Smart Investor Online Portal at <https://boardroomlimited.my>.

10. Should you wish to personally participate at the EGM remotely, please register electronically via Boardroom Smart Investor Online Portal at <https://boardroomlimited.my> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details. The Administrative Guide on the Conduct of a Fully Virtual General Meeting is available for download at <http://www.eeb.com.my/>.

### **Others**

11. Pursuant to Clause 78 of the Company's Constitution, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.
12. The Board wishes to highlight that the EGM may be re-scheduled and/or adjourned in subject to the development of the COVID-19 pandemic and the Malaysian Government's announcements or guidelines to be issued from time to time. Rest assured, all Participants including invitees shall be kept informed of any unexpected changes.

### ***Personal data privacy:***

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*



EASTLAND EQUITY BHD. 200001013359 (515965-A)

**EASTLAND EQUITY BHD.**  
Registration No.: 200001013359 (515965-A)  
(Incorporated in Malaysia)

**FORM OF PROXY**

(Before completing the form please refer to the notes below)

No. of shares held	CDS Account No. of Authorised Nominee

I/We \_\_\_\_\_ NRIC/Passport/Co. No. \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_ Tel No. \_\_\_\_\_  
(ADDRESS)

Email Address \_\_\_\_\_

being a member of **EASTLAND EQUITY BHD.**, hereby appoint:

Proxy 1 - Full Name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address: _____			

Proxy 2 - Full Name In Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address: _____			

or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote for me/us, and on my/our behalf at the Extraordinary General Meeting of the Company will be held via a fully virtual platform at the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 3 March 2021 at 11.00 a.m., or any adjournment thereof.

My/our proxy(ies) shall vote as follows:

Resolution relating to:	For	Against
1. Proposed Debt Settlement		

(Please indicate with an "X" in the space provided how you wish your vote to be cast on the resolution specified in the Notice of the Extraordinary General Meeting. If you do not do so, the proxy(ies) will vote or abstain from voting at his/her/their discretion).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature/Seal of Shareholder

**Notes:**

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**Personal Data Privacy:**

*By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 11 February 2021.*

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AFFIX  
STAMP

**The Share Registrar**  
**Boardroom Share Registrars Sdn. Bhd.**  
Registration No.: 199601006647 (378993-D)  
**Ground Floor or 11th Floor, Menara Symphony**  
**No. 5, Jalan Prof. Khoo Kay Kim**  
**Seksyen 13**  
**46200 Petaling Jaya**  
**Selangor, Malaysia**

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