THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about 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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Bursa Securities has perused Part C of this Circular on a limited review basis prior to the issuance of this Circular pursuant to Paragraph 4.1(c) of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities has not perused Part D of this Circular prior to its issuance as it is an exempt circular pursuant to Paragraph 2.1(e) of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

You should rely on your own evaluation to assess the merits and risks of the Proposals, Proposed Shareholders' Mandate and Proposed Change of Name.

eastland
EASTLAND EQUITY BHD. 200001013359 (515965-A)

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PART A

(I) PROPOSED ACQUISITION;
(II) PROPOSED CAPITAL REDUCTION; AND
(III) PROPOSED DIVERSIFICATION

(as defined in the ensuing page)

(COLLECTIVELY, REFERRED TO AS THE "PROPOSALS")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF EASTLAND IN RELATION TO THE PROPOSED ACQUISITION

PART C

PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

PART D

PROPOSED CHANGE OF NAME OF THE COMPANY FROM "EASTLAND EQUITY BHD." TO "META BRIGHT GROUP BERHAD" ("PROPOSED CHANGE OF NAME")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser for Part A and Part C

MALACCA SECURITIES SDN BHD

Registration No: 197301002760 (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser for Part B

TA SECURITIES
AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of Eastland Equity Bhd. ("**Eastland**" or the "**Company**") will be held at Merbok Room, Level 6, The Grand Renai Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan, Malaysia, on Friday, 15 July 2022 at 10.00 a.m., or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed herewith in this Circular.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf.

The Form of Proxy should be completed and lodged at the Share Registrar's Office of the Company at 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, Malaysia, not less than 48 hours before the time set for holding the EGM, as indicated below, or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Wednesday, 13 July 2022 at 10.00 a.m.
Date and time of the EGM	:	Friday, 15 July 2022 at 10.00 a.m. or at any adjournment thereof

This Circular is dated 23 June 2022

PART A

(I) PROPOSED ACQUISITION OF 92 COMMERCIAL UNITS COMPRISING THE GROUND AND FIRST FLOOR WITHIN 46 STRATIFIED 2-STOREY SHOP/OFFICES WITHIN BANDAR TUN RAZAK BUSINESS PARK, 26400 BANDAR TUN ABDUL RAZAK JENGKA, MARAN, PAHANG DARUL MAKMUR, BY FBO LAND (SETAPAK) SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF EASTLAND EQUITY BHD. ("EASTLAND" OR THE "COMPANY"), FOR A TOTAL PURCHASE CONSIDERATION OF RM24,800,000, WHICH WILL BE SATISFIED VIA THE ISSUANCE OF 381,538,461 NEW ORDINARY SHARES IN EASTLAND AT AN ISSUE PRICE OF RM0.065 EACH ("PROPOSED ACQUISITION");

(II) PROPOSED CAPITAL REDUCTION EXERCISE COMPRISING:-

(A) PROPOSED REDUCTION FROM THE CAPITAL RESERVE ACCOUNT OF EASTLAND ("PROPOSED CAPITAL RESERVE REDUCTION"); AND

(B) PROPOSED REDUCTION IN THE SHARE CAPITAL OF EASTLAND, PURSUANT TO SECTION 116 OF THE COMPANIES ACT, 2016 ("PROPOSED SHARE CAPITAL REDUCTION");

(COLLECTIVELY, REFERRED TO AS THE "PROPOSED CAPITAL REDUCTION"); AND

(III) PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF EASTLAND AND ITS SUBSIDIARIES TO INCLUDE RENEWABLE ENERGY AND ENERGY EFFICIENCY RELATED TECHNOLOGY AND BUSINESSES ("PROPOSED DIVERSIFICATION")

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF EASTLAND IN RELATION TO THE PROPOSED ACQUISITION

PART C

PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

PART D

PROPOSED CHANGE OF NAME OF THE COMPANY FROM "EASTLAND EQUITY BHD." TO "META BRIGHT GROUP BERHAD" ("PROPOSED CHANGE OF NAME")

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act, 2016 of Malaysia, as amended from time to time including any re-enactment thereof
AGM	:	Annual General Meeting
AMG Power	:	AMG Power Sdn. Bhd. (Registration No.: 202101008463 (1408762-V))
Announcement	:	The announcement dated 18 March 2022 in relation to the Proposals
Bandar Tasek Raja Project	:	The Group's on-going project at Pasir Mas, Kelantan, a commercial property development, which is a joint-venture with Majlis Daerah Pasir Mas
Board	:	Board of Directors of Eastland
Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd. (Registration No.: 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
CCM	:	Companies Commission of Malaysia
Circular	:	This circular dated 23 June 2022 in relation to the Proposals, Proposed Shareholders' Mandate and Proposed Change of Name
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time including any re-enactment thereof
Consideration Share(s)	:	381,538,461 new Eastland Shares to be issued to LV pursuant to the Proposed Acquisition at an Issue Price of RM0.065 each
COVID-19	:	Coronavirus disease
CSPA	:	Conditional sale and purchase agreement dated 18 March 2022 entered between FBO Land, Eastland, Top Land, Mentiga and LV pursuant to the Proposed Acquisition
Damai Consideration	:	RM8.0 million, being the purchase consideration for the purchase of Development Rights
Damai Project	:	A mixed development project pursuant to the SUDC JVA entered between SUDC and IWSB for project located in Damai, Kota Kinabalu
Dato' Lee or the **Interested Director**	:	Dato' Lee Wai Mun, DIMP., JP., the Executive Director of Eastland and indirect Major Shareholder of Eastland (via LV)
Deed Poll	:	Deed poll dated 3 January 2022 constituting the Warrants
Development Rights	:	All rights, title, benefits, interests, covenants, undertakings, duties, liabilities and obligations to develop, construct and manage a building consisting, inter alia a 16-storey building with 2-storey shop lots, 5-storey carpark, 1-storey public facilities and 8-storey commercial units on a piece of land situated in Damai, Kota Kinabalu

Director	:	The director(s) of a company having the same meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Market Services Act, 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the CSPA were agreed upon, a director or chief executive officer of Eastland, its subsidiaries or holding company
Eastland or the **Company**	:	Eastland Equity Bhd. (Registration No.: 200001013359 (515965-A))
Eastland Group or the **Group**	:	Collectively, Eastland and its subsidiaries
Eastland Shareholder(s)	:	The shareholder(s) of Eastland
Eastland Share(s) or the **Share(s)**	:	Ordinary share(s) in Eastland
Ecodwell Ventures	:	Ecodwell Ventures Sdn. Bhd. (Registration No.: 201901018245 (1327574-H))
EEHSSE International	:	EEHSSE International Sdn. Bhd. (Registration No.: 202001024353 (1380673-D))
EGM	:	Extraordinary General Meeting
Energy Related Business	:	Renewable energy (which refers to energy that cannot run out and is sustainable) and energy efficiency (which refers to using less energy to provide the same amount of useful output) related technology and businesses which may include amongst others, solar, wind, biomass, hydropower and energy efficiency
Enzo Energy	:	Enzo Energy Sdn. Bhd. (Registration No.: 202101036979 (1437279-H))
EPCC	:	Engineering, procurement, construction and commissioning
EPS	:	Earnings per Share
ER Sumber Harmoni	:	ER Sumber Harmoni Sdn. Bhd. (Registration No.: 201301003693 (1033534-K))
ESG	:	Environmental, social and governance
Exercise Price	:	Exercise price of the Warrants of RM0.085 per Warrant
FBO Land	:	FBO Land (Setapak) Sdn. Bhd. (Registration No.: 198401007204 (119720-H)), a wholly-owned subsidiary of Eastland
FPE	:	Financial period ended/ending, as the case may be
FVOCI	:	Fair value at other comprehensive income
FYE	:	Financial year ended/ending, as the case may be
GDC	:	Gross Development cost
GDV	:	Gross Development value
Interested Parties	:	Collectively, Interested Director and Interested Major Shareholder

Issue Price	:	The issue price of the Consideration Shares at RM0.065 per Consideration Share
IWSB	:	Inland World Sdn. Bhd. (Registration No.: 201601024571 (1195510-D)), being the vendor of the conditional sale and purchase agreement in relation to the purchase of the Development Rights
kWp	:	Kilowatt-peak
LAT	:	Loss after tax
LBT	:	Loss before tax
LCK	:	Lee Chee Kiang, the Managing Director and substantial shareholder of the Company
Lease Agreement	:	Lease agreement to be entered into between FBO Land and Top Land as part of the condition precedents of the CSPA
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	10 June 2022, being the latest practicable date prior to the printing of this Circular
LPS	:	Loss per Share
LV or the **Interested Major Shareholder**	:	Leading Ventures Sdn. Bhd. (Registration No.: 202101027696 (1427996-H)), a Major Shareholder of Eastland
Main Market	:	Main Market of Bursa Securities
Major Shareholder	:	A person who has an interest or interests in one or more voting shares in Eastland and the aggregate number of those shares, is:- (i) 10% or more of the total number of voting shares in Eastland; or (ii) 5% or more of the total number of voting shares in Eastland where such person is the largest shareholder of Eastland. For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act and a major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the CSPA were agreed upon, a major shareholder of Eastland or any other company which is its subsidiaries or holding company
Malacca Securities or the **Principal Adviser**	:	Malacca Securities Sdn. Bhd. (Registration No.: 197301002760 (16121-H))
Market Day	:	A day on which Bursa Securities is open for trading in securities
Mentiga or the **Proprietor**	:	Mentiga Development & Construction Sdn. Bhd. (Registration No.: 200401021858 (660363-H))
MCO	:	Movement control order
NA	:	Net assets

NAV	:	Net assets value
Pledged Shares	:	114,461,538 Consideration Shares and any other securities or cash as are added thereto pursuant to any bonus issue or dividend payment or any other entitlement to be deposited into the central depository system account(s) opened and maintained by the security stakeholder under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") with a central depository or its nominee company which is a pledged securities account designated under Section 40 of the Central Depositories Act
Power Purchase Agreements	:	Power purchase agreements entered into between FBO Land with Perabut Makmur Sdn Bhd and Stone Empire Manufacturing Sdn Bhd
Properties	:	92 commercial units comprising the ground and first floors within 46 stratified 2-storey shop/offices within Bandar Tun Razak Business Park, 26400 Bandar Tun Abdul Razak Jengka, Maran, Pahang Darul Makmur
Proposals	:	Collectively, the Proposed Acquisition, Proposed Capital Reduction and Proposed Diversification
Proposed Acquisition	:	Proposed acquisition of 92 commercial units comprising the ground and first floor within 46 stratified 2-storey shop/offices within Bandar Tun Razak Business Park, 26400 Bandar Tun Abdul Razak Jengka, Maran, Pahang Darul Makmur, by FBO Land, for a total Purchase Consideration of RM24,800,000, which will be satisfied via the issuance of 381,538,461 Consideration Shares at an Issue Price of RM0.065 each
Proposed Capital Reduction	:	Collectively, the Proposed Capital Reserve Reduction and Proposed Share Capital Reduction
Proposed Capital Reserve Reduction	:	Proposed reduction from the capital reserve account of Eastland
Proposed Change of Name	:	Proposed change of name of the Company from "Eastland Equity Bhd." to "Meta Bright Group Berhad"
Proposed Diversification	:	Proposed diversification of the existing principal activities of the Group to include Energy Related Business
Proposed Shareholders' Mandate	:	Proposed shareholders' mandate for the recurrent related party transactions of a revenue or trading nature
Proposed Share Capital Reduction	:	Proposed reduction in the share capital of Eastland pursuant to Section 116 of the Act
Purchase Consideration	:	Total purchase consideration of RM24,800,000 pursuant to the Proposed Acquisition
PV	:	Photovoltaic
Record of Depositors	:	A record of depositors established by Bursa Depository under the rules of Bursa Depository, as amended from time to time
Related Party(ies)	:	A Director, a Major Shareholder and/or a person connected with such Director and/or Major Shareholder

Rights Issue with Warrants	:	Renounceable rights issue of 1,144,241,731 Rights Shares together with 782,901,982 free Warrants which was completed on 18 February 2022
Rights Share(s)	:	1,144,241,731 new Eastland Shares issued pursuant to the Rights Issue with Warrants
RM and **sen**	:	Ringgit Malaysia and sen, respectively
RRPT(s)	:	Recurrent related party transaction(s) of revenue or trading nature, which are necessary for day-to-day operations and are in the ordinary course of business of Eastland Group
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions, as amended from time to time including any re-enactment thereof
SEDA	:	Sustainable Energy Development Authority
Shares Issuance	:	Shares issuance of 64,856,312 Shares which raised RM6,868,283 and was completed on 13 August 2021
sq ft	:	Square feet
sqm	:	Square metres
Stakeholder Agreement	:	Stakeholder agreement to be entered into between FBO Land, Top Land and LV with a stakeholder to be appointed to hold the Pledged Shares, as part of the condition precedents of the CSPA
SUDC	:	Sabah Urban Development Corporation Sdn. Bhd. (Registration No.: 197201000054 (11700-T))
SUDC JVA	:	Joint venture agreement entered into between IWSB and SUDC for the Development Rights
TA Securities or the **Independent Adviser**	:	TA Securities Holdings Berhad (Registration No.: 197301001467 (14948-M)), the independent adviser engaged by the Board for the Proposed Acquisition
Top Land or the **Developer**	:	Top Land Resources Sdn. Bhd. (Registration No.: 200501012517 (689565-D))
Warrants	:	782,901,982 outstanding warrants 2022/2032 in the Company as at LPD
Valuation Certificate	:	Valuation certificate dated 8 March 2022 in relation to the Properties prepared by the Valuer
Valuation Report	:	Valuation report dated 8 March 2022 in relation to the Properties prepared by the Valuer
Valuer	:	Rahim & Co International Sdn. Bhd. (Registration No.: 201501001265 (1126597-X))
VWAMP	:	Volume weighted average market price

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).

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 Group's plans and objectives will be achieved.

PAGE

PART C

LETTER FROM THE BOARD TO THE SHAREHOLDERS OF EASTLAND IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE

PART D

APPENDICES

PART A

LETTER FROM THE BOARD TO THE SHAREHOLDERS OF EASTLAND IN RELATION TO THE PROPOSALS

The Executive Summary highlights only the salient information of the Proposals. You are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposals before voting at the forthcoming EGM.

Key information	**Description**	**Reference to Part A of this Circular**
Details of the Proposals	**1. Proposed Acquisition** The Proposed Acquisition entails the acquisition of 92 commercial units comprising the ground and first floor within 46 stratified 2-storey shop/offices at Bandar Tun Razak Business Park by FBO Land, for a total Purchase Consideration of RM24,800,000, which will be satisfied via the issuance of 381,538,461 Consideration Shares. **2. Proposed Capital Reduction** The Proposed Capital Reduction serves to reduce the accumulated losses of the Group via reduction of its capital reserve account and share capital account of the Company. **3. Proposed Diversification** Eastland is proposing to diversify the existing principal activities of Eastland Group to include renewable energy and energy efficiency related technology and businesses.	Section 2, Section 3 and Section 4
Rationale for the Proposals	**1. Proposed Acquisition** The Proposed Acquisition will provide Eastland with sustainable and stable income stream and to grow the Group's NAV per Share by acquiring high quality, earnings accretive properties with recurring rental income. The issuance of Consideration Shares as the settlement of the Purchase Consideration will enable the Group to conserve its cash resources and thereby provide greater flexibility to utilise its cash resources to fund the Group's existing businesses and/or the Energy Related Business. **2. Proposed Capital Reduction** Proposed Capital Reduction is to eliminate the accumulated losses of the Company with a view to rationalise the statement of financial position of the Company to reflect more accurately the value of its underlying assets, and thus the financial position of the Company.	Section 6

Key information	Description	Reference to Part A of this Circular
	3. Proposed Diversification Eastland is proposing to diversify the existing principal activities of Eastland Group to include renewable energy (which refers to energy that cannot run out and is sustainable) and energy efficiency (which refers to using less energy to provide the same amount of useful output) related technology and businesses which may include amongst others, solar, wind, biomass, hydropower and energy efficiency	
Risk factors of the Proposals	**1. Proposed Acquisition** The Proposed Acquisition will be subject to non-completion risk due to non-fulfilment of the conditions precedent set out in the CSPA and risks associated with the valuation of the Properties whereby the market value of the Properties as appraised by the Valuer may not be an indication of, and do not guarantee, an equivalent or greater sale price either at present time or at any time in the future. **2. Proposed Diversification** The Proposed Diversification will be subject to business diversification risk as the Group does not have any prior experience in Energy Related Business, the termination or non-renewal risk of the approvals, permits and licenses issued by regulatory authorities and dependency on key management personnel for the Energy Related Business.	Section 8
Approvals required	The Proposals are subject to the following approvals being obtained:- (i) the approval of Bursa Securities for the listing and quotation of Consideration Shares on the Main Market of Bursa Securities; (ii) the approvals of the shareholders of the Company for the Proposals at an EGM to be convened; (iii) the order of the High Court sanctioning the Proposed Capital Reduction; and (iv) the approval of any other relevant authorities and/ or parties, if any.	Section 11
Interests of Directors, major shareholders, chief executive and/or persons connected	LV, being the Major Shareholder of Eastland is deemed interested in the Proposed Acquisition by virtue of LV being a party to the Proposed Acquisition who will be receiving the Consideration Shares. Dato' Lee, being the Executive Director and major shareholder of Eastland, is deemed interested in the Proposed Acquisition in view of his direct interests in LV and Top Land.	Section 12

Key information	Description	Reference to Part A of this Circular
Directors' statement and recommendation	The Board (save for the Interested Director only in respect of the Proposed Acquisition), after having considered all aspects of the Proposals, including the terms and conditions of the relevant agreements for the Proposed Acquisition, the valuation of the Properties ascribed by the Valuer, and the rationale, financial effects, risk factors for the Proposals and the evaluation from the appointed Independent Adviser, is of the opinion that the Proposals are in the best interests of the Company. Accordingly, the Board (save for the Interested Director only in respect of the Proposed Acquisition) recommends that Eastland Shareholders vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.	Section 19

EASTLAND EQUITY BHD.

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 Darul Ehsan, Malaysia

23 June 2022

Board of Directors:

Mohamed Akwal Bin Sultan Mohamad *(Independent Non-Executive Director/Chairman)*
Lee Chee Kiang *(Managing Director)*
Dato' Lee Wai Mun, DIMP., JP. *(Executive Director)*
Tan Chin Hong *(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,

(I) PROPOSED ACQUISITION;
(II) PROPOSED CAPITAL REDUCTION; AND
(III) PROPOSED DIVERSIFICATION

(COLLECTIVELY, THE "PROPOSALS")

1. INTRODUCTION

On 18 March 2022, Malacca Securities had, on behalf of the Board, announced that the Company proposes to undertake the following:-

(i) the Proposed Acquisition whereby FBO Land had on 18 March 2022, entered into a CSPA with Eastland, Top Land, Mentiga and LV, to acquire 92 commercial units comprising the ground and first floors within 46 stratified 2-storey shop/offices at Bandar Tun Razak Business Park, 26400 Bandar Tun Abdul Razak Jengka, Maran, Pahang Darul Makmur, for a total Purchase Consideration of RM24,800,000 which will be satisfied via the issuance of 381,538,461 Consideration Shares at an Issue Price of RM0.065 each, subject to the terms and conditions of the CSPA;

(ii) Proposed Capital Reduction exercise comprising:-

(a) proposed reduction from the capital reserve account of Eastland; and

(b) proposed reduction in the share capital of Eastland, pursuant to Section 116 of the Act to reduce the share capital of Eastland; and

(iii) Proposed Diversification of the existing principal activities of Eastland Group to include renewable energy and energy efficiency related technology and businesses.

The purpose of Part A of this Circular is to provide shareholders with the relevant information on the Proposals and to seek shareholders' approval for the resolutions on the Proposals to be tabled at the Company's forthcoming EGM. The Notice of EGM and the Form of Proxy are enclosed together with this Circular.

Shareholders are advised to read and carefully consider the contents of the Part A of this Circular together Part B comprising the IAL in relation to the Proposed Acquisition, together with the appendices contained herein before voting on the resolutions pertaining to the Proposals to be tabled at the Company's forthcoming EGM.

2. PROPOSED ACQUISITION

FBO Land had on 18 March 2022 entered into the CSPA with Eastland, the Developer, the Proprietor and LV, to acquire the Properties within Bandar Tun Razak Business Park for the Purchase Consideration of RM24.8 million which will be fully satisfied via the issuance of 381,538,461 Consideration Shares to LV, in accordance with the terms and conditions of the CSPA. The Properties shall be free and clear from all liens, restrictions, claims, security interests and encumbrances of any kind.

For information,

(a) the Developer (i.e. Top Land) and the Proprietor (i.e. Mentiga), are the vendors of the Properties; and

(b) Eastland had been included as a party to the CSPA as Eastland is the issuer of the Consideration Shares to satisfy the Purchase Consideration for the Proposed Acquisition. Whilst FBO Land is the acquirer for the Proposed Acquisition, the issuance of Eastland Shares as the Consideration Shares was agreed as the shares of FBO Land are illiquid and Eastland intends to maintain full control and ownership in FBO Land.

As at 17 March 2022, being the date immediately prior to the date of the CSPA, and up to LPD, Top Land has an amount owing to LV of RM36.1 million. For information, Edubest Resources Sdn Bhd (a company that Dato' Lee is a director and 33.3% shareholder as at LPD) had provided in aggregate RM36.1 million advances to Top Land from year 2013 to 2021, to finance the development of Bandar Tun Razak Business Park. In March 2022, Edubest Resources Sdn Bhd had assigned the debt to LV, by way of a deed of assignment.

In view of the amount owing to LV, the parties to the CSPA, particularly, Top Land and LV, had agreed for the Consideration Shares to be issued to LV to offset RM24.8 million owing by Top Land to LV.

As part of the conditions precedent of the CSPA:-

(i) FBO Land and Top Land will enter into a Lease Agreement whereby Top Land agrees to lease the Properties from FBO Land for a period of 5 years with a guaranteed rental return of 5% per annum (equivalent to RM103,333.33 per month, which will be paid in cash on a monthly basis, computed based on 5% of the Purchase Consideration).

    For information, the guaranteed rental return of 5% per annum based on the Purchase Consideration was arrived at after taking into consideration the net rental yield for a unit of stratified 2-storey shop/office within Bandar Tun Razak Business Park. Based on the assessment by the Valuer on the rental yield for similar properties at Bandar Tun Razak Business Park and other commercial developments in nearby areas, the Valuer had adopted a net yield of 5.5% for the ground floor and 3.0% for the first floor which translate into an average net rental yield of 4.3% for a unit of stratified 2-storey shop/office within Bandar Tun Razak Business Park; and

(ii) FBO Land, Top Land and LV will enter into a Stakeholder Agreement to appoint a trustee to take custody of 114,461,538 Consideration Shares equivalent to RM7.44 million, based on the RM0.065 Issue Price, being aggregate of:-

  (a) 25% of the Purchase Consideration (i.e. 5% guaranteed rental return for 5 years), as collateral to FBO Land for the guaranteed rental return by Top Land; and

  (b) 5% of the Purchase Consideration (i.e. 5% guaranteed rental return for 1 year) as security deposit for the due performance of Top Land of all the terms of the Lease Agreement.

Upon completion of the Proposed Acquisition, the Group may capitalise on the “bulk-purchase” discount as set out in Section 2.6 of Part A of this Circular to dispose the Properties at a profit. In the interim (from completion of the Proposed Acquisition to the expiry of the Lease Agreement), the Group will be able to derive the guaranteed rental return of 5% per annum up to the expiry of the Lease Agreement. During this period, FBO Land will work with Top Land to gain insights and leverage on the skills and experience of Top Land in marketing and property management particularly in Bandar Tun Abdul Razak Business Park. In the event the Group has remaining Properties at the expiry of the Lease Agreement, Eastland intends to enter into new lease or tenancy agreements with the then existing tenants of the Properties and/or procure new tenants for the Properties to generate recurring rental income.

For information, Dato’ Lee being the Executive Director and indirect major shareholder of Eastland (via LV), is the only Director and shareholder of LV, which is a major shareholder of Eastland. Dato’ Lee is also a director and major shareholder of Top Land.

In view of the interests of Dato’ Lee and LV in the Proposed Acquisition, the Proposed Acquisition is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, TA Securities had been appointed as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company on the Proposed Acquisition.

The salient terms of the CSPA and the proposed salient terms of the Lease Agreement and Stakeholder Agreement are set out in **Appendix I, Appendix II and Appendix III** of this Circular respectively.

2.1 Information on Top Land (Developer)

Top Land was incorporated in Malaysia on 27 April 2005 as a private limited company under the Companies Act 1965 and deemed registered under the Act with its registered office at B-22, 2nd floor, Jalan Haji Ahmad 7, Sri Pahang Business Centre, Kuantan, 25300 Pahang Datul Makmur, Malaysia. Its business address is at B-12, Tingkat 1, Jalan Tun Ismail 8, Sri Dagangan 2, Kuantan, 25000 Pahang Darul Makmur, Malaysia.

Top Land’s principal activities are mining, construction and general trading, property development and acting as management and advisor to developers.

As at LPD, Top Land has an issued share capital of RM500,000 comprising 500,000 ordinary shares.

As at LPD, the directors of Top Land and their respective shareholdings are as follows:

	Direct	
	Number of shares	**%**
Dato' Lee	135,000	27.0
Dato' Tai Kau @ Tai Fah Chong	135,000	27.0
Dato' Choy Yoon Ching	100,000	20.0
Dato' Chan Kong Beng	130,000	26.0
	500,000	**100.0**

2.2 Information on Mentiga (Proprietor)

Mentiga was incorporated in Malaysia on 22 July 2004 as a private limited company under the Companies Act 1965 and deemed registered under the Act with its registered office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Its business address is at No. 26 & 26A, Jalan Putra Square 1, Putra Square, 25200 Kuantan, Pahang Darul Makmur, Malaysia.

Mentiga's principal activities are general construction and property development.

As at LPD, Mentiga has an issued share capital of RM600,003 comprising 600,003 ordinary shares.

As at LPD, the directors of Mentiga are Aminuddin Bin Zainal, Dato' Muhammad Nasir Bin Puteh, Yaacob Bin Sa'rani, Mohd Nazari Bin Yunus and Hamdan Bin Salim.

As at LPD, Mentiga is a wholly-owned subsidiary of Mentiga Corporation Berhad. Mentiga Corporation Berhad is a public company listed on the Main Market of Bursa Securities, which the Pahang State Government has an indirect interest of 73.9% of its shares as at LPD.

2.3 Information on LV

LV was incorporated in Malaysia on 25 August 2021 as a private limited company under the Act with its registered office at A 9-2, Lorong Tun Ismail 10, Sri Dagangan 2, 25000 Kuantan, Pahang. Its business address is at B14 & B16 Tingkat Satu, Lorong Tun Ismail 8, Sri Dagangan 2, 25000 Kuantan, Pahang.

LV is principally involved in investment holding and investment in real estate.

As at LPD, LV has an issued share capital of RM1 comprising 1 ordinary share.

As at LPD, Dato' Lee is the only director and shareholder of LV.

2.4 Information on the Properties

The Properties are located within Bandar Tun Razak Business Park, 26400 Bandar Tun Abdul Razak Jengka, Maran, Pahang Darul Makmur. Bandar Tun Razak Business Park is about 2 kilometres south-west of the Tun Abdul Razak Jengka town and is accessible via Jalan Bandar Tun Abdul Razak Jengka-Termeloh.

Bandar Tun Razak Business Park is a new business park comprising 262 commercial units located within 11 blocks of 2-storey shop/offices (131 units on each ground and first floors) and 36 units single-storey semi-detached shops (including 1 unit held for own use by Top Land).

The immediate surrounding area is predominantly commercial and institutional in character as well as vacant lands with development potential. The surrounding vicinity of the Properties also include hypermarkets, schools, recreational centre, petrol stations, mosque, etc. Housing scheme found nearby are Perumahan Rantau Perintis, Permatang Shahbandar, Taman Desa Jaya, Taman Jengka Impian, Taman Jengka Indah and Taman Jengka Mahkota.

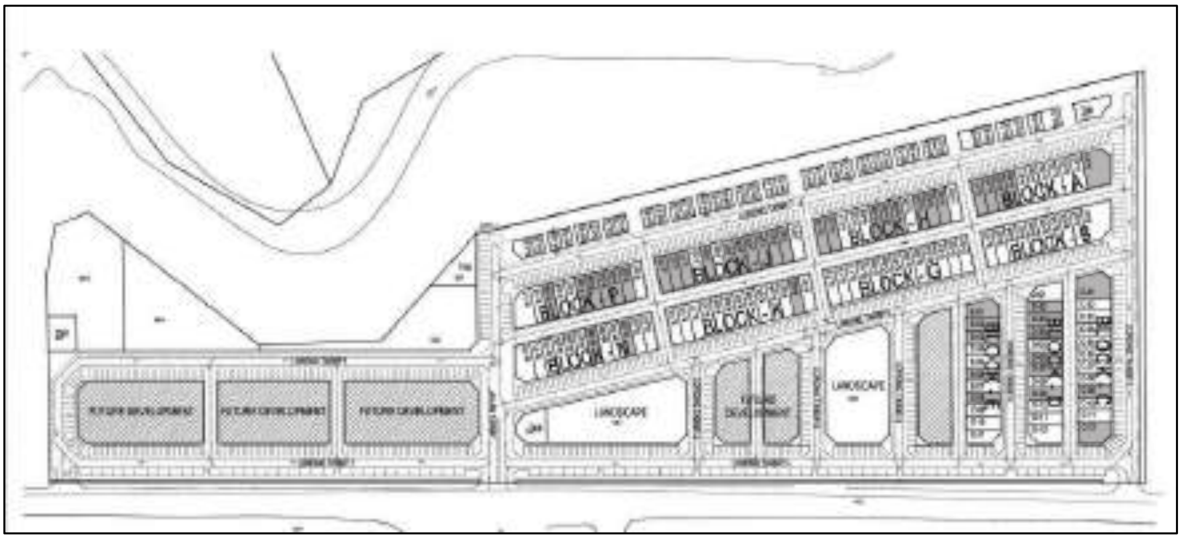
As at LPD, the number of units sold at the Bandar Tun Razak Business Park is as follows:-

Type	Number of units available for sale	Unit sold as at LPD
2-storey shop/offices	262	156
Single-storey semi-detached shops	35*	5

Note:-

* This excludes 1 unit held for own use by Top Land.

The Properties, comprising the unsold units within the 2-storey shop/offices, are located within 9 blocks namely Blocks A, C, D, E, H, J, K, N and P within Bandar Tun Razak Business Park which are shaded as below:



Sample pictures of the Properties are illustrated as follows:

A summary of the details of the Properties are set out below:-

Description	:	92 commercial units comprising the ground and first floor within 46 stratified 2-storey shop/offices
Address	:	Tun Abdul Razak Business Park, 26400 Bandar Tun Abdul Razak Jengka, Maran, Pahang Darul Makmur
Title	:	Master title: PN 11554, Lot 40585, Mukim of Chenor, District of Maran, State of Pahang
Registered owner / Beneficial owner	:	Registered owner: Mentiga Development & Construction Sdn Bhd Beneficial owner: Top Land Resources Sdn Bhd Mentiga (as the land owner) and Top Land (as the developer) had entered into a development agreement on 12 August 2014 whereby Mentiga had given a power of attorney to Top Land the development rights as its lawful representative to develop Tun Abdul Razak Business Park.
Tenure	:	99 years leasehold expiring on 22 October 2101
Floor area	:	Typical intermediate unit (each) <u>Ground floor</u>: Main parcel: 89 sqm (961 sq ft) Ancillary parcel: Nil <u>First floor</u>: Main parcel: 101 sqm (1,087 sq ft) Ancillary Parcel : 12 sqm (129 sq ft)
Age of building	:	3 years at material date of valuation
Existing use	:	Shoplots / offices[(a)]
Category of land use	:	Building (Commercial)
Planning provision	:	Commercial
Express condition	:	*"Tanah ini hendaklah digunakan untuk bangunan-bangunan perniagaan sahaja (sementara-sebelum pecah sempadan)."*
Restriction in interest	:	*"Tanah ini tidak boleh dipindahmilik, dipajak, digadai melainkan setelah mendapat kebenaran bertulis daripada Pihak Berkuasa Negeri"* [(b)]
Net book value of Properties (in Developer's book)	:	RM24,607,617 (audited as at 30 June 2021)
Encumbrance / Caveats	:	Nil
Market value	:	RM24,800,000
Valuer	:	Rahim & Co International Sdn Bhd ("**Valuer**")

Notes:-

(a) As at LPD, 25 units of the Properties are being tenanted with aggregate rental income of RM26,100 per month. The remaining 67 units of the Properties are vacant and Top Land is procuring tenants to occupy those units.

For information, the Properties received the certificate of completion and compliance in March 2019 and the rental occupancy rate of the Properties since completion until May 2022 are as follows:

Month/Year	Average number of units occupied	Average Rental Occupancy Rate (%)
April 2019 to December 2019	4	4.8
January 2020 to December 2020	6	6.2
January 2021 to December 2021	15	15.9
January 2022 to May 2022	24	26.3

The Properties were completed in March 2019 where the market sentiments for the property market was relatively subdued then. In 2020, the property market was further exacerbated by the COVID-19 pandemic, whereby the government of Malaysia imposed MCO which had resulted in uncertainties amongst the business community, thus the low rental occupancy rate for the Properties. The average rental occupancy rate for the Properties subsequently improved in 2021 and up to May 2022 as a result of the gradual relaxation of the MCO.

(b) As at LPD, the strata titles for the Properties have yet been issued by the relevant authorities. The consent from the relevant authorities and the transfer of the titles of the Properties will only be obtained and effected after the strata titles for the Properties are issued. The costs such as stamp duties and registration fees payable for the transfer of approximately RM550,000 will be borne by FBO Land at the point of registration of the transfer. Further, the sale and purchase agreements by the Developer and Proprietor in favour of FBO Land for each unit of the Properties will provide that in the event approval is not obtained or the transfer of the title cannot be completed or perfected for any reason ("**Affected Unit**") either party may terminate the agreement by written notice whereby the Developer shall return the purchase price paid in cash for the Affected Unit and in return FBO Land shall redeliver legal possession of the Affected Unit and all relevant documents to the Developer. For clarification, all rental received by FBO Land up to the date of termination shall be kept by FBO Land.

2.5 Mode of settlement

The total Purchase Consideration will be fully satisfied through the issuance of 381,538,461 Consideration Shares subject to the terms and conditions of the CSPA set out in Appendix I of this Circular.

2.6 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the market value of the Properties as appraised by the Valuer of RM24.8 million and the prospects of the Properties.

There are 2 valuation approaches adopted by the Valuer in arriving at the market value of the Properties which are the Comparison Approach and Profit Approach – Investment Method ("**Investment Method**").

The Comparison Approach entails critical analyses of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences. In valuing the Properties, the Valuer has taken into consideration all relevant factors, which include the time, location, design/age, tenure and size.

The Investment Method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The annual net income is capitalised using a rate of interest to arrive at the capital value of the property. For the Investment Method, the Valuer noted inconsistency and illogical results such as:

(a) the value of the first floor is higher than the ground floor units; and

(b) the value of the units located at the rear block is about the same as the front.

Due to inconsistency and illogical result derived from the Investment Method, which may be attributed from the present property market condition resulting in the suppressed rental and yield, the Valuer is of the opinion that the Comparison Approach is more reliable and realistic, and therefore the Valuer has only adopted the Comparison Approach as it reflects the current situation of the market value.

The Valuer is of the opinion that Proposed Acquisition of 92 units of Properties from the Developer constitutes "bulk purchase". Based on the market observation by the Valuer, bulk purchases are given a discount, ranging from 10% to 25%.

Taking into consideration this project in Bandar Tun Razak Business Park is about 42% taken up and occupancy rate is about 15% attributed from Covid-19 pandemic which hit shortly after it received certificate of completion and compliance in year 2019 (as extracted from the Valuation Certificate), the Valuer deemed it reasonable to accord a 20% discount to reflect the "bulk-purchase". Accordingly, the Valuer had vide its valuation letter dated 8 March 2022, ascribed a market value of RM24.8 million to the Properties using the Comparison Approach after adjusting for bulk purchase discount of 20%.

The RM24.8 million Purchase Consideration thus represents the market value of the Properties as appraised by the Valuer.

2.7 Basis and justification issue price of the Consideration Shares

The issue price of RM0.0650 per Consideration Share was determined on a willing-buyer willing-seller basis, after taking into consideration, amongst others, the following:

(i) the prevailing market conditions and historical adjusted trading prices (which were adjusted due to the Rights Issue with Warrants which was completed on 18 February 2022) of Eastland Shares for the past 12 months up to 17 March 2022, being the date immediately prior to the date of the CSPA; and

(ii) the 5-day VWAMP of Eastland Shares up to and including the 17 March 2022, being the date immediately prior to the date of CSPA, of RM0.0648.

The Issue Price represents a premium of RM0.0002 or approximately 0.31% over the 5-day VWAMP of Eastland Shares up to and including the 17 March 2022, being the date immediately prior to the date of the CSPA, of RM0.0648.

2.8 Ranking of the securities

The Consideration Shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing Eastland Shares, save and except that the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Consideration Shares.

2.9 Listing and quotation of the Consideration Shares

Bursa Securities had vide its letter dated 14 June 2022, approved the listing and quotation of 381,538,461 Consideration Shares to be issued pursuant to the Proposed Acquisition as set out in Section 11 of the Part A of this Circular, subject to the conditions as set out therein.

2.10 Original cost of investment by Top Land

As at LPD, Top Land's original cost for the Properties is approximately RM24.5 million based on the cost incurred in constructing the Properties from June 2015 to March 2019.

2.11 Liabilities to be assumed by Eastland

Eastland Group will not be assuming any liability, including any contingent liability and guarantee, pursuant to the Proposed Acquisition.

2.12 Additional financial commitment

Save for the Purchase Consideration, there is no additional financial commitment required to put the Properties on-stream as the Properties are in the condition ready to be tenanted.

2.13 Take-over implications

The issuance of Consideration Shares to LV pursuant to the Proposed Acquisition will not give rise to any consequences of mandatory general offer obligations pursuant to the Rules issued by the Securities Commission Malaysia. LV has undertaken to observe and comply at all times with the provisions of the Rules and will seek from the Securities Commission Malaysia the necessary exemptions from undertaking such mandatory take-over offer, if required.

3. PROPOSED CAPITAL REDUCTION

The accumulated losses of the Group amounts to RM174.1 million (audited) as at 30 June 2021 and RM176.4 million (unaudited) as at 31 December 2021. The accumulated losses of the Company amount to RM171.7 million (audited) as at 30 June 2021 and RM174.6 million (unaudited) as at 31 December 2021.

The Proposed Capital Reduction serves to reduce the accumulated losses of the Group as part of its plan to rationalise its financial position.

The Proposed Capital Reduction will be undertaken after the Proposed Acquisition.

The Proposed Capital Reduction comprise the following:-

(i) proposed reduction from the capital reserve account of Eastland; and

(ii) proposed reduction in the share capital of Eastland, pursuant to Section 116 of the Act to reduce the share capital of Eastland.

Proposed Capital Reserve Reduction

The Proposed Capital Reserve Reduction will involve a reduction of the Company's entire capital reserve account of RM110,238,037 and the credit arising therefrom will be utilised to eliminate the accumulated losses of Eastland.

Based on the audited financial statements of the Company as at 30 June 2021, the capital reserve account of the Company stood at RM110,238,037 and remains the same based on the latest unaudited financial statements as at 31 March 2022. For information, the capital reserve arose from the par value reduction exercise undertaken by the Company in year 2009. It represents the surplus arising after off-setting the credit arising from the par value reduction against the Company's accumulated losses at the date when the reduction of share capital became effective.

Proposed Share Capital Reduction

The Proposed Share Capital Reduction is to be carried out by the Company pursuant to Section 116 of the Act to reduce the share capital of the Company through the cancellation of RM66,113,962 of the issued share capital of the Company which is lost and unrepresented by available assets due to losses accumulated over the years from amongst others, impairment of investment in subsidiaries and amounts due from subsidiaries and losses from honouring a corporate guarantee to a bank for a former subsidiary namely, FBO Leasing Sdn. Bhd. which defaulted in its loan in year 2009.

The corresponding credit of RM66.1 million arising from the Proposed Share Capital Reduction will be utilised to eliminate the accumulated losses of the Company while the balance, if any, will be credited to the retained earnings account of the Company, which may be utilised thereafter in such manner as the Board deems fit, as permitted by the relevant and applicable laws, the Listing Requirements as well as the Constitution of the Company.

As at LPD, the total issued share capital of the Company is RM193,675,556 comprising 1,565,807,770 Eastland Shares. As at LPD, the Company has 782,901,982 outstanding Warrants and does not have any treasury shares. The Warrants are constituted by the Deed Poll dated 3 January 2022 and each Warrant carries the entitlement to subscribe for 1 new Eastland Share during the 10-year exercise period up to 13 February 2032 at an exercise price of RM0.085 per Warrant.

For illustrative purposes, the proforma effects of the Proposed Capital Reduction on the accumulated losses of the Company and Group based on the latest audited financial statements of Eastland Group for the 18-months FPE 30 June 2021 and 9-months unaudited FPE 31 March 2022 are as set out below:-

	Audited		**Unaudited**	
	18-months FPE 30 June 2021 [(i)]		**9-months FPE 31 March 2022**	
	Company	**Group**	**Company**	**Group**
	RM'000	RM'000	RM'000	RM'000
Accumulated losses	(171,709)	(174,077)	(176,339)	(176,423)
Add: Credit arising from the Proposed Capital Reserve Reduction	110,238	110,238	110,238	110,238
Add: Credit arising from the Proposed Share Capital Reduction	66,114	66,114	66,114	66,114

	Audited		Unaudited	
	18-months FPE 30 June 2021 [(i)]		9-months FPE 31 March 2022	
Less: Actual expenses for the Rights Issue with Warrants [(ii)]	(1,037)	(1,037)	(1,037)	(1,037)
Less: Estimated expenses for the Proposals [(iii)]	(750)	(750)	(750)	(750)
Resultant retained earnings / (accumulated losses)	**2,856**	**488**	**(1,774)**	**(1,858)**

Notes:-

(i) On 30 October 2020, the Company had announced to change its financial year from 31 December to 30 June.

(ii) Being the actual expenses of RM1.037 million incurred in relation to Eastland's Rights Issue with Warrants which was completed following the listing and quotation of 1,144,241,731 Rights Shares and 782,901,982 Warrants on the Main Market of Bursa Securities on 18 February 2022.

(iii) Being the estimated expenses of RM0.750 million for the Proposals.

For avoidance of doubt, the Proposed Capital Reduction will not result in:-

(i) any adjustment to the share price of Eastland Shares;

(ii) any change in the total number of Eastland Shares in issue or the number of Eastland Shares held by shareholders of the Company;

(iii) any change to the exercise price and number of the outstanding Warrants held by the holders of the Warrants;

(iv) any payment to the shareholders of the Company; and

(v) any cash outflow or change in the NA of Eastland Group, save for the estimated expenses to be incurred in relation to the Proposals.

An order by the Court will be sought to confirm the Proposed Capital Reduction after receipt of approval from shareholders of the Company for the Proposed Capital Reduction at the Company's EGM to be convened. The Proposed Capital Reduction will be effective upon lodgement of the sealed court order of the High Court for the Proposed Capital Reduction with the Registrar of Companies.

4. PROPOSED DIVERSIFICATION

The principal activity of Eastland is investment holding. Through its subsidiaries, the Company is principally involved in investment holding, money lending, hotel operations, investment in properties, property investment, property development and accommodation booking services, and for order of goods or products via mobile application.

The revenue and profit of the Group based on the audited consolidated financial statements for the past 2 FYE 31 December 2018 and 31 December 2019, 18-months FPE 30 June 2021 and unaudited consolidated financial statements for 9-months FPE 31 December 2022 are as follows:-

Revenue

	Audited			Unaudited
Segments	**FYE 31 December 2018**	**FYE 31 December 2019**	**18-months FPE 30 June 2021**	**9-months FPE 31 March 2022**
	RM'000	RM'000	RM'000	RM'000
Investment holding	-	-	-	-
Investment properties	3,831	3,748	4,236	2,117
Property development	4,544	1,828	3,415	-
Hospitality	12,930	12,499	13,236	15,847
Leasing and financing	-	-	*	1
Others	-	-	13	-
	21,305	**18,075**	**20,900**	**17,965**

Profit/(Loss)

	Audited			Unaudited
Segments	**FYE 31 December 2018**	**FYE 31 December 2019**	**18-months FPE 30 June 2021**	**9-months FPE 31 March 2022**
	RM'000	RM'000	RM'000	RM'000
Investment holding	(5,453)	(4,204)	(6,687)	(4,643)
Investment properties	656	(2,305)	(i) (21,304)	(345)
Property development	1,557	(2,628)	(ii) (47,017)	(2,173)
Hospitality	(3,894)	(3,625)	(iii) (25,368)	4,838
Leasing and financing	(13)	(14)	(17)	(10)
Others	(12)	(14)	(25)	(12)
	(7,159)	**(12,790)**	**(100,418)**	**(2,345)**

Notes:-

* Less than RM1,000

(i) Including an impairment on the Group's investment properties amounting to RM20.0 million.

(ii) Including a write down on the Group's property development inventories of RM43.9 million, which was arrived at based on valuation performed by the valuer.

(iii) Including an impairment on the Group's hotel amounting to RM27.3 million.

Since March 2020, lockdown or similar measures have been imposed by the government of Malaysia to curb the spread of COVID-19. These have had an adverse impact to the performance of the Malaysian economy. The Group's businesses in the hospitality, investment properties and property development segments had been affected by the COVID-19 pandemic and the imposition of MCO.

The hospitality industry was one of the hardest-hit sectors following the outbreak of the COVID-19 pandemic and the imposition of restrictions on international and domestic travel. With tourism (being the main driver of the hospitality business) halted abruptly for an unprecedented long period, the business operations and financial performance of most hotel operators were severely impacted with a major slump in their occupancy rate and revenue.

The challenges of COVID-19 pandemic and the restrictions from the MCO had adversely affected the business of the Group's hospitality segment comprising The Grand Renai Hotel. The Grand Renai Hotel achieved an average occupancy rate of 29% for the 18-months FPE 30 June 2021 (FYE 31 December 2019: 39%) and coupled with the lower average room rate for the 18-months FPE 30 June 2021 as compared to FYE 31 December 2019, this resulted in lower annualised sales revenue and profit. For information, the annualised revenue from the Group's hospitality segment for the 18-months FPE 30 June 2021 of RM8.8 million is approximately 29% lower than the revenue for the FYE 31 December 2019 of RM12.5 million.

The Group's investment properties segment comprising the Kota Sri Mutiara Shopping Complex in Kota Bharu has similarly been affected by the MCO. For the FYE 31 December 2019, the mall had an average occupancy rate of 93%, which had subsequently decreased to 81% for the 18-months FPE 30 June 2021, and further decreased to 80% in May 2022. For information, the annualised revenue from the Group's investment properties segment for the 18-months FPE 30 June 2021 of RM2.8 million is approximately 24% lower than the revenue for the FYE 31 December 2019 of RM3.7 million.

In view of 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 intention is complete and hand over sold units to buyers the development of part of Phase 2a (i.e. 2 blocks of shop lots out of a total of 4 blocks), comprising of 14 units of shop lots (out of 30 units of shop lots). The Group had decided to put on hold further development of its remaining phase 2 of its existing Bandar Tasek Raja Project.

For each of the past 3 financial years up to and including the FPE 31 March 2022, the Group had been recording losses. The Proposed Diversification is required to facilitate the Group's diversification into the Energy Related Business which are expected to provide the Group with a steady stream of revenue and profit moving forward.

To facilitate the Group's venture into the Energy Related Business, as at LPD, FBO Land is a Registered Solar PV Investor ("**RPVI**") with SEDA. For information, the RPVI license allows FBO Land to operate as an investor of solar PV initiatives which may provide power purchase agreements and solar leasing services to customers and to award EPCC works to the RPVSP (as defined below) which is registered with SEDA.

However, in order for FBO Land or any other subsidiary of Eastland to undertake EPCC works, it will require a Registered PV Service Provider ("**RPVSP**") license. Hence, in the interim, the Group will sub-contract any EPCC works to companies which have a RPVSP license. For information, Ecodwell Ventures, an investee company of Dato' Lee holds a RPVSP license. Pending the Group obtaining the RPVSP license, it is proposed for the Group to engage amongst others, Dato' Lee's investee companies to undertake the EPCC works.

In view of this, the Group will require assistance to undertake certain scope of works, which are beyond the existing capability of the Group's Energy Related Business. In particular, whilst the Group may have the resources to participate as an investor in Energy Related Business, the Group currently does not have the requisite technical expertise to undertake the EPCC works required. The Company believes that such practice is common in the energy industry. In such instance, the Group will engage third party service provider(s) and/or Dato' Lee's investee companies to undertake such work. As and when the Group develops the technical knowledge moving forward, the Company expects such reliance on third party service provider(s) and/or Dato' Lee's investee companies to reduce.

For information, in order to apply for the RPVSP license (which cost RM3,000 per annum) from SEDA, an applicant must meet the following requirements:

(a) is a local company registered with the CCM under the Act, and has a registered address and business address in Malaysia;

(b) have a minimum issued capital of RM100,000;

(c) have a minimum balance of RM100,000 in a bank account for 3 consecutive months before registration is made with SEDA for a single business (perniagaan tunggal);

(d) appoint any person who has passed the Grid-Connected Photovoltaic Systems Design Course (GCPV) organised by SEDA as a permanent employee; and

(e) appoint any person who has a Single Phase Wireman Competency Certificate (at least PW2) and has passed the Grid-Connected Photovoltaic Systems Design Course (GCPV) Wireman or Chargeman Course organised by SEDA as one of those involved in solar PV installation projects under any renewable energy mechanisms and programs.

As at LPD, the Group through FBO Land has met the requirements for (a) to (c) above and will ensure its cashflow be maintained to satisfy item (c). The Group will however be required to appoint the relevant persons to fulfil the requirements for items (d) and (e) at the material time the Group decides it is ready to apply for the RPVSP license. At this juncture, the Group believes that it may be too preliminary to incur the required funds/costs to fulfil items (d) and (e).

In venturing into the Energy Related Business, the Company had also taken into consideration the required cost to assemble a specialised team. It is estimated the Group would need to incur approximately RM0.7 million per annum to set up a specialised team comprising 1 head of department, 1 sales engineer, 4 project engineers and 2 administrative staff. For avoidance of doubt, the Group will evaluate the need to progressively employ the aforementioned staff to support the projected increase in contracts over the next 2 financial years.

It is the intention of the Company to only incur such cost to grow the team and apply for the RPVSP license when the Group secures sufficient contracts, to ensure that its Energy Related Business be profitable and sustainable. Barring any unforeseen circumstances, the Group has budgeted to secure contracts with a total contract value of RM59.5 million over the next 2 financial years before it is economically viable for the Group to hire the required personnel to meet the requirements and apply for the RPVSP license. It should be noted that the Group's budget is based on existing information and may change due to factors such as, negotiations and successful tenders for contracts and expected salaries to employ the required personnel. The Company also believes that the budgeted timeframe of 2 financial years should allow the Group to prepare itself in terms of experience and skill required to procure the RPVSP license. At the end of the 2 financial years, the Group will evaluate its readiness to apply for the RPVSP license and appoint the relevant personnel to meet the requirements of item (d) and (e) above, in addition to the 8 personnel forming the Group's specialised team.

As at LPD, FBO Land had secured 3 solar projects with a combined contract value of RM6.0 million via the Power Purchase Agreements whereby FBO Land will act as the developer and investor to finance, construct, operate and maintain a solar PV generating facility at the clients' respective premises. The details of the 3 solar projects are as follows:-

Client	**Location**	**Description of the Project**	**Estimated Capacity (kWp)**
Perabut Makmur Sdn Bhd	Selangor	Development of solar PV generation facilities at a factory in Shah Alam, Selangor via 21-years solar power purchase agreement.	227.01
Stone Empire Manufacturing Sdn Bhd	Selangor	Development of solar PV generation facilities at a factory in Rawang, Selangor via 21-years solar power purchase agreement.	146.60
Stone Empire Manufacturing Sdn Bhd	Selangor	Development of solar PV generation facilities at a commercial building in Rawang, Selangor via 21-years solar power purchase agreement.	157.90

In return the clients shall purchase from FBO Land the energy generated by the respective facilities for a period of 21 years. FBO Land is holding a RPVI license which allows FBO Land to be the investor of solar PV generation facilities at clients' sites. Upon the 3 solar projects being commissioned, FBO Land is expected to derive a revenue of approximately RM0.3 million per annum from the projects.

FBO Land proposes to engage Ecodwell Ventures as the contractor to undertake the EPCC works for the solar PV generation facilities at clients' site. For information, the engagement of Ecodwell Ventures as the contractor is deemed a recurrent related party transaction, details of which are set out in Section 2.3 of Part C of this Circular. The salient terms of the Power Purchase Agreements are set out in **Appendix IV** of this Circular.

In this respect, Eastland wishes to diversify the Group's principal activities to include renewable energy and energy efficiency related technology and businesses as the Board expects the Energy Related Business to contribute 25% or more of the net profits and/or result in diversion of 25% or more of the net assets of Eastland Group going forward. In view of this, Eastland is seeking the approval from the shareholders of Eastland for the Proposed Diversification at the EGM to be convened pursuant to Paragraph 10.13(1) of the Listing Requirements. Notwithstanding the Proposed Diversification, the Group will continue with their existing business activities.

4.1 Key management personnel

Although the Group does not have any historical track record in Energy Related Business, the Company believes that the Group has the capacity and resources to diversify into the Energy Related Business by leveraging on the experience and expertise of Dato' Lee and the following key personnel:-

(i) Dato' Lee, Malaysian, aged 49

Dato' Lee, was appointed as the Executive Director of Eastland on 9 August 2021.

Dato' Lee holds an Advance Diploma in Business Administration from ATC College. He has been the Chief Executive Officer of Edubest Group of Companies since November 2005. He is also a Non-Independent Non-Executive Director of YGL Convergence Berhad, appointed to the Board on 20 April 2018. He is also a director and Chief Executive Officer of YGL iBay International Group of Companies. Dato' Lee has more than 29 years of experience as a businessman with diverse expertise in mining, construction, property development, trading, plantation and logistic.

Dato' Lee is instrumental in marketing the Malaysian iron ores to China-based steel manufacturers. Dato' Lee is an active member of the Pahang Iron Ore Association and the Malaysian Chamber of Mines.

Dato' Lee has the following investee companies:-

(a) Ecodwell Ventures

Ecodwell Ventures is a company which specialises in providing global environmentally sustainable development strategic advisory and partnership which provide full range of services in relation to renewable energy from preliminary advisory until full implementation. Dato' Lee invested in Ecodwell Ventures since December 2021 through AMG Power, an investment holding company, which equally owned by Dato' Lee and Dato' Tai Kau @ Tai Fah Chong.

As at LPD, Ecodwell Ventures' shareholders and their shareholdings are as below:

	Direct	
	Number of shares	**%**
AMG Power	9,000	60.0
Ong Thean Huat	1,200	8.0
Nur Ruhizan Bin Noh	1,200	8.0
Nurul Muiz Bin Murad	1,200	8.0
Mohammad Reza Khalil Azmi	1,200	8.0
Kheri Bin Hamdan	1,200	8.0
	15,000	**100.0**

Dato' Lee does not hold any directorship or executive position in Ecodwell Ventures.

Ecodwell Ventures has completed the following EPCC construction projects of solar PV generating facilities facilities for the following contracts with value ranging from RM0.08 million to RM0.16 million and have a total contract value of RM0.24 million. Ecodwell Ventures typically generates gross margins of approximately 25% for these contracts.

Business Entity	Location	Description of the Project	Capacity (kWp)	Year of Completion
Supermarket	Kedah	Completed construction of Solar PV Rooftop installation of 129.90kWp at building facilities in Pendang, Kedah.	129.80	2021
Food and beverage manufacturer	Kedah	Completed construction of Solar PV Rooftop installation of 311.52kWp at building facilities in Pendang, Kedah.	311.52	2021

(b) Enzo Energy

Enzo Energy is a company which carries on the business of specialised design and construction activities which include energy efficiency projects.

Dato' Lee incorporated Enzo Energy as a joint venture between Zog Intelligence Sdn Bhd, a company that specialises in increasing the efficiency of heating, ventilation and air conditioning system and AMG Power in November 2021.

As at LPD, Enzo Energy's shareholders and their shareholdings are as below:

	Direct	
	Number of shares	**%**
AMG Power	375,000	75.0
Zog Intelligence Sdn Bhd	125,000	25.0
	500,000	**100.0**

Dato' Lee does not hold any directorship or executive position in Enzo Energy.

The management team in Enzo Energy has previously completed heating, ventilation, and air conditioning related engineering services for the following contracts with value ranging from RM2.2 million to RM8.8 million and have a total contract value of RM22.9 million. Enzo Energy typically generates gross margins of approximately 15% for these contracts.

Business Entity	Location	Description	Year of completion
Hotel	Kuala Lumpur	Achieved 40% Tenaga Nasional Berhad ("**TNB**") bill reduction and reduce 16,551,888kg of carbon emissions.	2016
Dairy products manufacturer	Kuala Lumpur	Achieved 43% bill reduction in their fresh milk and yogurt production line, and 75% bill reduction in their infant milk power production line.	2017
Properties related company	Hong Kong	Achieved 32% electricity bill reduction and reduced 1,212,755kg of carbon emissions.	2018
Hypermarket	Semenyih, Selangor	Achieved notable result of Air-Conditioning Efficiency Rate at 0.5656 kW/RT (0.507, 0.0586).	2019

(c) ER Sumber Harmoni

ER Sumber Harmoni, a company which carries the business of solar leasing/hire purchase, solar power purchase agreement, hybrid of solar leasing and solar power purchase agreement includes supply agreement for renewable energy.

As at LPD, ER Sumber Harmoni's shareholders and their shareholdings are as below:

	Direct	
	Number of shares	**%**
Dato' Lee	500,000	50.0
Dato' Tai Kau @ Tai Fah Chong	500,000	50.0
	1,000,000	**100.0**

Dato' Lee is also a director of ER Sumber Harmoni.

As at 8 April 2022, ER Sumber Harmoni has signed solar power purchase agreements for the following projects. These projects have contract values ranging from RM0.01 million to RM0.35 million and a total contract value of RM0.93 million. ER Sumber Harmoni typically generates margins of approximately 25% for such contracts.

Business Entity	Location	Description of the Project	Capacity (kWp)	Percentage of completion as at LPD (%)	Expected year of completion
Supermarket	Kedah	Development of solar PV generation facilities at a supermarket in Pendang, Kedah via 21-years solar power purchase agreement.	129.80	90	3rd quarter of calendar 2022
Food and beverage manufacturer	Kedah	Development of solar PV generation facilities at a factory in Pendang, Kedah via 21-years solar power purchase agreement.	311.52	90	3rd quarter of calendar year 2022
Hypermarket	Terengganu	Development of solar PV generation facilities at a hypermarket in Kuala Terengganu via 21-years solar power purchase agreement.	613.35	Yet to commence	1st quarter of calendar year 2022
Hypermarket	Terengganu	Development of solar PV generation facilities at a hypermarket in Kuala Terengganu via 21-years solar power purchase agreement.	175.50	70	3rd quarter of calendar year 2022
Mosque	Penang	Development of solar PV generation facilities at a mosque in Pulau Pinang via 21-years solar power purchase agreement.	40.48	Yet to commence	3rd quarter of calendar year 2022
Mosque	Johor	Development of solar PV generation facilities at a mosque in Johor Bahru via 21-years solar power purchase agreement.	45.50	35	3rd quarter of calendar year 2022

Business Entity	Location	Description of the Project	Capacity (kWp)	Percentage of completion as at LPD (%)	Expected year of completion
Mosque	Johor	Development of solar PV generation facilities at a mosque in Skudai via 21-years solar power purchase agreement.	11.00	Yet to commence	3rd quarter of calendar year 2022
Mosque	Johor	Development of solar PV generation facilities at a mosque in Johor Bahru via 21-years solar power purchase agreement.	40.00	Yet to commence	3rd quarter of calendar year 2022
Mosque	Johor	Development of solar PV generation facilities at a mosque in Johor Bahru via 21-years solar power purchase agreement.	22.00	Yet to commence	3rd quarter of calendar year 2022
Mosque	Johor	Development of solar PV generation facilities at a mosque in Kulai via 21-years solar power purchase agreement.	36.00	90	2nd quarter of calendar year 2023
Furniture dealer	Selangor	Development of solar PV generation facilities at furniture factory in Shah Alam via 21-years solar power purchase agreement.	14.00	95	3rd quarter of calendar year 2022
Marble product wholesaler	Perak	Development of solar PV generation facilities at a marble product factory in Ipoh via 21-years solar power purchase agreement.	241.38	Yet to commence	1st quarter of calendar year 2022

(d) EEHSSE International

EEHSSE International is an ESG consulting firm which supports client in discovering ESG issue and providing relevant strategic advisory services in assisting client to align with ESG criteria. Dato' Lee invested in EEHSSE International in April 2022 through AMG Power.

As at 16 June 2022, EEHSSE International's shareholders and their shareholdings are as below:

	Direct	
	Number of shares	**%**
AMG Power	225,000	45.0
EEHSSE Academy Sdn Bhd	175,000	35.0
EEHSSE Consulting Sdn Bhd	50,000	10.0
Ng Hon Seng	50,000	10.0
	500,000	**100.0**

* Less than 0.1%

Dato' Lee does not hold any directorship or executive position in EEHSSE International.

The notable projects the key management of EEHSSE International were involved in are detailed below. These projects had contract values ranging from RM0.08 million to RM0.09 million and a total contract value of RM0.17 million. EEHSSE International typically generates margins of approximately 30% for such contracts.

Client	**Description of the Project**	**Year of Commencement**	**Year of completion**
Local bank in Malaysia	Greenhouse Gas Inventory and Reporting	November 2021	March 2022
Oil and gas company	Waste Circularity Assessment for upstream offshore platforms	March 2022	June 2022

Dato' Lee has gained exposure to the Energy Related Business via his investments in the aforementioned investee companies. The Group believes that it can leverage on Dato' Lee's profile to secure energy related contracts and negotiate agreements with potential building owners to invest in solar power and energy efficiency systems. Whilst Dato' Lee does not hold any directorship / executive position in the aforementioned investee companies (except ER Sumber Harmoni), Dato' Lee had regularly engaged with the management team of each of the investee companies with regards to the new investments / projects to be undertaken by the respective investee companies. Dato' Lee believes that he will be able to capitalise on his experience via his involvement in the investee companies to-date, to secure energy related contracts and negotiate agreements with potential building owners to invest in solar power and energy efficiency systems. In the interim, Dato' Lee is desirous to assist the Group's venture into the Energy Related Business and leverage on his resources through his investee companies, where required.

(ii) LCK, Malaysian, aged 48

LCK was appointed as Chief Executive Officer of the Company on 23 January 2018 and redesignated as Managing Director on 1 July 2018.

He has completed the Real Estate CEO's Advance Course with Tshinghua University in Beijing and has more than 20 years of experience in the real estate industry.

With the network that he had accumulated throughout his working experience, the Group believes that it can leverage on his network to connect with building owners to invest for the Group's solar power and/or energy efficiency projects moving forward.

(iii) Phang Kiew Lim ("Derek Phang"), Malaysian, aged 39

Derek Phang was appointed as the Executive Director of Eastland on 20 February 2020.

Derek Phang graduated from University of Sydney, Australia with Bachelor Degree in Commence (major in Accounting and Finance). He is a member of Certified Practising Accountant ("**CPA**") Australia and the Malaysian Institute of Accountants, and is registered as an ASEAN Chartered Professional Accountant. He was also a holder of a Capital Markets Services Representative's License advising on corporate finance issued by the Securities Commission of Malaysia.

In his 16 years of working experience, Derek Phang has accumulated experience in the fields of corporate finance and business advisory pertaining to corporate transactions such as cross-border mergers and acquisitions, initial public offerings, capital raising as well as financing and restructuring.

Derek Phang also had experience in energy related business. In July 2013, he joined as a Corporate Finance Senior Manager for HNG Capital Sdn Bhd which was involved in the energy related industry. During his tenure there, he was involved in a number of energy related projects whereby he was tasked with the financial modelling and financial feasibility analysis of the projects.

(iv) Ahmad Qusyairi B MD Kudus ("Ahmad"), Malaysian, aged 34

Ahmad graduated from University Tun Hussein Onn with a Bachelor in Mechanical Engineering (Hons.). He is a member of the Institute of Engineering Malaysia and the Board of Engineer Malaysia as well as holds a Construction Personnel Card (Green Card) with Construction Industry Development Board.

He began his career with Malaysia Airports Holding Berhad as a Maintenance Engineer for a year. Subsequently, he joined Panzana Enterprise Sdn Bhd ("**Panzana**") as a Project Engineer for a tenure of 5 years from January 2016 to January 2021. During his tenure with Panzana, he was involving in the project management and monitoring for the EPCC in the following projects:

Year of commencement	Projects
October 2015	Small Hydro Electric Power Plant 6 Megawatt ("**MW**") Sungai Slim, Perak Darul Ridzuan.
January 2017	Small Hydro Electric Power Plant 5.6 MW Sungai Kampar, Perak Darul Ridzuan.

He also participated in the business development in the following proposed projects:

(a) 3 Scheme Small Hydro Electric Power Plant projects with capacity 44.6 MW in Pahang;

(b) Small Scheme Hydro Electric Power Plant project with capacity 45.8 MW in Sabah; and

(c) Large Scale Solar Photovoltaic Plant 30MW in Maran, Pahang.

Subsequently, he joined Ecodwell Ventures as a Renewable Energy Engineer in October 2021 to March 2022 and he was involving in the project management and monitoring for the EPCC in the following projects:

Year of commencement	Projects
June 2021	129.80 kW solar PV generation facilities at a supermarket in Pendang, Kedah.
June 2021	311.52 kW solar PV generation facilities at a factory in Pendang, Kedah.
November 2021	613.35 kW solar PV generation facilities at a hypermarket in Kuala Terengganu
November 2021	151.00 kW solar PV generation facilities at a hypermarket in Kuala Terengganu .

Ahmad joined Eastland in March 2022 as a Renewable Energy Engineer.

The Company takes cognisance that it will require a specialised team to undertake its venture into the Energy Related Business. In the interim, the Group had hired Ahmad as the Renewable Energy Engineer to assist Dato' Lee, LCK and Derek Phang to manage the projects to be undertaken. Moving forward, the Group intends to hire up to 4 additional employees to assist in the Energy Related Business, subject to further new projects being procured.

4.2 Additional financial commitment

Upon obtaining the approval from the shareholders of Eastland for the Proposed Diversification, Eastland Group is expected to incur the following additional cost for the operation of the Energy Related Business:-

	Next 12 months (RM'000)	Next 24 months (RM'000)	Source of Fund
Working capital	642	1,274	Internally generated fund
Capital expenditure (including investment in Energy Related Business (as investor))	22,000	24,200	Proceeds from the Rights Issue with Warrants*, internally generated fund and bank borrowings
	22,642	**25,474**	

Note:-

* The proceeds from the Rights Issue with Warrants may only be utilised for investments which supports and/or is beneficial and complementary to the operations/services and/or customers/tenants of the Group's existing property related business and could contribute positively towards the Group's financial performance.

4.3 Measures to mitigate and eliminate any potential conflict of interest

As highlighted in Section 4 of Part A of this Circular, the Group may in the interim engage with Dato' Lee's investee companies for support to venture into the Energy Related Business.

A potential conflict of interest situation may arise as Dato' Lee's investee companies are also involved in the Energy Related Business, which the Group will eventually be involved in. In view of Dato' Lee's interests in the investee companies which are similarly involved in the Energy Related Business as set out in Section 4.1(i) of Part A of this Circular, in addition to adhering to the related party transactions policy and review procedures in relation to RRPTs adopted by the Group, Dato' Lee had also assured the Board that he proposes to mitigate such potential conflict of interest via the following measures:-

(i) He will not be involved in the day-to-day operations of the investee companies and will only participate high level decision makings at these companies i.e. decisions requiring the consent as a shareholder of these investee companies;

(ii) He will involve the Group in all Energy Related Business contracts procured by him, subject to Eastland Group having the requisite technical expertise, and Eastland Group will be provided with the first right of refusal for contracts of such nature. For avoidance of doubt, as the Group is new in the Energy Related Business, Dato' Lee may procure the aforementioned investee companies to assist the Group in undertaking such Energy Related Business contracts;

(iii) Whilst Dato' Lee will seek to procure Energy Related Business contracts for the Group, all contracts of such nature to be undertaken by the Group and all contracts to be awarded by the Group to any investee companies will be deliberated by a committee (comprising at least 1 Executive Director and 1 senior personnel from the Energy Related Business) and Dato' Lee will abstain from all such deliberation, critical criteria setting and decision making, unless Dato' Lee had ceased his interests/involvement in a company outside the Group which is involved in the Energy Related Business; and

(iv) Dato' Lee's investee companies which are related in the Energy Related Business and the Group's Energy Related Business division will be run independently by the respective management teams.

5. OTHER FUND RAISING EXERCISES IN THE PAST 12 MONTHS

(i) Shares Issuance 2021

On 13 August 2021, the Company successfully completed a shares issuance of 64,856,312 new Eastland Shares at issue price of RM0.1059 per Share which raised RM6,868,283 ("**Shares Issuance 2021**").

As at LPD, the status of the utilisation of the proceeds raised is as follows:-

Purpose	Proposed utilisation of proceeds (RM'000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)	Utilisation timeframe
General working capital	1,189	1,189[(a)]	-	
Repayment of bank borrowings	1,504	1,504[(b)]	-	
Property development activities	4,000	2,571[(c)]	1,429[(d)]	Within 12 months
Expenses related to Shares Issuance 2021	175	175[(e)]	-	
	6,868	**5,439**	**1,429**	

Notes:-

(a) The proceeds allocated for general working capital had been utilised as follows:-

	RM'000
Office related expenses (i.e. office rental, insurance, travelling expenses, utilities, repair and maintenance, telecommunications and office operating expenses etc.)	147
Compliance expenses (i.e. audit, company secretary, share registrar and legal)	154
Staff costs	888
	1,189

(b) The Group had utilised RM1.34 million of the proceeds for the scheduled principal and interest repayment for the business financing-i (term loan) as well as RM0.16 million for the scheduled interest repayment for the business cashline-i (overdrafts) facilities.

(c) The proceeds allocated for property development activities are intended to be utilised for the following projects within 24 months from the completion of the Shares Issuance 2021:-

	RM'000
Bandar Tasek Raja Project	1,000
Damai Project	3,000
	4,000

As at LPD, RM0.4 million had been utilised for our Bandar Tasek Raja Project and RM2.2 million had been utilised for Damai Project as follows:-

	RM'000
Bandar Tasek Raja Project	
- Payment to contractor for preliminary works	170
- Payment for utilities	77
- Pledged as fixed deposit to secure bank guarantee provided by bank in favour of Tenaga Nasional Berhad*	120
- Bank charges in relation to the bank guarantee	3
	370
Damai Project	
- Payment to SUDC for the first entitlement upon development approval	600
- Payment to SUDC upon approval of building plan	600
- Purchase of computers and office equipment	18
- Promotion and marketing expenses in relation to Damai Project	245
- Payment for consultation fee	738
	2,201

Note:-

* Relates to a fixed deposit pledged to a bank to secure a bank guarantee in favour of Tenaga Nasional Berhad. The guarantee is requested by Tenaga Nasional Berhad to ensure the surrender of a portion of land and the power sub-stations for our Bandar Tasek Raja Project.

(d) The balance of the proceeds will be utilised for part of the cost of property development and promotional events for Bandar Tasek Raja Project and Damai Project.

(e) This includes professional fees, fees payable to authorities and other incidental expenses for the Shares Issuance 2021.

(ii) Rights Issue with Warrants

On 18 February 2022, the Company completed a renounceable rights issue of 1,144,241,731 Rights Shares together with 782,901,982 free Warrants at an issue price of RM0.07 per Right Share which raised RM80,096,921.

As at LPD, the status of the utilisation of the proceeds raised is as follows:-

Purpose	**Proposed utilisation of proceeds (RM'000)**	**Actual utilisation (RM'000)**	**Balance to be utilised (RM'000)**	**Utilisation timeframe**
Repayment of bank borrowings	40,000	40,000[(a)]	-	Within 12 months
Repayment of advances owing to LCK	12,440	12,440[(b)]	-	Within 1 month
Repayment of advances owing to Datuk Melvinyeo Kiandee	2,420	2,420[(c)]	-	Within 1 month
Payment of Damai Consideration	8,000	8,000[(d)]	-	Within 1 month

Purpose	Proposed utilisation of proceeds	Actual utilisation	Balance to be utilised	Utilisation timeframe
	(RM'000)	(RM'000)	(RM'000)	
General working capital	2,537	1,234[e]	1,303 [f]	Within 12 months
Business opportunities	14,000	-	14,000[g]	Within 24 months
Estimated expenses for the Rights Issue with Warrants	700	700[h]	-	Upon completion
	80,097	**64,794**	**15,303**	

Notes:-

(a) The Group had repaid a total RM40.0 million borrowings as follows:-

Facilities	RM'000
Business financing-I 1	79
Business financing-I 2	12,691
Business financing-I 3	18,569
Business cashline-I (overdrafts)	8,661
Total	**40,000**

(b) The Group had repaid the RM12.4 million owed to LCK on 18 February 2022.

(c) The Group had repaid RM2.4 million to Datuk Melvinyeo, former executive director of the Company (resigned on 18 July 2018) on 21 February 2022.

(d) The Company had on 18 August 2020 announced that FBO Land, had on 18 August 2020, entered into a CSPA with IWSB to purchase the Development Rights under the SUDC JVA with SUDC, for a purchase consideration of RM8.0 million. Pursuant to the SUDC JVA, SUDC and IWSB have agreed to collaborate with one another whereby IWSB will develop, construct and manage a building consisting, inter alia a 16-storey building with 2-storey shop lots, 5-storey carpark, 1-storey public facilities and 8-storey commercial units on a piece of land situated in Damai, Kota Kinabalu.

On 8 February 2021, the Company has announced that FBO was informed by IWSB that the development plan for our Damai Project has been issued to IWSB by Dewan Bandaraya Kota Kinabalu on 11 December 2020. The conditional sale and purchase agreement in relation to the Development Rights was deemed completed on 21 October 2021, and FBO Land had fully settled the Damai Consideration on 21 February 2022.

(e) The proceeds allocated for general working capital had been utilised as follows:

	RM'000
Office related expenses (i.e. insurance, travelling expenses, repair and maintenance, telecommunications and office operating expenses etc.)	149
Compliance expenses (i.e. audit, company secretary, share registrar and legal)	318
Staff costs	767
	1,234

(f) The remaining balance allocated for geveral working capital is expected to be utilised as follows:

	RM'000
Office related expenses (i.e. office rental, printing cost, travelling expenses, utilities, repair and maintenance, telecommunications and office operating expenses etc.)	155
Compliance expenses (i.e. company secretary)	11
Staff costs	1,137
	1,303

(g) In view of the Proposed Diversification, the Company may utilise whole/part of the RM14.0 million proceeds earmarked for business opportunities for investment in the Energy Related Business which supports and/or is beneficial and complementary to the operations/services and/or customers/tenants of the Group's existing property related business and could contribute positively towards the Group's financial performance.

(h) This includes professional fees, fees payable to authorities and other incidental expenses for the Rights Issue with Warrants.

6. RATIONALE OF THE PROPOSALS

6.1 Proposed Acquisition

The Proposed Acquisition is in line with the Group's investment objectives and growth strategy to provide Eastland with sustainable and stable income stream and to grow the Group's NAV per Share by acquiring high quality, earnings accretive properties with recurring rental income. For information, the Group will be acquiring the Properties at the market value ascribed by the Valuer, which was arrived at after incorporating a 20% bulk discount factor.

The 5% per annum guaranteed rental return provided by the Developer provides the Group with a stable income stream for 5 years. During this period, the Group will work closely with Top Land (being the party providing the 5% guaranteed rental return) to gain insights and leverage on the skills and experience of Top Land in marketing and property management particularly in Bandar Tun Abdul Razak Business Park. In addition, the demand for the Properties may also increase as and when the Bandar Tun Razak Business Park develops commercially over time. With the completion of the East Coast Rail Link being earmarked in 2026, the Group anticipates that the locality surrounding Bandar Tun Razak Business Park to develop commercially prior to the completion of the East Coast Rail Link due to the anticipated increase in demand for surrounding properties.

The Group is coordinating with Top Land to appoint property agents to market the vacant units after taking into consideration that the property agents will have a large database of customers and more prevailing market information on current rental rates, and the ability to negotiate a term which will be more suitable to the tenants.

The Properties are strategically situated at the north-western side of Jalan Bandar Tun Abdul Razak Jengka-Temerloh, about 2 kilometres due south-west of the Tun Abdul Razak Jengka town.

In addition, the Board is also of the view that the issuance of Consideration Shares as the settlement of the Purchase Consideration will enable the Group to conserve its cash resources and thereby provide greater flexibility to utilise its cash resources to fund the Group's existing businesses and/or the Energy Related Business.

6.2 Proposed Capital Reduction

The purpose of the Proposed Capital Reduction is to eliminate the accumulated losses of the Company with a view to rationalise the statement of financial position of the Company to reflect more accurately the value of its underlying assets, and thus the financial position of the Company. In addition, the reduction of accumulated losses is expected to enhance the credibility of the Company and the Group with the bankers, customers, suppliers, investors, and other stakeholders.

6.3 Proposed Diversification

In view of the COVID-19 pandemic which had affected the financial performance of the property development, investment properties and hospitality segments of the Group, the Proposed Diversification will enable the Group to diversify its earnings stream to include the Energy Related Business. The Energy Related Business has been identified after considering the sustainable and stable income nature of this business.

The Proposed Diversification will also provide the Group with an opportunity to participate in the growing demand within the renewable energy and energy efficiency industry as set out in Section 7.4 of the Part A of this Circular.

6.4 Value creation and impact of the Proposals to Eastland and its shareholders

As stated in Section 4 of Part A of this Circular, the Group's businesses in hospitality, investment properties and property development segments had been affected by the COVID-19 pandemic. Whilst the MCO had been uplifted in Kelantan since May 2021 and overall economic conditions are slowly recovering and the Group's hospitality business had seen improvements, the Group remains cautious whether such improvements will be sustainable due to the surge in travelling when state borders opened. As such, the Group is proposing to increase the Group's earnings stream via the Proposed Acquisition and Proposed Diversification.

The Proposed Acquisition provides the Group with an opportunity to invest in the Properties at an attractive price (i.e. 20% bulk discount) and gain an additional income stream from the rental income of the Properties without having to obtain further borrowings and/or utilise existing cashflows of the Group. As per the terms of the SPA, the Group will receive a stable rental income for 5 years via the 5% guaranteed rental from Top Land. The Group expects the overall property market to improve in the mid to long term. Together with the 20% bulk discount and such appreciation of the Properties at the material time, the Group may be able to realise its investment in the Properties at a gain.

Notwithstanding that the Proposed Acquisition will be satisfied via the Consideration Shares to LV which will result in a dilution to shareholders' shareholdings in the Company, it allows the Group to conserve its cash resources and utilise its cash resources to fund the Group's existing businesses and/or the Energy Related Business which is expected to contribute positively to the future earnings of the Group and also serves to affirm Dato' Lee's commitment as the Executive Director and major shareholder of Eastland.

The Proposed Diversification is intended to facilitate the Group's foray into the renewable energy and energy efficiency industry. As mentioned in Section 4.1(i) of the Circular, Dato' Lee has several investee companies involved in the renewable energy and energy efficiency industry and is able to therefore, assist the Group in obtaining projects/contracts in this sector, if required. As detailed in Part C of this Circular, Eastland is seeking shareholders' approval to enter into certain RRPTs with Dato' Lee's investee companies. The Board believes that through the Proposed Diversification, the Group will be able to expand the earnings of the Group via the Energy Related Business.

The Proposed Capital Reduction will not have a direct impact to the shareholders' value. However, it allows the Company rationalise its statement of financial position which is expected to enhance the credibility with the Group's stakeholders.

6.5 Adequacy of the Proposals in addressing the Group's financial concerns

The Proposals are not fundraising proposals to raise proceeds for the Group. The Proposals are intended to provide the Group with additional avenues to increase its income streams and over time, improve the net asset and accumulated losses position. As such, the Proposals should bode well to further enhance the financial position of the Group.

Upon the completion of the Proposed Acquisition, the Group will immediately benefit from the guaranteed rental income of RM103,333.33 per month from Top Land from the lease of Properties which would improve the cashflows of the Group. Besides, the guaranteed rental income is for a period of 5 years which provide the Group with a stable income stream for 5 years.

The issuance of Consideration Shares allows the Group to acquire the Properties without any cash outflows will enable the Group to conserve its resources to fund its existing businesses and/or the Energy Related Business.

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

As at LPD, the Group has 3 primary business segments, namely, hospitality segment comprising the operation of The Grand Renai Hotel in Kota Bharu, investment properties segment involving operation of the Kota Sri Mutiara Shopping Complex in Kota Bharu and property development segment.

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

(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 proposes to develop the Bandar Tasek Raja Project in 2 phases, comprising shop lots, a market, a supermarket, a bus station and taxi terminal, and other ancillary buildings of which the status of the project as at LPD is set out as below:-

Description	GDV	Status of Construction Work	Launched	No. of Units Sold	No. of Units Unsold
	RM'000			Units	Units
Phase 1					
112 units of shop lots	42,300	Completed in 2016	29 September 2011	97	15

Description		GDV	Status of Construction Work	Launched	No. of Units Sold	No. of Units Unsold
		RM'000			Units	Units
Phase 2						
(a)(i)	14 units of shop lots	10,700	Expected to be completed in 4th quarter of 2022	5 – 6 January 2017	8	6
(a)(ii)	16 units of shop lots	11,600	On hold		-	16
(b)	124 units of shop lots	102,200	On hold		-	124
	Total	**166,800**			105	161

Note:-

* As at LPD, the Group has completed 61.30% of Phase 2a of Bandar Tasek Raja Project consisting of 30 units shop lots.

For information, Bandar Tasek Raja Project has a GDC of RM34.6 million for Phase 1 and an estimated GDC of approximately RM139.3 million for Phase 2a and Phase 2b, comprising the following:-

		Phase 1	Phase 2a	Phase 2b
		RM'000	RM'000	RM'000
(i)	Land costs and related expenses	800	500	2,100
(ii)	Building works, earthworks and infrastructure	16,300	15,000	56,700
(iii)	Professional, authorities, consultation fees and sales and marketing expenses	2,100	1,600	6,700
Total / expected development cost		19,200	17,100	65,500
Total / expected infrastructure cost		15,400	11,200	45,500
Total GDC		**34,600**	**28,300**	**111,000**

In view of 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. Save for the intention of completing the development of part of Phase 2a (i.e. 2 blocks of shop lots out of a total of 4 blocks), comprising of 14 units of shop lots (out of 30 units of shop lots), and handing over the sold units to the buyers, 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 Phase 2a shop lots. The development of the aforementioned 14 units of shop lots in Phase 2a is expected to be completed by the fourth quarter of 2022, whilst the balance development of Phase 2a will be put on hold notwithstanding the upliftment of the MCO, as the Group is of the view that the overall property market condition in Kelantan has yet to recover. The Group will continue to monitor the property market condition and in the event the Group assess that it is viable to proceed with the balance development of Phase 2a, the GDC will be funded via internally generated funds, bank borrowings and/or debt/equity fund raising.

For Phase 2b, Eastland had written down its inventory to net realisable value for an amount of RM43.9 million for the 18-months FPE 30 June 2021, pursuant to the Board's decision not to develop the 124 plots of land under Phase 2b ("**Phase 2b Land**") after considering the Group's effort to develop and sell the project for the past 11 years. The Group had discussions with several parties for the disposal of the Phase 2b Land which were not successful. As at LPD, the Group is still contemplating other options pertaining to Phase 2b Land.

Notwithstanding the above, the Board is continuously identifying new opportunities for development projects to provide the Group with new income streams. The Company had on 18 August 2020 announced that FBO Land had on 18 August 2020, entered into a conditional sale and purchase agreement with IWSB whereby FBO Land shall purchase the development rights with SUDC, for a purchase consideration of RM8.0 million. Pursuant to the joint venture agreement entered into between IWSB and SUDC, SUDC and IWSB have agreed to collaborate with one another whereby IWSB will develop, construct and manage a building consisting, inter alia a 16-storey building with 2-storey shop lots, 5-storey carpark, 1-storey public facilities and 8-storey commercial units on a piece of land situated in Damai, Kota Kinabalu. The Damai Project has an estimated aggregate GDV and GDC of approximately RM102.3 million and RM74.6 million respectively to be developed over a tenure of approximately 3 years.

The Group had conducted an internal assessment as to the feasibility of the Damai Project and the Board is of the view that, with careful planning and constant assessment of the property market, the Damai Project should contribute positively towards the Group's performance. Depending on the overall cashflow requirements at the material time, the Group may fund the development cost of the Damai Project via internally generated funds and/or bank borrowings.

On 8 February 2021, the Company has announced that FBO Land was informed by IWSB that the development plan for the Damai Project has been issued to IWSB by Dewan Bandaraya Kota Kinabalu on 11 December 2020 ("**Approved Development Plan**"). The conditional sale and purchase agreement was deemed completed on 21 October 2021. Based on the Group's assessment and evaluation on the current property market condition in Kota Kinabalu, Sabah for this project, the Company anticipates to commence development of the project in the 2nd quarter of 2022.

Notwithstanding the above, the Group takes cognisance of the current property market condition and will continue to adopt a cautious approach for the Group's property development projects. The Group will evaluate all options available at the material point in time before launching any particular projects.

(ii) For the hospitality segment, the Group operates the 298-room The Grand Renai Hotel located along Jalan Sultan Yahya Petra, Kota Bharu, Kelantan. The Group had on 11 March 2021 hired a new general manager to take charge of the hotel operations in anticipation of improving the financial performance of the hotel amidst this challenging period. The hotel's sales team had since initiated various forms of connecting via social media to advertise and promote to create brand awareness of the hotel including amongst others, via social media websites, bloggers and food tasting and review sessions. We also carried out cost saving initiatives such as revisiting the suppliers and raw materials tender process.

In addition, the Group has adjusted the book value of its hotel from RM97.3 million to RM69.0 million during the FYE 30 June 2021, representing a decrease of RM28.3 million impairment in value of the hotel as appraised by the valuer. For information, in valuing the hotel, the valuer had adopted an income approach taking into consideration a lower income stream to be derived from the hotel as a result of the MCO resulting in the impairment. Following the impairment, the Group's hospitality segment is expected to operate at lower asset value and depreciation which will in turn improve the financial performance of the Group moving forward.

The hotel continues to focus and rely on business-travel segment customers as business activities pick up in line with the reopening of borders and inter-state/district travels after the MCO has been lifted. In relation thereto, the management of the Group had identified a strategy to lease its hotel rooms on a long-term basis over a pre-determined term. The Group had recently secured a 12-month lease for 50 units of hotel rooms and a ballroom. Under the lease, the rooms and the ballroom will be leased to the client for a fixed lease payment of RM600,000 per month. The management believes that such leases will enable the Group to generate more stable cash flows from its hotel operations.

The Group has also allocated approximately RM4.7 million from its existing funds (to be funded through bank borrowings and/or internally generated funds) for the purpose of refurbishment of its hotel (RM2.5 million for first stage of refurbishment and RM2.2 million for second stage of refurbishment). The Group had since commenced the refurbishment of the hotel and expects the refurbishment to be implemented in stages and completed by end of year 2022. The Group hopes that upon completion of the refurbishment, the hotel may attract leisure customers as well as business-travel segment customers.

(iii) For the investment properties segment, in view of the COVID-19 pandemic which saw termination of 6 tenants, the mall's average occupancy rate had decreased from 93% during the FYE 31 December 2019 to 81% for the 18-months FPE 30 June 2021, and further decreased to 80% in May 2022. To mitigate the impact of loss of tenant, the Group had reduced the rental to support and retain key tenants with good payment track record. As a result, the mall's average rental rate had reduced from approximately RM1.10 per square foot in FYE 31 December 2019 to approximately RM0.90 per square foot in FYE 31 June 2021. Since the upliftment of the MCO in Kelantan in mid May 2021, the mall has seen an increase in footfall by approximately 161.3% from mid May 2021 to May 2022. In addition, the Group is also actively looking out for new tenants to fill up existing vacancies by offering attractive rental rates for the initial period.

(iv) Part of the proceeds from the Rights Issue with Warrants had been utilised by the Group for the repayment of RM40.0 million bank borrowings. The repayment of bank borrowings allows the Group to derive interest savings of approximately RM2.60 million per annum.

(v) In view of the increasingly challenging property market, the Group has continued to seek and explore non-property related business opportunities that would contribute positively towards the Group's financial performance. As disclosed in Section 4 of Part A of this Circular, the Group is proposing to venture into the Energy Related Business. As at LPD, FBO Land had secured 3 solar projects with a combined contract value of RM1.78 million via the Power Purchase Agreements whereby FBO Land will act as the developer and investor to finance, construct, operate and maintain a solar PV generating facility at the clients' respective premises.

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Overview and outlook of the Malaysian Economy

The Malaysian economy grew by 5.0% in the first quarter of 2022 (4Q 2021: 3.6%). Growth was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. The improvement also reflects the recovery in the labour market and continued policy support. In addition, strong external demand, amid the continued upcycle in global technology, provided a further lift to growth. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 3.9% (4Q 2021: 4.6%).

Key economic sectors expanded in the first quarter of 2022. The services sector grew by 6.5% (4Q 2021: 3.2%). Consumer-related activities continued to recover amid the reopening of the economy. This was reflected in stronger growth in the retail and leisure-related subsectors. The strong expansion was also seen in business-related activities, including transport and storage, real estate, business services and private healthcare. Growth in the information and communication subsector provided further support amid greater coverage of 4G services as well as sustained demand for data communications services, particularly for e-commerce and e-payment activities.

The construction sector contracted at a smaller pace of 6.2% (4Q 2021: -12.2%). Progress in new and existing commercial and industrial projects continued to support activity in the non-residential subsector. Meanwhile, the implementation of small-scale projects under the Budget 2022 sustained growth in special trade activities. Growth in the civil engineering and residential subsectors improved but remained subdued.

<u>Outlook</u>

The Malaysian economy is expected to improve further in 2022, underpinned by stronger domestic demand, continued expansion in external demand and improving labour market. Going forward, growth would continue to benefit from the easing of restrictions and reopening of international borders. Furthermore, investment activities are also projected to improve, supported by the realisation of multi-year projects.

However, the risks to Malaysia's growth prospects remain. These include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, adverse developments surrounding COVID-19 and heightened financial market volatility.

(Source: Quarterly Bulletin 1Q 2022, Bank Negara Malaysia)

7.2 Overview and outlook of the Malaysian property market

The Malaysian economy recorded a positive growth of 3.6% in Quarter 4 (Q4) 2021 as compared to the 4.5% contraction in Quarter 3 (Q3) 2021. As containment measures eased and restrictions on movement between states lifted in October 2021, economic activities resumed. All economic sectors rebound, led by services and manufacturing sectors. With the upturn in Q4 2021, the economy grew by 3.1% in 2021.

The property market showed signs of recovery following the implementation of various stimulus provided by the government, via Short-term Economic Recovery Plan namely Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN). The stimulus helped to sustain the confidence of the industry and households at large in coping with the impact of pandemic. In addition, initiatives introduced under Budget 2021 remained supportive to the property market. Among the initiatives included:

1. An allocation of RM1.2 billion for providing comfortable and quality housing, especially for the low-income group:

    a. RM500 million to build 14,000 units low-cost housing under Program Perumahan Rakyat.

    b. RM315 million for the construction of 3,000 units of Rumah Mesra Rakyat by Syarikat Perumahan Negara Berhad.

    c. RM125 million for the maintenance of low cost and medium-low stratified housing as well as assistance to repair dilapidated houses and those damaged by natural disasters; and

    d. RM310 million for the Malaysia Civil Servants Housing Program (PPAM).

2. Full stamp duty exemption on instruments of transfer and loan agreement for first-time home buyers will be extended until 31 December 2025, effective for sale and purchase executed from 1 January 2021 to 31 December 2025.

3. Stamp Duty exemption on loan agreement and instruments of transfer given to rescuing contractors and the original house purchasers is extended for five years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government (KPKT).

4. Collaboration with selected financial institutions to provide a Rent-to-Own Scheme. The program will be implemented until 2022 involving 5,000 units PR1MA houses with a total value of more than RM1 billion.

For PENJANA, the financial initiatives introduced by the government which have helped soften the impact on property market included:

1. Re-introduction of Home Ownership Campaign (HOC) - Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1st June 2020 to 31 May 2021.

2. RPGT exemption for disposal of residential homes from 1st June 2020 to 31 December 2021 (This exemption is limited to the disposal of three units of residential homes per individual).

3. The lifting of the current 70 percent margin of financing limit applicable for the third housing loan onwards for property valued at RM600,000 and above, during the period of the HOC, subject to internal risk management practices of financial institutions.

The Home Ownership Campaign (HOC) has been extended by government up to December 31, 2021, in hoping to assist households to own homes and reduce the numbers of unsold properties in the country.

(Source: Annual Property Market Report 2021, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

The property market performance recorded a slight improvement in 2021 but has yet to surpass the pre-pandemic level recorded prior to 2020. A total of 300,497 transactions worth RM144.87 billion were recorded, showing an increase of 1.5% in volume and 21.7% in value compared to last year. The residential, commercial and industrial sub-sectors saw an increase in volume of transaction by 3.9%, 10.7% and 17.6% respectively, while agriculture and development land sub-sectors declined slightly by 7.5% and 7.4% respectively. Value of transactions recorded higher increase for residential, commercial, industrial and development land sub-sectors each at 16.7%, 43.1%, 32.9% and 33.2% whereas agriculture recorded decrease by 5.1%.

Residential Property

Residential sub-sector led the overall property market activity, with 66.2% contribution in volume. There were 198,812 transactions worth RM76.90 billion recorded in the review period, increased by 3.9% in volume and 16.7% in value year-on-year. The improvement was supported by the uptrend recorded in WP Kuala Lumpur (4.9%), Selangor (10.7%), Pulau Pinang (16.3%) and Perak (3.2%). Conversely, Johor recorded a decline in market activity by 2.4%.

Demand continued to focus on terraced houses, formed around 43% of the total residential transactions, followed by vacant plots and high-rise units, each with nearly 15% market share. The affordable price range of RM300,000 and below accounted for 55.9% of the total, followed by RM300,001 to RM500,000 (24.6%), RM501,000 – RM1,000,000 (14.8%) and more than RM1,000,000 (4.8%).

The primary market saw lesser release of new launches. There were nearly 44,000 units launched in 2021, against 47,178 units in 2020. The decline was expected as developers held back on the new launches due to the softening property market and increasing numbers of unsold inventories. Sales performance was moderate at 39.3% in 2021. By property type, terraced houses (60.1%) dominated the new launches, comprising single storey (10,667 units) and two to three storey (15,705 units), followed by condominium/ apartment units with 27.4% share (12,018 units).

The residential overhang situation was less encouraging, with volume amounting to 37,000 units worth RM22.79 billion as at year-end, increased by 24.7% and 20.5% in volume and value respectively against last year. The unsold under construction improved as the numbers dropped by 2.1% to 70,231 units. However, the unsold not constructed recorded a sharp increase by 69.2% to 21,960 units.

Construction activity recorded an increase in housing starts, up by 5.0% to 86,258 units and new planned supply increased by 8.2% to 77,585 units compared to 2020. Contrarily, completions were down by 0.8% to 76,393 units.

The Malaysian House Price Index (MHPI) stood at 201.5 points in 2021 with a low annual growth of 0.6%. Terraced House Price Index managed to sustain growth at 2.0%. However, High-Rise, Semi-Detached and Detached House Price Index recorded a slight decline of 0.2%, 0.1% and 3.3% respectively. Major states saw mixed movements in its overall House Price Index−Selangor and Johor each up by 1.6 % and 2.6% while WP Kuala Lumpur and Pulau Pinang each down by 3.6% and 1.7%.

Commercial Property

The commercial sub-sector saw a better performance in 2021. There were 22,428 transactions worth RM27.94 billion recorded in 2021, increased by 10.7% in volume and 43.1% in value as compared with 2020.

Shop segment recorded 11,574 transactions worth RM9.6 billion, dominating 51.6% of the commercial property transactions volume and 34.3% of the total value. Market performance recorded an increase of 10.5% in volume and 12.7% in value against 2020.

Similarly, the unsold under construction and not constructed increased to 42,094 units and 8,361 units, up by 19.4% and 2.6% respectively. WP Kuala Lumpur held the highest number of unsold under construction, with 41.2% share (17,356 units), followed by Selangor with 25.2% share (10,619 units) and Johor 19.0% (7,982 units).

The construction activities saw a mixed trend with starts increased by 24.3% to 36,979 units, completion and new planned supply declined by 28.6% (12,213 units) and 40.1% (12,820 units) respectively.

The overall performance of shopping complex continued to soften, recording an occupancy rate of 76.3%, down from 77.5% in 2020. WP Kuala Lumpur and Selangor recorded 79.8% and 80.7% occupancy rate respectively, whereas Johor and Pulau Pinang managed to secure an average occupancy of 73.0% and 70.9% respectively. Melaka and Negeri Sembilan recorded among the lowest occupancy rate in the country, each at 63.8% and 66.8%. Twelve new complexes completed in the review period, adding nearly 440,000 s.m. of retail space into the market, bringing the total space for shopping complex nationwide to 17.28 million square metres. There were another 43 complexes (1.71 million s.m.) in the incoming supply and with another 11 complexes (0.37 million s.m.) in the planned supply.

The overall performance of purpose-built office decreased to 78.3% in 2021, down from 80.2% in 2020. The occupancy rate for private office buildings declined further to 71.5%, down from 73.9% recorded in 2020. WP Kuala Lumpur and Pulau Pinang recorded an occupancy rate of 71.8% and 80.6% respectively, whereas Selangor and Johor saw lower than national level at 67.3% and 62.4% respectively. Private office buildings in Putrajaya recorded the lowest occupancy rate in the country at 44.0%. There were 13 new completions offering a total office space of 0.69 million s.m., lower compared to 2020 (11 new completions; 0.45 million s.m.). As at end-2021, there was a total of 23.97 million s.m. existing office space from 2,583 buildings, while another 1.65 million s.m. (44 buildings) in the incoming supply and nearly 0.29 million s.m. (12 buildings) in the planned supply.

Outlook

The property market is expected to regain its momentum in 2022 though the environment remained challenging. The ‘Transition to Endemic’ phase of Covid-19 starting April 1 2022 will see the lifting of restrictions of business operating hours and reopening of country borders, which is expected to further improve domestic economic activities.

As economy is set to be on the right trajectory, the property market performance is expected to be on similar track. The accommodative policies, continuous government support, well execution of all planned measures outlined in Budget 2022 and the proper implementation of strategies and initiatives under RMK-12 is expected to support growth in the property sector.

(Source: Press Release: Property Market Report 2021 dated 1 April 2022, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

Pahang Property Market Overview

Pahang's property market performance moderated in a review period. A total of 15,988 transactions worth RM5.52 billion were recorded, down by 6.1% in volume and 5.8% in value respectively. Residential sub-sector spearheaded the overall property market with 65.7% share, followed by agriculture with 24.8%, development land (4.1%), commercial (4.5%) and industrial (1.0%) sub-sectors.

Market activity witnessed downward movements across all sub-sectors except for industry. The industrial sub-sector increased 18.2% while the commercial sub-sector decreased 17.4% followed by development land (-14.8%), agriculture (-8.0%) and residential (-4.2%) sub-sectors. In terms of transaction value, market activity witnessed mixed movements. The development land, commercial and residential sub-sectors recorded an increase. Meanwhile the agriculture and industrial sub-sectors recorded a contraction.

Commercial property - Shop

Shop segment recorded 479 transactions worth RM335.86 million in the review period (2020: 492 transactions worth RM363.43 million). The volume and value decreased by 2.6% and 7.6% respectively compared to 2020. The shop overhang was mixed in the review period. However, the overhang and unsold under construction unit are better because the numbers is reduced.

In tandem with moderating market activity, the construction activity also softened. Starts and new planned supply showed a decline, while completion increased compared to last year. As at end-2021, there were 25,757 existing shop units with another 1,233 units in the incoming supply and 3,386 units in the planned supply.

Outlook

Pahang's economy is projected to recover gradually by intensifying domestic tourism and hotel activities, agriculture, plantation, mining and the balanced growth of the industrial sector. Based to the 2022 Budget themed "State Prosperity, Mutual Benefits, Prosperous People" an estimated surplus of RM5.97 million has been allocated.

For development expenditure, an allocation of RM323.26 million was provided involving infrastructure projects of RM171.98 million with direct financing while RM151.28 million from loans to finance water supply project.

The declaration of Kuantan as a City Centre on 21 February 2021 will expected have a major impact on the overall development in the district. Several programs and projects will be continued in 2022 which will also have a positive impact on the property and infrastructure sector.

(Source: Annual Property Market State Report 2021 – Pahang, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

7.3 Prospects of the Properties

The Properties are located in Bandar Tun Abdul Razak Business Park, Jengka-Termeloh, which is about 2 kilometres south-west of the Tun Abdul Razak Jengka town. The Properties are accessible via Jalan Bandar Tun Abdul Razak Jengka-Termeloh. The Bandar Tun Razak Business Park is a modern commercial park. The immediate surrounding area is predominantly commercial and institutional in character as well as vacant lands with development potential. The surrounding vicinity of the Properties also include hypermarkets, schools, recreational centre, petrol stations, mosque, etc.

The Board takes cognisance of the current low tenancy rates of the commercial units within the development. In this respect, the Board takes comfort that FBO Land and Top Land will enter into the Lease Agreement, whereby, FBO Land will be guaranteed a rental return of 5% per annum by Top Land for a period of 5 years. This period will allow the Group sufficient time to secure tenants for the Properties and to allow the surrounding locality to mature.

Premised on the above and the overall upward trend of the Malaysian property market, the Board is of the opinion that the prospects of the Properties are expected to be positive in the medium term.

(Source: Management of the Group)

7.4 Overview and outlook of the energy related industry in Malaysia

<u>Overview</u>

There are currently 20 gas-fired power plants in Malaysia, accounting for about half the power needs of the country, and making gas the main source of energy. Population growth and environmental considerations are likely to have a positive impact on gas demand for power generation in the future. Malaysia's population, at 32 million in 2017 is forecast to grow to 45 million in 2050, with almost 90% expected to live in cities. Rapid urbanisation will trigger increased demand for energy to sustain city dwellers and satisfy urban lifestyle needs. While cost remains a key consideration with regards to fuel choices – the removal of gas subsidies may make it a relatively costly option - countries are also mindful of their international commitments to reduce carbon emissions. Malaysia is a signatory to the 2016 Paris Agreement that commits countries to reducing their carbon emissions. With this, renewable energy has gained traction as the fuel of the future. In Malaysia, the target is for renewable energy to make up 20% of the capacity mix by 2025.

Energy efficiency and renewable energy are the main pillars of the energy transition. Together, they can provide over 90% of the energy-related carbon emissions reduction that is required, by using technologies that are safe, reliable, affordable and widely available. As one of the fastest developing regions in the world, the countries of Southeast Asia could see a 40% rise in regional primary energy demand up to 2040, according to the International Energy Agency. To meet this sizeable increase in demand, The Association of South East Asian Nations (ASEAN) countries are rapidly scaling up their generation capacity with large renewable projects. We look at how ASEAN is well positioned to become a renewable energy hub.

In 2018, Malaysia received 16GWh of power from Lao PDR via the Laos-Thailand-Malaysia (LTM) interconnection. The LTM interconnection showed the feasibility of multilateral power trading under the ASEAN Power Grid. This is the outcome of an Energy Purchase and Wheeling Agreement signed in 2017 between the public utility companies of Malaysia, Lao PDR and Thailand. The agreement covered technical operating procedures and commercial terms of power transfer. The deal sees Malaysia purchasing up to 100MW of hydro power from Lao PDR, to be transported via Thailand's existing transmission grid. The purchase benefits Malaysia because of its competitive pricing while boosting its renewable energy target. Phase 2 of the agreement is scheduled to commence after 2020.

Technology advancements in recent years have led to the steady decline in the overall cost of wind and solar energy production, making renewable energy an increasingly viable option for public and private sector decision makers. In line with the government's target to achieve 20% renewable energy in the capacity mix, the Energy Commission is implementing renewable energy related programmes such as Large Scale Solar (LSS), Net Energy Metering (NEM) and Self Consumption for solar installations. The current opportunities are in the solar industry. Malaysia wants to develop a skilled workforce in solar photovoltaic (PV) installation and services. In Malaysia, the new solar average capacity factor is at 17% compared to 14% previously because of more efficient and cost-effective technologies.

The Energy Commission, being Malaysia's energy regulatory authority works closely with Sustainable Energy Development Authority (SEDA) to develop a renewable energy transformation roadmap up to 2035, where it intends to explore other types of renewable energy and the potential capacity Malaysia can achieve. Besides, solar energy, the Energy Commission also licenses biogas, biomass and mini hydro projects in the country. In 2019, Malaysia have generated 393G watt-hour (Wh) of energy from LSS out of the national capacity of 24,132 megawatt (MW).

Outlook

By 2030, Malaysia aims to have 200 low carbon zones and 1,000 low carbon partners nationwide. To date we have worked with more than 25 Local Authorities and have identified 15 Low Carbon Zones across the country. In these zones, the Local Authorities have begun implementing energy and water efficiency measures, waste recycling and building walkways for pedestrians and cyclists. Ultimately, these zones are meant to improve the quality of life for its residents.

Moving forward, Malaysia aims to achieve a higher renewable energy growth, from the existing 23% or 8.45 GW renewable energy in its power installed capacity. Malaysia Renewable Energy Roadmap (MyRER) projected to increase the share of RE to 31% or 12.9 GW in 2025, and 40% or 18.0 GW in 2035. The renewable energy Initiatives under this roadmap are expected to support Malaysia's commitment to greenhouse gas (GHG) emission reduction under the Paris Agreement led by the United Nations Framework Convention on Climate Change (UNFCCC). Malaysia's global climate commitment is to reduce its economy-wide carbon intensity (against GDP) of 45% in 2030 compared to 2005 level. Realization of the Government's vision is crucial in supporting the nation to achieve its Nationally Determined Contributions (NDC) targets.

In 2021, the Ministry of Energy and Natural Resources of Malaysia (KeTSA) set a target to reach 31% of renewable energy share in the national installed capacity mix by 2025. This target supports Malaysia's global climate commitment is to reduce its economy-wide carbon intensity (against GDP) of 45% in 2030 compared to 2005 level. Realization of the Government's vision is crucial in supporting the nation to achieve its Nationally Determined Contributions (NDC) targets.

The Malaysia Renewable Energy Roadmap (MyRER) is commissioned to support further decarbonization of the electricity sector in Malaysia through the 2035 milestone. This is expected to drive a reduction in GHG emission in the power sector to support Malaysia in meeting its NDC 2030 target of 45% reduction in GHG emission intensity per unit of GDP in 2030 compared to the 2005 level, and further reduction of 60% in 2035.

The scope of MyRER includes three workstreams; assessing the baseline installed capacity and renewable energy resources potential, developing technology-specific renewable energy targets and scenarios, and developing a strategic roadmap.

The MyRER considers two distinct scenarios for renewable energy development in the nation towards the 2025 Government committed renewable energy target and through to the 2035 milestone:

(i) Business as Usual (BAU) scenario considers the implementation of existing policies and programmes without further extension and/ or introduction of new programmes; and

(ii) New Capacity Target (NCT) scenario aims for higher renewable energy capacity target to align with further decarbonization of electricity sector in Malaysia toward 2035 milestone. This scenario is aligned with the capacity development plan of Planning and Implementation Committee for Electricity Supply and Tariff (JPPPET 2020) for Peninsular Malaysia, JPPPET 2021 inputs for Sabah and current outlook for Sarawak.

In 2018, the Ministry accelerated the momentum for more energy efficient buildings by launching the National Energy Awards (NEA) in Malaysia to recognise energy efficient and renewable energy practices across public and private sectors, while encouraging further innovation in this field.

Winners of the NEA represent the country at the ASEAN Energy Awards (AEA), which has three categories: Energy Efficient Buildings (new, existing, retrofitted, tropical); Green Buildings (small, medium, large); Energy Management of buildings (small, medium, large); industry (small, medium, large) and special submissions.

Both awards celebrate excellence by recognising exemplary organisations who are driving innovation for greater energy efficiency and by extension a sustainable future.

(Source: Volume 21 (2021), 20 (2020), 19 (2019) & 18 (2019), Energy Commission Malaysia and MyRER web Ver 2 and Ver 3 by SEDA)

7.5 Prospects of the Group

The Group's hospitality segment comprising The Grand Renai Hotel in Kota Bharu is expected to continue operating in a challenging environment amidst the COVID-19 pandemic, primarily due to the imposition of MCO. Generally, the MCOs had resulted in amongst others, restriction of inter-state/district travels, social gatherings and business gatherings. For the FYE 31 December 2019, the hotel had an average occupancy rate of 39%, which had subsequently decreased to 29% for the 18-months FPE 30 June 2021, being the year affected by COVID-19.

The Group's investment properties segment comprising the Kota Sri Mutiara Shopping Complex in Kota Bharu has similarly been affected by the MCO. For the FYE 31 December 2019, the mall had an average occupancy rate of 93%, which had subsequently decreased to 81% for the 18-months FPE 30 June 2021 and further decreased to 80% in May 2022.

The Government has since October 2021, gradually relaxed the restrictions by allowing more economic sectors to operate and local travel is allowed which will further boost Malaysian economic. This had contributed positively to the Group's operations as a whole.

The reopening of inter-state travel had improved the occupancy rate of The Grand Renai Hotel as the hotel had recorded improved average occupancy rates as below:

Month	Average occupancy rate
October 2021	61%
November 2021	62%
December 2021	64%
January 2022	64%
February 2022	65%
March 2022	66%
April 2022	64%
May 2022	64%

In respect of the Group's mall, the mall has seen an increase in footfall of approximately 161.3% since the upliftment of the MCO in Kelantan in mid May 2021 up to May 2022. With the continuing tenancy of its anchor tenants, the Group remains optimistic that its mall operations will start to recover.

The Group's property development segment is expected to continue to be driven by its on-going Bandar Tasek Raja Project. The relaxation of the construction restrictions at the construction site had allowed the Company to resume the development of the Bandar Tasek Raja Project. As at LPD, the contractors have mobilised its resources to the site for the necessary preparation to commence works on the Bandar Tasek Raja Project.

In addition, the Group had on 21 October 2021 completed the acquisition of development right for a development situated in Damai, Kota Kinabalu, Sabah. Based on the Group's assessment and evaluation on the current property market condition in Kota Kinabalu, Sabah, the Company is expected to commence the development for this project in the 2nd quarter of year 2022.

Notwithstanding the above, the Group takes cognisance of the current property market condition and will continue to adopt a cautious approach for the Group's property development projects. The Group will evaluate all options available at the material point in time before launching any particular projects.

Since February 2021, the Government has been rolling out vaccines under the national COVID-19 immunisation program. Whilst helping to curb the spread of the virus, such immunisation program also serves to revitalise economic activities which should translate to improved sentiment for the hospitality, investment properties and property development segments. At present, over 90% of the Malaysian adult population has been inoculated and the Government has been encouraging people who have completed 2 doses of their vaccination to take a booster dose. With the recent initiatives declared under the 2021-2022 Budget, the Group believes that such initiatives should start to stimulate recovery of the overall Malaysian economy which should in turn bode well for the Group.

The Proposed Acquisition as well as the Group's plan to diversify into the Energy Related Business are expected to provide the Group with a sustainable and stable income stream moving forward, thus contributing positively to the Group's financial results.

Premised on the outlook of the renewable energy and energy efficiency industry as set out in Section 7.4 above, the Group believes that the growth prospects for this industry in Malaysia is optimistic as the Malaysian Government is committed to support the growth of renewable energy by setting a target for electricity generated from renewable energy at 20% of all power generated by 2025. Tax incentives aimed at boosting the Malaysian green economy which was tabled in the Budget 2020 were also in line with the Malaysian Government's commitment.

(Source: Management of the Group)

8. RISK FACTORS

8.1 Proposed Acquisition

The Proposed Acquisition is subject to risks inherent to the property investment industry which the Group is already involved in, such as but not limited to, the following:-

8.1.1 Risks in relation to the transaction

(i) Completion risk

The completion of the Proposed Acquisition is conditional upon the fulfilment or waiver of the conditions precedent as set out in Section 2 of Appendix I of this Circular. If the conditions precedent are not fulfilled or waived within the stipulated timeframe, the CSPA may be rescinded or terminated. There can be no assurance that the conditions precedent can be fulfilled and the Proposed Acquisition can be completed within the time period permitted under the CSPA.

However, the Board will use reasonable endeavours to ensure that the conditions precedent that are within the Company's control will be met within the stipulated timeframe to ensure the successful completion of the Proposed Acquisition.

8.1.2 Risks in relation to the Properties

(i) Risks associated with the valuation of the Land

The Valuer had adopted the Comparison Approach and Profit Approach – Investment Method in valuing the Properties.

The Comparison Approach entails critical analyses of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences. In valuing the Properties, the Valuer has taken into consideration all relevant factors, which include the time, location, design/age, tenure and size.

The Investment Method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The annual net income is capitalised using a rate of interest to arrive at the capital value of the property.

The market value of the Properties as appraised by the Valuer may not be an indication of, and do not guarantee, an equivalent or greater sale price either at present time or at any time in the future.

8.1.3 Risks in relation to the property investment industry

(i) Competition risk

The Properties will face the competition from existing and new office buildings and/or retail properties in the same vicinity which may lure away the existing and/or prospective tenants. The appeal and attractiveness of the Properties may decrease in the future, especially if new shoplots and/or offices are built and the Properties fails to keep pace.

Whenever competing office buildings and/or retail properties in the same vicinity are developed or substantially upgraded and refurbished, the attractiveness of the Properties to the existing and/or prospective tenants may be affected. The Company may have to improve its leasing packages to attract tenants and this could have a reduction in the rental of or an increase in cost of sales. These efforts could have an adverse impact on the Group's profitability.

The Board intends to reduce the impact of such risk through continuously monitoring the prevailing market conditions and reviewing the tenancy agreements with the tenants.

(ii) Non-renewal of expiring tenancy agreements

As at LPD, 25 units of the Properties are being tenanted and are typically for terms up to 3 years. The Properties' performance may be adversely affected by the bankruptcy and/or insolvency of tenants or downturn in the business of the tenants, including the decision by such tenants not to renew their tenancy agreements or to terminate their tenancy agreement prior to the expiry of their tenancies, which may adversely affect the Group's profitability.

In addition, the property investment industry is also susceptible to fluctuations in occupancy and rental rates which, in a declining market condition, may lead to higher vacancies and lower rental income and may adversely impact the Group's profitability. Further, in the event that any tenants of the Properties are unable to pay their rent or breach their obligations under the tenancy agreements, the Group's financial condition and results of operations may be adversely affected.

In order to mitigate the risk, FBO Land and Top Land will enter into a Lease Agreement whereby Top Land agrees to lease the Properties from FBO Land for a period of 5 years with a guaranteed rental return of 5% per annum (equivalent to RM103,333.33 per month computed based on 5% of the Purchase Consideration), which could stabilise the income to the Group.

Besides, the Group shall also use reasonable endeavours to negotiate and agree on new lease terms for the period arising from and after the expiry of the Lease Agreement. The Group will also evaluate the existing lease terms and maintain good relationship with the existing tenants to retain the existing tenants and appoint property agent(s) to market the vacant units to new tenants in future. Nevertheless, such risk will be reduced in the event the Group is able to sell the Properties from the date of completion of the Proposed Acquisition up to the date of expiry of the Lease Agreement.

(iii) Risk of physical damage to the Properties

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of the Properties. The Properties may need to undergo renovation, upgrading, development, redevelopment or asset enhancement programmes from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining retail properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the buildings age.

The Board intends to reduce the impact of such risk through regular upkeep and maintenance to the Properties.

8.2 Proposed Diversification

The Proposed Diversification will be subject to, amongst others, the following risks:-

(i) Business diversification risk

The Group is principally involved in properties related business. While the Group has existing experience and resources in the properties related business, the Group does not have any prior experience specifically in the Energy Related Business. In particular, the specific technical expertise, operational processes and marketing strategies that may be required for the success of the Energy Related Business may be unique and distinct from the Group's existing properties related business.

The Proposed Diversification will result in the diversification of the Group's core business to include the Energy Related Business. As such, the Group will then be exposed to the risks inherent in the energy industry, including amongst others, adverse changes in supply and demand conditions, outbreaks of diseases, fire or other natural disasters, adverse climate conditions, downturns in the global, regional and/ or national economies, changes in law and tax regulations, cost of equipment, availability of technical expertise, availability of financing and the existence of other alternatives in the energy industry. There can be no assurance that any changes in these factors will not have any material adverse effect on the Group's business and financial performance in the future.

There can also be no assurance that the Group's venture into the energy industry via the Proposed Diversification will be successful as the Group will be subject to competition with the existing players in the industry. Hence, the Group may not generate its anticipated earnings from such a venture and may also encounter lost opportunities while pursuing this venture.

The Board intends to mitigate the risk by leveraging on the competency of the existing key management personnel who have the relevant expertise and experience in the energy industry and intends to develop its Energy Related Business with additional headcount. Besides, the Group seeks to limit these risks through, inter alia, conduct a periodic review of the business operations as well as implement prudent financial management to improve efficiency and ensure proper due diligence are implemented during the period between planning, construction and eventual delivery of projects.

(ii) Termination and non-renewal risk of licenses

In order to operate the Energy Related Business, the Group is required to obtain and hold valid approvals, permits and licenses such as the Registered Solar PV Investor (RPVI) certificate issued by SEDA and other regulatory authorities. The Group must comply with the restrictions and conditions imposed by the relevant authorities in order to maintain such approvals, permits and licenses. The approvals, permits and licenses may be suspended or cancelled if the Group fails to comply with the applicable requirements or any required conditions.

In the event that the Group fails to retain any of the required licenses or registrations, or obtain renewals thereof, in a timely manner or at all, the Group will not be able to carry out EPCC projects on its own or award such projects to a other contractors that are registered with SEDA, and in turn, the Energy Related Business and financial performance of the Group may be adversely affected.

Notwithstanding the above, the Group seeks to limit these risks through the implementation of strict compliance procedures for any of the business operations.

(iii) Subject to changes in technology

The renewable energy industry is technology driven and is subject to evolving technology standards that require improved features, such as more efficient power generation and improved aesthetics. The Group will be required to keep abreast with the latest trend and technology for its Energy Related Business so that it can propose the most cost effective and efficient solutions to its clients.

In the event the Group is unable to remain competitive in terms of technology, it may adversely affect the Group's Energy Related Business. To reduce the above risk, the Group will constantly keep abreast with the latest technologies available. Such market insights would take into consideration when the Group develops or upgrade the solutions to cater for market demand.

(iv) Dependence on key management personnel for the Energy Related Business

The Group's success in the Energy Related Business depends largely on the capabilities, skills, competencies and continued effort of its experienced personnel. The loss of such key personnel detailed in Section 4.1 of Part A of this Circular without timely and suitable replacements may adversely affect the operations and resulting earnings from the Group's Energy Related Business.

The Group will evaluate and adopt appropriate approaches, including incentives, remuneration packages as well as provide a good working environment to promote productivity and loyalty. If required, suitable consultant(s), partner(s) and/ or third-party contractor(s) will be engaged in the areas necessary for the operation and/ or management of the Group's Energy Related Business.

(v) Dependent on government policies, incentives and supportive regulatory framework

The Group's proposed venture into the Energy Related Business may be subject to various laws, regulations and policies set by the government authorities relating to renewable energy. While the Malaysian Government has set policies and support mechanisms for the renewable energy industry, such policies and support may be modified or changed in the future. The Group may be affected by any adverse changes in the government policies and support mechanisms relating to the Energy Related Business. Introduction of new policies and/or reduction/elimination of support mechanisms may adversely affect the prospects of the Energy Related Business.

The Group seeks to limit the impact of such risk in its diversification by continuously monitor the changing regulatory environment and adopting business strategies in response to major developments in regulatory environments, as and when they arise in the future.

8.3 Risks associated with COVID-19 pandemic

Since March 2020, lockdown or similar measures have been imposed by the government of Malaysia to curb the spread of COVID-19. These have had an adverse impact to the performance of the Malaysian economy. The Group's businesses in the hospitality, investment properties and property development segments had been affected by the COVID-19 pandemic and the imposition of MCO.

The hospitality industry was one of the hardest-hit sectors following the outbreak of the COVID-19 pandemic and the imposition of restrictions on international and domestic travel. With tourism (being the main driver of the hospitality business) halted abruptly for an unprecedented long period, the business operations and financial performance of most hotel operators were severely impacted with a major slump in their occupancy rate and revenue. The imposition of the MCO by the government of Malaysia had also resulted in a temporary halt in construction activities across the property development / construction industry and affected the property market activities.
If the COVID-19 pandemic prolongs, this may have an adverse impact to the businesses operating within the Bandar Tun Razak Business Park and will thus have a consequential impact to the demand for the Properties. This will have an adverse impact to the occupancy rates as well as market price of the Properties.

To mitigate such risk, the Group will work closely with Top Land (being the party providing the 5% guaranteed rental return) to gain insights and leverage on the skills and experience of Top Land in marketing and property management particularly in Bandar Tun Abdul Razak Business Park. The Group will also continuously assess the market condition and adapt to the operating environment and enhance its marketing / promotional initiatives to encourage occupancy and sales for the properties, and introduce measures to minimise the operating costs where required.

9. FINANCIAL EFFECTS OF THE PROPOSALS

For illustration purposes, the proforma effects of the Proposals are presented based on the following scenarios:-

Minimum Scenario	:	Assuming none of the outstanding Warrants are exercised prior to the completion of the Proposals.
Maximum Scenario	:	Assuming all the outstanding Warrants are fully exercised prior to the completion of the Proposals.

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9.1 Share Capital

The Proposed Diversification will not have any effect on the issued share as it does not involve the issuance of any securities in Eastland.

The pro forma effects of the Proposed Acquisition and the Proposed Capital Reduction on the issued share capital of Eastland are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Issued share capital as at LPD	1,565,807,770	193,675,556	1,565,807,770	193,675,556
Assuming full exercise of the Warrants	-	-	782,901,982	(i)93,713,367
Enlarged share capital	**1,565,807,770**	**193,675,556**	**2,348,709,752**	**287,388,923**
Shares to be issued pursuant to the Proposed Acquisition	381,538,461	(ii)24,800,000	381,538,461	(ii)24,800,000
Enlarged share capital after the Proposed Acquisition	**1,947,346,231**	**218,475,556**	**2,730,248,213**	**312,188,923**
Reduction of the issued share capital pursuant to the Proposed Capital Reduction	-	(66,113,962)	-	(66,113,962)
Enlarged share capital after the Proposed Acquisition	**1,947,346,231**	**152,361,594**	**2,730,248,213**	**246,074,961**

Notes:-

(i) Computed based on the exercise price of RM0.085 per Warrant and the reversal of the warrants reserve account (based on the fair value of RM0.0347 per Warrant) to the share capital account.

(ii) Computed based on 381,538,461 Consideration Shares to be issued at an issue price of RM0.065 per Consideration Share.

9.2 Earnings and EPS of the Group

The Proposed Acquisition is not expected to have any immediate material effect on the consolidated earnings of the Group for the financial year ending 30 June 2022. The Proposed Acquisition will result in an immediate dilution in Eastland's EPS as a result of the increase in number of Eastland Shares in issue upon completion of the Proposed Acquisition.

Assuming the issuance of Consideration Shares pursuant to the Proposed Acquisition has been effected at the beginning of the financial year ended 30 June 2021, the proforma effect of the Proposed Acquisition on the earnings and LPS are set out as below:

	18-months FPE 30 June 2021	**After the Proposed Acquisition**
	RM'000	**RM'000**
Loss after tax	(100,418)	(100,418)
(Add) 5% guaranteed rental	-	1,240
(Less) Estimated expenses relating to the Proposals	-	(750)
Proforma loss after tax	**(100,418)**	**(99,928)**
Total number of ordinary shares in in issue ('000)	1,565,808	1,947,346
LPS / Proforma LPS (RM)	(0.06)	(0.05)

Moving forward, the Proposed Acquisition is expected to contribute positively to the future earnings of the Group arising from the rental contribution to be derived from the Properties.

The Proposed Diversification is also not expected to have any immediate effect on the earnings of the Group until such time the positive effects of the future earnings and benefits arising from Proposed Diversification are realised.

The Proposed Capital Reduction will not have any effect on the earnings and earnings per Share of Eastland.

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9.3 NA and gearing

The Proposed Diversification is not expected to have any immediate material effect on the NA and gearing of the Group. However, the future NA and/or gearing of the Group will depend on amongst others, the manner of funding for the Energy Related Business, as well as the future profit contribution arising from the Energy Related Business.

Based on the audited consolidated financial statements of Eastland as at 30 June 2021, the proforma effects of the Proposed Acquisition and Proposed Capital Reduction on the NA, NA per Share and gearing of the Group are set out below:-

Minimum Scenario

		(I)	**(II)**	**(III)**
	Audited as at 30 June 2021	**Subsequent events**	**After (I) and Proposed Acquisition**	**After (II) and Proposed Capital Reduction**
	RM'000	RM'000	RM'000	RM'000
Share capital	133,877	(i)193,676	(v)218,476	(vii)152,362
Warrants reserve	-	(ii)27,167	27,167	27,167
Capital reserve	110,238	110,238	110,238	(vii)-
Fair value reserve of financial assets at FVOCI	1,215	1,215	1,215	1,215
(Accumulated losses) / Retained profits	(174,077)	(iii)(175,327)	(vi)(176,077)	(vii)275
NA	**71,253**	**156,969**	**181,019**	**181,019**
No. of Shares ('000)	356,710	(i)1,565,808	(v)1,947,346	1,947,346
NA per Share (RM)	0.20	0.10	0.09	0.09
Total borrowings	56,502	(iv)14,998	14,998	14,998
Gearing (times)	0.79	0.10	0.08	0.08

Notes:-

(i) After taking into account the issuance of 64,856,312 new Shares at issue price of RM0.1059 per Share which raised RM6,868,283 pursuant to the Shares Issuance which was completed on 13 August 2021 and issuance of 1,144,241,731 Rights Shares at an issue price of RM0.0700 per Share and 782,901,982 Warrants, which raised RM80,096,921 pursuant to the Rights Issue with Warrants which was completed on 18 February 2022 and adjusted for apportionment of its relative fair value of RM0.0347 per Warrant to the warrants reserve account based on the Trinomial option pricing model as extracted from Bloomberg.

(ii) After taking into account the issuance of 782,901,982 Warrants at an allocated fair value of RM0.0347 per Warrant computed based on Trinomial option pricing model as extracted from Bloomberg.

(iii) After taking into account the actual expenses incurred in relation to the Shares Issuance of RM0.213 million and RM1.037 million pursuant to the Rights Issue with Warrants.

(iv) After taking into account the repayment of total bank borrowings of RM1.504 million from the proceeds raised from the Shares Issuance and RM40.000 million from the proceeds raised from the Rights Issue with Warrants.

(v) Computed based on the issuance of 381,538,461 Consideration Shares at an issue price of RM0.065 per Consideration Share.

(vi) After deducting estimated expenses for the Proposals of RM0.750 million.

(vii) After taking into account the Proposed Capital Reserve Reduction of RM110.2 million and Proposed Share Capital Reduction of RM66.1 million.

Maximum Scenario

		(I)	(II)	(III)	(IV)
	Audited as at 30 June 2021	**Subsequent events**	**After (I) and assuming full exercise of Warrants**	**After (II) and Proposed Acquisition**	**After (III) and Proposed Capital Reduction**
	RM	RM		RM	RM
Share capital	133,877	(i)193,676	(v)287,389	(vi)312,189	(viii)246,075
Warrants reserve	-	(ii)27,167	(v)-	-	-
Capital reserve	110,238	110,238	110,238	110,238	(viii)-
Fair value reserve of financial assets at FVOCI	1,215	1,215	1,215	1,215	1,215
(Accumulated losses) / Retained profits	(174,077)	(iii)(175,327)	(175,327)	(vii)(176,077)	(viii)275
NA	**71,253**	**156,969**	**223,515**	**247,565**	**247,565**
No. of Shares ('000)	356,710	(i)1,565,808	(v)2,348,710	(vi)2,730,248	2,730,248
NA per Share (RM)	0.20	0.10	0.10	0.09	0.09
Total borrowings	56,502	(iv)14,998	14,998	14,998	14,998
Gearing (times)	0.79	0.10	0.07	0.06	0.06

Notes:-

(i) After taking into account the issuance of 64,856,312 new Shares at issue price of RM0.1059 per Share which raised RM6,868,283 pursuant to the Shares Issuance which was completed on 13 August 2021 and issuance of 1,144,241,731 Rights Shares at an issue price of RM0.0700 per Share and 782,901,982 Warrants, which raised RM80,096,921 pursuant to the Rights Issue with Warrants which was completed on 18 February 2022 and adjusted for apportionment of its relative fair value of RM0.0347 per Warrant to the warrants reserve account based on the Trinomial option pricing model as extracted from Bloomberg.

(ii) After taking into account the issuance of 782,901,982 Warrants at an allocated fair value of RM0.0347 per Warrant computed based on Trinomial option pricing model as extracted from Bloomberg.

(iii) After taking into account the actual expenses incurred in relation to the Shares Issuance of RM0.213 million and RM1.037 million pursuant to the Rights Issue with Warrants.

(iv) After taking into account the repayment of total bank borrowings of RM1.504 million from the proceeds raised from the Shares Issuance and RM40.000 million from the proceeds raised from the Rights Issue with Warrants.

(v) Assuming all the 782,901,982 outstanding Warrants are exercised at an exercise price of RM0.085 per Warrant and the reversal of the warrants reserve account (based on the fair value of RM0.0347 per Warrant) to the share capital account.

(vi) Computed based on the issuance of 381,538,461 Consideration Shares at an issue price of RM0.065 per Consideration Share.

(vii) After deducting estimated expenses for the Proposals of RM0.750 million.

(viii) After taking into account the Proposed Capital Reserve Reduction of RM110.2 million and Proposed Share Capital Reduction of RM66.1 million.

9.4 Substantial shareholders' shareholdings

The Proposed Diversification and Proposed Capital Reduction will not have any effect on the shareholdings of the substantial shareholders of Eastland.

The effects of the Proposed Acquisition on the substantial shareholders' shareholdings in Eastland, based on the Register of Substantial Shareholders as at LPD are as follows:-

Minimum Scenario

	As at LPD				**After Proposed Acquisition**			
	Direct		**Indirect**		**Direct**		**Indirect**	
	No. of Eastland Shares	**%**	**No. of Eastland Shares**	**%**	**No. of Eastland Shares**	**%**	**No. of Eastland Shares**	**%**
LCK	93,736,800	6.0	-	-	93,736,800	4.8	-	-
LV	243,942,563	15.6	-	-	625,481,024	32.1	-	-
Dato' Lee	-	-	*243,942,563	15.6	-	-	*625,481,024	32.1

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Maximum Scenario

	As at LPD				(I) Assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Eastland Shares	%	No. of Eastland Shares	%	No. of Eastland Shares	%	No. of Eastland Shares	%
LCK	93,736,800	6.0	-	-	140,605,631	6.0	-	-
LV	243,942,563	15.6	-	-	401,241,578	17.1	-	-
Dato' Lee	-	-	*243,942,563	15.6	-	-	*401,241,578	17.1

	(II) After (I) and Proposed Acquisition			
	Direct		Indirect	
	No. of Eastland Shares	%	No. of Eastland Shares	%
LCK	140,605,631	5.1	-	-
LV	782,780,039	28.7	-	-
Dato' Lee	-	-	*782,780,039	28.7

Note:-

* Deemed interest by virtue of his interest in LV pursuant to Section 8 of the Act.

9.5 Convertible securities

As at LPD, save for the outstanding Warrants, Eastland does not have any outstanding convertible securities.

The Proposed Acquisition and Proposed Capital Reduction will not give rise to any adjustment to the exercise price and the number of Warrants.

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10. 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 June 2021 to May 2022 are as follows:-

	High	Low
	RM	RM
2021		
June	0.130	0.096
July	0.117	0.101
August	0.113	0.096
September	0.117	0.088
October	0.101	0.075
November	0.080	0.071
December	0.075	0.071
2022		
January	0.096	0.063
February	0.085	0.060
March	0.075	0.060
April	0.095	0.070
May	0.095	0.075
The last transacted market price of Eastland Shares on 17 March 2022 (being the last trading day prior to the announcement of Proposed Acquisition)		0.065
The last transacted market price of Eastland Shares as at LPD[a]		0.080

Note:-

(a) There were no trades as at LPD. Eastland Shares were last transacted at RM0.08 on 9 June 2022.

11. APPROVALS REQUIRED AND CONDITIONALITY

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

(i) the approval of Bursa Securities for the listing and quotation of 381,538,461 Consideration Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities;

The approval by Bursa Securities for the above was obtained vide its letter dated 14 June 2022, subject to the following conditions:

No.	Conditions	Status of Compliance
(1)	Eastland and Malacca Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition;	To be complied
(2)	Eastland is required to furnish Bursa Securities with a certified true copy of the resolutions passed by its shareholders at a general meeting for the Proposals;	To be complied

No.	Conditions	Status of Compliance
(3)	Eastland and Malacca Securities are required to inform Bursa Securities upon completion of the Proposed Acquisition; and	To be complied
(4)	Eastland is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed.	To be complied

(ii) the approvals of the shareholders of the Company for the Proposals at the forthcoming EGM;

(iii) the order of the High Court sanctioning the Proposed Capital Reduction; and

(iv) the approval of any other relevant authorities and/ or parties, if any.

The Proposed Acquisition, Proposed Capital Reduction and the Proposed Diversification are not conditional upon each other. The Proposals are also not conditional upon any other corporate exercises/schemes or proposals undertaken or to be undertaken by Eastland.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED

LV, being the Major Shareholder of Eastland is deemed interested in the Proposed Acquisition by virtue of LV being a party to the Proposed Acquisition who will be receiving the Consideration Shares. Dato' Lee, being the Executive Director and indirect major shareholder of Eastland (via LV), is the only director and shareholder of LV, which is a major shareholder of Eastland. Dato' Lee is also a director and the major shareholder (shareholding of 27%) of Top Land. Accordingly, Dato' Lee is deemed interested in the Proposed Acquisition in view of his direct interests in LV and Top Land.

The Interested Director has abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed Acquisition.

The Interested Parties will abstain from voting and have undertaken to ensure that persons connected with them will also abstain from voting in respect of their direct and/or indirect shareholdings in Eastland on the resolution pertaining to the Proposed Acquisition at the EGM to be convened.

As at LPD, the direct and indirect shareholdings of Interested Parties in Eastland are set out below:-

	As at LPD			
	Direct		Indirect	
	Number of Shares	%	Number of Shares	%
LV	243,942,563	15.6	-	-
Dato' Lee	-	-	*243,942,563	15.6

Note:-

* Deemed interest by virtue of his interest in LV pursuant to Section 8 of the Act.

Save as disclosed above, none of the directors, major shareholders, chief executive and/or persons connected with them has any interest, direct or indirect in the Proposals.

13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at the date of this Circular, save for the Proposals, Proposed Shareholders' Mandate and Proposed Change of Name, the Company does not have any outstanding proposals that have been announced but pending completion.

14. RELATED PARTY TRANSACTION

In view of the interest of the Interested Parties as set out in Section 12 of the Part A of this Circular the Proposed Acquisition is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

15. TRANSACTIONS WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

Save for the Proposed Acquisition, there were no other transaction entered into by the Company with Interested Parties for the preceding 12 months from the date of this Circular.

16. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is 34.8% derived based on the aggregate Purchase Consideration of RM24.8 million over the audited NA of the Group of RM71.3 million as at 30 June 2021.

17. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the requisite approvals being obtained, the Proposed Acquisition is expected to be completed by the 2nd quarter of the calendar year 2022 and the Proposed Diversification will take effect immediately upon obtaining the approval of the shareholders of Eastland' shareholders at the EGM to be convened.

Barring any unforeseen circumstances, the Proposed Capital Reduction is expected to be completed in the 3rd quarter of the calendar year 2022.

18. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee of the Company, after having considered inter-alia, the terms and conditions of the relevant agreements, the rationale for the Proposed Acquisition, the effects of the Proposed Acquisition on the Group, the valuation of the Properties ascribed by the Valuer and the evaluation from the appointed Independent Adviser, is of the opinion that the Proposed Acquisition is:

(a) in the best interest of the Company;

(b) fair, reasonable and on normal commercial terms; and

(c) not detrimental to the interest of the non-interested shareholders of the Company.

19. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Director only in respect of the Proposed Acquisition), after having considered all aspects of the Proposals, including the terms and conditions of the relevant agreements for the Proposed Acquisition, the valuation of the Properties ascribed by the Valuer, and the rationale, financial effects, risk factors for the Proposals and the evaluation from the appointed Independent Adviser, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board (save for the Interested Director only in respect of the Proposed Acquisition) recommends that Eastland Shareholders vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

20. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Merbok Room, Level 6, The Grand Renai Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan, Malaysia, on Friday, 15 July 2022 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposals. The resolutions pertaining to the Proposals are set out in the Notice of EGM which is enclosed with this Circular.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy the instructions contained therein, to be deposited at the Share Registrars' Office at 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 stipulated for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude the shareholders of Eastland from attending and voting in person at the EGM should the shareholders of Eastland subsequently wish to do so and in such an event, your Form of Proxy shall be revoked accordingly.

21. FURTHER INFORMATION

You are advised to refer to the Appendices of this Circular for further information.

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

PHANG KIEW LIM
Executive Director

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF EASTLAND IN RELATION TO THE PROPOSED ACQUISITION

All definitions in this Executive Summary shall have the same meanings as those provided in the "Definitions" section as well as the relevant sections of Part A of the Circular, except where otherwise indicated. All references to "you" are references to the non-interested shareholders of Eastland, whilst references to "we", "us" or "our" are references to TA Securities, as the Independent Adviser for the Proposed Acquisition.

This Executive Summary summarises the Independent Advice Letter to the non-interested shareholders of Eastland in relation to the Proposed Acquisition ("IAL"). You are advised to read and understand this IAL in its entirety, together with the letter to shareholders in Part A of the Circular and the accompanying appendices for other relevant information and not to rely solely on this Executive Summary in forming your opinion on the Proposed Acquisition.

You are also advised to carefully consider the recommendations contained in this IAL and the letter to shareholders in Part A of the Circular before voting on the ordinary resolution to be tabled at the Company's forthcoming EGM in relation to the Proposed Acquisition.

If you are in any doubt as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

1. INTRODUCTION

On 18 March 2022, Malacca Securities had, on behalf of the Board, announced that the Company had proposed to undertake the Proposed Acquisition.

In view of the interests of Dato' Lee and LV in the Proposed Acquisition as set out in Section 12, Part A of the Circular, the Proposed Acquisition is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

Pursuant to the above, TA Securities has been appointed as the Independent Adviser on 16 March 2022 to advise the non-interested shareholders of Eastland in relation to the Proposed Acquisition.

On 14 June 2022, Malacca Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 14 June 2022, approved the listing and quotation of 381,538,461 Consideration Shares on the Main Market of Bursa Securities, subject to the conditions set out in Section 11, Part A of the Circular.

The purpose of this IAL is for us to provide the non-interested shareholders of Eastland with:

(i) our independent evaluation of the Proposed Acquisition;

(ii) our opinion on the fairness and reasonableness of the Proposed Acquisition insofar as the non-interested shareholders of Eastland are concerned and whether it is to their detriment; and

(iii) our recommendation on whether they should vote in favour of the Proposed Acquisition.

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2. EVALUATION OF THE PROPOSED ACQUISITION

The summary of our opinions on the respective areas of evaluation are as follows:

Area of evaluation	Section in this IAL	Our opinion
Rationale for the Proposed Acquisition	Section 5	We are of the opinion that the rationale for the Proposed Acquisition is **reasonable** and **not detrimental** to the non-interested shareholders of Eastland, premised on the following: (i) The Proposed Acquisition would allow Eastland Group to diversify property portfolio of its Investment Properties segment with different types of property at different states of Malaysia; (ii) The 5% annual guaranteed rental return is expected to contribute a recurring income to Eastland Group for at least the next 5 years upon completion of the Proposed Acquisition, amounting to RM1.24 million gross rental income per annum. Consideration Shares worth RM7.44 million (based on the Issue Price, which is equivalent to the aggregate of 5% guaranteed rental return for 5 years (as collateral to FBO Land for the guaranteed rental return by Top Land) and a 5% guaranteed rental return for 1 year as security deposit for the due performance of Top Land of all the terms of the Lease Agreement) shall be deposited with a Security Stakeholder and to be released gradually to LV upon Top Land fulfilling its obligations over the 5% annual guaranteed rental return. This arrangement ensures that Eastland Group's interest is protected over the lease period. A guaranteed rental period of 5 years would provide Eastland Group with reasonable time to ride on the potential appreciation of market value of the Properties within Bandar Tun Razak Business Park, whereby the development will gain maturity over the years and have direct impact on the property value within the locality; and allow Eastland Group to have sufficient time to collaborate with Top Land in marketing the Properties to potential third parties tenants for periods beyond the lease period; (iii) The 5% annual guaranteed rental return (i.e., gross rental yield) is greater than the average net rental yield of 4.25% (as adopted by the Valuer based on its assessment on the rental yield for similar properties at Bandar Tun Razak Business Park and other commercial developments in nearby areas), which shall provide sufficient buffer to cover maintenance fee and insurance coverage on the Properties.

Area of evaluation	Section in this IAL	Our opinion
Rationale for the Proposed Acquisition *(cont'd)*	Section 5	The 5% annual guaranteed rental return translates into a monthly rental of approximately RM2,246 (computed as RM1,240,000 divided by 46 units of 2-storey stratified shop/office and over a 12-months' period) for a unit of stratified 2-storey shop/offices within Bandar Tun Razak Business Park, which is within the market monthly rental rate of existing tenanted Properties ranging between RM1,500 to RM3,500. The lower market rental rate was due to the Developer intends to ease the financial burden of the tenants amid the COVID-19 pandemic by offering rental rebates to tenants. We are of the view that 5% annual guaranteed rental return is **reasonable** as the market rental rate for the Properties will recover post COVID-19 pandemic in view of the gradual recovery of property market in Pahang as set out in Section 13.3 of this IAL; (iv) The Properties, with modern design such as front portion of the shop/office is fitted with glass panels and supported with recreational parks and ample parking spaces as well as diversity of commercial, social and leisure establishments in the surrounding areas with convenient accessibility to higher education institutions, would be able to attract foot traffic to Bandar Tun Razak Business Park and appeal to tenants or investors for rental, commercial use and/or investment purposes in the mid to long term. Upon operational of East Coast Rail Link ("**ECRL**") which links cities in East Coast states with the Klang Valley, it is expected to have spillover effect that could potentially spur commercial activities and drive investments in the townships along and nearby the rail line such as Bandar Tun Razak Business Park which has a travel distance of 40km from Maran town (one of the stations of ECRL in the state of Pahang) due to better connectivity with Klang Valley and other towns in the future; (v) the Proposed Acquisition will benefit Eastland Group with potential capital gain on appreciation of market value of the Properties in the future after taking into consideration that the Properties are purchased at bulk purchase discount of 20% and the positive outlook for the real estate and business services subsector in Malaysia for year 2022. Any downside risk of the property market in the future arising from market uncertainties would, to a certain extent, be cushioned by the bulk purchase discount of 20%. The real estate and business services subsector is projected to rebound by 8.6%, mainly driven by business services provided particularly to property and financial-related activities. *(Source: Economic Outlook 2022, Ministry of Finance Malaysia)*; and (vi) there is no immediate and adverse impact to Eastland Group's overall cash flows and liquidity position in view that the Proposed Acquisition does not involve any cash consideration.

Area of evaluation	Section in this IAL	Our opinion
Mode of settlement of Purchase Consideration	Section 6	We are of the opinion that the mode of settlement of Purchase Consideration is **fair** and **reasonable**. The issuance of Consideration Shares allows Eastland Group to conserve its cash resources for other business developments and/or opportunity as well as putting Eastland Group on a stronger financial footing in view of the increase in the NA of Eastland Group subsequent to the completion of the Proposed Acquisition. The dilutive impact to EPS, NA per Share and shareholdings of non-interested shareholders of Eastland (arising from issuance of Consideration Shares) may be mitigated through contribution of sustainable and stable rental income to the future earnings and NA of Eastland Group as well as potential capital gain on the appreciation of the market value Properties in the future.
Basis and justification for the Purchase Consideration	Section 7	We are of the view that the adoption of Comparison Approach by the Valuer as the primary method of valuation of market value of the Properties is **fair and reasonable** and **not detrimental** to the interests of the non-interested shareholders of Eastland, given that: (i) present market condition resulting in the suppressed rental and yield, Comparison Approach provides a snapshot of current market demand and supply conditions for similar types of properties which had been transacted, hence the Comparison Approach is more reliable and realistic to reflect the current situation of the market value of the Properties; (ii) the Valuer had adjusted the market values of comparable properties in valuing the Properties after taking into consideration all relevant factors such as time, location, design/age, tenure and land size, and selected the most appropriate comparable due to the absence of exact comparable properties; and (iii) the market value of the Properties under the Comparison Approach approximates the audited net book value of Properties in the Developer's book of RM24,607,617 as at 30 June 2021.
Basic and justification for the issue price of the Consideration Share	Section 8	We observe that: (i) the issue price of RM0.0650 per Consideration Share is at a premium to the 5-day and 1-month VWAMPs of Eastland Share up to and including the Announcement LPD (as defined herein) and at discount to 3-month, 6-month and 12-month VWAMPs of Eastland Share up to and including the Announcement LPD; (ii) the historical share prices of Eastland Share have been substantially below NA per Share for the past 5 financial years/periods under review (i.e., historical price-to-book multiples ("**P/B Multiple**") are below 1 time); and

Area of evaluation	Section in this IAL	Our opinion
Basic and justification for the issue price of the Consideration Share *(cont'd)*	Section 8	(iii) based on the pro forma NA per Share as at 30 June 2021 (after taking into consideration events completed subsequent to 30 June 2021 and up to the LPD) of RM0.10, the Issue Price translates into an implied P/B Multiple of 0.65 times, which is higher than the P/B Multiples for past 5 financial years/periods under review ranging between 0.11 times to 0.53 times. The Issue Price at a high P/B Multiple is an advantage to Eastland as this means lesser number of Eastland Shares to be issued for the Proposed Acquisition and less dilutive impact to the existing shareholders of Eastland. Based on the above, we are of the opinion that the issue price of the Consideration Share of RM0.0650 each is **reasonable**.
Salient terms of the CSPA	Section 9	We are of the view that the salient terms of the CSPA for the Proposed Acquisition are **fair** and **reasonable,** and **not detrimental** to the interests of non-interested shareholders of Eastland.
Proposed salient terms of the Lease Agreement	Section 10	We are of the view that the proposed salient terms of the Lease Agreement are **fair** and **reasonable** and **not detrimental** to the interests of non-interested shareholders of Eastland.
Proposed salient terms of the Stakeholder Agreement	Section 11	We are of the view that the proposed salient terms of the Stakeholder Agreement are **fair** and **reasonable** and **not detrimental** to the interests of the non-interested shareholders of Eastland.
Financial effects of the Proposed Acquisition	Section 12	The Proposed Acquisition is expected to result in positive financial effects to Eastland Group, mainly in term of earnings contribution and enhancement to its NA. Thus, we are of the view that the Proposed Acquisition is expected to be beneficial and **not detrimental** to the interest of the non-interested shareholders of Eastland.
Industry overview and prospects	Section 13	We take cognisance that Eastland Group's operations had encountered challenges due to the disruptions and slowdown in economic and market activities in Malaysia as a result of the COVID-19 pandemic and lockdown measures imposed. We noted that Malaysian economy, Malaysian property market and property market in Pahang are gradually recovering with the relaxation of lockdown measures, re-opening of economic activities and border following successful rollout of vaccination programme, high vaccination rate achieved and Malaysia is entering into the endemic phase of COVID-19 outbreak.

Area of evaluation	Section in this IAL	Our opinion
Industry overview and prospects *(cont'd)*	Section 13	Considering the above and the prospects of the Properties, we are of the view that the Proposed Acquisition will benefit Eastland Group with new and additional revenue stream and potential capital gain on appreciation of market value of the Properties, which when materialises in the future, may contribute positively to Eastland Group's operations, financial performance and position. Premised on the above, we are of the view that the Proposed Acquisition is **reasonable** and **not detrimental** to Eastland Group and non-interested shareholders of Eastland.
Risk factors in relation to the Proposed Acquisition	Section 14	We are of the view that the risk factors associated with the Proposed Acquisition have been adequately considered by Eastland and that the Proposed Acquisition is likely to yield benefits which would outweigh the indicated risks.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition as set out in Sections 5 to 14 of this IAL. On the basis of the information available to us, we are of the opinion that the Proposed Acquisition is **fair and reasonable** insofar as the non-interested shareholders of Eastland are concerned and is **not to the detriment** of the non-interested shareholders of Eastland.

Accordingly, we recommend that non-interested shareholders of Eastland to **vote in favour** of the Proposed Acquisition at the Company's forthcoming EGM.

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TA SECURITIES

AN UNWAVERING COMMITMENT

Corporate Finance Department
32nd Floor, Menara TA One
22 Jalan P. Ramlee
50250 Kuala Lumpur

23 June 2022

To: The non-interested shareholders of Eastland Equity Bhd.

Dear Sir / Madam,

EASTLAND EQUITY BHD.

INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSED ACQUISITION

This IAL is prepared for inclusion in Part B of the Circular and should be read in conjunction with the Circular. All definitions used in this IAL shall have the same meaning as those provided in the "Definitions" section and other relevant sections of Part A of the Circular, except where otherwise indicated. All references to "we", "us" or "our" in this IAL are references to TA Securities, as the Independent Adviser for the Proposed Acquisition.

1. INTRODUCTION

On 18 March 2022, Malacca Securities had, on behalf of the Board, announced that the Company had proposed to undertake the Proposed Acquisition.

In view of the interests of Dato' Lee and LV in the Proposed Acquisition as set out in Section 12, Part A of the Circular, the Proposed Acquisition is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements.

Pursuant to the above, TA Securities has been appointed as the Independent Adviser on 16 March 2022 to advise the non-interested shareholders of Eastland in relation to the Proposed Acquisition.

On 14 June 2022, Malacca Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 14 June 2022, approved the listing and quotation of 381,538,461 Consideration Shares on the Main Market of Bursa Securities, subject to the conditions set out in Section 11, Part A of the Circular.

The purpose of this IAL is for us to provide the non-interested shareholders of Eastland with:

(i) our independent evaluation of the Proposed Acquisition;

(ii) our opinion on the fairness and reasonableness of the Proposed Acquisition insofar as the non-interested shareholders of Eastland are concerned and whether it is to their detriment; and

(iii) our recommendation on whether they should vote in favour of the Proposed Acquisition.

NON-INTERESTED SHAREHOLDERS OF EASTLAND SHOULD READ AND UNDERSTAND THIS IAL AS WELL AS THE LETTER TO SHAREHOLDERS OF EASTLAND AS SET OUT IN PART A OF THE CIRCULAR WITH THE ACCOMPANYING APPENDICES. THEY SHOULD CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE PROPOSED ACQUISITION AT THE COMPANY'S FORTHCOMING EGM.

IF THE NON-INTERESTED SHAREHOLDERS OF EASTLAND HAVE ANY DOUBT AS TO THEIR COURSE OF ACTION, THEY SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is as detailed in Section 2, Part A of the Circular, which should be read in its entirety.

3. INTERESTED DIRECTOR AND INTERESTED MAJOR SHAREHOLDER

The interests of Dato' Lee, LV and/or persons connected with him (together with their course of actions in relation to the Proposed Acquisition) are set out in Section 12, Part A of the Circular.

4. SCOPE AND LIMITATIONS OF OUR EVALUATION

TA Securities was not involved in the formulation of, deliberations, negotiations or discussions on the terms and conditions of the Proposed Acquisition. The terms of reference of our appointment as the Independent Adviser are in accordance with the requirements relating to independent adviser as set out in Paragraph 10.08(3) of the Listing Requirements. Our terms of reference as the Independent Adviser are limited to expressing an independent evaluation of the Proposed Acquisition which is based on the information and documents provided to us or which are made available to us, including but not limited to the following:

(i) information contained in Part A of the Circular and accompanying appendices;

(ii) CSPA, Lease Agreement and the Stakeholder Agreement;

(iii) Valuation Certificate and Valuation Report;

(iv) Eastland Group's audited financial statements for FYEs 31 December 2016 to 2019, 18-months FPE 30 June 2021 as well as unaudited consolidated financial statements for 9-months FPE 31 March 2022;

(v) Discussions with and representations by the Board (save for the Interested Director), management and representatives of Eastland;

(vi) Other relevant information, documents, confirmations and representations furnished to us by the Board (save for the Interested Director), management and representatives of Eastland; and

(vii) Other publicly available information which we deemed to be relevant for our evaluation.

We have not conducted any form of independent investigation into the business, affairs, operations, financial position or prospects of Eastland Group. We have relied on Eastland as well as its Directors (save for the Interested Director), management and/or representatives to take due care in ensuring that all information, documents and representations provided to us to facilitate our evaluation and which had been used, referred to and/or relied upon in this IAL have been fully disclosed to us, are accurate, valid and complete in all material aspects.

The Board (save for the Interested Director) has confirmed in writing that:

(i) after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein inaccurate, incomplete or misleading in any respect;

(ii) all material facts and information required for the purpose of our evaluation of the Proposed Acquisition and preparation of this IAL have indeed been disclosed to TA Securities, and that there are no facts or information, the omission of which would make any information, confirmation and document supplied to us misleading, or would materially affect the evaluation, views and recommendation of TA Securities in this IAL; and

(iii) they have seen, reviewed and accepted this IAL and they individually and collectively accept full responsibility for the accuracy and correctness of the information contained herein.

We are satisfied that sufficient information has been disclosed to us to enable us to formulate our recommendation. We did not face any limitation in terms of obtaining sufficient information or access to Eastland Group's records through requests we made for relevant information pertaining to the Proposed Acquisition. We also had adequate time to carry out our engagement as the Independent Adviser. After making all reasonable enquiries and to the best of our knowledge and belief, the information used is reasonable, accurate, complete and free from material omission. Where possible, we have performed reasonableness checks and corroborated relevant information with independent sources. Notwithstanding that, TA Securities shall not be under any responsibility or liability for any misstatement of fact or from any omissions therein.

The scope of our responsibilities regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness and other implications of the Proposed Acquisition and whether the Proposed Acquisition is detrimental to the non-interested shareholders of Eastland.

In providing our advice, we have taken note of pertinent matters which we believe are of importance to our assessment of the Proposed Acquisition and are therefore of general concern to the non-interested shareholders of Eastland in forming their views thereon. Notwithstanding the foregoing, we:

(i) do not express any opinion on the commercial merits of the Proposed Acquisition which remains the sole responsibility of the Board, and where comments or points of consideration are included on certain pertinent matters which may be commercially oriented, these are incidental to our overall evaluation and concern matters which we may deem material for disclosure;

(ii) do not express an opinion on legal, accounting and taxation issues relating to the Proposed Acquisition; and

(iii) have not given consideration to the specific investment objectives, risk profiles, financial situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders of Eastland. We recommend that any individual non-interested shareholder or group of non-interested shareholders of Eastland who is/are in doubt as to the action to be taken or require advice in relation to the Proposed Acquisition in the context of their investment objectives, risk profiles, financial situations and particular needs to consult their respective stockbrokers, bank managers, solicitors, accountants or other professional advisers. We will not be responsible for any damages or losses of any kind sustained or suffered by any individual non-interested shareholder or group of non-interested shareholders of Eastland in reliance on the opinion stated herein for any purpose whatsoever.

The scope of TA Securities' responsibility with regard to our evaluation and recommendation is based on the consideration set out in the ensuing sections of this IAL 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 we may deem material for disclosure.

Our views expressed in this IAL are, amongst others, based on economic, market and other conditions prevailing, and the information and/or documents made available to us as at the LPD or such other period as specified herein. It is also based on the assumption that the parties to the CSPA, Lease Agreement and Stakeholder Agreement are able to fulfill their respective obligations thereto in accordance with the terms and conditions therein. Such conditions may change significantly over a short period of time. In addition, it should be noted that our evaluation and opinion expressed in this IAL do not take into account the information, events or conditions arising after the LPD or such other period as specified herein, as the case may be.

We confirm that there is no conflict of interest situation or potential conflict of interest situation arising from us carrying out the role of the Independent Adviser for the Proposed Acquisition.

We do not have any professional relationship with Eastland in the past 2 years, other than our current appointment as the Independent Adviser for the Proposed Acquisition.

We are a holder of a Capital Markets Services Licence issued by the Securities Commission Malaysia as a Principal Adviser permitted to carry on the regulated activity of advising on corporate finance under the CMSA. The corporate finance department of TA Securities supports clients in the areas of take-overs, mergers and acquisitions, initial public offerings, reverse take-overs, secondary equity issuance and independent advisory services. Our corporate finance team comprises experienced personnel with the requisite qualifications and experiences to provide, amongst others, independent advice and render opinion on the fairness and reasonableness of transactions relating to acquisitions, disposals and take-over offers. Amongst others, we have undertaken the following assignments as independent adviser:

(a) independent advice in relation to the unconditional voluntary take-over offer by Scientex Berhad ("**Scientex**") to acquire (i) all the remaining ordinary shares in Daibochi Berhad ("**Daibochi**") ("**Daibochi Shares**") *(now known as Scientex Packaging (Ayer Keroh) Bhd)* not already held by Scientex as well as such number of new Daibochi Shares that may be issued prior to the closing date of the offer arising from the exercise of the outstanding 2017/2022 warrants in Daibochi ("**Daibochi Warrants**") ("**Offer Share(s)**") for a cash offer price of RM2.70 per Offer Share; and (ii) all the remaining Daibochi Warrants not already held by Scientex ("**Offer Warrants**") for a cash offer price of RM0.32 per Offer Warrant. The independent advice letter was issued on 14 October 2021;

(b) independent advice in relation to the unconditional mandatory take-over offer by Pitahaya (M) Sdn Bhd ("**Pitahaya**") to acquire all the remaining ordinary shares in Pimpinan Ehsan Berhad not already owned by Pitahaya, Lim Beng Guan and the parties acting in concert with them for a cash offer price of RM1.07 for each offer share. The independent advice letter was issued on 22 March 2021;

(c) independent advice in relation to the subscription of ordinary shares in Builtech Acres Sdn Bhd ("**Builtech**") by Paragon Globe Berhad, representing approximately 99.06% of the enlarged issued share capital of Builtech for a cash consideration of RM52,900,000. The independent advice letter was issued on 3 March 2020;

(d) independent advice in relation to (i) acquisition of 8,000,000 ordinary shares in Supercomal Medical Products Sdn Bhd ("**SMP**"), representing the remaining 80% equity interest in SMP not owned by Supercomnet Technologies Berhad ("**STB**"), for a total consideration of RM80,000,000 to be satisfied via the issuance of 400,000,000 new ordinary shares in STB ("**STB Shares**") at an issue price of RM0.19 per STB Share and cash of RM4,000,000; and (ii) exemption under Paragraph 4.08(1)(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions for Shiue, Jong-Zone and persons acting in concert with him, from the obligation to undertake a mandatory take-over offer to acquire the remaining STB Shares not already owned by them after the acquisition. The independent advice letter was issued on 14 February 2018; and

(e) independent advice in relation to the disposal by Rev Asia Berhad *(now known as Catcha Digital Berhad)* of 11,080,182 ordinary shares in Rev Asia Holdings Sdn Bhd ("**Rev Asia Holdings**"), representing its entire 70% equity interest in Rev Asia Holdings, to Media Prima Digital Sdn Bhd, an indirect wholly-owned subsidiary of Media Prima Berhad, for a cash consideration of RM73.50 million. The independent advice letter was issued on 5 July 2017.

Premised on the foregoing, TA Securities has the credentials, experience and expertise to act as the Independent Adviser to advise the non-interested shareholders of Eastland in relation to the Proposed Acquisition.

In evaluating the Proposed Acquisition, we have considered the following factors in forming our opinion:

(i)	Rationale for the Proposed Acquisition	Section 5
(ii)	Mode of settlement of Purchase Consideration	Section 6
(iii)	Basis and justification for the Purchase Consideration	Section 7
(iv)	Basic and justification for the issue price of the Consideration Share	Section 8
(v)	Salient terms of the CSPA	Section 9
(vi)	Proposed salient terms of the Lease Agreement	Section 10
(vii)	Proposed salient terms of the Stakeholder Agreement	Section 11
(viii)	Financial effects of the Proposed Acquisition	Section 12
(ix)	Industry overview and prospects	Section 13
(x)	Risk factors in relation to the Proposed Acquisition	Section 14

5. RATIONALE FOR THE PROPOSED ACQUISITION

We set out below the extracts of the rationale for the Proposed Acquisition as stated in Section 6.1, Part A of the Circular together with our commentaries thereon:

The Proposed Acquisition is in line with the Group's investment objectives and growth strategy to provide Eastland with sustainable and stable income stream and to grow the Group's NAV per Share by acquiring high quality, earnings accretive properties with recurring rental income. For information, the Group will be acquiring the Properties at the market value ascribed by the Valuer, which was arrived at after incorporating a 20% bulk discount factor.

The 5% per annum guaranteed rental return provided by the Developer provides the Group with a stable income stream for 5 years. During this period, the Group will work closely with Top Land (being the party providing the 5% guaranteed rental return) to gain insights and leverage on the skills and experience of Top Land in marketing and property management particularly in Bandar Tun Razak Business Park. In addition, the demand for the Properties may also increase as and when the Bandar Tun Razak Business Park develops commercially over time. With the completion of the East Coast Rail Link being earmarked in 2026, the Group anticipates that the locality surrounding Bandar Tun Razak Business Park to develop commercially prior to the completion of the East Coast Rail Link due to anticipated increase in demand for surrounding properties.

The Group is coordinating with Top Land to appoint property agents to market the vacant units after taking into consideration that the property agents will have a large database of customers and more prevailing market information on current rental rates, and the ability to negotiate a term which will be more suitable to the tenants.

The Properties are strategically situated at the north-western side of Jalan Bandar Tun Abdul Razak Jengka-Temerloh, about 2 kilometres due south-west of the Tun Abdul Razak Jengka town.

In addition, the Board is also of the view that the issuance of Consideration Shares as the settlement of the Purchase Consideration will enable the Group to conserve its cash resources and thereby provide greater flexibility to utilise its cash resources to fund the Group's existing businesses and/or the Energy Related Business.

<u>TA Securities' commentary:</u>

We noted that the Properties are located in Bandar Tun Razak Business Park, which was soft-launched in 2014, completed construction in March 2019 and obtained Certificate of Completion and Compliance on 29 March 2019. The Bandar Tun Razak Business Park is a new business park with 262 commercial units located within 11 blocks of 2-storey shop/offices (131 units on each ground and first floors) and 35 units of single-storey semi-detached shops, available for sale. As at the LPD, 161 units out of 297 units had been sold and 25 units out of the 92 commercial units under the Proposed Acquisition had been rented out, respectively. Despite the existing sales and rental status of Bandar Tun Razak Business Park, our views on the Proposed Acquisition as compared to existing property related business of Eastland Group, the prospects of the Properties and potential return on investment of the Properties for Eastland Group are as analysed below:

(i) Diversify property portfolio for Investment Properties segment

Currently, Eastland Group only earns revenue from rental collection from tenants at Kota Sri Mutiara Shopping Complex in Kota Bahru, Kelantan ("**KSM Shopping Complex**"), which is one of the pioneer shopping malls in Kota Bahru that had been operating for more than 20 years under its Investment Properties segment. In view of the increased direct competition from a few newer shopping malls which had subsequently been built in recent years within Kota Bahru, the management of Eastland has acknowledged that the financial performance of its Investment Properties segment has not been encouraging in the past. Hence, the Proposed Acquisition would allow Eastland Group to diversify geographically its existing property portfolio for Investment Properties segment which is currently located in Kelantan, to the ownership of 92 commercial units comprising the ground and first floors within 46 stratified 2-storey shop/offices in the state of Pahang.

We also noted it is the intention of the management of Eastland to diversify its property exposure to "more vibrant" state for better product mix as disclosed in its Annual Report for FYE 30 June 2021. Based on the latest statistics as extracted from the Department of Statistics of Malaysia, we noted that in year 2020, Pahang state recorded gross domestic product of approximately RM55 billion (which was mainly contributed by services, manufacturing and agricultural segments) as compared to approximately RM25.2 billion for Kelantan state (which was mainly contributed by services and agricultural segments). Based on the abovesaid statistics, it appears to us that Pahang state (where the Properties are located) had recorded higher economic activities as compared to Kelantan state (a state where Eastland Group's main properties assets are located).

(ii) Stable and recurring income

We observed that Eastland Group reported net loss position for the 18-months FPE 30 June 2021 (audited) and 9-months FPE 31 March 2022 (unaudited), and its Investment Properties segment (via rental collection solely from tenants of KSM Shopping Complex in Kota Bahru, Kelantan) recorded an annualised revenue of approximately RM2.87 million for the 18-months FPE 30 June 2021 (audited) and a revenue of approximately RM2.12 million for 9-months FPE 31 March 2022 (unaudited).

The 5% annual guaranteed rental return under the Proposed Acquisition is expected to contribute a recurring rental income to Eastland Group for at least the next 5 years upon completion of the Proposed Acquisition, amounting to RM1.24 million gross rental income per annum, which is equivalent to 5% of the Purchase Consideration. Further, the annual gross rental of RM1.24 million will contribute additional revenue of approximately 5.93% to Eastland Group's revenue (computed based on Eastland Group's revenue for 18-months FPE 30 June 2021). Accordingly, the Proposed Acquisition is beneficial to Eastland Group as it presents Eastland Group with additional recurring revenue stream in the future and potentially enhance the earnings of Eastland Group.

Pursuant to the CSPA and the Lease Agreement to be entered into between FBO Land and Top Land (i.e., the Developer) upon completion of the Proposed Acquisition, 114,461,538 Consideration Shares (which shall worth RM7.44 million based on the Issue Price, or being the aggregate of 5% guaranteed rental return for 5 years (as collateral to FBO Land for the guaranteed rental return by Top Land) and 5% guaranteed rental return for 1 year as security deposit for the due performance of Top Land of all the terms of the Lease Agreement) shall be deposited with a Security Stakeholder (as defined in Appendix I of the Circular) and to be released gradually to LV (as nominated by Top Land as subscriber of the Consideration Shares) upon Top Land fulfilling its obligation over the 5% annual guaranteed rental return. This arrangement ensures that Eastland Group's interest is protected over the lease period.

The 5% guaranteed rental return on the Properties arrangement is for a period of 5 years, commencing upon completion of the Proposed Acquisition. We are of the view that a period of 5 years is deemed a reasonable timeframe for Eastland Group to acquire new tenants for the Properties beyond the lease period as well as for the locality to develop commercially and to gain maturity in the long run. The marketability of the Properties as well as the business activities and property market in Malaysia in general took a hit upon the COVID-19 outbreak in Malaysia in 2020. In view that the economic and commercial activities in Malaysia had gradually resumed upon relaxation of pandemic-related restrictions and Malaysia entering into endemic phase of COVID-19 outbreak in early 2022, the commercial activities nationwide is expected to pick-up in the future and therefore, the guaranteed rental period of 5 years would provide Eastland Group with reasonable time to ride on the potential appreciation of market value of the Properties within Bandar Tun Razak Business Park, whereby the development will gain maturity over the years and have direct impact on the property value within the locality; and allow Eastland Group to have sufficient time to collaborate with Top Land in marketing the Properties to potential third parties tenants for periods beyond the lease period.

As at the LPD, the strata title for the Properties have yet been issued by the relevant authorities. However, we noted that the sale and purchase agreements by the Developer and Proprietor in favour of FBO Land for each unit of the Properties provide that in the event approval is not obtained or the transfer of the title cannot be completed or perfected for any reason ("**Affected Unit**"), either party may terminate the agreement by written notice whereby the Developer shall return the purchase price paid in cash for the Affected Unit and in return FBO Land shall redeliver legal possession of the Affected Unit and all relevant documents to the Developer. If FBO Land is unable to be registered as the registered proprietor for the Affected Units during the lease period, the Lease Agreement for the Affected Units shall lapse and in such event, the guaranteed rental payable by Top Land (as the lessee) for the Affected Units to FBO Land will be collected up to date of re-delivery of vacant possession of the said units to Top Land. Such arrangement ensures that Eastland Group's benefits over the annual guaranteed rental is protected while application for strata title to the Properties is on-going during the lease period. Further, the management of Eastland has clarified to us they have received feedback from the Developer that the chance of non-issuance of the strata titles for the Properties by the relevant authorities is very remote.

(iii) 5% gross rental yield

As set out in Appendix VI of the Circular, based on the assessment by the Valuer on the rental yield for similar properties at Bandar Tun Razak Business Park and other commercial developments in nearby areas, the Valuer had adopted a net yield of 5.5% for the ground floor and 3.0% for the first floor. This shall translate into an average net rental yield of 4.25% for a unit of stratified 2-storey shop/office within Bandar Tun Razak Business Park. We noted that the 5% annual guaranteed rental return (which is gross rental) is greater than the average net yield of 4.25% and provides sufficient buffer to cover such as maintenance fee (generally at 5% of monthly rental, based on analysis by the management of Eastland) and insurance coverage on the Properties.

The 5% annual guaranteed rental return also translates into a monthly rental of approximately RM2,246 for a unit of stratified 2-storey shop/offices within Bandar Tun Razak Business Park (computed as RM1,240,000 divided by 46 units of stratified 2-storey shop/offices and over a 12-months' period). We noted that based on the Valuer's analysis at the time of its inspection, the monthly rental of approximately RM2,246 is within the market monthly rental rate of these tenanted properties in Bandar Tun Razak Business Park (whereby the tenancy arrangements for a unit of stratified 2-storey shop/office were entered into during COVID-19 outbreak in Malaysia, i.e., during year 2020), which range between RM1,500 to RM3,500*. The lower market rental rate was due to the Developer intends to ease the financial burden of the tenants amid the COVID-19 pandemic by offering rental rebates to the tenants. We are of the view that 5% annual guaranteed rental return is reasonable as the market rental rate for the Properties will recover post COVID-19 pandemic in view of the gradual recovery of the property market in Pahang as set out in Section 13.3 of this IAL.

Note:

* *The monthly rental of RM3,500 is for a unit of stratified 2-storey shop/office with option to purchase. Per the management of Eastland, rented unit with option to purchase generally accords higher rental rate to cover the opportunity cost for holding the unit during the lease period while awaiting the tenant to exercise of option to purchase.*

Meanwhile, we noted that Eastland Group's Investment Properties and Property Development segments recorded substantial losses for FYE 31 December 2019 and 18-months FPE 30 June 2021. The losses for Investment Properties segment were mainly due to lower occupancy rate at KSM Shopping Complex (FYE 31 December 2019: 93%; 18-month FPE 30 June 2021: 81%); COVID-19 related rental rebates to support and retain key tenants; and high fair value loss on the investment property; whereas the losses for Property Development segment were mainly due to inventories written off during 18-months FPE 30 June 2021 as Eastland Group decided to abort the proposed development of 124 units of shoplots at vacant lands located in Bandar Tasek Raja, Pasir Mas, Kelantan after considering the low demand for commercial properties at the location. Eastland Group is currently in the midst of discussion with several parties for the disposal of the vacant lands.

In view of the unfavorable exposure of property market in the state of Kelantan as disclosed above, TA Securities noted that pursuant to the Lease Agreement to be entered into between FBO Land and Top Land (i.e., the Developer) upon completion of the Proposed Acquisition, Eastland Group is expected to record profitability for the ownerships of the Properties in the next 5 years as it is only required to bear minimal maintenance cost and insurance coverage for the Properties. Based on our discussion with the management of Eastland, in the absence of unforeseen circumstances which are beyond the control of Eastland Group and save for the professional expenses incurred and cost to be incurred for the transfer of titles of the Properties to FBO Land for the Proposed Acquisition, the 5% gross rental yield is expected to provide sufficient buffer to cover maintenance fee (generally at 5% of monthly rental, based on analysis by the management of Eastland) and insurance coverage on the Properties.

(iv) Prospects of the Properties

As highlighted earlier, the Properties were completed and obtained Certificate of Completion and Compliance in March 2019. Based on the Annual Property Market Report 2021 issued by the Valuation and Property Services Department in Malaysia and the Ministry of Finance, we noted that 2 to 2½ storey shops formed the bulk of the transactions in Malaysia capturing 52.0% (6,023 transactions) of the shops' market share, followed by 3 to 3½ storey shops registering 28.7% share (3,324 transactions) in year 2021; the "Shop" segment recorded 11,574 transactions worth RM9.6 billion, dominating 51.6% of the commercial property transactions volume in Malaysia; and the commercial property market performance recorded an increase of 10.5% in volume and 12.7% in value in year 2021 against year 2020. Premised of these statistics, it is expected that the Properties (which are 2-storey shop/office) will have higher rate of transactions as compared to other types of shoplot in the future.

Based on the information made available to us, we noted that the Properties within Bandar Tun Razak Business Park are built with modern design where the front portion of the shop/office is fitted with glass panels, making the interior of first floor visible from outside the building, which is a distinctive new feature as compared to other conventional design of shoplots in the surrounding areas. This feature is expected to attract more visitors/potential buyers to view the shop/office especially the upper floor. The Bandar Tun Razak Business Park is also supported with recreational parks and 696 parking spaces. Such modern design of the Properties with ample parking spaces enhances its appeal to potential buyers for rental gain, commercial use and/or investment purpose.

Further, the Bandar Tun Razak Business Park is surrounded by diversity of commercial, social and leisure establishments such as Mydin Hypermarket, 99 Speedmart, BS Freshmart, Pusat Giatmara and Jengka Wonderland and has convenient accessibility to higher education institutions such as Universiti Teknologi MARA Jengka Campus and Pusat Latihan Pertahanan Awam Wilayah Timur. It is located within close proximity to Tun Abdul Razak Jengka town, a matured old township. As at the LPD, 161 units of the business park or 54.21% have been sold and 37 units out of the remaining unsold units have been rented out (inclusive of 25 units out of the 92 commercial units under the Proposed Acquisition) equivalent to approximately 27% occupancy rate, comprising tenants such as office, hostel, restaurant, electronic shop, cosmetic and boutique store, sundry shop, grocery store and fresh market. The outbreak of COVID-19 in 2020 and weak property market sentiments then had affected the take-up rate and occupancy rate in Bandar Tun Razak Business Park, which had since picked up upon gradual relaxation of pandemic-related restrictive measures since year 2021. Further, its proximity to the above-mentioned commercial, social and education establishments as well as multiple FELDA settlements is expected to attract foot traffic from patrons of the commercial and leisure facilities, youth and students from the education institutions, residents of neighbourhoods, or corporations to relocate its offices to Bandar Tun Razak Business Park.

Eastland Group believes the Properties, as supported by its modern features and surrounding activities, would be able to attract foot traffic to the Bandar Tun Razak Business Park and thus, attract tenants for commercial use of the Properties and generate stable recurring rental income to Eastland Group in the mid to long term and/or investors to purchase the Properties and generate capital gain (to Eastland Group) on appreciation of market value of the Properties in the future.

We further noted that the ECRL will run east through the states of Kelantan and Pahang, serving the towns of Bentong, Mentakab, Maran, Gambang and Kota SAS in Pahang, before reaching Kuantan. The ECRL is expected to be operational in 2027. The ECRL connects cities in the East Coast states and the Klang Valley and helps to upgrade the public transportation system in rural areas *(Source: https://www.theedgemarkets.com/article/ecrl-reverts-original-alignment-cost-rm50b-says-transport-ministry, The Edge, accessed on 10 June 2022)*. It will also create a spillover effect that could potentially spur commercial activities and drive investments in the townships along and nearby the rail line such as Bandar Tun Razak Business Park which has a travel distance of 40 kilometres ("**km**") from the town of Maran, due to better connectivity with Klang Valley and other towns in the future. Further, we noted that the Group anticipates that the locality surrounding Bandar Tun Razak Business Park to develop commercially prior to the completion of the ECRL due to anticipated increase in demand for surrounding properties.

(v) Potential capital gain on appreciation of market value the Properties

In view of the recent hike of construction costs of properties due to increase in the cost of construction materials worldwide which will affect the selling price of the new property projects in the future in Malaysia, the Proposed Acquisition will benefit Eastland Group with potential capital gain on appreciation of market value of the Properties in the future after taking into consideration that the Properties are purchased at bulk purchase discount of 20% and the positive outlook for the real estate and business services subsector in Malaysia for year 2022. Barring any unforeseen circumstances, the investment holding of the Properties can be reasonably expected to generate positive return on investment to Eastland Group in the long run.

Any downside risk of the property market in the future arising from market uncertainties would, to a certain extent, be cushioned by the bulk purchase discount of 20%. The real estate and business services subsector is projected to rebound by 8.6%, mainly driven by business services provided particularly to property and financial-related activities. *(Source: Economic Outlook 2022, Ministry of Finance Malaysia)*

(vi) No cash outlay for the Proposed Acquisition

To avail itself to the abovementioned potential and future benefits or return on investment, there is no immediate and adverse impact to Eastland Group's overall cash flows and liquidity position in view that the Proposed Acquisition does not involve any cash consideration. Meanwhile, as highlighted earlier, the 5% annual guaranteed rental return under the Proposed Acquisition is expected to contribute a recurring rental income to Eastland Group for at least the next 5 years upon completion of the Proposed Acquisition, which will increase the overall return on investment of the Properties in the long run.

Premised on the above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable and not detrimental to the non-interested shareholders of Eastland.

6. MODE OF SETTLEMENT OF PURCHASE CONSIDERATION

As set out in Section 2.5, Part A of the Circular:

The total Purchase Consideration will be fully satisfied through the issuance of 381,538,461 Consideration Shares subject to the terms and conditions of the CSPA set out in Appendix I of this Circular.

TA Securities' commentary:

The issuance of Consideration Shares allows Eastland Group to conserve its cash resources for other business developments and/or opportunity as well as putting Eastland Group on a stronger financial footing in view of the increase in the NA of Eastland Group subsequent to the completion of the Proposed Acquisition.

The issuance of the Consideration Shares is expected to result in dilution to EPS, NA per Share and shareholdings of the non-interested shareholders of Eastland, to the extent of the Consideration Shares to be issued to LV. Nevertheless, going forward, such dilution impact may be mitigated through contribution of sustainable and stable rental income to the future earnings and NA of Eastland Group as well as potential capital gain on the appreciation of the market value of the Properties in the future after taking into consideration, amongst others, the recent hike of construction costs of new property development projects in Malaysia. In the event there is a rise in the market value of the Properties, backed by positive outlook of the property market in Malaysia and Pahang, Eastland Group may stand to benefits from any potential capital appreciation in the market value of the Properties (which can be reasonably expected to contribute positive to the future earnings of Eastland Group) upon realising its investment in Properties. Refer to Section 13.3 of this IAL for further information on overview and outlook of the property market in Pahang.

Based on the above, we are of the opinion that the mode of settlement of Purchase Consideration is fair and reasonable.

7. BASIS AND JUSTIFICATION FOR THE PURCHASE CONSIDERATION

As set out in Section 2.6, Part A of the Circular, we take note of the following:

The Purchase Consideration was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the market value of the Properties as appraised by the Valuer of RM24.8 million and the prospects of the Properties.

*There are 2 valuation approaches adopted by the Valuer in arriving at the market value of the Properties which are the Comparison Approach and Profit Approach – Investment Method ("**Investment Method**").*

The Comparison Approach entails critical analyses of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences. In valuing the Properties, the Valuer has taken into consideration all relevant factors, which include the time, location, design/age, tenure and size.

The Investment Method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The annual net income is capitalised using a rate of interest to arrive at the capital value of the property. For the Investment Method, the Valuer noted inconsistency and illogical results such as:

(a) the value of the first floor is higher than the ground floor units; and

(b) the value of the units located at the rear block is about the same as the front.

Due to inconsistency and illogical result derived from the Investment Method, which may be attributed from the present property market condition resulting in the suppressed rental and yield, the Valuer is of the opinion that the Comparison Approach is more reliable and realistic, and the Valuer has only adopted the Comparison Approach as it reflects the current situation of the market value.

The Proposed Acquisition of 92 units of Properties from the Developer constitutes "bulk purchase". Based on the market observation by the Valuer, bulk purchases are given a discount, ranging from 10% to 25%.

Taking into consideration this project in Bandar Tun Razak Business Park is about 42% taken up and occupancy rate is about 15% attributed from COVID-19 pandemic which hit shortly after it received certificate of completion and compliance in year 2019 (as extracted from the Valuation Certificate), the Valuer deemed it reasonable to accord a 20% discount to reflect the "bulk-purchase". Accordingly, the Valuer had vide its valuation letter dated 8 March 2022, ascribed a market value of RM24.8 million to the Properties using the Comparison Approach after adjusting for bulk purchase discount of 20%.

The RM24.8 million Purchase Consideration thus represents the market value of the Properties as appraised by the Valuer.

<u>TA Securities' commentary:</u>

Rahim & Co International Sdn. Bhd. was appointed by Eastland as the independent valuer to conduct the valuation and determine the market value of the Properties. We noted that the Purchase Consideration represents the market value of the Properties as ascribed by the Valuer. For the purpose of assessing the fairness and reasonableness of the Purchase Consideration for the Proposed Acquisition, we have relied on the Valuation Certificate and Valuation Report prepared by the Valuer in compliance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents *(now known as the Board of Valuers, Appraisers, Estate Agents and Property Managers)*, Malaysia and the Asset Valuation Guidelines issued by the Securities Commission Malaysia. Please refer to Appendix VI of the Circular for the Valuation Certificate.

We noted that the Valuer has adopted the following approaches in determining the market value of the Properties:

(i) Comparison Approach – primary method of valuation

Under this approach, recent transactions of similar properties in the neighbourhood vicinity are analysed for comparison purposes and making adjustments for differences such as date of transaction, location, design/age of the properties, tenure and size of land, and the impact of COVID-19 to arrive at the market value. Where dissimilarities exist, adjustments are made. We wish to highlight that any adjustments to the comparable transactions rely on, to a certain degree, professional judgements by the Valuer.

The Valuer had analysed sale transactions of 2-storey shop units at neighbouring vicinity and sale transactions of commercial units in Bandar Tun Razak Business Park, and it opined that market value derived from 2-storey shop units at neighbouring vicinity is more reasonable and reliable. The details of the comparables for the Properties (i.e., sale transactions of 2-storey shop units at neighbouring vicinity, as extracted from the Valuation Certificate) are as follow:

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Description	Comparable 1	Comparable 2	Comparable 3
Property Type	2-storey shop	2-storey shop	2-storey shop
2-storey shop adjustment			
Description	Comparable 1	Comparable 2	Comparable 3
Property Type	2-storey shop	2-storey shop	2-storey shop
Address	No 68, Lorong Baiduri 7, Nadi Kota Bandar Jengka, Maran, Pahang	No 5, Lorong Mutiara 7, Nadi Kota Bandar Jengka, Maran, Pahang	No 9, Lorong Mutiara 6, Nadi Kota Bandar Jengka, Maran, Pahang
Tenure	99 years lease (unexpired 87 years)	99 years lease (unexpired 75 years)	99 years lease (unexpired 76 years)
Built up	2,260 sq. feet	2,254 sq. feet	2,221 sq. feet
Consideration	RM700,000/-	RM650,000/-	RM600,000/-
Date of Transaction	28 July 2021	16 January 2019	4 October 2018
Vendor	Mohd Sabri bin Mat Husin	Koperasi Peneroka Felda Raya Berhad	Salmizi bin Salleh
Purchaser	Abu Zaidi bin Muhammad	Umi Kalsom bt Abd Zabri	Nurul Hafizah bt Saadun
Source	Valuation and Property Services Department	Valuation and Property Services Department	Valuation and Property Services Department
Upward Adjustments	Design/Age, Size	Design/Age, Size	Time, Design/Age, Size
Downward Adjustments	Location	Location, Before Pandemic	Location, Before Pandemic
Adjusted Value	GF-RM423 psf FF-RM238 psf	GF-RM394 psf FF-RM212 psf	GF-RM387 psf FF-RM208 psf

We take note that the Valuer has adopted Comparable 1 as the most appropriate comparable as it is a recent transaction (transacted in year 2021) and is more reasonable and reliable as it reflects the general market of commercial market in Jengka, Pahang compared to solely focusing on sales transactions of commercial units in Bandar Tun Razak Business Park. As Comparable 1 is better located at Nadi Jengka (existing town centre of Bandar Jengka) and with building aged 5-10 years and larger land size as compared to the Properties, the Valuer had made relevant adjustments to arrive at and adopt an adjusted market value of RM420 per square feet ("**psf**") for ground floor and RM230 psf for first floor, based on a ratio of Ground Floor:First Floor of 65:35.

We noted that the Valuer has further adopted upward adjustment of 10% for corner units and 5% for end units of the Properties; and downward adjustment of 5% for units located in Blocks A, H, J and P as these blocks are not facing the main road.

As a result, we noted that the market value for the Properties (save for Blocks A, H, J and P) as ascribed by the Valuer is as follows:

<u>Ground Floor</u>
Intermediate unit : RM420 psf
Corner unit : RM462 psf
End unit : RM441 psf

<u>First Floor</u>
Intermediate unit : RM230 psf
Corner unit : RM253 psf
End unit : RM242 psf

For units located in Blocks A, H, J and P (rear blocks), we noted that the market value as ascribed by the Valuer is as follows:

<u>Ground Floor</u>
Intermediate unit : RM399 psf
Corner unit : RM439 psf
End unit : RM419 psf

<u>First Floor</u>
Intermediate unit : RM219 psf
Corner unit : RM240 psf
End unit : RM229 psf

The Valuer has subsequently adopted a discount of 20% to the market value of the Properties to reflect bulk purchase of the Properties by Eastland Group. We noted that based on market observation, bulk purchase is given a discount ranging from 10% to 25% and the 20% discount for bulk purchase of the Properties is a sizable quantum to the benefits of Eastland Group in the Valuer's opinion.

Based on the above, we noted that the Valuer has appraised the market value of the Properties to be RM24.80 million in the following manner:

Total market value of the Properties	:	RM31,070,000
Less: 20% discount to reflect "bulk purchase"	:	20%
Market valuation of Properties, rounded	**:**	**RM24,800,000**

(ii) Investment Method – secondary method of valuation

Under this approach, the Valuer determines the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The annual net income is capitalised using a rate of interest to arrive at the capital value of the property.

We noted that under the Investment Method as adopted by the Valuers, the value of first floor unit is higher than ground floor unit and value of units located at the rear blocks is about the same as units facing the main road and therefore, the Valuer is of the opinion that Investment Method is unreliable which may be attributed by the present market condition resulting in suppressed rental and yield, hence should be disregarded in carrying out the market value of the Properties. We concur with the opinion of the Valuer as dissimilarities of units usually would accord different values.

Based on the above, we are of the view that the adoption of Comparison Approach by the Valuer as the primary method of valuation of the market value of the Properties is **fair and reasonable** and **not detrimental** to the interests of the non-interested shareholders of Eastland given that:

(i) present market condition resulting in the suppressed rental and yield, Comparison Approach provides a snapshot of current market demand and supply conditions for similar types of properties which had been transacted, hence the Comparison Approach is more reliable and realistic to reflect the current situation of the market value of the Properties;

(ii) the Valuer had adjusted the market values of the comparable properties in valuing the Properties after taking into consideration all relevant factors such as time, location, design/age, tenure and size of land, and selected the most appropriate comparable due to the absence of exact comparable properties; and

(iii) the market value of the Properties under the Comparison Approach approximates the audited net book value of Properties in the Developer's book of RM24,607,617 as at 30 June 2021.

8. BASIS AND JUSTIFICATION FOR THE ISSUE PRICE OF THE CONSIDERATION SHARE

As set out in Section 2.7, Part A of the Circular:

The issue price of RM0.0650 per Consideration Share was determined on a willing-buyer willing-seller basis, after taking into consideration, amongst others, the following:

(i) the prevailing market conditions and historical adjusted trading prices (which were adjusted due to the Rights Issue with Warrants which was completed on 18 February 2022) of Eastland Shares for the past 12 months up to 17 March 2022, being the date immediately prior to the date of the CSPA; and

(ii) the 5-day VWAMP of Eastland Shares up to and including the 17 March 2022, being the date immediately prior to the date of the CSPA, of RM0.0648.

The Issue Price represents a premium of RM0.0002 or approximately 0.31% over the 5-day VWAMP of Eastland Shares up to and including the 17 March 2022, being the date immediately prior to the date of the CSPA, of RM0.0648.

TA Securities' commentary:

In assessing the reasonableness of the issue price of RM0.0650 per Consideration Share, we have compared the Issue Price against:

(i) historical VWAMP of Eastland Share over various time period up to 17 March 2022, being the date immediately prior to the date of the CSPA ("**Announcement LPD**"), as set out in the table below:

Period	RM	Discount / (Premium)* RM	%
5-day VWAMP up to and including the Announcement LPD	0.0648	(0.0002)	(0.31)
1-month VWAMP up to and including the Announcement LPD	0.0645	(0.0005)	(0.78)
3-month VWAMP up to and including the Announcement LPD	0.0713	0.0063	8.84
6-month VWAMP up to and including the Announcement LPD	0.0738	0.0088	11.92
12-month VWAMP up to and including the Announcement LPD	0.0890	0.0240	26.97

(Source: Bloomberg)

Note:
* *Calculated as respective VWAMP price of Eastland Share less the Issue Price.*

(ii) P/B Multiple of Eastland Share for the past 5 financial years/periods as set out in the table below:

	NA per Share (RM)	Closing price* (RM)	P/B multiple (times)
9-months FPE 31 March 2022	0.10	0.075	0.75
18-months FPE 30 June 2021	0.20	0.105	0.53
FYE 31 December 2019	0.52	0.067	0.13
FYE 31 December 2018	0.72	0.080	0.11
FYE 31 December 2017	0.75	0.113	0.15
FYE 31 December 2016	0.78	0.155	0.20

(Source: Bloomberg / Annual reports of Eastland for the respective financial years/periods under review)

Note:
* *Being closing share price of Eastland Share at the end of the respective reporting period.*

We observe that:

(i) the issue price of RM0.0650 per Consideration Share is at premium to the 5-day and 1-month VWAMP of Eastland Share up to and including the Announcement LPD and at discount to 3-month, 6-month and 12-month VWAMPs of Eastland Share up to and including the Announcement LPD;

(ii) the historical share prices of Eastland Share have been substantially below NA per Share of Eastland Group for the past 5 financial years/periods under review, with historical P/B Multiple below 1 time for the past 5 financial years/periods under review; and

(iii) considering the pro forma NA per Share as at 30 June 2021 (computed based on audited results of Eastland Group as at 30 June 2021 and after taking into consideration events completed subsequent to 30 June 2021 and up to the LPD (as illustrated in Section 9.3, Part A of the Circular)) of RM0.10, the Issue Price translates into an implied P/B Multiple of 0.65 times, which is higher than the P/B Multiples for past 5 financial years/periods under review ranging between 0.11 times to 0.53 times. The Issue Price at a high P/B Multiple is an advantage to Eastland as this means lesser number of Eastland Shares to be issued for the Proposed Acquisition and less dilutive impact to the existing shareholders of Eastland.

Based on the above, we are of the opinion that the issue price of the Consideration Share of RM0.0650 each is reasonable.

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9. SALIENT TERMS OF THE CSPA

We have analysed key salient terms extracted from the CSPA and set out our commentaries as follows:

Salient terms of the CSPA	TA Securities' commentary
1. Agreement to Sell The Developer has agreed to sell and FBO Land, in reliance on the representations set out in the CSPA, has agreed to purchase all the rights, interests and title of the Developer and the Proprietor in and to the Property subject to the terms and conditions expressed and implied in the issue document of title/strata title to the said Property and subject to the terms and conditions of the CSPA, at the Purchase Consideration with legal possession and free from any and all conflicting interests.	This is a reasonable term as it serves to set out the agreement between the Developer (as the seller of the Properties) and FBO Land (as the purchaser of the Properties). This term stipulates that the Properties will be acquired free from any and all conflicting interests with legal possession. We are of the view that the term is common in transaction of such nature and is reasonable and not detrimental to the non-interested shareholders of Eastland.
2. Conditions Precedent 2.1 The CSPA is conditional upon: (a) Eastland obtaining approval of the shareholders of Eastland for the purchase of Property by FBO Land and for the issuance of the Consideration Shares; (b) Eastland obtaining approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities; (c) the Developer and FBO Land entering into the Lease Agreement; (d) the Developer, FBO Land and LV entering into a stakeholder agreement with a stakeholder to be appointed by the Developer and FBO Land to hold the Pledged Shares ("**Security Stakeholder**") pursuant to terms to be agreed upon; and	The term is reasonable as it imposes conditions that are required to be met by Eastland, the Developer, FBO Land and LV in order to effect the CSPA. The stakeholder agreement to be entered among the Developer, FBO Land and LV serves to facilitate the Proposed Acquisition and to safeguard the Pledged Shares to protect the interest of Eastland Group against potential default in payment of guaranteed rental return by the Developer.

Salient terms of the CSPA	TA Securities' commentary
(e) any approval required by FBO Land and/or Eastland, pursuant to any order, law, rules, regulations or directives or any governmental authorities or any listing requirements or by operation of law for the purpose of the CSPA. 2.2 Immediately upon signing of the CSPA, FBO Land and Eastland shall proceed at its own cost and expense to obtain the relevant confirmation or approvals stated in clauses 2.1 (a), (b) and if required (e), within 9 months from the date of the CSPA or such other extended period as the parties may agree upon in writing. The date that all the conditions precedent are fulfilled shall be referred to as the "**Unconditional Date**".	These conditions precedent are reasonable as they are mainly conditions requiring necessary approvals to be obtained from, or reporting/filing to be made with, the relevant parties to give effect to the CSPA and in compliance with the Listing Requirements. Further, it also provides the non-interested shareholders of Eastland with an opportunity to assess the merits and demerits of the Proposed Acquisition, and thereafter decide whether they agreed for Eastland Group to undertake the Proposed Acquisition. The time period of 9 months from the date of the CSPA is a reasonable time period for Eastland to obtain Bursa Securities' approval and its shareholders' approval at its forthcoming EGM and for the Developer, FBO Land and LV to satisfy all the conditions precedent in a timely manner. This clause also ensures that the CSPA shall become unconditional only when all conditions precedent of the CSPA have been fulfilled. Overall, we are of the view these terms are reasonable and not detrimental to the non-interested shareholders of Eastland.
3. Payment of Purchase Consideration 3.1 The Parties agree that the Purchase Consideration shall be satisfied by the issuance and allotment of 381,538,461 Consideration Shares at an issue price of RM0.065 per Consideration Share by Eastland in favour of LV.	 The evaluation of the Purchase Consideration and the Issue Price are set out in Sections 7 and 8 of this IAL.

Salient terms of the CSPA	TA Securities' commentary
3.2 The Developer and LV confirm and declare that there is an amount exceeding the Purchase Consideration which is due and owing by the Developer to LV and as such nominated LV as the subscriber of the Consideration Shares and allotment by Eastland of the Consideration Shares in full to LV shall be deemed full and final payment of the Purchase Consideration by FBO Land to the Developer pursuant to the CSPA. The Proprietor acknowledges and agrees to the aforesaid and acknowledges it has no claim on any part of the Purchase Consideration. For information, the Developer has an amount owing to LV of RM36.1 million as at LPD.	We noted that the amount owing by the Developer to LV will be settled via issuance and allotment of Consideration Shares to LV. The nomination of LV as the recipient of the Consideration Shares is reasonable as LV is a creditor of the Developer and both the Developer and LV have mutually agreed on such nomination.
3.3 The Consideration Shares shall be issued and allotted in the following manner on or before 1 month from the Unconditional Date: (a) 114,461,538 Consideration Shares and any other securities or cash as are added thereto pursuant to any bonus issue or dividend payment or any other entitlement ("**Pledged Shares**") to be deposited into the CDS Account(s) opened and maintained by the Security Stakeholder under the Central Depositories Act with a central depository or its nominee company which is a pledged securities account designated under Section 40 of the Central Depositories Act where the Pledged Shares have been or are to be credited and irrevocable written instructions have been given/granted to the Security Stakeholder as the sole party to operate the account(s) ("**Securities Account**"); and (b) the remaining 267,076,923 Consideration Shares (after deducting the Pledged Shares) ("**Remaining Consideration Shares**") directly into the CDS Account of LV, in exchange for legal possession of the Property as set out in Clause 6.1 below. For the purposes of the CSPA, the date the Consideration Shares are issued and allotted shall be the "Completion Date".	The timeframe for the issuance and allotment of Consideration Shares to LV and the Security Stakeholder, as well as the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities is reasonable.

Salient terms of the CSPA	TA Securities' commentary
For the purpose of this Clause, the Developer shall at least 7 days prior to the Completion Date notify FBO Land of the details of the respective Securities Accounts and CDS Accounts and authorises FBO Land and/or Eastland to credit the Pledged Shares and Remaining Consideration Shares allotted into the respective Securities Account and CDS Accounts (as the case may be) and to notify Bursa Depository and issue share certificate(s) representing such Consideration Shares allotted in the name of Bursa Depository. Completion is conditional on all parties complying with all their respective obligations of the CSPA and the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities. For this purpose, Eastland shall cause the Consideration Shares to be listed and quoted on the Main Market of Bursa Securities within 10 business days (Monday to Friday (inclusive), excluding public holidays, and on which Bursa Securities is open for trading of securities) ("**Business Days**") from the Completion Date or such other extended period as the parties may mutually agree in writing.	
4. Individual SPAs (a) Upon the execution of the CSPA, the Developer and the Proprietor shall immediately execute the sale and purchase agreement by the Developer and Proprietor in favour of FBO Land for each Unit of the Property on terms agreeable to FBO Land ("**Individual SPAs**") to effect the transfer of all the Developer's and Proprietor's right, interest title and benefit in the Property pursuant in favour of FBO Land and deliver the same to FBO Land's solicitors as stakeholders to be dealt with in accordance with Clause 4.4 (b) or (c) (as the case may be). (b) FBO Land's solicitors are authorized subject to compliance with the provisions in Clause 3.3 (a) and (b), to date the Individual SPAs on the Completion Date and to submit the Individual SPAs to the Collector of Stamp Duty for adjudication as to the stamp duty chargeable thereon. (c) In the event the sale and purchase under the CSPA shall be lawfully terminated, FBO Land's solicitors shall return the Individual SPAs to the Developer.	These terms are fair commercial terms for the Proposed Acquisition to ensure that FBO Land shall have legal, beneficial and unencumbered ownership of each unit of the Properties.

Salient terms of the CSPA	TA Securities' commentary
5. Guaranteed Rental	
5.1 The Developer agrees, undertakes and guarantees that the aggregate yearly lease rental income for the Property for the 5 years commencing the Completion Date ("**Guaranteed Rental Period**") shall be RM1,240,000.00 for each 12 consecutive month period from the Completion Date ("**Guaranteed Rental**"). The parties have agreed that in the event FBO Land subsequently disposes any Unit of the Property or in the event of an acquisition pursuant to the CSPA of any of the Properties by the Government or any other acquiring authority, the Guaranteed Rental for that 12 consecutive month period will be reduced based on the following formulae: Adjusted Guaranteed Rental $= \left[A - \left[B \times \frac{C}{365} \right] \right] \times 5\%$ ("**Adjusted Guaranteed Rental**"). Where, A = Purchase Consideration B = Purchase consideration paid by FBO Land to the Developer pursuant to the CSPA for that particular Unit(s) sold C = Days elapsing from the completion of the sale of the Unit to the end of the 12 consecutive month period.	The terms are fair and reasonable and not detrimental to non-interested shareholders of Eastland as Guaranteed Rental shall reduce upon disposal of any units of the Properties by FBO Land and such adjustment be agreed by the parties to the CSPA.
5.2 As security for the Guaranteed Rental and the due performance of the Developer of the terms of the Lease Agreement, the Developer agrees that Eastland shall issue and deposit the Pledged Shares into the Securities Account in the amounts set out in Clause 3 above. For the avoidance of doubt and to the extent permitted by law and/or the relevant authorities, the Pledged Shares shall be free of all encumbrance and moratorium.	This term is fair and reasonable as depositing the Pledged Shares with Security Stakeholder protects the interest of Eastland Group in monitoring Top Land's payment of the guaranteed annual rental return over the lease period.

Salient terms of the CSPA	TA Securities' commentary
5.3 In pursuance of the provisions in Clause 5.2, the Developer and FBO Land shall simultaneously with the deposit of the Pledged Shares, transfer or cause to be transferred to or deliver or procure the delivery to the Security Stakeholder or into the Securities Account (or as the case may be) necessary documents in respect thereof, all in form and substance satisfactory to the Security Stakeholder to facilitate the deposit of the Pledged Shares in favour of the Security Stakeholder or its nominee(s) and/or into the Securities Account and the subsequent sales/transfer pursuant to the terms of the CSPA. 5.4 For the avoidance of doubt, all legal and beneficial interest to the Pledged Shares (including but not limited to voting rights) remain with LV in the amounts deposited by LV until the same are sold pursuant to this Clause 5.	
5.5 Within 14 days of the expiry of Year 1 (defined in Clause 5.6): 5.5.1 FBO Land shall notify the Developer in writing ("**Notice**") of the following: (i) the amount of rental received from the Property for Year 1 ("**Rental for Year 1**"); (ii) whether there is a shortfall between the Rental for Year 1 and the annual Guaranteed Rental or the Adjusted Guaranteed Rental for Year 1 ("**Year 1 Rental Shortfall**"); (iii) whether there is any other amounts due and owing by the Developer to FBO Land pursuant to the Lease Agreement for Year 1 ("**Year 1 Other Owings**") (Year 1 Rental Shortfall and Year 1 Other Owings shall collectively be referred to as "**Year 1 Shortfall To FBO Land**"), with a copy of the Notice being furnished to the Security Stakeholder.	Clauses 5.5 to 5.9 are normal commercial terms for transaction of such nature and reasonable as they set out the following: • obligations of the Developer towards payment of any shortfall or differential amount not covered by the value of the balance Pledged Shares; • arrangement for the Consideration Shares only released to LV upon the Developer meeting the Guaranteed Rental; and • obligations of the Developer and/or LV to meet the shortfall for the Security Deposit which can mitigate the default risk of the Developer.

Salient terms of the CSPA	TA Securities' commentary
5.5.2 In the event the Rental for Year 1 is equivalent to the Guaranteed Rental or Adjusted Guaranteed Rental, as the case maybe and if there is no Year 1 Other Owings, upon receipt of the Notice from FBO Land pursuant to Clause 5.5.1, the Security Stakeholder shall, within 14 Business Days from the receipt of the Notice by the Security Stakeholder release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental or Adjusted Guaranteed Rental for the remaining years of the Guaranteed Rental Period plus an additional sum of RM1,240,000.00. 5.5.3 In the event there is a Year 1 Shortfall To FBO Land, then: (a) the Developer shall be liable to FBO Land to fully pay the Year 1 Shortfall to FBO Land within 14 Business Days from the date of receipt by the Developer of the Notice; and (b) upon payment of the Year 1 Shortfall To FBO Land in full, FBO Land shall inform the Security Stakeholder in writing confirming that the Year 1 Shortfall To FBO Land has been paid, whereupon the Security Stakeholder, shall within 14 Business Days of the Security Stakeholder receiving such written confirmation release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental or Adjusted Guaranteed Rental for the remaining years of the Guaranteed Rental Period plus an additional sum of RM1,240,000.00.	

Salient terms of the CSPA	TA Securities' commentary
5.5.4 In the event that the Developer fails to pay FBO Land the Year 1 Shortfall To FBO Land in full within the said 14 Business Days set out above, FBO Land shall be entitled (but without prejudice to any other rights and remedies that FBO Land may have) and the Developer authorises FBO Land to issue a written notice to the Security Stakeholder stating the same and the amount of the Year 1 Shortfall To FBO Land that remains unpaid ("**Year 1 Default Notice**"), whereupon the Security Stakeholder is authorised to and shall within 3 months of the Year 1 Default Notice sell all or part of the Pledged Shares sufficient to cover the amount stated in the said Year 1 Default Notice and all commissions and costs for the sale in any manner and on any terms of the Security Stakeholder, in its sole and absolute discretion deems appropriate upon receipt of the said notice. The Security Stakeholder shall then apply the proceeds of the sale as follows: (a) firstly, payment of all cost, expenses and fees arising from the sale or disposal of the Pledged Shares; (b) secondly, all monies due to the Security Stakeholder pursuant to the CSPA (if any); and (c) thirdly, payment of the Year 1 Shortfall To FBO Land or any part thereof to FBO Land. Thereafter, the Security Stakeholder, shall release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental or Adjusted Guaranteed Rental for the remaining years of the Guaranteed Rental Period plus an additional sum of RM1,240,000.00.	

Salient terms of the CSPA	TA Securities' commentary
5.5.5 In the event that the value of the balance Pledged Shares held by the Security Stakeholder calculated based on the issue price of RM0.065 each is less than the Guaranteed Rental or Adjusted Guaranteed Rental for the remaining years of the Guaranteed Rental Period plus an additional sum of RM1,240,000.00, the Security Stakeholder shall notify the Developer and/or LV in writing of the same and the additional number of Additional Securities based on the issue price of RM0.065 which are required to be transferred by the Developer and/or LV to the Securities Account. Upon receipt of the written notice pursuant to this clause, the Developer and/or LV shall within 14 Business Days transfer into the Securities Account such Additional Securities indicated in the said notice, failing which Clause 7.3 shall apply. 5.5.6 In the event the proceeds of the sale and moneys in the Securities Account are insufficient to pay all of the Year 1 Shortfall To FBO Land, the Security Stakeholder shall inform the Developer and FBO Land in writing of the same and the Developer shall be liable to pay FBO Land such differential amounts indicated in the said notice within 14 Business Days of the said notice, failing which Clause 7.3 shall apply. 5.6 The procedure as set out in Clause 5.5 shall apply for each Year 1, Year 2, Year 3, Year 4 and Year 5 mutatis mutandis. Further, it is agreed that upon fulfillment of the Guaranteed Rental for the entire Guaranteed Rental Period, the Security Stakeholder shall be entitled to release all security interest over and if required transfer all the remaining Pledged Shares held into the CDS Accounts of LV. 5.7 For the purposes of this Clause 5: (a) "**Guaranteed Rental Period**" means the 60 months period comprised in Year 1, Year 2, Year 3, Year 4 and Year 5; (b) "**Year 1**" means the twelve-month period commencing on the Completion Date; (c) "**Year 2**" means the twelve-month period commencing on the expiry of Year 1; (d) "**Year 3**" means the twelve-month period commencing on the expiry of Year 2; (e) "**Year 4**" means the twelve-month period commencing on the expiry of Year 3;	

Salient terms of the CSPA	TA Securities' commentary
(f) "**Year 5**" means the twelve-month period commencing on the expiry of Year 4; (g) Save for manifest error, all written notices issued by FBO Land pursuant to this Clause 5 shall be binding and conclusive between and among the parties. 5.8 The Developer and FBO Land expressly agree, warrant and undertake jointly and severally at all times and from time to time and notwithstanding the termination of the CSPA (whether by effluxion of time, discharge of obligations of the CSPA or otherwise) to indemnify the Security Stakeholder and keep the Security Stakeholder indemnified: (a) in respect of all loss, damages, costs, expenses and charges incurred by the Security Stakeholder resulting from the Security Stakeholder discharging any of its obligations hereunder; and (b) against all claims, demand, actions, fines, penalties and legal proceedings whatsoever made against or charged or imposed upon the Security Stakeholder by the government or any other authority or any person firm or corporation whatsoever arising from or in connection with any act or omission done or omitted to be done by the Security Stakeholder; and PROVIDED ALWAYS THAT the above is not caused by wilful default, negligence or fraud on the part of the Security Stakeholder. 5.9 Purely for illustration purpose, set out below are scenarios in respect of the yearly lease rental received from the Developer during the Guaranteed Rental Period and the liability of the Developer under this Clause 5 based on such scenarios: **Illustration:** Year 1 = no Year 1 Shortfall To FBO Land. Year 2 = there is a shortfall between the rental received for Year 2 and the Guaranteed Rental for Year 2 and other amounts owing to FBO Land of RM500,000.00. Year 3 = there is a shortfall between the rental received for Year 3 and the Guaranteed Rental for Year 3 and other amounts owing to FBO Land of RM1,500,000.00.	

Salient terms of the CSPA	TA Securities' commentary
Year 4 = The Adjusted Guaranteed Rental is reduced to RM1,000,000 but there is no shortfall between the rental received for Year 4 and the Adjusted Guaranteed Rental for Year 4 and no other amounts owing to FBO Land. Year 5 = there is a shortfall between the rental received for Year 5 and the Adjusted Guaranteed Rental for Year 5 and other amounts owing to FBO Land of RM300,000.00.	

Rental Guarantee Period		
Year 1:	Year 1 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	-
	Subject to payment of Year 1 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer[*1]	19,076,923
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account[*2]	95,384,615
Year 2:	Year 2 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	RM500,000
	Subject to payment of Year 2 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer[*1]	19,076,923
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account[*2]	76,307,692
Year 3:	Year 3 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	RM1,500,000
	Subject to payment of Year 3 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer[*1]	19,076,923
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account[*2]	57,230,769

<table>
<tr><th>Salient terms of the CSPA</th><th>TA Securities' commentary</th></tr>
<tr><td>
<table>
<tr><td><u>Year 4:</u></td><td>Year 4 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment</td><td>-</td></tr>
<tr><td></td><td>Subject to payment of Year 4 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer[*1]</td><td>22,769,231</td></tr>
<tr><td></td><td>Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]</td><td>34,461,538</td></tr>
<tr><td><u>Year 5:</u></td><td>Value of liability from the Developer to FBO Land for Shortfall To FBO Land for Year 5 [*2]or value of Pledged Shares to be sold in lieu of payment</td><td>RM300,000</td></tr>
<tr><td></td><td>Subject to payment of Shortfall To Purchaser for Year 5 in full, number of the Pledged Shares to be released to the Developer</td><td>34,461,538</td></tr>
</table>

Notes:
[*1] the amount of Pledged Shares to be released and transferred to the Developer will be calculated based on the issue price of RM0.065 each.
[*2] in the event there is Shortfall To FBO Land, the Developer shall be liable to FBO Land to fully pay the Shortfall To FBO Land within 14 Business Days from the date of the Default Notice.
</td><td></td></tr>
<tr><td>6. Events on Completion Date

6.1 <u>Delivery of legal possession of Property</u>

The parties acknowledge and agree that the Lease Agreement shall be effective on the Completion Date and as such the Developer shall be deemed to have delivered legal possession of the Property to FBO Land on the Completion Date.

6.2 <u>Risk in Property</u>

All risk in the Property shall remain with the Developer until the date of actual delivery of legal possession of the Property by the Developer to FBO Land. Thereafter, save as otherwise provided in the Lease Agreement all risk shall pass to FBO Land.</td>
<td>Clauses 6.1 to 6.2 were mutually agreed upon between the parties to effect the Lease Agreement upon the Completion Date and to allow FBO Land to gain full control over the Properties. Hence, such terms are typical to transaction of such nature and thus, are reasonable.</td></tr>
</table>

Salient terms of the CSPA	TA Securities' commentary
6.3 Apportionment of Outgoings All quit rent, rates, assessments, taxes, service and maintenance charges, sinking fund contributions, insurance, water, electricity and telephone bills and any other lawful outgoings ("**Outgoings**") in respect of the Property shall be apportioned between the Developer and FBO Land on the date of actual delivery of legal possession of the Property by the Developer to FBO Land PROVIDED ALWAYS THAT the Developer shall fully indemnify FBO Land against all such outgoings and charges payable by the Developer including any penalty or fine for late or non-payment of such outgoings and charges payable by the Developer prior to the date of actual delivery of legal possession of the Property by the Developer to FBO Land. FBO Land shall fully indemnify the Developer against all such outgoings payable by FBO Land after the date of actual delivery of legal possession of the Property by the Developer to FBO Land. The Developer shall settle all outstanding Outgoings due to the relevant authorities in respect of the Property and furnish to FBO Land's solicitors copies of the relevant and up to date receipts at the completion of the CSPA.	This clause is reasonable with the details arrived at on a negotiated basis between the Developer and FBO Land.
7. Proprietor's or Developer's Default 7.1 Specific performance or termination If Proprietor or Developer breaches any one or more of the terms, conditions or representations in the CSPA, or if an order has been made or petition presented or resolution passed for the winding up of the Proprietor or Developer prior to Completion Date, then FBO Land is entitled at its absolute discretion, to elect either one of the following: 7.1.1 Specific performance By written notice to the Proprietor and Developer, to require specific performance of the CSPA, OR, 7.1.2 Termination By written notice to the Proprietor and Developer and LV, to terminate the CSPA whereupon the following shall apply:	In the event of such defaults by the Proprietor or the Developer on or prior to Completion Date, these terms allow FBO Land to: • require specific performance under the CSPA or claim for damages as a result of such breaches by the Proprietor or the Developer; or • terminate the CSPA, the Lease Agreement and the agreement to be entered into with the Security Stakeholder with immediate effect in the manner set out in the CSPA; and • claim from the Proprietor and the Developer for cost to be incurred by FBO Land in enforcing its rights under the CSPA in the event of default by the Proprietor or the Developer.

Salient terms of the CSPA	TA Securities' commentary
(a) Redeliver Documents FBO Land shall forthwith redeliver all documents delivered to FBO Land or FBO Land's solicitors (if delivered), to the Developer with the Proprietor's/Developer's interest intact and withdraw and/or cause to be withdrawn any private caveat lodged by FBO Land against the Property at its own cost and expense. (b) Agreement null and void Upon the complete satisfaction and fulfilment of the above, the CSPA, the Lease Agreement and the agreement to be entered into with the Security Stakeholder shall be null and void, and neither party shall have any other claim whatsoever one against the other save for any antecedent breach and thereafter the Proprietor or Developer shall be at liberty to dispose of and/or otherwise deal with the Property in whatever manner the Proprietor or Developer shall think fit without reference to FBO Land. 7.2 <u>Cost of enforcement</u> FBO Land shall be entitled to claim from the Proprietor and Developer all cost and expense (including legal fees on a solicitor-client basis) incurred by FBO Land in enforcing the terms and conditions of the CSPA. 7.3 If the Developer shall breach any of their respective obligations under Clause 5 above or any other terms after the Completion Date, FBO Land shall be entitled to claim for specific performance in addition to any other remedies as may be available to FBO Land under law and/or equity and the Developer shall indemnify and hold FBO Land harmless against all costs, charges and expenses incurred or suffered by FBO Land arising from such breach.	Clause 7.1.2 is reasonable as it safeguards the interests of FBO Land being the non-defaulting party from the Proprietor's and the Developer' breach of any material or fundamental terms or conditions of the CSPA or a failure to perform any material undertaking, obligation or agreement expressed or implied in the CSPA. Overall, terms under clause 7 are reasonable and not detrimental to the non-interested shareholders of Eastland.

Salient terms of the CSPA	TA Securities' commentary
8. <u>FBO Land's Default</u> 8.1 <u>Termination</u> If FBO Land or Eastland breaches any one or more of the terms or conditions of the CSPA, or fails to pay the Purchase Consideration, or if an order has been made or petition presented or resolution passed for the winding up of FBO Land or Eastland prior to Completion Date, then the Proprietor or Developer is entitled by written notice to FBO Land and Eastland, to terminate the CSPA whereupon the following shall apply: 8.1.1 <u>Redeliver Documents</u> FBO Land shall forthwith all documents delivered to FBO Land or FBO Land's solicitors (if delivered), to the Developer with the Proprietor or Developer's interest intact and withdraw and/or cause to be withdrawn any private caveat lodged by FBO Land against the Property at its own cost and expense. 8.1.2 <u>Agreement null and void</u> Upon the complete satisfaction and fulfilment of Clause 8.1.1 above, the CSPA, the Lease Agreement and the agreement to be entered into with the Security Stakeholder shall be null and void, and neither party shall have any other claim whatsoever one against the other save for any antecedent breach and thereafter the Proprietor or Developer shall be at liberty to dispose of and/or otherwise deal with the Property in whatever manner the Proprietor or Developer shall think fit without reference to FBO Land. 8.2 <u>Cost of enforcement</u> The Proprietor and Developer shall be entitled to claim from FBO Land all cost and expense (including legal fees on a solicitor-client basis) incurred by the Proprietor or Developer in enforcing the terms and conditions of the CSPA.	In the event of such defaults by FBO Land or Eastland on or prior to Completion Date, these terms allow the Proprietor or the Developer to: • terminate the CSPA, the Lease Agreement and the agreement to be entered into with the Security Stakeholder with immediate effect in the manner set out in the CSPA; and • claim from FBO Land for cost to be incurred by the Proprietor or the Developer in enforcing their rights under the CSPA in the event of default by FBO Land or Eastland. Clause 8.2 is reasonable as it safeguards the interests of the Proprietor or the Developer being the non-defaulting party from FBO Land's or Eastland's breach of any material or fundamental terms or conditions of the CSPA or fails to pay the Purchase Consideration. Overall, the terms of Clause 8 are deemed reasonable and not detrimental to the non-interested shareholders of Eastland.

We are of the view that the terms of the CSPA are fair and reasonable, and not to the detriment of the Eastland's non-interested shareholders of Eastland, as a whole.

10. PROPOSED SALIENT TERMS OF THE LEASE AGREEMENT

We have analysed proposed key salient terms extracted from the Lease Agreement and set out our commentaries as follows:

Proposed salient terms of the Lease Agreement	TA Securities' commentary
1. **<u>Lease Term</u>** 1.1 <u>Grant of Lease</u> FBO Land grants and the Developer accepts a lease of the Property for a fixed period of 5 years from the Commencing Date (herein defined) ("**Term**") together with the use and enjoyment with other persons entitled thereto of all the parts of the centre designed, intended or made available from time to time for shared use by occupiers of the Centre and their servants, employees, invitees and customers or any of them as (without limitation) parking areas, driveways, staircase, loading docks, entrance and exit roads, walkways, pavements, entrances, passages, courts, landscaped areas, malls, public toilets, lift rooms, lift wells and truck tunnels ("**Common Areas**") subject to all conditions of title (whether expressed or implied affecting the Property), on an "as-is-where-is" basis and upon the terms, covenants and provisions of the Lease Agreement. 1.2 <u>Effective Date and Term of the Lease</u> This Lease Agreement shall be effective on the Commencing Date. Subject to the provisions as set out in the Lease Agreement and the respective rights of the parties to terminate the Lease Agreement, the Term shall commence on the date of completion of the CSPA (inclusive) or such other date as the parties may mutually agree in writing ("**Commencing Date**") and shall end on a period of 5 years from the Commencing Date ("**Expiry Date**").	These terms are reasonable as they serve to set out the agreement between FBO Land (as the lessor) and the Developer (as the lessee) over the leasing arrangement of the Properties. The Lease Agreement shall commence immediately upon completion of the CSPA for a tenure of 5 years. Further, it was also noted that FBO Land will notify the Developer upon receipt of the original Strata Title from the relevant Authority. We are of the view the terms are reasonable and not detrimental to the non-interested shareholders of Eastland.

Proposed salient terms of the Lease Agreement	TA Securities' commentary
1.3 Memorandum of Lease and Registration of Lease As the separate individual title issued to the Property ("**Strata Title**") has yet to be issued by any federal, state or local government, semi-government, quasi-government or other body or authority, statutory or otherwise, including but not limited to any court or tribunal ("**Authority**") as at the date of the Lease Agreement, FBO Land will notify the Developer in writing as soon as possible after FBO Land's receipt of the original Strata Title from the relevant Authority, with FBO Land as the registered proprietor of the Property. FBO Land will procure its solicitors to prepare the Memorandum of Lease and Lease Surrender Documents and deliver the same to the Developer as soon as possible after FBO Land has given the notice pursuant to this Clause 1.3.	
2. **Guaranteed Rental and Additional Charges** 2.1 Developer to Pay the Guaranteed Rental The Developer shall, without demand or deduction, pay RM103,333.33 only per month ("**Guaranteed Rent**") in advance to FBO Land on the 7th calendar day of every calendar month during the Term. If the Developer shall fail to pay the Guaranteed Rental or part thereof when due, the Developer shall be liable to pay FBO Land interest on the outstanding sum at the rate of 8% per annum calculated on daily basis commencing from the 2nd calendar day of the said month to the date when such payment is made.	This term stipulates that: (a) the Developer shall pay RM103,333.33 to FBO Land on 7th calendar day of every month during the lease period; and (b) if the Developer fails to pay the Guaranteed Rental, an interest of 8% per annum shall be imposed on the amount overdue. The late penalty interest is fair and reasonable and commonly adopted in transaction of such nature. We are of the view the terms are reasonable and not detrimental to the non-interested shareholders of Eastland.

Proposed salient terms of the Lease Agreement	TA Securities' commentary
3. **<u>Security Deposit</u>** 3.1 <u>Developer to provide Security Deposit (herein defined)</u> The Pledged Shares ("**Security Deposit**") shall be held by the Security Stakeholder as security for the due and punctual performance by the Developer and of all the Developer's obligations pursuant to the Lease Agreement. The Security Deposit shall not be deemed to be payment of Guaranteed Rental or any other payment that the Lease Agreement required to be paid to FBO Land unless otherwise set out in the Lease Agreement. For avoidance of doubt, the Developer shall not be entitled to set-off against the Security Deposit any Guaranteed Rental or any other sum due or payable by the Developer to FBO Land under this Agreement. 3.1.2 Within 14 days of the expiry of Year 1 (as defined in **Clause 3.1.5**): 3.1.2.1 FBO Land shall notify the Developer in writing ("**Year 1 Notice**") of the following: (i) the amount of rental received under the Lease Agreement for Year 1 ("**Rental for Year 1**"); (ii) whether there is a shortfall between the Rental for Year 1 and the Guaranteed Rental ("**Year 1 Rental Shortfall**"); and (iii) whether there is any other amounts due and owing by the Developer to FBO Land pursuant to the Lease Agreement for Year 1 ("**Year 1 Other Owings**") (Year 1 Rental Shortfall and Year 1 Other Owings shall collectively be referred to as "**Year 1 Shortfall To FBO Land**"), with a copy of the Year 1 Notice being furnished to the Security Stakeholder. 3.1.2.2 In the event the Rental for Year 1 is equivalent to the Guaranteed Rental payable for Year 1 and if there is no Year 1 Other Owings, upon receipt of the Year 1 Notice from the Developer pursuant to Clause 3.1.2.1, the Security Stakeholder shall, within 14 Business Days from the receipt of the Year 1 Notice by the Security Stakeholder release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental for the remaining Term plus an additional sum of RM1,240,000.00.	The Security Deposit is within the norm, and will be refundable to the Developer upon expiry of the lease period. Clauses 3.1.2 to 3.1.7 are normal commercial terms for transaction of such nature and reasonable as they set out the following: • the obligations of the Developer towards payment of any shortfall or differential amount not covered by the value of the balance Pledged Shares; • arrangement for the Consideration Shares only be released to LV upon the Developer meeting the Guaranteed Rental; and • obligations of the Developer and/or LV to meet the shortfall for the security deposit which can mitigate the default risk of the Developer.

Proposed salient terms of the Lease Agreement	TA Securities’ commentary
3.1.2.3 In the event there is a Year 1 Shortfall To FBO Land, then: (a) the Developer shall be liable to FBO Land to fully pay the Year 1 Shortfall To FBO Land within 14 Business Days from the date of receipt by the Developer of the Year 1 Notice; and (b) upon payment of the Year 1 Shortfall To FBO Land in full, FBO Land shall inform the Security Stakeholder in writing confirming that the Year 1 Shortfall To FBO Land has been paid, whereupon the Security Stakeholder, shall within 14 Business Days of the Security Stakeholder receiving such written confirmation release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental for the remaining Term plus an additional sum of RM1,240,000.00. 3.1.2.4 In the event that the Developer fails to pay FBO Land the Year 1 Shortfall To FBO Land in full within the said 14 Business Days set out in Clause 3.1.2.3 (a) above, FBO Land shall be entitled (but without prejudice to any other rights and remedies that FBO Land may have) and the Developer authorises FBO Land to issue a written notice to the Security Stakeholder stating the same and the amount of the Year 1 Shortfall To FBO Land that remains unpaid (“**Year 1 Default Notice**”), whereupon the Security Stakeholder is authorised to and shall within 3 months of the Year 1 Default Notice sell all or part of the Pledged Shares sufficient to cover the amount stated in the said Year 1 Default Notice and all commissions and costs for the sale in any manner and on any terms of the Security Stakeholder, in its sole and absolute discretion deems appropriate upon receipt of the said notice. The Security Stakeholder shall then apply the proceeds of the sale as follows: (a) firstly, payment of all cost, expenses and fees arising from the sale or disposal of the Pledged Shares; (b) secondly, all monies due to the Security Stakeholder pursuant to the Lease Agreement (if any); and (c) thirdly, payment of the Year 1 Shortfall To FBO Land or any part thereof to FBO Land.	

Proposed salient terms of the Lease Agreement	TA Securities' commentary
Thereafter, the Security Stakeholder, shall release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental for the remaining Term plus an additional sum of RM1,240,000.00. 3.1.2.5 In the event that the value of the balance Pledged Shares held by the Security Stakeholder calculated based on the issue price of RM0.065 each is less than the Guaranteed Rental for the remaining years of the Term plus an additional sum of RM1,240,000.00, the Security Stakeholder shall notify the Developer in writing of the same and the additional number of Additional Securities based on the issue price of RM0.065 which are required to be transferred by the Developer to the Securities Account. Upon receipt of the written notice pursuant to this clause, the Developer shall within 14 Business Days transfer or procure the transfer into the Securities Account such Additional Securities indicated in the said notice, failing which FBO Land shall be entitled to claim for specific performance in addition to any other remedies as may be available to FBO Land under law and/or equity and the Lessee shall indemnify and hold FBO Land harmless against all costs, charges and expenses incurred or suffered by FBO Land arising from such breach. 3.1.2.6 In the event the proceeds of the sale and moneys in the Securities Account are insufficient to pay all of the Year 1 Shortfall To FBO Land, the Security Stakeholder shall inform the Developer and FBO Land in writing of the same and the Developer shall be liable to pay FBO Land such differential amounts indicated in the said notice within 14 Business Days of the said notice, failing which FBO Land shall be entitled to claim for specific performance in addition to any other remedies as may be available to FBO Land under law and/or equity and the Developer shall indemnify and hold FBO Land harmless against all costs, charges and expenses incurred or suffered by FBO Land arising from such breach. 3.1.3 The procedure as set out in Clause 3.1.2 shall apply for each Year 1, Year 2, Year 3, Year 4 and Year 5 mutatis mutandis. Further, it is agreed that upon the Expiry Date and subject to the Developer's fulfilment of all the terms and conditions of the Lease Agreement, the Security Stakeholder shall be entitled to release all security interest over and if required transfer all the remaining Pledged Shares held into the CDS Accounts of LV.	

Proposed salient terms of the Lease Agreement	TA Securities' commentary
3.1.4 In carrying out the conversion, sale or disposal of the Pledged Shares, the Security Stakeholder shall have the full and unfettered discretion to sell them at such quantity, prevailing market prices and tranches (if any) and shall not be responsible for any loss from or cause through any brokers or any loss or depreciation in value of the Pledged Shares and shall not be liable to any parties of the Lease Agreement however and whatsoever unless it is due to the wilful default, neglect or fraud. Further, the Security Stakeholder shall have full and unfettered discretion to determine the manner, priority and/or type of Pledged Shares to apply towards satisfaction of the amounts contained in this Clause 3.1. 3.1.5 For the purposes of this Clause 3.1: (a) "Year 1" means the twelve-month period commencing on the Commencing Date; (b) "Year 2" means the twelve-month period commencing on the expiry of Year 1; (c) "Year 3" means the twelve-month period commencing on the expiry of Year 2; (d) "Year 4" means the twelve-month period commencing on the expiry of Year 3; (e) "Year 5" means the twelve-month period commencing on the expiry of Year 4; (f) Save for manifest error, all written notices issued by FBO Land pursuant to this Clause 3.1 shall be binding and conclusive between and among the parties. 3.1.6 The Developer and FBO Land expressly agree warrant and undertake jointly and severally at all times and from time to time and notwithstanding the termination of the Lease Agreement (whether by effluxion of time, discharge of obligations of the Lease Agreement or otherwise) to indemnify the Security Stakeholder and keep the Security Stakeholder indemnified: (a) in respect of all loss, damages, costs, expenses and charges incurred by the Security Stakeholder resulting from the Security Stakeholder discharging any of its obligations hereunder; and (b) against all claims, demand, actions, fines, penalties and legal proceedings whatsoever made against or charged or imposed upon the Security Stakeholder by the government or any other authority or any person firm or corporation whatsoever arising from or in connection with any act or omission done or omitted to be done by the Security Stakeholder; and	

<table>
<tr><th>Proposed salient terms of the Lease Agreement</th><th>TA Securities' commentary</th></tr>
<tr><td>
PROVIDED ALWAYS THAT the above is not caused by wilful default, negligence or fraud on the part of the Security Stakeholder.

3.1.7 Purely for illustration purpose, set out below are scenarios in respect of the yearly lease rental received from the Developer during the Term and the liability of the Developer under this Clause 3.1 based on such scenarios:

Illustration:

Year 1 = no Year 1 Shortfall To FBO Land.

Year 2 = there is a shortfall between the rental received for Year 2 and the Guaranteed Rental payable for Year 2 and other amounts owing to FBO Land of RM500,000.00.

Year 3 = there is a shortfall between the rental received for Year 3 and the Guaranteed Rental payable for Year 3 and other amounts owing to FBO Land of RM1,500,000.00.

Year 4 = Guaranteed Rental payable is reduced to RM1,000,000 but there is no shortfall between the rental received for Year 4 and no other amounts owing to FBO Land.

Year 5 = there is a shortfall between the rental received for Year 5 and the Guaranteed Rental payable for Year 5 and other amounts owing to FBO Land of RM300,000.00.

<table>
<tr><th>Rental Guarantee Period</th><th></th><th></th></tr>
<tr><td rowspan="2"><u>Year 1:</u></td><td>Year 1 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment</td><td>-</td></tr>
<tr><td>Subject to payment of Year 1 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer*1</td><td>19,076,923</td></tr>
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</td><td></td></tr>
</table>

Proposed salient terms of the Lease Agreement				TA Securities' commentary
		Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	95,384,615	
	Year 2:	Year 2 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	RM500,000	
		Subject to payment of Year 2 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer[*1]	19,076,923	
		Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	76,307,692	
	Year 3:	Year 3 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	RM1,500,000	
		Subject to payment of Year 3 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer [*1]	19,076,923	
		Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	57,230,769	
	Year 4:	Year 4 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	-	
		Subject to payment of Year 4 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer[*1]	22,769,231	
		Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	34,461,538	
	Year 5:	Value of liability from the Developer to FBO Land for Shortfall To FBO Land for Year 5 [*2]or value of Pledged Shares to be sold in lieu of payment	RM300,000	
		Subject to payment of Shortfall To FBO Land for Year 5 in full, number of the Pledged Shares to be released to the Developer	34,461,538	

Proposed salient terms of the Lease Agreement	TA Securities' commentary
Notes: *1 the amount of Pledged Shares to be released and transferred to the Developer will be calculated based on the issue price of RM0.065 each. *2 in the event there is Shortfall To FBO Land, the Developer shall be liable to FBO Land to fully pay the Shortfall To FBO Land within 14 Business Days from the date of the Default Notice.	
4. **Default & Termination** 4.1 Default Notices In the event that the Developer breaches any provision of the Lease Agreement (save for an Insolvency Event) FBO Land shall prior to exercising any of its rights under the Lease Agreement: (a) in respect of a default in payment of Guaranteed Rental and/or any other sum payable by the Developer under the Lease Agreement, serve on the Developer a notice in writing requiring the Developer to rectify such default within the period of 7 days from the date of receipt of the written notice; (b) in respect of other defaults, serve on the Developer notice in writing requiring the Developer to rectify such default within 14 Business Days from the date of receipt of the written notice. 4.2 Repudiation and Termination Should an Insolvency Event occur or upon the expiry of the notice period to any event referred to in Clause 4.1 which is not rectified, FBO Land may without prejudice to any of FBO Land's rights under the Lease Agreement and the law, at FBO Land's absolute discretion: (a) Forfeit the Security Deposit entirely or deduct from the Security Deposit any amount which is due and payable to FBO Land under the Lease Agreement to remedy the default. In the event that the Security Deposit is not sufficient to compensate FBO Land for any such damage or loss, FBO Land shall have the right to treat such sum outstanding as a debt due and payable on demand by the Developer to FBO Land and be forthwith recoverable from Developer; and/or	These terms are reasonable as they provide FBO Land with the flexibility to protect its interest upon the occurrence of default by the Developer and is in line with common forfeiture terms in other similar transactions.

Proposed salient terms of the Lease Agreement	TA Securities' commentary
(b) terminate the Lease Agreement by giving written notice of such termination to the Developer.	
4.3 <u>Ramifications of Default</u> Upon termination of the Lease Agreement, upon notice to the Developer and without prejudice to any of FBO Land's rights under the law: (a) FBO Land shall be entitled to call upon and forfeit the sums held under the Security Deposit to make good the Guaranteed Rental payable by the Developer for the remaining Term and all outstanding amounts owing by the Developer to FBO Land including to make good the damages and/or loss suffered by FBO Land as a result of any damage to the Property; and (b) FBO Land shall, subject to the applicable law, submit the Lease Surrender Documentations for registration be entitled to re-enter the Property or any part of them.	In the event of default on payment by the Developer and termination of the Lease Agreement, FBO Land is still entitled to receive the rental return for the remaining lease term. This term is reasonable as it protects the interest of FBO Land over the lease period.
4.4 <u>Developer's Right to Terminate</u> In the event the FBO Land shall be in material breach of any of its terms, conditions, covenants or warranties of the Lease Agreement set out on the part of FBO Land to be performed and observed, and the breach, if capable of being remedied, shall not have been remedied within 14 days (if the breach related to the peaceful and quiet enjoyment of the premises) or 28 days (any other breaches) from the date of the written notice from the Developer to FBO Land, the Developer shall be entitled to immediately terminate the Lease created whereupon the Developer shall vacate the Property and redeliver vacant possession of the Property to FBO Land. Upon such lawful termination the Guaranteed Rental reserved shall immediately cease to be payable and FBO Land shall refund the surplus Security Deposit and any Guaranteed Rental paid in advance by the Developer.	This is a normal commercial term for transaction of such nature and reasonable as it clearly stipulates the events of default by FBO Land.

We have evaluated the proposed salient terms and conditions of the Lease Agreement and are of the view that the terms are <u>**fair and reasonable**</u>, and <u>**not detrimental**</u> to the interests of the non-interested shareholders of Eastland.

11. PROPOSED SALIENT TERMS OF THE STAKEHOLDER AGREEMENT

We have analysed proposed key salient terms extracted from the Stakeholder Agreement and set out our commentaries as follows:

Proposed salient terms of the Stakeholder Agreement	TA Securities' commentary
1. Appointment of Security Stakeholder 1.1 The Developer and FBO Land irrevocably agree to appoint the Security Stakeholder and the Security Stakeholder agrees to act as a security stakeholder in relation to the Pledged Shares deposited and/or to be deposited into the Securities Account as security for the Guaranteed Rental, upon the terms and condition of the Stakeholder Agreement. 1.2 The Developer and FBO Land consent to the Securities Account to be opened and maintained by the Security Stakeholder and agree to deposit or caused to be deposited the Pledged Shares into the Securities Account and the Pledged Shares to be dealt with in the manner set out in the Stakeholder Agreement.	These terms are fair and reasonable as they serve to set out the agreement between the Developer, FBO Land and the Security Stakeholder over the operations of the securities account and Pledged Shares.
2. Condition Precedent 2.1 The Stakeholder Agreement shall be conditional upon the completion of the sale and purchase of the Properties in accordance with the CSPA and shall only be effective on the Effective Date set out in Clause 2.2 below. 2.2 The Stakeholder Agreement shall become effective and binding on the Developer, FBO Land, LV and the Security Stakeholder ("**the Parties**") on the date the Pledged Shares are deposited into the Securities Account ("**Effective Date**"). 2.3 In the event that the CSPA is terminated without completion of the sale and purchase of the Properties in the manner set out in the CSPA, the Stakeholder Agreement shall be null and void and the rights and obligations of the Parties hereunder shall lapse and be of no further force and effect and the Parties shall return all documents delivered to it by any other Party pursuant to the Stakeholder Agreement and none of the Parties shall have any claims against the other Parties hereunder save for antecedent breaches.	The Stakeholder Agreement serves to facilitate the Proposed Acquisition and to safeguard the Pledged Shares to protect the interest of Eastland Group against potential default in payment of guaranteed rental return by the Developer. Hence, it is reasonable for Stakeholder Agreement to take effect upon completion of the CSPA and depositing of Pledged Shares into the securities account as well as to be valid during the validity period of the CSPA.

Proposed salient terms of the Stakeholder Agreement	TA Securities' commentary
3. <u>Deposit of Pledged Shares</u> 3.1 As security for the Guaranteed Rental, the Developer agree that FBO Land shall issue and deposit the Pledged Shares into the Securities Account on or immediately after the Completion Date. 3.2 The Developer and FBO Land shall simultaneously with the deposit of the Pledged Shares, transfer or cause to be transferred to or deliver or procure the delivery to the Security Stakeholder or into the Securities Account (or as the case may be) necessary documents in respect thereof, all in form and substance satisfactory to the Security Stakeholder to facilitate the deposit of the Pledged Shares in favour of the Security Stakeholder or its nominee(s) and/or into the Securities Account and the subsequent sales/transfer pursuant to the terms of the CSPA and/or the Stakeholder Agreement. 3.3 For the avoidance of doubt, the Developer and LV declare and confirm that all legal and beneficial interest to the Pledged Shares remain with LV in the amounts deposited by LV until the same are sold in accordance with the terms of the CSPA and/or the Stakeholder Agreement.	Clauses 3.1 and 3.2 are fair and reasonable as depositing the Pledged Shares into the Security Account (to be operated by the Security Stakeholder) protects the interest of Eastland Group. Clause 3.3 is fair as the Security Stakeholder is only custodian over the Pledged Shares, and LV (being nominated as subscriber for the Consideration Shares) remains as the legal and beneficial owners of the Consideration Shares.
4. <u>Guaranteed Rental</u> Rights and obligation of the Parties are as specified in Clause 5 of Appendix 1 – Salient Terms of the CSPA, of the Circular.	Please refer to Clause 5, Section 9 of this IAL.
5. <u>Termination</u> 5.1 The Stakeholder Agreement shall be terminated upon receipt by the Security Stakeholder of a written notice from FBO Land, the Developer and LV confirming the discharge or satisfaction of the Developer's obligations pursuant to the Rental Guarantee contained herein. 5.2 Upon termination of the Stakeholder Agreement, the Security Stakeholder shall be released of its obligation under the Stakeholder Agreement without prejudice to the Security Stakeholder's rights to any outstanding security stakeholder fee prior to the termination of the Stakeholder Agreement whereon the Security Stakeholder shall release and if so required, transfer to LV the Pledged Shares (if any), or such remainder of the same not sold or utilised, having taken into account whether and to what extent the Developer have complied with their obligations contained herein.	This is a normal commercial term for transaction of such nature and reasonable as it clearly stipulates the events of termination and obligations of parties to the Stakeholder Agreement in the event of termination.

Proposed salient terms of the Stakeholder Agreement	TA Securities' commentary
5.3 Notwithstanding the above, in the event: (i) the Developer, LV and FBO Land mutually agree to terminate the services of the Security Stakeholder prior to the Developer's obligations pursuant to the Rental Guarantee being satisfied, the Developer, LV and FBO Land shall jointly notify the Security Stakeholder of the same by a written notice; or (ii) the Security Stakeholder wishes to resign from all its obligations under the Stakeholder Agreement, the Security Stakeholder shall confirm its resignation to the Developer, LV and FBO Land by a written notice stipulating its intention to resign, PROVIDED ALWAYS THAT the termination or resignation of the Security Stakeholder shall only take effect upon appointment of a new security stakeholder jointly by the Developer and FBO Land and the Pledged Shares and all other documents/ information are transferred or delivered to the new security stakeholder.	
6. **Breach of Agreement by any of the Parties** 6.1 Subject always to Clause 5.1 above, in the event that there is a breach of any of the terms, conditions or covenants of the Stakeholder Agreement by the Developer, LV or FBO Land, the non-defaulting Parties and/or Security Stakeholder shall be entitled to commence action for damages and/or specific performance against them (jointly or individually) in addition to any other remedies as may be available under the law and/or equity. All actions taken by the non-defaulting Parties and/or Security Stakeholder against the defaulting Party(s) in enforcing the Stakeholder Agreement (including the payment of any government penalties, taxes or duties) shall be at the cost and expense of the defaulting Parties and the defaulting Parties shall indemnify the non-defaulting Party(s) and Security Stakeholder for any costs and expenses incurred therefrom.	This term is reasonable as it safeguards the interests of non-defaulting parties and/or Security Stakeholder from the defaulting party(ies) in the event of breach of material terms, condition or covenants of the Stakeholder Agreement.

We have evaluated the proposed salient terms and conditions of the Stakeholder Agreement and are of the view that the terms are **fair and reasonable**, and **not detrimental** to the interests of the non-interested shareholders of Eastland.

12. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The effects of the Proposed Acquisition are set out in Section 9, Part A of the Circular.

TA Securities' commentary:

Effects of the Proposed Acquisition	**TA Securities' commentary**
Share capital	Based on the pro forma financial effects, we noted that the number of issued Eastland Shares will increase from 1,565,807,770 Shares to 1,947,346,231 Shares or 2,730,248,213 Shares after the completion of the Proposed Acquisition under the Minimum Scenario and Maximum Scenario, respectively.
Earnings and EPS of the Group	We noted that the EPS of Eastland Group will be diluted as a result of the increase in the number of Eastland Shares. However, we noted that the Proposed Acquisition will provide Eastland Group with additional recurring revenue and income stream from the leasing of the Properties and/or capital gain upon subsequent sales of the Properties, if any.
NA and gearing	We noted that Proposed Acquisition will strengthen the NA of Eastland Group but dilute the pro forma NA per Share marginally from RM0.10 (computed based on the audited accounts of Eastland Group as at 30 June 2021 and adjusted for, amongst others, completion of Rights Issue with Warrants) to RM0.09 upon completion of the Proposed Acquisition for both Minimum and Maximums scenarios, mainly due to the increase in number of Eastland Shares in issue pursuant to the Proposed Acquisition. We also noted that the pro forma gearing of Eastland Group will reduce from 0.10 times (assuming repayment of borrowings via proceeds from Rights Issue with Warrants) to 0.08 times or 0.06 times upon the completion of the Proposed Acquisition under Minimum Scenario and Maximum Scenario, respectively, which will strengthen the financial footing of Eastland Group.
Substantial shareholders' shareholdings	LV's and Dato' Lee's shareholdings in Eastland will increase following the issuance and allotment of Consideration Shares to LV. However, shareholdings of other shareholders (save for LV and Dato' Lee) in Eastland will be diluted due to increase in Eastland Shares in issue arising from the Proposed Acquisition.

Further, the issuance of Consideration Shares to LV pursuant to the Proposed Acquisition will not give rise to any consequences of mandatory general offer obligations pursuant to the Rules.

Premised on the above, the Proposed Acquisition is expected to result in positive financial effects to Eastland Group, mainly in term of earnings contribution and enhancement to the NA. Thus, we are of the view that the Proposed Acquisition is expected to be beneficial and **not detrimental** to the interest of the non-interested shareholders of Eastland.

13. INDUSTRY OVERVIEW AND PROSPECTS

We wish to draw the attention of the non-interested shareholders of Eastland to the following industry overview associated with the Proposed Acquisition.

13.1 Overview and outlook of the Malaysian economy

The Malaysian economy grew by 5.0% in the first quarter of 2022 ("**1Q 2022**") (fourth quarter of 2021 ("**4Q 2021**"): 3.6%). Growth was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. The improvement also reflects the recovery in the labour market and continued policy support. In addition, strong external demand, amid the continued upcycle in global technology, provided a further lift to growth. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 3.9% in 1Q 2022 (4Q 2021: 4.6%). *(Source: BNM Quarterly Bulletin Vol. 37 No. 1 for the First Quarter of 2022, Bank Negara Malaysia)*

Malaysia's economy is projected to grow by 5.8 percent in 2022 (2021f: 3.3 percent), driven mainly by a rebound in domestic demand. Private consumption growth is forecast to increase to 7.2 percent next year (2021f: 3.4 percent). This increased growth is premised on further relaxation of pandemic-related restrictions, dissipation of uncertainties, continued policy support, and gradual improvements to employment and income prospects. By contrast, growth in public consumption is forecast to decelerate to 1.3 percent in 2022 (2021f: 3.9 percent) on expectations of reduced COVID-19 related expenditure and the government's optimization of operating expenditure

Malaysia's trade is expected to expand at a more moderate pace next year. Exports are projected to continue to expand, albeit at a slower rate at 4.5 percent next year (2021f: 15.7 percent), in line with softer global trade in goods. The prospects for services exports, particularly travel and tourism, are likely to remain relatively subdued until the pandemic is brought more firmly under control and cross-border travel restrictions are loosened considerably. Imports are forecast to grow by 4.8 percent in 2022 (2021f: 17.3 percent), with broad-based expansion expected across consumption, intermediate and capital imports, in line with stronger consumer spending and continued expansion in exports and investment activity.

(Source: Malaysia Economic Monitor Report, December 2021: Staying Afloat, World Bank)

13.2 Overview and outlook of the Malaysian property market

The property market performance showed a slight improvement in 2021 but has yet to surpass the prepandemic level recorded prior to 2020. More than 300,000 transactions worth nearly RM145 billion were recorded, indicating an increase of 1.5% in volume and 21.7% in value compared to last year.

The residential, commercial and industrial sub-sectors saw an increase of 3.9%, 10.7% and 17.6% respectively, while agriculture and development land sub-sectors declined slightly by 7.5% and 7.4% respectively. Value of transactions recorded higher increase for residential, commercial, industrial and development land sub-sectors each at 16.7%, 43.1%, 32.9% and 33.2% whereas agriculture recorded otherwise, decreased by 5.1%.

The residential sub-sector led the overall property market with 66.2% contribution in volume. This was followed by agriculture (18.9%), commercial (7.5%), development land and others (5.6%) and industrial (1.9%). The residential sub-sector again took the lead with 53.1% share, followed by commercial (19.3%), industrial (11.7%), agriculture (8.2%) and development land and others (7.7%).

The commercial sub-sector saw a better performance in 2021. There were 22,428 transactions worth RM27.94 billion recorded in 2021, increased by 10.7% in volume and 43.1% in value as compared with 2020. The improved market was contributed by the increased activity recorded in most states and the major transactions involving shopping complex and purpose-built office recorded in the review period.

(Source: Annual Property Market Report 2021, Valuation and Property Services Department in Malaysia and Ministry of Finance)

For 1Q 2022, the property market recorded 94,544 transactions worth RM41.91 billion. Volume by transactions for 1Q 2022 comprise of residential (61.1%), agricultural (22.9%), commercial (7.9%), development land (6.2%) and industrial (1.9%) sub-sectors. Value of transactions for 1Q 2022 comprise of residential (54.8%), commercial (17.3%), industrial (12.2%), agricultural (9.7%) and development land (6.0%).

(Source: Property Market Q1 2022 Snapshots, Valuation and Property Services Department in Malaysia and Ministry of Finance)

13.3 Overview and outlook of the property market in Pahang

<u>2021 Overview</u>

Pahang's property market performance moderated in a review period. A total of 15,988 transactions worth RM5.52 billion were recorded, down by 6.1% in volume and 5.8% in value respectively. Residential sub-sector spearheaded the overall property market with 65.7% share, followed by agriculture with 24.8%, development land (4.1%), commercial (4.5%) and industrial (1.0%) sub-sectors.

Market activity witnessed downward movements across all sub-sectors except for industry. The industrial subsector increased 18.2% while the commercial subsector decreased 17.4% followed by development land (-14.8%), agriculture (-8.0%) and residential (-4.2%) sub-sectors. In terms of transaction value, market activity witnessed mixed movements. The development land, commercial and residential sub-sectors recorded an increase. Meanwhile the agriculture and industrial sub-sectors recorded a contraction.

The review period also saw several bulk purchases. Among these were 39 terraced plots in Balok Perdana Housing Scheme, Kuantan, 53 bungalow plots in Taman Raub Utama, Raub and 69 detached plots in Kampung Tiram, Kuantan.

There were 10,497 transactions worth RM2.64 billion recorded in the review period, decreased 4.2% in volume and increased 8.1% in value. Terraced house transactions dominated the highest market share, contributed 47.7% (5,011 units) of the residential property transactions attributed to single storey terraced (3,728 units) and double storey terraced (1,283 units).

The primary market recorded a slowdown in new launches. However, market demand showed a slight increase over the previous year. Most of these new units are single storey terraces, dominating for 58.4% (1,632 units) of total.

The residential rental market is stable across the board and part of this is new unit rental data for selected schemes.

The commercial sub-sector continued to soften. There were 727 transactions recorded worth RM1,049.41 million, indicating a decline of 17.4% in volume and increase 31.7% in value (2020: 880 transactions worth RM796.69 million).

2022 Outlook

Pahang's economy is projected to recover gradually by intensifying domestic tourism and hotel activities, agriculture, plantation, mining and the balanced growth of the industrial sector. Based to the 2022 Budget themed "State Prosperity, Mutual Benefits, Prosperous People" an estimated surplus of RM5.97 million has been allocated. For development expenditure, an allocation of RM323.26 million was provided involving infrastructure projects of RM171.98 million with direct financing while RM151.28 million from loans to finance water supply project. The declaration of Kuantan as a City Centre on 21 February 2021 will expected have a major impact on the overall development in the district. Several programs and projects will be continued in 2022 which will also have a positive impact on the property and infrastructure sector.

(Source: Annual Property Market State Report 2021, Valuation and Property Services Department in Malaysia and Ministry of Finance)

A total of 5,546 transactions worth RM1.56 million were recorded for Pahang's property market in 1Q 2022. Volume by transactions for 1Q 2022 in Pahang was contributed by residential (62.7%), agricultural (27.1%), commercial (4.8%), development land (4.7%) and industrial (0.7%) sub-sectors. Value of transactions for 1Q 2022 in Pahang was contributed by residential (49.7%), agricultural (29.4%), commercial (10.0%), development land (7.9%) and industrial (2.9%).

(Source: Property Sales Data – Q1 2022 (Pahang), Valuation and Property Services Department in Malaysia and Ministry of Finance Malaysia)

13.4 Prospects of the Properties

Bandar Tun Abdul Razak is a settlement town located in Rompin District, Pahang, Malaysia. The town located 27km from Bandar Muadzam Shah and 127km from Kuantan, the capital city of Pahang State. The town is strategically situated between Johor Bahru and Kuantan, where the Tun Razak Highway as the main road that connected this both town. Bandar Tun Abdul Razak is surrounded by a few FELDA settlements, traditional village of Orang Asli, plantation quarters and other residential area.

(Source: Wikipedia)

The Properties is accessible from Tun Abdul Razak Jengka town via the Jalan Bandar Tun Abdul Razak Jengka-Temerloh for about 2km and turning right onto Jalan Tun Abdul Razak Business Park and finally onto the service road servicing the business park. All the units comprising the subject property have direct frontage to the service roads.

Further, the Bandar Tun Razak Business Park is surrounded by diversity of commercial, social and leisure establishments such as Mydin Hypermarket, 99 Speedmart, BS Freshmart, Pusat Giatmara and Jengka Wonderland and has convenient accessibility to higher education institutions such as Universiti Teknologi MARA Jengka Campus and Pusat Latihan Pertahanan Awam Wilayah Timur. It is located within close proximity to Tun Abdul Razak Jengka town, a matured old township.

The location of the Properties is depicted in the following diagram:

(Source: Valuation Report)

Refer to Section 5(iv) of this IAL for further details on the prospects of the Properties.

13.5 Prospects of the Group

As set out in Section 7.5, Part A of the Circular, it was noted that the Proposed Acquisition is expected to provide Eastland Group with a sustainable and stable income stream moving forward, thus contributing positively to Eastland Group's financial results. We concur with the statement after taking into account, the gradual recovery of Malaysian economy and property market in Pahang as well as the prospect of the Properties.

<u>TA Securities' commentary:</u>

We take cognisance that Eastland Group's operations had encountered challenges due to the disruptions and slowdown in economic and market activities in Malaysia as a result of the COVID-19 pandemic and lockdown measures imposed.

We noted that Malaysian economy, Malaysian property market and property market in Pahang are gradually recovering with the relaxation of lockdown measures and re-opening of economic activities and border following successful rollout of vaccination programme, high vaccination rate achieved and Malaysia is entering into the endemic phase of COVID-19 outbreak. These, coupled with the prospects of the Properties (as set out in Section 5(iv) of this IAL), we are of the view that the Proposed Acquisition will benefit Eastland Group with new and additional revenue stream and potential capital gain on appreciation of market value of the Properties, which when materialises in the future, may contribute positively to Eastland Group's operations, financial performance and position.

Premised on the above, we are of the view that the Proposed Acquisition is **reasonable** and **not detrimental** to Eastland Group and non-interested shareholders of Eastland.

14. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, you should carefully consider the risk factors disclosed in Section 8.1, Part A of the Circular.

We set out below our views on the following risk factors pertaining to the Proposed Acquisition:

TA Securities' commentary:

14.1 Completion risk

We noted that there is a possibility that the Proposed Acquisition may not be completed due to failure in fulfilling the conditions precedent as set out in Appendix I, Section 2 of the Circular. In the event the conditions precedent are not met or waived within the timeframe prescribed, the CSPA may be rescinded or terminated.

We further noted that, to mitigate such risk, the Board endeavours to take reasonable steps to ensure that the conditions precedents are met within the stipulated timeframe in order to complete the Proposed Acquisition.

We are of the view that the completion risk of the Proposed Acquisition is a common aspect of similar proposal. We noted that if any of the conditions precedent of the CSPA is not met, which may be beyond the control of Eastland, Eastland Group will not be able to complete the Proposed Acquisition, thus resulting non-materialisation of the potential benefits expected from the Proposed Acquisition.

14.2 Risks associated with the valuation of the Land

We noted that the Valuer has taken into consideration the impact of COVID-19 outbreak to determine the market value of the Properties. In determining the market value, we observed that the Valuer have benchmarked to the transacted price of comparable properties. There is no assurance that there will be no fallout in the property market as a result of a prolonged economic slowdown which may delay the development of the Properties or the locality in which the Properties are located or erode the market values of the Properties, or that such fallout would not have an adverse impact to Eastland Group's operations or financials.

We also noted that Eastland Group acquires the Properties with bulk purchase discount of 20%. Any downside risk of the property market in the future arising from market uncertainties would, to a certain extent, be cushioned by the bulk discount of 20%.

14.3 Competition risk

The prospect of the Properties is expected to continually change and there is no guarantee that the attractiveness of the Properties to the existing and/or prospective tenants will persist, hence Eastland Group would be continuously challenged to adapt to such changes.

Nevertheless, we take note that the Board will seek to limit such risk through continuously monitoring the prevailing market conditions and reviewing the tenancy agreements with the tenants.

14.4 Non-renewal of expiring tenancy agreement

We noted that FBO Land and Top Land will enter into a Lease Agreement upon completion of the Proposed Acquisition, of which Top Land agrees to lease the Properties from FBO Land for a period of 5 years with a guaranteed rental return of 5% per annum.

We are of the view that risk of non-renewal of tenancy agreement is mitigated as FBO Land will receive a sustainable and stable rental income from Top Land regardless of whether renewal of existing tenancy agreements, lack of tenants or fluctuation in rental rate. In addition, we noted that the rental period of 5 years allows Eastland Group to have sufficient time to collaborate with Top Land in marketing the Properties to potential third parties tenants for periods beyond the guaranteed rental period.

14.5 Risk of physical damage to the Properties

We are of the view that this is a common risk faced by property owners. We noted that the Board will seek to mitigate the risk through regular upkeep and maintenance to the Properties as well as ensure the Properties are adequately insured.

Premised on the above, we are of the opinion that the Proposed Acquisition is likely to yield benefits which would outweigh the indicated risks. We note that even though Eastland may implement measures to mitigate the risk factors set out in Part A of the Circular, the risk factors may still result in material and adverse effects on Eastland Group. Shareholders should take note of the indicated risk factor, which are not exhaustive, as well as their mitigating factor, before deciding on how to vote on the Proposed Acquisition at the Company's forthcoming EGM.

15. CONCLUSION AND RECOMMENDATION

Non-interested shareholders of Eastland should take into account all the merits and demerits of the Proposed Acquisition based on all relevant and pertinent factors including those which are set out in Part A of the Circular, this IAL and other publicly available information before arriving at a decision on how to vote on the resolution to give effect to the Proposed Acquisition at the Company's forthcoming EGM.

We have independently assessed and evaluated the Proposed Acquisition after taking into consideration the various factors highlighted in this IAL and the information available to us, before arriving at our conclusion and recommendation. We are of the opinion that the Proposed Acquisition is **fair** and **reasonable** insofar as the non-interested shareholders of Eastland are concerned, and is **not to the detriment** of the non-interested shareholders of Eastland. Accordingly, we recommend that the non-interested shareholders of Eastland vote **in favour** of the Proposed Acquisition at the Company's forthcoming EGM.

Yours faithfully,
For and on behalf of
TA SECURITIES HOLDINGS BERHAD

WONG CHAN HAN
Vice President
Corporate Finance

CHAN YOKE CHIN
Assistant Vice President
Corporate Finance

PART C

LETTER FROM THE BOARD TO THE SHAREHOLDERS OF EASTLAND IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE

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 Darul Ehsan, Malaysia

23 June 2022

Board of Directors:

Mohamed Akwal Bin Sultan Mohamad *(Independent Non-Executive Director/Chairman)*
Lee Chee Kiang *(Managing Director)*
Dato' Lee Wai Mun, DIMP., JP. *(Executive Director)*
Tan Chin Hong *(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 SHAREHOLDERS' MANDATE

1. INTRODUCTION

On 20 April 2022, Malacca Securities had on behalf of the Board, announced that the Company proposes to seek its shareholders' approval for the Proposed Shareholders' Mandate to enable the Group to enter into various RRPTs pursuant to Paragraph 10.09(2) and Practice Note 12 of the Listing Requirements.

As set out in Part A of this Circular, Eastland is proposing to obtain its shareholders' approval for the Proposed Diversification into the Energy Related Business. In view thereof and in view that Dato' Lee has certain investee companies which may assist in the Company's venture into the Energy Related Business, the Group may in the ordinary course of its Energy Related Business enter into RRPTs with certain parties, which are related to Dato' Lee.

The purpose of Part C of this Circular is to provide shareholders with the relevant information on the Proposed Shareholders' Mandate and to seek shareholders' approval for the resolution on the Proposed Shareholders' Mandate to be tabled at the Company's forthcoming EGM. The Notice of the EGM and the Form of Proxy are enclosed together with this Circular.

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

2. PROPOSED SHAREHOLDERS' MANDATE

Pursuant to Paragraph 10.09(2) of the Listing Requirements, Eastland is required to seek its shareholders' mandate, with regards to RRPTs subject to, among others, the following:-

(i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;

(ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year where:

  (a) the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1.0 million or more; or

  (b) the percentage ratio of such RRPTs is 1% or more,

  whichever is the higher;

(iii) the circular to shareholders for the Proposed Shareholders' Mandate shall include the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;

(iv) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and

(v) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPTs disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Group proposes to enter into RRPTs, the particulars of which are set out in Section 2.3 of Part C of this Circular. Accordingly, the Board proposes to seek shareholders' mandate for the RRPTs to be entered into by the Group from the date of the EGM until the next AGM.

Such transactions will be made on terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of Eastland's minority shareholders.

The Proposed Shareholders' Mandate, if approved by Eastland's shareholders at the EGM, is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate will take effect from the date of the said EGM until:-

(i) the conclusion of the next AGM of Eastland following this EGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by Eastland's shareholders in a general meeting;

whichever is earlier.

2.1 Principal activities of the Group

The principal activity of Eastland is investment holding. Through its subsidiaries, the Company involves in investment holding, money lending, hotel operations, investment in properties, property investment, property development and accommodation booking services and for order of goods or products via mobile application. As set out in Part A of this Circular, Eastland proposes to diversify the existing principal activities of the Group to include Energy Related Business.

As at LPD, the principal activities of its subsidiaries are as follows:-

Name of company	Date / Country of incorporation	Effective equity interest (%)	Principal activities
Eastern Biscuit Factory Sdn. Bhd.	10 April 1953 / Malaysia	100	Property development, investment in properties and hotel operations
FBO Land	16 May 1984 / Malaysia	100	Property development and establishment of a platform that act as an agent on behalf of the vendors, reseller or in any other capacity to facilitate, process, resell and conclude the order for the company or other vendors consumers.
FBO Properties Sdn. Bhd.	17 November 2006 / Malaysia	100	Dormant
Perfect Diamond Capital Sdn. Bhd.	5 March 2003 / Malaysia	100	Investment holding
EBF Land Sdn. Bhd.	16 August 1996 / Malaysia	100	Investment holding

Name of company	Date / Country of incorporation	Effective equity interest (%)	Principal activities
Meta Bright Sdn. Bhd.	25 January 2022 / Malaysia	100	To carry on the business of an investment company and for that purpose to acquire and hold either in the name of the company or in that of any nominee shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company wherever incorporate or carrying on business and debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world.
<u>Subsidiary of Eastern Biscuit Factory Sdn. Bhd.</u>			
FBO Land (Serendah) Sdn. Bhd.	8 February 1995 / Malaysia	100	Property investment
<u>Subsidiary of Perfect Diamond Capital Sdn. Bhd.</u>			
Rimaflex Sdn. Bhd.	6 March 1997 / Malaysia	100	Money lending and property investment
<u>Subsidiary of EBF Land Sdn. Bhd.</u>			
Exquisite Properties Sdn. Bhd.	10 October 1994 / Malaysia	100	Dormant

2.2 Classes of Related Parties

The Proposed Shareholders' Mandate will apply to the following classes of Related Parties:-

(i) Directors;

(ii) Major Shareholders; and

(iii) Persons connected with the Directors and/or Major Shareholders.

2.3 Details of RRPTs contemplated under the Proposed Shareholders' Mandate

Pursuant to the Proposed Diversification, the Group intends to venture into the Energy Related Business. The Group will in its normal course of business invite tenders for EPCC works, for its Energy Related Business's projects.

The Proposed Shareholders' Mandate applies to the following classes of Related Parties:-

Transacting party	Nature of relationship	Nature of RRPTs	Estimated aggregate value to be incurred from the EGM to the next annual general meeting (RM'000)
ER Sumber Harmoni	Dato' Lee is the Executive Director of Eastland and indirect Major Shareholder of Eastland (via LV). Dato' Lee holds a direct stake of 50% shares in ER Sumber Harmoni and he is also the director of ER Sumber Harmoni.	Provision of project management service by the Group to ER Sumber Harmoni.	2,500[(a)]
Enzo Energy	Dato' Lee is the Executive Director of Eastland and indirect Major Shareholder of Eastland (via LV). Dato' Lee holds a direct stake of 50% shares in AMG Power and AMG Power holds 75% shares in Enzo Energy.	Provision of EPCC works by Enzo Energy to the Group.	20,000[(b)]
EEHSSE International	Dato' Lee is the Executive Director of Eastland and indirect Major Shareholder of Eastland (via LV). Dato' Lee holds a direct stake of 50% shares in AMG Power and AMG Power holds a stake of 45% shares in EEHSSE International.	Provision of ESG consulting services by EEHSSE International to the Group.	1,000[(c)]

Transacting party	Nature of relationship	Nature of RRPTs	Estimated aggregate value to be incurred from the EGM to the next annual general meeting (RM'000)
Ecodwell Ventures	Dato' Lee is the Executive Director of Eastland and indirect Major Shareholder of Eastland (via LV). Dato' Lee holds a direct stake of 50% shares in AMG Power and AMG Power holds 60% shares in Ecodwell Ventures.	Provision of EPCC works by Ecodwell Ventures to the Group	20,000[d]

Notes:-

(a) ER Sumber Harmoni may from time to time invite the Group to bid for project management services contract. Due to the uncertainty of the number, nature, scope and size of energy related contracts which FBO Land may be able to bid from ER Sumber Harmoni, the estimated aggregate value to be incurred was ascribed based on the number of energy related contracts and value of contracts secured by ER Sumber Harmoni as at LPD and the current manpower and ability of the Group.

(b) The Group will in its ordinary course of business, bid for new energy related contracts as and when the opportunity arises. As mentioned in Section 4 of Part A of this Circular, the Group may require the assistance to perform certain scope of work pertaining to its Energy Related Business. Due to the uncertainty of the number, nature, scope and size of energy related contracts which FBO Land may be able to secure, the estimated aggregate value to be incurred was ascribed based on the estimated value of projects that the Group may be investing in, after considering the current financial resources of the Group. For avoidance of doubt, Enzo Energy, which provides EPCC works for energy efficiency projects, does not require a license to undertake its operations.

(c) The Group in its ordinary course of business, may require EEHSSE International to provide ESG consultancy services to the Group for potential projects and/or secured project as and when the opportunity and/or the need arises. As mentioned in Section 4 of Part A of this Circular, the Group may require the assistance to perform certain scope of work pertaining to its Energy Related Business. Due to the uncertainty of the number, nature and extent of the consultancy services which the Group may require at the material time, the estimated aggregate value to be incurred was ascribed based on the market rate of such consulting services which is derived from the estimated value of projects that the Group may be investing in, after considering the current financial resources of the Group.

(d) the Group will, in its ordinary course of business, bid for new energy related contracts as and when the opportunity arises. As mentioned in Section 4 of Part A of this Circular, FBO Land proposes to engage Ecodwell Ventures as the contractor to undertake the EPCC works for renewable energy projects, which require a Registered Solar PV Service Provider license. Due to the uncertainty of the number, nature, scope and size of energy related contracts which the Group may be able to secure, the estimated aggregate value to be incurred was ascribed based on the estimated value of projects that the Group may be investing in, after considering the current financial resources of the Group.

For information, as at LPD, the Group had identified FBO Land, its wholly-owned subsidiary as the transacting party of the above RRPTs. Notwithstanding, the Group may in the future appoint other subsidiaries to undertake the RRPTs as it deems fit.

2.4 Review procedures in relation to the RRPTs

Subject to the Proposed Shareholders' Mandate for RRPTs being approved, the Group will put in place the following procedures to ensure that the RRPTs are undertaken on an arm's length basis and on normal commercial terms and transactions prices consistent with the Group's usual business practices and policies, which are not more favourable to the Related Parties than those extended to the public and are not to the detriment of the minority shareholders:-

(i) The identity of the Related Parties will be disclosed/circulated within the Group and at the same time, the Related Parties will be notified that all RRPTs are required to be taken on an arm's length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public;

(ii) The thresholds for approvals of RRPTs will be consistent with those transactions entered into with unrelated parties. Eastland Group has in place internal levels of authority governing all business transactions. As the RRPTs are conducted in the ordinary course of business, the transactions will be covered under the same levels of authority;

(iii) Any tender, quotation or contract received from or proposed to be entered with a Related Party will be reviewed by senior management who will ascertain if it is an approved RRPT. Such tender, quotation or contract will not be approved unless the terms offered to Eastland Group are comparable with those offered by other unrelated parties for the same or substantially similar type of transactions. The RRPTs with a Related Party will only be entered into after taking into account the pricing, quality, deliverables, level of service and other related facts including competitor's prices of similar products and services in the open market;

(iv) All RRPTs to be entered into will be reviewed by the Audit and Risk Management Committee at every quarter or from time to time, as needed and subsequently reported to the Board to ensure that the transactions are not more favourable to the Related Party and will not be detrimental to the minority shareholders;

(v) The Directors having interest in any RRPT shall abstain from voting on any matter relating to decisions to be taken by the Board and deliberations as well as shall ensure that the Major Shareholders and persons connected with them abstain from voting on the resolution approving the transactions;

(vi) Records will be maintained by Eastland Group to capture all RRPTs entered into pursuant to any Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;

(vii) At least two other contemporaneous transactions with unrelated third parties for similar products/ services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/ services and/or quantities. Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by Eastland Group based on the usual business practices of Eastland Group to ensure the RRPTs are not detrimental to Eastland Group;

(viii) The Audit and Risk Management Committee shall review the Internal Audit reports on an annual basis to ascertain that the guidelines and procedures established to monitor the RRPTs have been complied with;

(ix) Immediate announcement will be made when the actual amount of a RRPT exceeds the estimated value disclosed in the Circular by 10% or more;

(x) The Audit and Risk Management Committee will review the cumulative value of all RRPTs on a quarterly basis;

(xi) Disclosure will be made in the following year's annual report of the Company of the aggregate value of transactions conducted pursuant the Proposed Shareholders' Mandate;

(xii) In respect of any new RRPT not covered under a shareholders' mandate, it will be subject to review and approval by a director and one senior management who has no interest in the transaction. The Audit and Risk Management Committee and Board will be notified for any transaction which requires announcement to Bursa Securities pursuant to Paragraph 10.09(1) of the Listing Requirements; and

(xiii) The Board and the Audit and Risk Management Committee will have overall responsibility for the determination of the review procedures, including addition of new review procedures, as and when necessary. The Board and the Audit and Risk Management Committee may also appoint individuals and committees to examine the RRPTs, as they deem appropriate. If a member of the Board or the Audit and Risk Management Committee has an interest, direct or indirect, in any particular transactions, he or she will abstain from any deliberation and voting on the matter at the Board or the Audit and Risk Management Committee meetings in respect of such transactions. The threshold for RRPT will be determined by Audit and Risk Management Committee on a yearly basis, subject to the provisions in the Listing Requirements and/or the Act, where necessary. Where any Director has an interest (direct or indirect) in any RRPT, such Director shall abstain from deliberation and voting on the matter. All RRPTs will be monitored by the management and reviewed by the Audit and Risk Management Committee on a quarterly basis and approved by the Board. Where the RRPT has not obtained the shareholders' mandate or has exceeded the shareholders' mandate, an announcement shall be made to Bursa Securities.

2.5 Audit and Risk Management Committee's Statements

The Board and Audit and Risk Management Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate. The Audit and Risk Management Committee also has the authority to delegate this responsibility to such individuals within the Company as it shall deem fit.

The Audit and Risk Management Committee is satisfied that the review procedures for RRPT(s) as set out in Section 2.4 of Part C of this Circular are sufficient and appropriate to ensure that such RRPT(s) will be undertaken at arm's length and are on normal commercial terms consistent with the industry norms not more favourable to the Related Party than those generally available to the public and that such terms will not be detrimental to the interests of the minority shareholders or disadvantageous to the Group.

The Company has in place adequate procedures and processes to monitor, track and identify the RRPT(s) in a timely and orderly manner. The Audit and Risk Management Committee reviews these procedures and processes on a yearly basis.

If during its periodic reviews, the Audit and Risk Management Committee views that such procedures and processes are no longer appropriate or adequate to monitor, track and identify RRPT(s), the Audit and Risk Management Committee will draw it to the attention of the Board and, if necessary, Eastland will establish new guidelines and procedures.

3. RATIONALE AND BENEFITS FOR THE PROPOSED NEW SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will allow the Group to enter into transactions within the ordinary course of its Proposed Diversification into Energy Related Business with the Related Parties. Whilst the Group intends to train and develop the new employees to be appointed under its Energy Related Business, the Proposed Shareholders' Mandate will allow the Group to immediately engage the Related Parties to fulfil its contractual obligations pursuant to the Power Purchase Agreements as well as other contracts to be secured in the near term.

The Proposed Shareholders' Mandate will also enable the Group to undertake RRPTs necessary for day-to-day operations and pursue business opportunities which are time sensitive in nature in a more expeditious manner.

The Proposed Shareholders' Mandate will eliminate the need to announce and convene separate general meetings of Eastland from time to time to seek shareholders' approval on each occasion pursuant to the requirements of Paragraph 10.09(2) of the Listing Requirements, as and when potential transactions with the specified classes of Related Party arise. This will also substantially reduce expenses associated with the convening of such meetings on an ad hoc basis, improve administrative efficiency, and allow human resources and time to be channeled towards attaining other corporate objectives and opportunities.

The Proposed Shareholders' Mandate is expected to contribute positively to the Group's overall earnings moving forward.

4. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the issued share capital and substantial shareholdings of Eastland.

The Proposed Shareholders' Mandate is not expected to have any material effect on the NA, NA per Share, gearing, earnings and EPS of the Group for the FYE 30 June 2022. However, the Proposed Shareholders' Mandate is expected to contribute positively to the Group's future earnings and EPS.

5. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Shareholders' Mandate is subject to the approval of Eastland's shareholders at the EGM to be convened.

The Proposed Shareholders' Mandate is conditional upon the Proposed Diversification but not vice versa.

Save as disclosed above, the Proposed Shareholders' Mandate is not conditional upon any other corporate exercises/schemes or proposals undertaken or to be undertaken by Eastland.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED

Dato' Lee, the Executive Director of Eastland and indirect Major Shareholder of Eastland (via LV), is deemed interested in the Proposed Shareholders' Mandate by virtue of his directorship and shareholdings in ER Sumber Harmoni and his direct and/or indirect shareholdings in Enzo Energy, EEHSSE International and Ecodwell Ventures ("**Interested Director**").

The Interested Director has abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed Shareholders' Mandate.

Dato' Lee will abstain from voting and have undertaken to ensure that persons connected with him will also abstain from voting in respect of their direct and/or indirect shareholdings in Eastland on the resolution pertaining to the Proposed Shareholders' Mandate at the EGM to be convened.

As at LPD, the direct and indirect shareholdings of Dato' Lee and persons connected with him in Eastland are set out below:-

	As at LPD			
	Direct		Indirect	
	Number of Shares	%	Number of Shares	%
LV	243,942,563	15.6	-	-
Dato' Lee	-	-	*243,942,563	15.6

Note:-

* Deemed interest by virtue of his interest in LV pursuant to Section 8 of the Act.

Save as disclosed above, none of the directors, major shareholders, chief executive and/or persons connected with them has any interest, direct or indirect in the Proposed Shareholders' Mandate.

7. AUDIT AND RISK MANAGEMENT COMMITTEE'S STATEMENT

The Audit and Risk Management Committee of the Company, after having considered inter-alia, all relevant aspects of the Proposed Shareholders' Mandate, including the rationale and review procedures, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders of the Company.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Director for the Proposed Shareholders' Mandate), after having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interests of the Company.

Accordingly, the Board (save for the Interested Director for the Proposed Shareholders' Mandate) recommends that Eastland Shareholders vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM.

9. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Merbok Room, Level 6, The Grand Renai Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan, Malaysia, on Friday, 15 July 2022 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate. The resolution pertaining to the Proposed Shareholders' Mandate is set out in the Notice of EGM which is enclosed with this Circular.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy the instructions contained therein, to be deposited at the Share Registrars' Office at 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 stipulated for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude the shareholders of Eastland from attending and voting in person at the EGM should the shareholders of Eastland subsequently wish to do so and in such an event, your Form of Proxy shall be revoked accordingly.

10. FURTHER INFORMATION

You are advised to refer to the Appendices of this Circular for further information.

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

PHANG KIEW LIM
Executive Director

PART D

LETTER FROM THE BOARD TO THE SHAREHOLDERS OF EASTLAND IN RELATION TO THE PROPOSED CHANGE OF NAME

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 Darul Ehsan, Malaysia

23 June 2022

Board of Directors:

Mohamed Akwal Bin Sultan Mohamad *(Independent Non-Executive Director/Chairman)*
Lee Chee Kiang *(Managing Director)*
Dato' Lee Wai Mun, DIMP., JP. *(Executive Director)*
Tan Chin Hong *(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 CHANGE OF THE COMPANY NAME FROM "EASTLAND EQUITY BHD." TO "META BRIGHT GROUP BERHAD" ("PROPOSED CHANGE OF NAME")

1. INTRODUCTION

The Board had on 17 March 2022 announced that the Company proposes to change its name from "Eastland Equity Bhd." to "Meta Bright Group Berhad".

The purpose of Part D of this Circular is to provide shareholders with the relevant information on the Proposed Change of Name together with the recommendation of the Board and to seek shareholders' approval for the special resolution on the Proposed Change of Name to be tabled at the forthcoming EGM. The Notice of EGM and the Form of Proxy are enclosed together with this Circular.

Shareholders are advised to read and carefully consider the contents of the Part D of this Circular together with the Appendix VII contained herein before voting on the special resolution pertaining to the Proposed Change of Name to be tabled at the Company's forthcoming EGM.

2. DETAILS OF THE PROPOSED CHANGE OF NAME

The proposed name “Meta Bright Group Berhad” was approved by the CCM on 17 March 2022 and the reservation for the use of the proposed name was valid for a period of 30 days from 17 March 2022 which was further extended to 15 July 2022. Subsequently, the Company will continue to extend the reservation of name with CCM.

The Proposed Change of Name, if approved by the shareholders, will be effective from the date of issuance of the Notice of Registration of New Name by the CCM.

In conjunction with the Proposed Change of Name, the Constitution will be amended accordingly to reflect the Proposed Change of Name whereby all references in the Constitution to the name of “Eastland Equity Bhd.”, wherever the same may appear, shall be substituted with the name “Meta Bright Group Berhad”.

3. RATIONALE FOR THE PROPOSED CHANGE OF NAME

The Proposed Change of Name is to better reflect the Group’s growth direction, and for the expansion of the Group’s product and service offering.

4. EFFECTS OF THE PROPOSED CHANGE OF NAME

The Proposed Change of Name will not have any effect on the share capital, substantial shareholders’ shareholdings, net assets per share, gearing and earnings per share of the Company.

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

None of the Directors and/or major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Change of Name.

6. APPROVAL REQUIRED

The Proposed Change of Name is subject to the approval of the shareholders of the Company being obtained by way of a special resolution at the forthcoming EGM.

7. DIRECTORS’ RECOMMENDATION

The Board, having considered all aspects of the Proposed Change of Name, is of the opinion that the Proposed Change of Name is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the special resolution pertaining to the Proposed Change of Name to be tabled at the forthcoming EGM.

8. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Merbok Room, Level 6, The Grand Renai Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan, Malaysia, on Friday, 15 July 2022 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate. The special resolution pertaining to the Proposed Change of Name is set out in the Notice of EGM which is enclosed with this Circular.

If you are unable to attend and vote in person at the EGM, you may appoint a proxy to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy, the instructions contained therein, to be deposited at the Share Registrars' Office at 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 stipulated for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude the shareholders of Eastland from attending and voting in person at the EGM should the shareholders of Eastland subsequently wish to do so and in such an event, your Form of Proxy shall be revoked accordingly.

9. FURTHER INFORMATION

You are advised to refer to the Appendix VII of this Circular for further information.

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

PHANG KIEW LIM
Executive Director

The salient terms of the CSPA are as follows:

1. **Agreement to Sell**

1.1 The Developer has agreed to sell and FBO Land, in reliance on the representations set out in the CSPA, has agreed to purchase all the rights, interests and title of the Developer and the Proprietor in and to the Property subject to the terms and conditions expressed and implied in the issue document of title/strata title to the said Property and subject to the terms and conditions of the CSPA, at the Purchase Consideration with legal possession and free from any and all conflicting interests.

2. **Conditions Precedent**

2.1 The CSPA is conditional upon:

(a) Eastland obtaining approval of the shareholders of Eastland for the purchase of Property by FBO Land and for the issuance of the Consideration Shares;

(b) Eastland obtaining approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities;

(c) the Developer and FBO Land entering into the Lease Agreement;

(d) The Developer, FBO Land and LV entering into a stakeholder agreement with a stakeholder to be appointed by the Developer and FBO Land to hold the Pledged Shares ("**Security Stakeholder**") pursuant to terms to be agreed upon; and

(e) Any approval required by FBO Land and/or Eastland, pursuant to any order, law, rules, regulations or directives or any governmental authorities or any listing requirements or by operation of law for the purpose of the CSPA.

2.2 Immediately upon signing of the CSPA, FBO Land and Eastland shall proceed at its own cost and expense to obtain the relevant confirmation or approvals stated in clauses 2.1 (a), (b) and if required (e), within 9 months from the date of the CSPA or such other extended period as the parties may agree upon in writing.

The date that all the conditions precedent are fulfilled shall be referred to as the "**Unconditional Date**".

3. **Payment of Purchase Consideration**

3.1 The Parties agree that the Purchase Consideration shall be satisfied by the issuance and allotment of 381,538,461 Consideration Shares at an issue price of RM0.065 per Consideration Share by Eastland in favour of LV.

3.2 The Developer and LV confirm and declare that there is an amount exceeding the Purchase Consideration which is due and owing by the Developer to LV and as such nominated LV as the subscriber of the Consideration Shares and allotment by Eastland of the Consideration Shares in full to LV shall be deemed full and final payment of the Purchase Consideration by FBO Land to the Developer pursuant to the CSPA. The Proprietor acknowledges and agrees to the aforesaid and acknowledges it has no claim on any part of the Purchase Consideration.

For information, the Developer has an amount owing to LV of RM36.1 million as at LPD.

3.3 The Consideration Shares shall be issued and allotted in the following manner on or before 1 month from the Unconditional Date:

(a) 114,461,538 Consideration Shares and any other securities or cash as are added thereto pursuant to any bonus issue or dividend payment or any other entitlement ("**Pledged Shares**") to be deposited into the CDS Account(s) opened and maintained by the Security Stakeholder under the Central Depositories Act with a central depository or its nominee company which is a pledged securities account designated under Section 40 of the Central Depositories Act where the Pledged Shares have been or are to be credited and irrevocable written instructions have been given/granted to the Security Stakeholder as the sole party to operate the account(s) ("**Securities Account**"); and

(b) the remaining 267,076,923 Consideration Shares (after deducting the Pledged Shares) ("**Remaining Consideration Shares**") directly into the CDS Account of LV,

in exchange for legal possession of the Property as set out in Clause 6.1 below. For the purposes of this Agreement the date the Consideration Shares are issued and allotted shall be the "Completion Date".

For the purpose of this Clause, the Developer shall at least 7 days prior to the Completion Date notify FBO Land of the details of the respective Securities Accounts and CDS Accounts and authorises FBO Land and/or Eastland to credit the Pledged Shares and Remaining Consideration Shares allotted into the respective Securities Account and CDS Accounts (as the case may be) and to notify Bursa Malaysia Depository Berhad ("**Bursa Depository**") and issue share certificate(s) representing such Consideration Shares allotted in the name of Bursa Depository.

Completion is conditional on all Parties complying with all their respective obligations of the CSPA and the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities. For this purpose, Eastland shall cause the Consideration Shares to be listed and quoted on the Main Market of Bursa Securities within 10 business days (Monday to Friday (inclusive), excluding public holidays, and on which Bursa Securities is open for trading of securities) ("**Business Days**") from the Completion Date or such other extended period as the Parties may mutually agree in writing.

4. **Individual SPAs**

(a) Upon the execution of the CSPA, the Developer and the Proprietor shall immediately execute the sale and purchase agreement by the Developer and Proprietor in favour of FBO Land for each Unit of the Property on terms agreeable to FBO Land ("**Individual SPAs**") to effect the transfer of all the Developer's and Proprietor's right, interest title and benefit in the Property pursuant in favour of FBO Land and deliver the same to FBO Land's solicitors as stakeholders to be dealt with in accordance with this Clause 4.4 (b) or (c) (as the case may be).

(b) FBO Land's solicitors are authorized subject to compliance with the provisions in Clause 3.3 (a) and (b), to date the Individual SPAs on the Completion Date and to submit the Individual SPAs to the Collector of Stamp Duty for adjudication as to the stamp duty chargeable thereon.

(c) In the event the sale and purchase under the CSPA shall be lawfully terminated, FBO Land's solicitors shall return the Individual SPAs to the Developer.

5. **Guaranteed Rental**

5.1 The Developer agrees, undertakes and guarantees that the aggregate yearly lease rental income for the Property for the 5 years commencing the Completion Date ("**Guaranteed Rental Period**") shall be RM1,240,000.00 for each 12 consecutive month period from the Completion Date ("**Guaranteed Rental**"). The Parties have agreed that in the event FBO Land subsequently disposes any Unit of the Property or in the event of an acquisition pursuant to the CSPA of any of the Properties by the Government or any other acquiring authority, the Guaranteed Rental for that 12 consecutive month period will be reduced based on the following formulae:

$$\text{Adjusted Guaranteed Rental} = \left[A - \left[B \times \frac{C}{365} \right] \right] \times 5\%$$

("**Adjusted Guaranteed Rental**").

Where,

A = Purchase Consideration

B = Purchase consideration paid by FBO Land to the Developer pursuant to this CSPA for that particular Unit(s) sold.

C = Days elapsing from the completion of the sale of the Unit to the end of the 12 consecutive month period.

5.2 As security for the Guaranteed Rental and the due performance of the Developer of the terms of the Lease Agreement, the Developer agrees that Eastland shall issue and deposit the Pledged Shares into the Securities Account in the amounts set out in **Clause 3 above**. For the avoidance of doubt and to the extent permitted by law and/or the relevant authorities, the Pledged Shares shall be free of all encumbrance and moratorium.

5.3 In pursuance of the provisions in Clause 5.2, the Developer and FBO Land shall simultaneously with the deposit of the Pledged Shares, transfer or cause to be transferred to or deliver or procure the delivery to the Security Stakeholder or into the Securities Account (or as the case may be) necessary documents in respect thereof, all in form and substance satisfactory to the Security Stakeholder to facilitate the deposit of the Pledged Shares in favour of the Security Stakeholder or its nominee(s) and/or into the Securities Account and the subsequent sales/transfer pursuant to the terms of the CSPA.

5.4 For the avoidance of doubt, all legal and beneficial interest to the Pledged Shares (including but not limited to voting rights) remain with LV in the amounts deposited by LV until the same are sold pursuant to this Clause 5.

5.5 Within 14 days of the expiry of Year 1 (defined in Clause 5.6):

5.5.1 FBO Land shall notify the Developer in writing ("**Notice**") of the following:

(i) the amount of rental received from the Property for Year 1 ("**Rental for Year 1**")

(ii) whether there is a shortfall between the Rental for Year 1 and the annual Guaranteed Rental or the Adjusted Guaranteed Rental for Year 1 ("**Year 1 Rental Shortfall**");

(iii) whether there is any other amounts due and owing by the Developer to FBO Land pursuant to the Lease Agreement for Year 1 ("**Year 1 Other Owings**") (Year 1 Rental Shortfall and Year 1 Other Owings shall collectively be referred to as "**Year 1 Shortfall to FBO Land**"),

with a copy of the Notice being furnished to the Security Stakeholder.

5.5.2 In the event the Rental for Year 1 is equivalent to the Guaranteed Rental or Adjusted Guaranteed Rental, as the case maybe and if there is no Year 1 Other Owings, upon receipt of the Notice from FBO Land pursuant to Clause 5.5.1, the Security Stakeholder shall, within 14 Business Days from the receipt of the Notice by the Security Stakeholder release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental or Adjusted Guaranteed Rental for the remaining years of the Guaranteed Rental Period plus an additional sum of RM1,240,000.00.

5.5.3 In the event there is a Year 1 Shortfall to FBO Land, then:

(a) the Developer shall be liable to FBO Land to fully pay the Year 1 Shortfall to FBO Land within 14 Business Days from the date of receipt by the Developer of the Notice; and

(b) upon payment of the Year 1 Shortfall to FBO Land in full, FBO Land shall inform the Security Stakeholder in writing confirming that the Year 1 Shortfall To FBO Land has been paid, whereupon the Security Stakeholder, shall within 14 Business Days of the Security Stakeholder receiving such written confirmation release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental or Adjusted Guaranteed Rental for the remaining years of the Guaranteed Rental Period plus an additional sum of RM1,240,000.00.

5.5.4 In the event that the Developer fails to pay FBO Land the Year 1 Shortfall to FBO Land in full within the said 14 Business Days set out above, FBO Land shall be entitled (but without prejudice to any other rights and remedies that FBO Land may have) and the Developer authorises FBO Land to issue a written notice to the Security Stakeholder stating the same and the amount of the Year 1 Shortfall to FBO Land that remains unpaid ("**Year 1 Default Notice**"), whereupon the Security Stakeholder is authorised to and shall within 3 months of the Year 1 Default Notice sell all or part of the Pledged Shares sufficient to cover the amount stated in the said Year 1 Default Notice and all commissions and costs for the sale in any manner and on any terms of the Security Stakeholder, in its sole and absolute discretion deems appropriate upon receipt of the said notice. The Security Stakeholder shall then apply the proceeds of the sale as follows:

(a) firstly, payment of all cost, expenses and fees arising from the sale or disposal of the Pledged Shares;

(b) secondly, all monies due to the Security Stakeholder pursuant to the CSPA (if any); and

(c) thirdly, payment of the Year 1 Shortfall to FBO Land or any part thereof to FBO Land.

Thereafter, the Security Stakeholder, shall release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental or Adjusted Guaranteed Rental for the remaining years of the Guaranteed Rental Period plus an additional sum of RM1,240,000.00.

5.5.5 In the event that the value of the balance Pledged Shares held by the Security Stakeholder calculated based on the issue price of RM0.065 each is less than the Guaranteed Rental or Adjusted Guaranteed Rental for the remaining years of the Guaranteed Rental Period plus an additional sum of RM1,240,000.00, the Security Stakeholder shall notify the Developer and/or LV in writing of the same and the additional number of Additional Securities based on the issue price of RM0.065 which are required to be transferred by the Developer and/or LV to the Securities Account. Upon receipt of the written notice pursuant to this clause, the Developer and/or LV shall within 14 Business Days transfer into the Securities Account such Additional Securities indicated in the said notice, failing which Clause 7.3 shall apply.

5.5.6 In the event the proceeds of the sale and moneys in the Securities Account are insufficient to pay all of the Year 1 Shortfall to FBO Land, the Security Stakeholder shall inform the Developer and FBO Land in writing of the same and the Developer shall be liable to pay FBO Land such differential amounts indicated in the said notice within 14 Business Days of the said notice, failing which Clause 7.3 shall apply.

5.6 The procedure as set out in Clause 5.5 shall apply for each Year 1, Year 2, Year 3, Year 4 and Year 5 mutatis mutandis. Further, it is agreed that upon fulfillment of the Guarantee Rental for the entire Guaranteed Rental Period, the Security Stakeholder shall be entitled to release all security interest over and if required transfer all the remaining Pledged Shares held into the CDS Accounts of LV.

5.7 For the purposes of this Clause 5:

(a) "**Guaranteed Rental Period**" means the 60 months period comprised in Year 1, Year 2, Year 3, Year 4 and Year 5;

(b) "**Year 1**" means the twelve-month period commencing on the Completion Date;

(c) "**Year 2**" means the twelve-month period commencing on the expiry of Year 1;

(d) "**Year 3**" means the twelve-month period commencing on the expiry of Year 2;

(e) "**Year 4**" means the twelve-month period commencing on the expiry of Year 3;

(f) "**Year 5**" means the twelve-month period commencing on the expiry of Year 4;

(g) Save for manifest error, all written notices issued by FBO Land pursuant to this Clause 5 shall be binding and conclusive between and among the Parties.

5.8 The Developer and FBO Land expressly agree warrant and undertake jointly and severally at all times and from time to time and notwithstanding the termination of this CSPA (whether by effluxion of time, discharge of obligations of the CSPA or otherwise) to indemnify the Security Stakeholder and keep the Security Stakeholder indemnified:

(a) in respect of all loss, damages, costs, expenses and charges incurred by the Security Stakeholder resulting from the Security Stakeholder discharging any of its obligations hereunder; and

(b) against all claims, demand, actions, fines, penalties and legal proceedings whatsoever made against or charged or imposed upon the Security Stakeholder by the government or any other authority or any person firm or corporation whatsoever arising from or in connection with any act or omission done or omitted to be done by the Security Stakeholder; and

PROVIDED ALWAYS THAT the above is not caused by wilful default, negligence or fraud on the part of the Security Stakeholder.

5.9 Purely for illustration purpose, set out below are scenarios in respect of the yearly lease rental received from the Developer during the Guaranteed Rental Period and the liability of the Developer under this Clause 5 based on such scenarios:

Illustration:

Year 1 = no Year 1 Shortfall to FBO Land.
Year 2 = there is a shortfall between the rental received for Year 2 and the Guaranteed Rental for Year 2 and other amounts owing to FBO Land of RM500,000.00.
Year 3 = there is a shortfall between the rental received for Year 3 and the Guaranteed Rental for Year 3 and other amounts owing to FBO Land of RM1,500,000.00.
Year 4 = The Adjusted Guaranteed Rental is reduced to RM1,000,000 but there is no shortfall between the rental received for Year 4 and the Adjusted Guaranteed Rental for Year 4 and no other amounts owing to FBO Land.
Year 5 = there is a shortfall between the rental received for Year 5 and the Adjusted Guaranteed Rental for Year 5 and other amounts owing to FBO Land of RM300,000.00.

Rental Guarantee Period		
Year 1:	Year 1 Shortfall to FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	-
	Subject to payment of Year 1 Shortfall to FBO Land in full, number of Pledged Shares to be released to the Developer[*1]	19,076,923
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	95,384,615
Year 2:	Year 2 Shortfall to FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	RM500,000
	Subject to payment of Year 2 Shortfall to FBO Land in full, number of Pledged Shares to be released to the Developer[*1]	19,076,923
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	76,307,692
Year 3:	Year 3 Shortfall to FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	RM1,500,000
	Subject to payment of Year 3 Shortfall to FBO Land in full, number of Pledged Shares to be released to the Developer [*1]	19,076,923
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	57,230,769
Year 4:	Year 4 Shortfall to FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	-
	Subject to payment of Year 4 Shortfall to FBO Land in full, number of Pledged Shares to be released to the Developer[*1]	22,769,231
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	34,461,538

Rental Guarantee Period		
Year 5:	Value of liability from the Developer to FBO Land for Shortfall to FBO Land for Year 5 [*2]or value of Pledged Shares to be sold in lieu of payment	RM300,000
	Subject to payment of Shortfall to FBO Land for Year 5 in full, number of the Pledged Shares to be released to the Developer	34,461,538

Notes:

[*1] *the amount of Pledged Shares to be released and transferred to the Developer will be calculated based on the issue price of RM0.065 each.*

[*2] *in the event there is Shortfall to FBO Land, the Developer shall be liable to FBO Land to fully pay the Shortfall to FBO Land within 14 Business Days from the date of the Default Notice.*

6. **Events on Completion Date**

6.1 Delivery of legal possession of Property

The Parties acknowledge and agree that the Lease Agreement shall be effective on the Completion Date and as such the Developer shall be deemed to have delivered legal possession of the Property to FBO Land on the Completion Date.

6.2 Risk in Property

All risk in the Property shall remain with the Developer until the date of actual delivery of legal possession of the Property by the Developer to FBO Land. Thereafter, save as otherwise provided in the Lease Agreement all risk shall pass to FBO Land.

6.3 Apportionment of Outgoings

All quit rent, rates, assessments, taxes, service and maintenance charges, sinking fund contributions, insurance, water, electricity and telephone bills and any other lawful outgoings (**"Outgoings"**) in respect of the Property shall be apportioned between the Developer and FBO Land on the date of actual delivery of legal possession of the Property by the Developer to FBO Land PROVIDED ALWAYS THAT the Developer shall fully indemnify FBO Land against all such outgoings and charges payable by the Developer including any penalty or fine for late or non-payment of such outgoings and charges payable by the Developer prior to the date of actual delivery of legal possession of the Property by the Developer to FBO Land. FBO Land shall fully indemnify the Developer against all such outgoings payable by FBO Land after the date of actual delivery of legal possession of the Property by the Developer to FBO Land.

The Developer shall settle all outstanding Outgoings due to the relevant authorities in respect of the Property and furnish to FBO Land's solicitors copies of the relevant and up to date receipts at the completion of the CSPA.

7. **Proprietor's or Developer's Default**

7.1 Specific performance or termination

If Proprietor or Developer breaches any one or more of the terms, conditions or representations in the CSPA, or if an order has been made or petition presented or resolution passed for the winding up of the Proprietor or Developer prior to Completion Date, then FBO Land is entitled at its absolute discretion, to elect either one of the following:

7.1.1 Specific performance

By written notice to the Proprietor and Developer, to require specific performance of the CSPA.

OR,

7.1.2 Termination

By written notice to the Proprietor and Developer and LV, to terminate the CSPA whereupon the following shall apply:

(a) Redeliver Documents

FBO Land shall forthwith redeliver all documents delivered to FBO Land or FBO Land's solicitors *(if delivered)*, to the Developer with the Proprietor's/Developer's interest intact and withdraw and/or cause to be withdrawn any private caveat lodged by FBO Land against the Property at its own cost and expense.

(b) Agreement null and void

Upon the complete satisfaction and fulfilment of the above, the CSPA, the Lease Agreement and the agreement to be entered into with the Security Stakeholder shall be null and void, and neither party shall have any other claim whatsoever one against the other save for any antecedent breach and thereafter the Proprietor or Developer shall be at liberty to dispose of and/or otherwise deal with the Property in whatever manner the Proprietor or Developer shall think fit without reference to FBO Land.

7.2 Cost of enforcement

FBO Land shall be entitled to claim from the Proprietor and Developer all cost and expense *(including legal fees on a solicitor-client basis)* incurred by FBO Land in enforcing the terms and conditions of the CSPA.

7.3 If the Developer shall breach any of their respective obligations under Clause 5 above or any other terms after the Completion Date, FBO Land shall be entitled to claim for specific performance in addition to any other remedies as may be available to FBO Land under law and/or equity and the Developer shall indemnify and hold FBO Land harmless against all costs, charges and expenses incurred or suffered by FBO Land arising from such breach.

8. **FBO Land's Default**

8.1 Termination

If FBO Land or Eastland breaches any one or more of the terms or conditions of the CSPA, or fails to pay the Purchase Consideration, or if an order has been made or petition presented or resolution passed for the winding up of FBO Land or Eastland prior to Completion Date, then the Proprietor or Developer is entitled by written notice to FBO Land and Eastland, to terminate the CSPA whereupon the following shall apply:

8.1.1 Redeliver Documents

FBO Land shall forthwith all documents delivered to FBO Land or FBO Land's solicitors *(if delivered)*, to the Developer with the Proprietor or Developer's interest intact and withdraw and/or cause to be withdrawn any private caveat lodged by FBO Land against the Property at its own cost and expense.

8.1.2 Agreement null and void

Upon the complete satisfaction and fulfilment of Clause 8.1.1 above, the CSPA, the Lease Agreement and the agreement to be entered into with the Security Stakeholder shall be null and void, and neither party shall have any other claim whatsoever one against the other save for any antecedent breach and thereafter the Proprietor or Developer shall be at liberty to dispose of and/or otherwise deal with the Property in whatever manner the Proprietor or Developer shall think fit without reference to FBO Land.

8.2 Cost of enforcement

The Proprietor and Developer shall be entitled to claim from FBO Land all cost and expense *(including legal fees on a solicitor-client basis)* incurred by the Proprietor or Developer in enforcing the terms and conditions of the CSPA.

The proposed salient terms of the Lease Agreement are as follows:

1. **Lease Term**

1.1 Grant of Lease

FBO Land grants and the Developer accepts a lease of the Property for a fixed period of 5 years from the Commencing Date (herein defined) ("**Term**") together with the use and enjoyment with other persons entitled thereto of all the parts of the centre designed, intended or made available from time to time for shared use by occupiers of the Centre and their servants, employees, invitees and customers or any of them as (without limitation) parking areas, driveways, staircase, loading docks, entrance and exit roads, walkways, pavements, entrances, passages, courts, landscaped areas, malls, public toilets, lift rooms, lift wells and truck tunnels ("**Common Areas**") subject to all conditions of title (whether expressed or implied affecting the Property), on an "as-is-where-is" basis and upon the terms, covenants and provisions of the Lease Agreement.

1.2 Effective Date and Term of the Lease

This Lease Agreement shall be effective on the Commencing Date. Subject to the provisions as set out in the Lease Agreement and the respective rights of the Parties to terminate the Lease Agreement, the Term shall commence on the date of completion of the CSPA (inclusive) or such other date as the parties may mutually agree in writing ("**Commencing Date**") and shall end on a period of 5 years from the Commencing Date ("**Expiry Date**").

1.3 Memorandum of Lease and Registration of Lease

As the separate individual title issued to the Property ("**Strata Title**") has yet to be issued by any federal, state or local government, semi-government, quasi-government or other body or authority, statutory or otherwise, including but not limited to any court or tribunal ("**Authority**") as at the date of the Lease Agreement, FBO Land will notify the Developer in writing as soon as possible after FBO Land's receipt of the original Strata Title from the relevant Authority, with FBO Land as the registered proprietor of the Property. FBO Land will procure its solicitors to prepare the Memorandum of Lease and Lease Surrender Documents and deliver the same to the Developer as soon as possible after FBO Land has given the notice pursuant to this Clause 1.3.

2. **Guaranteed Rental and Additional Charges**

2.1 Developer to Pay the Guaranteed Rental

The Developer shall, without demand or deduction, pay RM103,333.33 only per month ("**Guaranteed Rent**") in advance to FBO Land on the 7th calendar day of every calendar month during the Term. If the Developer shall fail to pay the Guaranteed Rental or part thereof when due, the Developer shall be liable to pay FBO Land interest on the outstanding sum at the rate of 8% per annum calculated on daily basis commencing from the 2nd calendar day of the said month to the date when such payment is made.

3. **Security Deposit**

3.1 Developer to provide Security Deposit (herein defined)

The Pledged Shares ("**Security Deposit**") shall be held by the Security Stakeholder as security for the due and punctual performance by the Developer and of all the Developer's obligations pursuant to the Lease Agreement. The Security Deposit shall not be deemed to be payment of Guaranteed Rental or any other payment that the Lease Agreement required to be paid to FBO Land unless otherwise set out in the Lease Agreement.

For avoidance of doubt, the Developer shall not be entitled to set-off against the Security Deposit any Guaranteed Rental or any other sum due or payable by the Developer to FBO Land under this Agreement.

3.1.2 Within 14 days of the expiry of Year 1 (as defined in **Clause 3.1.5**):

3.1.2.1 FBO Land shall notify the Developer in writing ("**Year 1 Notice**") of the following:

(i) the amount of rental received under the Lease Agreement for Year 1 ("**Rental for Year 1**");

(ii) whether there is a shortfall between the Rental for Year 1 and the Guaranteed Rental ("**Year 1 Rental Shortfall**"); and

(iii) whether there is any other amounts due and owing by the Developer to FBO Land pursuant to the Lease Agreement for Year 1 ("**Year 1 Other Owings**")(Year 1 Rental Shortfall and Year 1 Other Owings shall collectively be referred to as "**Year 1 Shortfall to FBO Land**"),

with a copy of the Year 1 Notice being furnished to the Security Stakeholder.

3.1.2.2 In the event the Rental for Year 1 is equivalent to the Guaranteed Rental payable for Year 1 and if there is no Year 1 Other Owings, upon receipt of the Year 1 Notice from the Developer pursuant to Clause 3.1.2.1, the Security Stakeholder shall, within 14 Business Days from the receipt of the Year 1 Notice by the Security Stakeholder release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental for the remaining Term plus an additional sum of RM1,240,000.00.

3.1.2.3 In the event there is a Year 1 Shortfall to FBO Land, then:

(a) the Developer shall be liable to FBO Land to fully pay the Year 1 Shortfall to FBO Land within 14 Business Days from the date of receipt by the Developer of the Year 1 Notice; and

(b) upon payment of the Year 1 Shortfall To FBO Land in full, FBO Land shall inform the Security Stakeholder in writing confirming that the Year 1 Shortfall to FBO Land has been paid, whereupon the Security Stakeholder, shall within 14 Business Days of the Security Stakeholder receiving such written confirmation release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental for the remaining Term plus an additional sum of RM1,240,000.00.

3.1.2.4 In the event that the Developer fails to pay FBO Land the Year 1 Shortfall to FBO Land in full within the said 14 Business Days set out in Clause 3.1.2.3 (a) above, FBO Land shall be entitled (but without prejudice to any other rights and remedies that FBO Land may have) and the Developer authorises FBO Land to issue a written notice to the Security Stakeholder stating the same and the amount of the Year 1 Shortfall to FBO Land that remains unpaid ("**Year 1 Default Notice**"), whereupon the Security Stakeholder is authorised to and shall within 3 months of the Year 1 Default Notice sell all or part of the Pledged Shares sufficient to cover the amount stated in the said Year 1 Default Notice and all commissions and costs for the sale in any manner and on any terms of the Security Stakeholder, in its sole and absolute discretion deems appropriate upon receipt of the said notice. The Security Stakeholder shall then apply the proceeds of the sale as follows:

(a) firstly, payment of all cost, expenses and fees arising from the sale or disposal of the Pledged Shares;

(b) secondly, all monies due to the Security Stakeholder pursuant to the Lease Agreement (if any); and

(c) thirdly, payment of the Year 1 Shortfall to FBO Land or any part thereof to FBO Land.

Thereafter, the Security Stakeholder, shall release all security interest over and if required transfer such number of Pledged Shares into the CDS Accounts of LV provided that the balance Pledged Shares held (calculated based on the issue price of RM0.065) is equivalent to the Guaranteed Rental for the remaining Term plus an additional sum of RM1,240,000.00.

3.1.2.5 In the event that the value of the balance Pledged Shares held by the Security Stakeholder calculated based on the issue price of RM0.065 each is less than the Guaranteed Rental for the remaining years of the Term plus an additional sum of RM1,240,000.00, the Security Stakeholder shall notify the Developer in writing of the same and the additional number of Additional Securities based on the issue price of RM0.065 which are required to be transferred by the Developer to the Securities Account. Upon receipt of the written notice pursuant to this clause, the Developer shall within 14 Business Days transfer or procure the transfer into the Securities Account such Additional Securities indicated in the said notice, failing which FBO Land shall be entitled to claim for specific performance in addition to any other remedies as may be available to FBO Land under law and/or equity and the Lessee shall indemnify and hold FBO Land harmless against all costs, charges and expenses incurred or suffered by FBO Land arising from such breach.

3.1.2.6 In the event the proceeds of the sale and moneys in the Securities Account are insufficient to pay all of the Year 1 Shortfall to FBO Land, the Security Stakeholder shall inform the Developer and FBO Land in writing of the same and the Developer shall be liable to pay FBO Land such differential amounts indicated in the said notice within 14 Business Days of the said notice, failing which FBO Land shall be entitled to claim for specific performance in addition to any other remedies as may be available to FBO Land under law and/or equity and the Developer shall indemnify and hold FBO Land harmless against all costs, charges and expenses incurred or suffered by FBO Land arising from such breach.

3.1.3 The procedure as set out in Clause 3.1.2 shall apply for each Year 1, Year 2, Year 3, Year 4 and Year 5 mutatis mutandis. Further, it is agreed that upon the Expiry Date and subject to the Developer's fulfilment of all the terms and conditions of the Lease Agreement, the Security Stakeholder shall be entitled to release all security interest over and if required transfer all the remaining Pledged Shares held into the CDS Accounts of LV.

3.1.4 In carrying out the conversion, sale or disposal of the Pledged Shares, the Security Stakeholder shall have the full and unfettered discretion to sell them at such quantity, prevailing market prices and tranches (if any) and shall not be responsible for any loss from or cause through any brokers or any loss or depreciation in value of the Pledged Shares and shall not be liable to any parties of the Lease Agreement however and whatsoever unless it is due to the wilful default, neglect or fraud. Further, the Security Stakeholder shall have full and unfettered discretion to determine the manner, priority and/or type of Pledged Shares to apply towards satisfaction of the amounts contained in this Clause 3.1.

3.1.5 For the purposes of this Clause 3.1:

(a) "**Year 1**" means the twelve-month period commencing on the Commencing Date;

(b) "**Year 2**" means the twelve-month period commencing on the expiry of Year 1;

(c) "**Year 3**" means the twelve-month period commencing on the expiry of Year 2;

(d) "**Year 4**" means the twelve-month period commencing on the expiry of Year 3;

(e) "**Year 5**" means the twelve-month period commencing on the expiry of Year 4;

(f) Save for manifest error, all written notices issued by FBO Land pursuant to this **Clause 3.1** shall be binding and conclusive between and among the Parties.

3.1.6 The Developer and FBO Land expressly agree warrant and undertake jointly and severally at all times and from time to time and notwithstanding the termination of the Lease Agreement (whether by effluxion of time, discharge of obligations of the Lease Agreement or otherwise) to indemnify the Security Stakeholder and keep the Security Stakeholder indemnified:

(a) in respect of all loss, damages, costs, expenses and charges incurred by the Security Stakeholder resulting from the Security Stakeholder discharging any of its obligations hereunder; and

(b) against all claims, demand, actions, fines, penalties and legal proceedings whatsoever made against or charged or imposed upon the Security Stakeholder by the government or any other authority or any person firm or corporation whatsoever arising from or in connection with any act or omission done or omitted to be done by the Security Stakeholder; and

PROVIDED ALWAYS THAT the above is not caused by wilful default, negligence or fraud on the part of the Security Stakeholder.

3.1.7 Purely for illustration purpose, set out below are scenarios in respect of the yearly lease rental received from the Developer during the Term and the liability of the Developer under this Clause 3.1 based on such scenarios:

Illustration:

Year 1 = no Year 1 Shortfall to FBO Land.

Year 2 = there is a shortfall between the rental received for Year 2 and the Guaranteed Rental payable for Year 2 and other amounts owing to FBO Land of RM500,000.00.

Year 3 = there is a shortfall between the rental received for Year 3 and the Guaranteed Rental payable for Year 3 and other amounts owing to FBO Land of RM1,500,000.00.

Year 4 = Guaranteed Rental payable is reduced to RM1,000,000 but there is no shortfall between the rental received for Year 4 and no other amounts owing to FBO Land.

Year 5 = there is a shortfall between the rental received for Year 5 and the Guaranteed Rental payable for Year 5 and other amounts owing to FBO Land of RM300,000.00.

Term		
Year 1:	Year 1 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	-
	Subject to payment of Year 1 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer [*1]	19,076,923
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	95,384,615
Year 2:	Year 2 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	RM500,000
	Subject to payment of Year 2 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer [*1]	19,076,923
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	76,307,692
Year 3:	Year 3 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	RM1,500,000
	Subject to payment of Year 3 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer [*1]	19,076,923
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	57,230,769
Year 4:	Year 4 Shortfall To FBO Land which is to be paid by the Developer or value of Pledged Shares to be sold in lieu of payment	-
	Subject to payment of Year 4 Shortfall To FBO Land in full, number of Pledged Shares to be released to the Developer [*1]	22,769,231
	Number of Pledged Shares retained with Security Stakeholder and (where applicable) held in the Securities Account [*2]	34,461,538
Year 5:	Value of liability from the Developer to FBO Land for Shortfall To FBO Land for Year 5 [*2]or value of Pledged Shares to be sold in lieu of payment	RM300,000
	Subject to payment of Shortfall To FBO Land for Year 5 in full, number of the Pledged Shares to be released to the Developer	34,461,538

Notes:

*1 *the amount of Pledged Shares to be released and transferred to the Developer will be calculated based on the issue price of RM0.065 each.*

*2 *in the event there is Shortfall To FBO Land, the Developer shall be liable to FBO Land to fully pay the Shortfall To FBO Land within 14 Business Days from the date of the Default Notice.*

4. **Default & Termination**

4.1 Default Notices

In the event that the Developer breaches any provision of the Lease Agreement (save for an Insolvency Event) FBO Land shall prior to exercising any of its rights under the Lease Agreement:

(a) in respect of a default in payment of Guaranteed Rental and/or any other sum payable by the Developer under the Lease Agreement, serve on the Developer a notice in writing requiring the Developer to rectify such default within the period of 7 days from the date of receipt of the written notice;

(b) in respect of other defaults, serve on the Developer notice in writing requiring the Developer to rectify such default within 14 Business Days from the date of receipt of the written notice.

4.2 Repudiation and Termination

Should an Insolvency Event occur or upon the expiry of the notice period to any event referred to in **Clause 4.1** which is not rectified, FBO Land may without prejudice to any of FBO Land's rights under the Lease Agreement and the Law, at FBO Land's absolute discretion:

(a) Forfeit the Security Deposit entirely or deduct from the Security Deposit any amount which is due and payable to FBO Land under the Lease Agreement to remedy the default. In the event that the Security Deposit is not sufficient to compensate FBO Land for any such damage or loss, FBO Land shall have the right to treat such sum outstanding as a debt due and payable on demand by the Developer to FBO Land and be forthwith recoverable from Developer; and/or

(b) terminate the Lease Agreement by giving written notice of such termination to the Developer.

4.3 Ramifications of Default

Upon termination of the Lease Agreement, upon notice to the Developer and without prejudice to any of FBO Land's rights under the law:

(a) FBO Land shall be entitled to call upon and forfeit the sums held under the Security Deposit to make good the Guaranteed Rental payable by the Developer for the remaining Term and all outstanding amounts owing by the Developer to FBO Land including to make good the damages and/or loss suffered by FBO Land as a result of any damage to the Property; and

(b) FBO Land shall, subject to the applicable law, submit the Lease Surrender Documentations for registration be entitled to re-enter the Property or any part of them.

4.4 Developer's Right to Terminate

In the event the FBO Land shall be in material breach of any of its terms, conditions, covenants or warranties of the Lease Agreement set out on the part of FBO Land to be performed and observed, and the breach, if capable of being remedied, shall not have been remedied within 14 days (if the breach related to the peaceful and quiet enjoyment of the premises) or 28 days (any other breaches) from the date of the written notice from the Developer to FBO Land, the Developer shall be entitled to immediately terminate the Lease created whereupon the Developer shall vacate the Property and redeliver vacant possession of the Property to FBO Land. Upon such lawful termination the Guaranteed Rental reserved shall immediately cease to be payable and FBO Land shall refund the surplus Security Deposit and any Guaranteed Rental paid in advance by the Developer.

The proposed salient terms of the Stakeholder Agreement are as follows:

1. **Appointment of Security Stakeholder**

1.1 The Developer and FBO Land irrevocably agree to appoint the Security Stakeholder and the Security Stakeholder agrees to act as a security stakeholder in relation to the Pledged Shares deposited and/or to be deposited into the Securities Account as security for the Guaranteed Rental, upon the terms and condition of the Stakeholder Agreement.

1.2 The Developer and FBO Land consent to the Securities Account to be opened and maintained by the Security Stakeholder and agree to deposit or caused to be deposited the Pledged Shares into the Securities Account and the Pledged Shares to be dealt with in the manner set out in the Stakeholder Agreement.

2. **Condition Precedent**

2.1 The Stakeholder Agreement shall be conditional upon the completion of the sale and purchase of the Properties in accordance with the CSPA and shall only be effective on the Effective Date set out in **Clause 2.2** below.

2.2 The Stakeholder Agreement shall become effective and binding on the Developer, FBO Land, LV and the Security Stakeholder ("**the Parties**") on the date the Pledged Shares are deposited into the Securities Account ("**Effective Date**").

2.3 In the event that the CSPA is terminated without completion of the sale and purchase of the Properties in the manner set out in the CSPA, the Stakeholder Agreement shall be null and void and the rights and obligations of the Parties hereunder shall lapse and be of no further force and effect and the Parties shall return all documents delivered to it by any other Party pursuant to the Stakeholder Agreement and none of the Parties shall have any claims against the other Parties hereunder save for antecedent breaches.

3. **Deposit of Pledged Shares**

3.1 As security for the Guaranteed Rental, the Developer agree that FBO Land shall issue and deposit the Pledged Shares into the Securities Account on or immediately after the Completion Date.

3.2 The Developer and FBO Land shall simultaneously with the deposit of the Pledged Shares, transfer or cause to be transferred to or deliver or procure the delivery to the Security Stakeholder or into the Securities Account (or as the case may be) necessary documents in respect thereof, all in form and substance satisfactory to the Security Stakeholder to facilitate the deposit of the Pledged Shares in favour of the Security Stakeholder or its nominee(s) and/or into the Securities Account and the subsequent sales/transfer pursuant to the terms of the CSPA and/or the Stakeholder Agreement.

3.3 For the avoidance of doubt, the Developer and LV declare and confirm that all legal and beneficial interest to the Pledged Shares remain with LV in the amounts deposited by LV until the same are sold in accordance with the terms of the CSPA and/or the Stakeholder Agreement.

4. **Guaranteed Rental**

Rights and obligation of the Parties are as specified in **Clause 5 of Appendix I** – Salient Terms of the CSPA above.

5. **Termination**

5.1 The Stakeholder Agreement shall be terminated upon receipt by the Security Stakeholder of a written notice from FBO Land, the Developer and LV confirming the discharge or satisfaction of the Developer's obligations pursuant to the Rental Guarantee contained herein.

5.2 Upon termination of the Stakeholder Agreement, the Security Stakeholder shall be released of its obligation under the Stakeholder Agreement without prejudice to the Security Stakeholder's rights to any outstanding security stakeholder fee prior to the termination of the Stakeholder Agreement whereon the Security Stakeholder shall release and if so required, transfer to LV the Pledged Shares (if any), or such remainder of the same not sold or utilised, having taken into account whether and to what extent the Developer have complied with their obligations contained herein.

5.3 Notwithstanding the above, in the event:

(i) the Developer, LV and FBO Land mutually agree to terminate the services of the Security Stakeholder prior to the Developer's obligations pursuant to the Rental Guarantee being satisfied, the Developer, LV and FBO Land shall jointly notify the Security Stakeholder of the same by a written notice; or

(ii) the Security Stakeholder wishes to resign from all its obligations under the Stakeholder Agreement, the Security Stakeholder shall confirm its resignation to the Developer, LV and FBO Land by a written notice stipulating its intention to resign,

PROVIDED ALWAYS THAT the termination or resignation of the Security Stakeholder shall only take effect upon appointment of a new security stakeholder jointly by the Developer and FBO Land and the Pledged Shares and all other documents/ information are transferred or delivered to the new security stakeholder.

6. Breach of Agreement by any of the Parties

6.1 Subject always to **Clause 5.1** above, in the event that there is a breach of any of the terms, conditions or covenants of the Stakeholder Agreement by the Developer, LV or FBO Land, the non-defaulting Parties and/or Security Stakeholder shall be entitled to commence action for damages and/or specific performance against them (jointly or individually) in addition to any other remedies as may be available under the law and/or equity. All actions taken by the non-defaulting Parties and/or Security Stakeholder against the defaulting Party(s) in enforcing the Stakeholder Agreement (including the payment of any government penalties, taxes or duties) shall be at the cost and expense of the defaulting Parties and the defaulting Parties shall indemnify the non-defaulting Party(s) and Security Stakeholder for any costs and expenses incurred therefrom.

The salient terms of the Power Purchase Agreements are as follows:

FBO Land is engaged by the client ("**Client**") to install, operate and maintain the solar photovoltaic electric power generation equipment, support structure, controls, meters, switches, connections, conduit, wires and other equipment connected to these components or to the energy delivery point within the electrical system at the main switchboard of the premises ("**Energy Delivery Point**"), installed by FBO Land as a fixture on the Client's property ("**Site**") for the purpose of providing electric power under the Power Purchase Agreements, together with any extension, enhancement or improvement that may be installed or activated at any time and from time to time by FBO Land ("**Generating Facility**") for the purpose of providing energy, on and subject to the salient terms of engagement below and FBO Land's standard terms and conditions of business.

1. Installation, Operation, Maintenance And Ownership Of The Generating Facility

1.1 FBO Land shall, within the Initial Period, complete the installation of the Generating Facility on the portion of the Site on which the Generating Facility shall be or has been constructed and installed ("**Premises**"). Such installation shall be conditional upon FBO Land obtaining the approval of the shareholders of its holding company to enter into this Power Purchase Agreement, obtaining the relevant licenses and/or all governmental permits, licences, certificates, approvals, variances and other entitlements for use necessary for the installation and operation of the Generating Facility ("**Permits**") required from the relevant regulatory in Malaysia for the installation of the Generating Facility, failing which, this Power Purchase Agreement shall automatically terminate without any penalty or liability whatsoever on either Party.

2. Purchase and Sale of Power and Term

2.1 Purchase and Sale

(a) With effect from the Operations Period (as defined in Clause 2.3) and subject to the terms and conditions of the Power Purchase Agreement, the Client shall purchase and accept delivery from FBO Land and FBO Land shall sell and deliver to the Client the total quantity of all actual net energy generated by the Generating Facility (measured in kWh AC) and delivered to the Energy Delivery Point, in any given period of time ("**Energy Output**") at a fixed rate at 20% discount of the prevailing tariff rate throughout the Term beginning from the Commercial Operation Date ("**Electricity Tariff**").

For information, management opines that the 20% discount of the prevailing tariff rate is consistent with market practice and will still provide the Group with reasonable returns which are in line with the Group's projected internal rate of return.

(b) in no event other than a force majeure event shall the Energy Output of the Generating Facility be less than the values set forth in the Power Purchase Agreement, as may be amended, replaced or supplemented from time to time ("**Guaranteed Minimum Energy Output**").

(c) The Client shall not purchase any electricity from the mainframe energy grid system operated by the relevant affiliate of Tenaga Nasional Berhad ("**TNB**") as the context requires ("**Utility**") ("**Utility Grid**") or any other parties unless there is no available Energy Output to be purchased by the Client at that relevant time.

(d) The Client shall not appoint any other parties to supply the Energy Output of the Generating Facility or any part thereof.

2.2 Billing and Payment Terms

The Client shall pay the Electricity Tariff and all other amounts due under the Power Purchase Agreement, according to the agreed terms and manner of payment as set out in the Power Purchase Agreement.

2.3 Term

(a) This Power Purchase Agreement shall consist of an Initial Period and an Operations Period (collectively, "**Term**").

Initial Period
The Initial Period will begin on the date of the Power Purchase Agreement and will terminate on the earlier of (i) the Commercial Operation Date, or (ii) the date the agreement is terminated pursuant to the Power Purchase Agreement. The Initial Period may be extended from time-to-time pursuant to the Power Purchase Agreement or by mutual written agreement of the Parties.

Operations Period
Subject to Clause b) i) and ii) below, the Operations Period will commence on the Commercial Operation Date and will terminate on the 21st anniversary of the Commercial Operation Date.

(b) At the expiration of the Term, the Client shall be entitled to select among the following options:

(i) enter into a new agreement with FBO Land related to ongoing Energy Output subject to mutually agreeable terms;

(ii) removal of the Generating Facility from the Premises by FBO Land at no cost to the Client; or

(iii) the transfer of ownership of the Generating Facility to the Client at a minimal cost, subject to mutually agreeable terms.

(c) Each Party may not terminate the Power Purchase Agreement during the Term, except in accordance with the provisions of Clause 3.

3. <u>Termination</u>

3.1 Termination: Event of Default

If an Event of Default occurs as a result of one Party's default, the Party not in default ("**Non-Defaulting Party**") shall have the right to terminate the Power Purchase Agreement by written notice to the Party in default ("**Defaulting Party**").

3.2 Process for Parties' Right to Terminate

If either Party is in default, the Non-Defaulting Party shall first give a notification to the Defaulting Party informing the Defaulting Party of such default with relevant details, and requiring that the Defaulting Party rectify such default. If the Defaulting Party fails to rectify such default within 30 calendar days, the Non-Defaulting Party is entitled to issue a notice of termination to terminate the Power Purchase Agreement immediately.

3.3 Post-Termination Procedures

(a) Termination Payments

In the event of termination by FBO Land due to a Client event of default, or termination by the Client for any reason other than a FBO Land event of default, the Client shall pay to FBO Land the Fair Market Value plus all other amounts then owing by the Client to FBO Land ("**FMV Payment**"). The amount of Fair Market Value payable shall be as set forth in the Power Purchase Agreement for the time period during which termination occurs, and such payment shall be made within 30 days of the date of termination.

(b) Removal of Generating Facility

Upon termination by either Party for any reason whatsoever, unless the Client shall have duly settled the FMV Payment in accordance to Clause 3.3(a), FBO Landshall remove the Generating Facility from the Site by a mutually convenient date but in no case later than ninety (90) calendar days after such termination. In addition, the Client shall provide FBO Landwith reasonable access rights to perform such activities and shall also extend to FBO Land all reasonable assistance in connection with such removal of the Generating Facility. In the event that an FMV Payment is overdue, FBO Land shall have the right to remove the Generating Facility at a date no later than 90 calendar days from the date of termination.

FBO Land shall be responsible for bearing all costs associated with the removal of the Generating Facility if the Power Purchase Agreement is terminated by the Client due to a FBO Land event of default, or if the Power Purchase Agreement is not renewed at the end of the Term. The Client shall be responsible for bearing all costs associated with the removal of the Generating Facility if the Power Purchase Agreement is terminated by the Client for any other reason other than a FBO Land event of default or by the Developer due to a Client Event of Default before the end of the Term. The costs associated with the removal of the Generating Facility be calculated in accordance to the terms of Power Purchase Agreement.

The financial summary of Eastland Group based on its audited financial results for the FYE 31 December 2018, FYE 31 December 2019, 18-months FPE 30 June 2021 and 9-months FPE 31 March 2022 are as follows:

	Audited			**Unaudited**
	FYE 31 December 2018 (restated)[(i)]	**FYE 31 December 2019 (restated)**[(i)]	**18- months FPE 30 June 2021**[(ii)]	**9-months FPE 31 March 2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Revenue	21,305	18,074	20,899	17,965
LBT	(7,975)	(13,333)	(107,332)	(2,345)
LAT	(7,159)	(12,790)	(100,418)	(2,345)
Weighted number of ordinary shares ('000)	245,668	275,417	325,230	586,783
LPS (sen)	(2.91)	(4.64)	(30.88)	(0.40)
NA	174,166	168,549	71,253	155,885
NA per share (RM)	0.71	0.61	0.22	0.10
Total bank borrowings (including lease liabilities)	59,326	59,560	56,502	21,466
Gearing ratio (times)	0.34	0.35	0.80	0.14

Notes:-

(i) Restatement due to under provision of strata-title application costs for a project of subsidiary which had been completed in the prior years and reclassification to conform with 18-months FPE 30 June 2021's presentation.

(ii) On 30 October 2020, the Company had announced to change its financial year from 31 December to 30 June.

Commentaries:-

FYE 31 December 2018 ("FYE 2018")

The Group recorded higher revenue of RM21.3 million for FYE 2018, an increase of 20.1% compared to FYE 2017 (2017: RM17.7 million), primarily attributable to the sale of shop lots in Phase 1 of the Bandar Tasek Raja project completed in FYE 2018 for RM1.80 million and the disposal of a land earmarked for the development of departmental store in Bandar Tasek Raja for RM2.7 million, in contrast to the reversal of sales recorded for the previous financial year.

The Group recorded a lower LAT of RM7.2 million for FYE 2018, a decrease of 9.8% compared to the prior FYE 2017 (2017: LAT RM8.0 million). This was attributable to a gain in disposal of RM1.6 million for a disposal of leasehold property in Setapak and the absence of the write down in fair value of RM2.4 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 RM3.0 million from RM3.2 million in 2017 to RM0.2 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.

FYE 31 December 2019 ("FYE 2019")

The Group recorded lower revenue of RM18.1 million for FYE 2019, a decrease of 15.1% compared to FYE 2018 (2018: RM21.3 million), primarily due to a one-off revenue recorded in the previous year of RM2.7 million for the sale of a piece of land earmarked for departmental store at Bandar Tasek Raja.

The Group recorded a higher LAT of RM12.8 million for FYE 2019, an increase of 78.6% compared to FYE 2018 (2018: RM7.2 million), mainly due to an increase in finance cost amounting to RM2.5 million from RM1.9 million in FYE 2018 to RM4.3 million in FYE 2019. The increase in finance cost in FYE 2019 was because the Group had in FYE 2018 fully capitalised the allowable finance cost for its property development. As a result, the Group recognized a higher finance cost of RM4.3 million in FYE 2019 which resulted in higher LAT. In addition, for FYE 2019, the Group recorded a RM2.5 million (2018: nil) of fair value loss on investment properties and RM1.1 million (2018: nil) impairment of property, plant and equipment. The higher LAT is also due to the absence of RM1.6 million of disposal gain from the disposal of a leasehold property in Setapak.

18-months FPE 30 June 2021 ("18M FPE2021")

In view of the change of the financial year end from 31 December 2020 to 30 June 2021, there is no comparative financial information available for the 18M FPE2021. Revenue for the 18M FPE2021 was recorded at RM20.9 million, derived from the Group's hospitality segment (RM13.2 million), investment properties segment (RM4.2 million) and property development segment (RM3.5 million) respectively.

The LAT for the 18M FPE2021 of RM100.4 million was mainly due to significant impairment on the Group's hotel and investment properties amounting to RM27.3 million and RM20.0 million respectively and write down on the Group's property development inventories of RM43.9 million, which was arrived at based on the valuation performed by the valuer.

9-months FPE 31 March 2022 ("9M FPE2022")

The Group recorded revenue of RM18.0 million for 9M FPE2022 of which the investment properties segment registered a revenue of RM2.1 million and the hospitality segment registered a revenue of RM15.9 million.

The Group recorded LBT of RM2.3 million for 9M FPE2022 of which the investment properties segment registered a LBT of RM0.4 million, hospitality segment registered a PBT of RM4.8 million, investment holding segment registered a LBT RM4.7 and property development segment registered a LBT of RM2.2 million.

Rahim&Co
international property consultants

Our Ref: 90V220068
Date: 8 March 2022

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ASIA PACIFIC PROPERTY AWARDS
American Standard
2019-2020

EASTLAND EQUITY BHD
Suite 8-4, 4th Floor, Medan Makmur,
Jalan 9/23A, Off Jalan Usahawan
53300 Setapak, Kuala Lumpur

Dear Sirs,

VALUATION CERTIFICATE OF NINETY-TWO (92) COMMERCIAL UNITS WITHIN TUN ABDUL RAZAK BUSINESS PARK, JENGKA, MARAN, AS SHOWN IN "SUBJECT PROPERTIES" LIST AND ATTACHED AS SCHEDULE 1 IN THIS LETTER, ALL LOCATED ON MASTER LOT 40585, MUKIM OF CHENOR, DISTRICT OF MARAN, STATE OF PAHANG
(Address: Tun Abdul Razak Business Park, 26400 Bandar Tun Abdul Razak, Jengka, Maran, Pahang Darul Makmur)

We have been instructed by **Eastland Equity Berhad ("EEB")** to assess the Market Value of the leasehold interest in the above mentioned properties (hereinafter referred to as "the subject property") for the purpose of **submission to Bursa Malaysia Securities Berhad and for the inclusion in the Circular to the Shareholders of Eastland Equity Berhad.**

We have prepared this Valuation Certificate which summarises our report, dated 8 March 2022 and bears reference no. 90V220068 and outlines key factors which have been considered in arriving at our opinion of the Market Value. This letter does contain all the necessary data and supporting information included in our report. For further information in relation to those contained herein, reference should be made to the said report.

EEB proposes to purchase the subject property from a related party, Top Land Resources Sdn Bhd, the developer. We understand that the terms and conditions of proposed purchase are not yet determined.

The subject property was inspected on **28 February 2022** and the date of inspection is taken as the material date of valuation.

<u>Basis of Valuation</u>

The basis of valuation is **Market Value**. It is carried out in compliance with the Malaysian Valuation Standards (6th Edition 2019) issued by the Board of Valuers, Appraisers and Estate Agents (now known as the Board of Valuers, Appraisers, Estate Agents and Property Managers), Malaysia and the Asset Valuation Guidelines [SC-GL/AV-2009 (R1-2017)] issued by the Securities Commission, Malaysia.

MARKET VALUE as defined under Malaysian Valuation Standards (6th Edition 2019) is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

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Brief description of the subject property is as follows:-

Identification of Property

Subject Property	Ninety-Two (92) commercial units comprising the ground and first floor within 46 stratified 2-storey shop/offices
Title Nos. / Lot Nos.	Strata Titles – not yet issued Master Title - PN 11554, Lot 40585, Mukim of Chenor, District of Maran, State of Pahang
Registered Owner / Beneficial Owner	Registered Owner – Mentiga Development & Construction Sdn Bhd Beneficial Owner – Top Land Resources Sdn Bhd - *refer note 1**
Tenure	99 years leasehold expiring on 22 October 2101 (As per master title)
Category of Land Use	Building (Commercial)
Floor Area ****refer Note 2***	Typical intermediate unit : <u>Ground Floor :</u> Main Parcel : 89 sq. metres (961 sq. feet) Ancillary Parcel : Nil <u>First Floor :</u> Main Parcel : 101 sq. metres (1,087 sq. feet) Ancillary Parcel : 12 sq. metres (129 sq. feet)
Express Condition	"Tanah ini hendaklah digunakan untuk bangunan-bangunan perniagaan sahaja (sementara-sebelum pecah sempadan)."
Restriction-In-Interest	"Tanah ini tidak boleh dipindahmilik, dipajak, digadai melainkan setelah mendapat kebenaran bertulis daripada Pihak Berkuasa Negeri"

Notes:-

i. ***Mentiga Development & Construction Sdn Bhd (Land Owner) and Top Land Resources Sdn Bhd (Developer) had entered into a Development Agreement on 12 August 2014 whereby the Land Owner had given power of attorney to the Developer the development rights as its lawful representative to develop TARBP.***

ii. ***Based on copy the Schedule Floor Areas (also referred to as Strata Area) prepared by Ukur Kemas, a registered land surveyor.***

iii. ***The master title is held under 99-year leasehold interest expiring on 22 October 2101 (i.e. with an unexpired lease term of about 79 years). We assumed the strata titles when issued will convey similar tenure.***

iv. ***We noted that the existing use, commercial units, complies with the "express condition".***

v. ***We would advise that the services of a solicitor be engaged to verify the legal particulars of the subject property.***

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Location of Property
Tun Abdul Razak Business Park is situated at the north-western side of Jalan Bandar Tun Abdul Razak Jengka-Temerloh, about 2 kilometres due south-west of the Tun Abdul Razak Jengka town.

TARBP is accessible from Tun Abdul Razak Jengka town via the Jalan Bandar Tun Abdul Razak Jengka-Temerloh for about 2 kilometres and turning right onto Jalan TARBP and finally onto the service road servicing the business park. All the units comprising the subject property have direct frontage to the service roads.

The Project
TARBP is modern a commercial park, presently comprises 262 commercial units located within 11 blocks of 2-storey shop-office buildings (131 units on each ground and first floors) and 35 units of single-storey semi-detached shops.

First launched in 2014 and to date, we were informed by the developer that 126 units have been sold.

Building
The subject property comprises commercial units located on the ground floor and first floor units of 46 units of 2-storey shop office buildings, located within 9 blocks namely Block A, Block C, Block D, Block E, Block H, Block J, Block K, Block N and Block P within Tun Abdul Razak Business Park.

The 2-storey buildings are constructed of reinforced concrete framework with plastered and painted masonry brickwalls, metal decking on metal truss roof and concrete floor finished with tiles and accommodate the following :
Ground Floor units (each) – Shop, toilet and corridor
First Floor units (each) – Office, toilet and staircase.

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Floor Areas :

PARCEL NO.	FLOOR AREA : sq. metres (sq. feet)		
	Main Parcel	Accessory Parcel	Total
Each unit : A-8-G to A-10-G, D-2-G to D-4-G, D-6-G, D-7-G, D-9-G to D-11-G, E-2-G, E-3-G, E-6-G, E-8-G, H-2-G to H-4-G, H-G-G to H-8-G, H-12-G, J-2-G to J-7-G, J-9-G, J-11-G, J-12-G, K-2-G, N-3-G, N-6-G, P-2-G to P-6-G, P-9-G	89 (961)	0	89 (961)
Each unit : A-8-1 to A-10-1, D-2-1 to D-4-1, D-6-1, D-7-1, D-9-1 to D-11-1, E-2-1, E-3-1, E-6-1, E-8-1, H-2-1 to H-4-1, H-G-1 to H-8-1, H-12-1, J-2-1 to J-7-1, J-9-1, J-11-1, J-12-1, K-2-1, N-3-1, N-6-1, P-2-1 to P-6-1, P-9-1	101 (1,087)	12 (129)	113 (1,216)
A-1-G	176 (1,856)	0	176 (1,856)
A-1-1	238 (2,562)	12 (129)	250 (2,691)
A-11-G	88 (949)	0	88 (949
A-11-1	100 (1,076)	12 (129)	112 (1,206)
C-1-G	142 (1,528)	0	142 (1,528)
C-1-1	204 (2,196)	12 (129)	216 (2,325)
C-12-G	115 (1,239)	0	115 (1,239)
C-12-1	168 (1,808)	12 (129)	180 (1,938)
E-1-G	84 (905)	0	84 (905)
E-1-1	137 (1,475)	12 (129)	149 (1,604)
H-13-G	88 (949)	0	88 (949
H-13-1	100 (1,076)	12 (129)	112 (1,206)
J-13-G	88 (949)	0	88 (949
J-13-1	100 (1,076)	12 (129)	112 (1,206)

Notes :

i. ***We understand from Majlis Daerah Maran that the building had been issued with Certificate of Completion and Compliance (CCC) on 29 March 2019 with ref no. LAM/P/No. 5229.***

ii. ***We noted that there is no breaches or violation of the land and building by-laws and regulations.***

iii. ***The floor areas are as per Schedule Floor Areas prepared by Ukur Kemas, a registered land surveyor.***

Occupancy

At the date of inspection, we noted that 23 units are tenanted whereas the remaining units are unoccupied.

Planning Provision

Our enquiries at the Pahang State Planning Office in Kuantan and Planning Department, Majlis Perbandaran Maran revealed that all the development of the subject property conforms with Maran Local Plan. The subject property which was originally approved and issued with Certificate of Completion and Compliance (CCC) for 2-storey shop-offices had subsequently revised and approved to accommodate strata type development. The latter approval referenced MDM No. 07-2020 Fail MDM BDR/1012/072020 dated 01/12/2020.

We were informed that further application for strata to the Pejabat Tanah dan Galian Negeri Pahang to comply with Strata Management Act requirements is in progress.

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Market Value

In arriving at the Market Value of the subject property, we have adopted the following approaches of valuation:-

Comparison Approach
The Comparison Approach entails critical analyses of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences. In valuing the subject property, we have taken into consideration all relevant factors, which include the time, location, design/age, tenure and size.

Income Approach - Investment Method
The Investment Method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The annual net income is capitalised using a rate of interest to arrive at the capital value of the property.

Due to inconsistency and illogical result derived from Income Approach - Investment method, which may also be attributed from the present market condition resulting in the suppressed rental and yield, we are of the opinion that this method is unreliable, hence should be disregarded in carrying out the valuation of the subject property.

Hence only one valuation approach, the Comparison Approach, has been used.

Valuation Rationale

There is no similar strata commercial lots within District of Maran. In addition, the transactions of commercial units within TARBP are not yet recorded in the Valuation and Services Department (JPPH)'s data.

Therefore, comparison have been with units in TARBP sold by the developer as per Sale and Purchase Agreements provided by the developer as well as other standard 2-storey shop-offices and made apportionment for ground and first floor units.

As the commercial units are of similar type and relatively similar location, save the corner units, we have valued the one commercial unit each for ground floor and first floor, and made adjustments for corner/end units as well for front/rear block.

In addition, based on our analysis on the developer's selling price of TARBP, the ratio of Ground Floor : First Floor unit is 65 : 35. We are of the opinion that the ratio is reasonable and have adopted this ratio on the adjusted market value of the standard 2-storey shop-office.

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Comparison Approach
Adjustments have been made on the comparables as compared to the subject property.

Description	Comparable 1	Comparable 2	Comparable 3
Property Type	2-storey shop	2-storey shop	2-storey shop
2-storey shop adjustment			
Description	Comparable 1	Comparable 2	Comparable 3
Property Type	2-storey shop	2-storey shop	2-storey shop
Address	No 68, Lorong Baiduri 7, Nadi Kota Bandar Jengka, Maran, Pahang	No 5, Lorong Mutiara 7, Nadi Kota Bandar Jengka, Maran, Pahang	No 9, Lorong Mutiara 8, Nadi Kota Bandar Jengka, Maran, Pahang
Tenure	99 years lease (unexpired 87 years)	99 years lease (unexpired 75 years)	99 years lease (unexpired 76 years)
Built up	2,260 sq. feet	2,254 sq. feet	2,221 sq. feet
Consideration	RM700,000/-	RM650,000/-	RM600,000/-
Date of Transaction	28 July 2021	16 January 2019	4 October 2018
Vendor	Mohd Sabri bin Mat Husin	Koperasi Peneroka Felda Raya Berhad	Salmizi bin Salleh
Purchaser	Abu Zaidi bin Muhammad	Umi Kalsom bt Abd Zabri	Nurul Hafizah bt Saadun
Source	Valuation and Property Services Department	Valuation and Property Services Department	Valuation and Property Services Department
Upward Adjustments	Design/Age, Size	Design/Age, Size	Time, Design/Age, Size
Downward Adjustments	Location	Location, Before Pandemic	Location, Before Pandemic
Adjusted Value	GF-RM423 psf FF-RM238 psf	GF-RM394 psf FF-RM212 psf	GF-RM387 psf FF-RM208 psf

Commercial unit (same scheme) adjustment

Description	Comparable 1	Comparable 2	Comparable 3
Property Type	Ground floor commercial unit	Ground floor commercial unit	Ground floor commercial unit
Address	No N-02-G, Lorong TARBP 6,Tun Abdul Razak Business Park, Bandar Tun Abdul Razak Jengka, Maran, Pahang	No C-11-G, Lorong TARBP 1,Tun Abdul Razak Business Park, Bandar Tun Abdul Razak Jengka, Maran, Pahang	No G-01-G, Lorong TARBP 6,Tun Abdul Razak Business Park, Bandar Tun Abdul Razak Jengka, Maran, Pahang
Tenure	99 years lease (unexpired 83 years)	99 years lease (unexpired 84 years)	99 years lease (unexpired 85 years)
Built up	961 sq. feet	961 sq. feet	961 sq. feet
Consideration	RM499,700/-	RM480,000/-	RM470,800/-
Date of Transaction	8 June 2018	31 March 2017	4 July 2016
Vendor	Topland Resources Sdn Bhd	Topland Resources Sdn Bhd	Topland Resources Sdn Bhd
Purchaser	Zairil Akmar bin Alimat	Tai Kau @ Tai Fah Chong	ENF Kraft Sdn Bhd
Source	Sale & Purchase Agreement	Sale & Purchase Agreement	Sale & Purchase Agreement
Upward Adjustments	Time	Time	Time
Downward Adjustments	Before Pandemic	Before Pandemic	Before Pandemic
Adjusted Value	RM519 psf	RM522 psf	RM511 psf

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Commercial unit (same scheme) adjustment

Description	Comparable 4	Comparable 5	Comparable 6
Property Type	First floor commercial unit	First floor commercial unit	First floor commercial unit
Address	No N-02-01, Lorong TARBP 6,Tun Abdul Razak Business Park, Bandar Tun Abdul Razak Jengka, Maran, Pahang	No C-11-01, Lorong TARBP 1,Tun Abdul Razak Business Park, Bandar Tun Abdul Razak Jengka, Maran, Pahang	No G-01-G, Lorong TARBP 6,Tun Abdul Razak Business Park, Bandar Tun Abdul Razak Jengka, Maran, Pahang
Tenure	99 years lease (unexpired 83 years)	99 years lease (unexpired 84 years)	99 years lease (unexpired 85 years)
Built up	1,087 sq. feet	1,087 sq. feet	1,087 sq. feet
Consideration	RM268,300/-	RM258,000/-	RM253,800/-
Date of Transaction	8 June 2018	31 March 2017	4 July 2016
Vendor	Topland Resources Sdn Bhd	Topland Resources Sdn Bhd	Topland Resources Sdn Bhd
Purchaser	Zairil Akmar bin Alimat	Tai Kau @ Tai Fah Chong	ENF Kraft Sdn Bhd
Source	Sale & Purchase Agreement	Sale & Purchase Agreement	Sale & Purchase Agreement
Upward Adjustments	Time	Time	Time
Downward Adjustments	Before Pandemic	Before Pandemic	Before Pandemic
Adjusted Value	RM246 psf	RM248 psf	RM243 psf

The market value (per sq foot) arrived at is in the range of RM387 to RM423 for the ground floor and RM208 to RM228 for the first floor. We adopted the values derived from Comparable 1, being the most recent sale, which gives the market value of RM420 and RM230 per sq. foot for the ground and first floor respectively.

The market value (per sq foot) arrived at from analysis of comparables from Sale and Purchase Agreement of similar units within the same scheme is RM520 for the ground floor and RM245 for the first floor.

We opined that the market value derived from 2-storey shop-offices is more reasonable and reliable, as it reflects the general market of commercial market in Jengka, compared to solely focusing on the TARBP scheme, which produces a higher range of analysed value, all based on the sales from the developer. Therefore, we adopted the values derived from Comparable 1 of 2-storey shop-offices analysis, which gives the market value of RM420 and RM230 per sq. foot for the ground and first floor respectively.

We have also adjusted with an upward 10% and 5% for corner and end units respectively, to reflect better location with exposure which is premium criteria particularly for business activities.

We have also adjusted with a downward 5% for units located in Blocks A, H, J and P. These blocks are located not facing the main road.

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Income Approach - Investment Method

The parameters adopted for income approach are as follows:-

i) Rental – based on actual passing rent for the tenanted units and market rate, as per tenancy agreements and site survey.
ii) Yield – 5.5% and 3.0% for the ground and first floor respectively for both term term. We are of the opinion that the current yield can be sustained during reversion period.
iii) Outgoings
Maintenance Cost : At 5% from the monthly rental.
Assessment : RM360 per annum
Quit Rent : RM200 per annum.
Void : 10% for reversion period.

The market value (per sq foot) arrived at are in the range of :

Ground Floor :

Intermediate unit	:	RM151 to RM161 per sq. foot
Corner unit	:	RM173 to RM195 per sq. foot
Intermediate unit (rear)	:	RM150 to RM152 per sq. foot

First Floor :

Intermediate unit	:	RM193 to RM195 per sq. foot
Corner unit	:	RM223 to RM230 per sq. foot
Intermediate unit (rear)	:	RM192 to RM194 per sq. foot

We noted inconsistency/illogical result, whereas :

i) Value of the first floor is higher than the ground floor units;
ii) Value of the units located at the rear block is about the same as the front.

Conclusion

Due to inconsistency and illogical result derived from Income Approach - Investment method, which may also be attributed from the present market condition resulting in the suppressed rental and yield, we are of the opinion that this method is unreliable, hence should be disregarded in carrying out the valuation of the subject property.

Hence only one valuation approach, the Comparison Approach, has been used.

Valuation

The market value arrived at using the Comparison Approach is RM31,070,000/-, and is subsequently adjusted for "bulk purchase".

The proposed purchase of 92 units from the developer constitutes "bulk purchase". Based on market observation, bulk purchases are given a discount, ranging from 10% to 25%.

At present, the project is about 42% taken up and occupancy rate is at about 15%, attributed from Covid-19 pandemic which hit shortly after it received CCC in 2019. However, with Government's announcement on reopening international borders and relaxation, outlook for business opportunities, general economic situation and property market are on positive track, the suppressed market may be temporary. We have taken this into account in our valuation.

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In this valuation, we have adopted 20% discount of the market value to reflect "bulk purchase", i.e. the purchase of 92 commercial units in 2-storey shop/offices within a project which currently about 15% occupied.

The total market value arrived at after the discount is RM24,800,000/-.

Opinion of Market Value

We are of the opinion that the Market Value of the subject property as at **28 February 2022**, in its existing condition, with remaining lease terms of about 79 years, free from all encumbrances, and being good, marketable and registrable as well as with vacant possession at **RM24,800,000/- (Ringgit Malaysia: Twenty Four Million Eight Hundred Thousand Only)**

Breakdown of Market Value is shown in SCHEDULE 1 attached.

Yours faithfully,
RAHIM & CO INTERNATIONAL SDN BHD (1126597-X)

HAIRUNIZA MAHMUD, *MRISM*
Registered Valuer (V 537)

Encl.

Our Ref : 90V220088

SCHEDULE 1

NO	PARCEL NO	ADDRESS	FLOOR AREA (sq. feet)		MARKET VALUE	
			GROUND LEVEL	FIRST LEVEL	GROUND LEVEL	FIRST LEVEL
1	A-1-G & A-1-1	A-01 & A-01-01	1856	2562	RM810,000	RM620,000
2	A-8-G & A-8-1	A-08 & A-08-01	961	1087	RM380,000	RM240,000
3	A-9-G & A-9-1	A-09 & A-09-01	961	1087	RM380,000	RM240,000
4	A-10-G & A-10-1	A-10 & A-10-01	961	1087	RM380,000	RM240,000
5	A-11-G & A-11-1	A-11 & A-11-01	949	1076	RM400,000	RM250,000
6	C-1-G & C-1-1	C-01 & C-01-01	1528	2196	RM710,000	RM560,000
7	C-9-G & C-9-1	C-09 & C-09-01	961	1087	RM400,000	RM250,000
8	C-12-G & C-12-1	C-12 & C-12-01	1239	1808	RM570,000	RM460,000
9	D-2-G & D-2-1	D-02 & D-02-01	961	1087	RM400,000	RM250,000
10	D-3-G & D-3-1	D-03 & D-03-01	961	1087	RM400,000	RM250,000
11	D-4-G & D-4-1	D-03A & D-03A-01	961	1087	RM400,000	RM250,000
12	D-6-G & D-6-1	D-06 & D-06-01	961	1087	RM400,000	RM250,000
13	D-7-G & D-7-1	D-07 & D-07-01	961	1087	RM400,000	RM250,000
14	D-9-G & D-9-1	D-09 & D-09-01	961	1087	RM400,000	RM250,000
15	E-1-G & E-1-1	E-01 & E-01-01	905	1475	RM420,000	RM370,000
16	E-2-G & E-2-1	E-02 & H-02-01	961	1087	RM400,000	RM250,000
17	E-3-G & E-3-1	E-03 & H-03-01	961	1087	RM400,000	RM250,000
18	E-6-G & E-6-1	E-06 & H-06-01	961	1087	RM400,000	RM250,000
19	E-8-G & E-8-1	E-08 & H-08-01	961	1087	RM400,000	RM250,000
20	H-2-G & H-2-1	H-02 & H-02-01	961	1087	RM380,000	RM240,000
21	H-3-G & H-3-1	H-03 & H-03-01	961	1087	RM380,000	RM240,000
22	H-4-G & H-4-1	H-03A & H-03A-01	961	1087	RM380,000	RM240,000
23	H-6-G & H-6-1	H-06 & H-06-01	961	1087	RM380,000	RM240,000
24	H-7-G & H-7-1	H-07 & H-07-01	961	1087	RM380,000	RM240,000
25	H-8-G & H-8-1	H-08 & H-08-01	961	1087	RM380,000	RM240,000
26	H-12-G & H-12-1	H-12 & H-12-01	961	1087	RM380,000	RM240,000
27	H-13-G & H-13-1	H-13 & H-13-01	949	1076	RM400,000	RM250,000
28	J-2-G & J-2-1	J-02 & J-02-01	961	1087	RM380,000	RM240,000
29	J-3-G & J-3-1	J-03 & J-03-01	961	1087	RM380,000	RM240,000
30	J-4-G & J-4-1	J-03A & J-03A-01	961	1087	RM380,000	RM240,000
31	J-5-G & J-5-1	J-05 & J-05-01	961	1087	RM380,000	RM240,000
32	J-6-G & J-6-1	J-06 & J-06-01	961	1087	RM380,000	RM240,000
33	J-7-G & J-7-1	J-07 & J-07-01	961	1087	RM380,000	RM240,000
34	J-9-G & J-9-1	J-09 & J-09-01	961	1087	RM380,000	RM240,000
35	J-11-G & J-11-1	J-11 & J-11-01	961	1087	RM380,000	RM240,000
36	J-12-G & J-12-1	J-12 & J-12-01	961	1087	RM380,000	RM240,000
37	J-13-G & J-13-1	J-13 & J-13-01	949	1076	RM400,000	RM250,000
38	K-2-G & K-2-1	K-02 & K-2-01	961	1087	RM400,000	RM250,000
39	N-3-G & N-31	H-03 & H-03-01	961	1087	RM400,000	RM250,000
40	N-6-G & N-6-1	N-06 & N-06-01	961	1087	RM400,000	RM250,000
41	P-2-G & P-2-1	P-02 & P02-01	961	1087	RM380,000	RM240,000
42	P-3-G & P-3-1	P-03 & P03-01	961	1087	RM380,000	RM240,000
43	P-4-G & P-4-1	P-03A & P03A-01	961	1087	RM380,000	RM240,000
44	P-5-G & P-5-1	P-05 & P05-01	961	1087	RM380,000	RM240,000
45	P-6-G & P-6-1	P-06 & P06-01	961	1087	RM380,000	RM240,000
46	P-9-G & P-9-1	P-09 & P09-01	961	1087	RM380,000	RM240,000
					RM18,810,000	**RM12,260,000**

Corner Lot
End Lot

Total Market Value		RM31,070,000
Less : Discount for Bulk Purchase (92 units from developer)	20.0%	RM6,214,000
		RM24,856,000

rounded to : **RM24,800,000/-**

1. DIRECTORS' RESPONSIBILITY

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 and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any information in this Circular false or misleading.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

(i) Malacca Securities

Malacca Securities, being the Principal Adviser for the Proposals and Proposed Shareholders' Mandate, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Malacca Securities has confirmed that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Principal Adviser for the Proposals and Proposed Shareholders' Mandate.

(ii) TA Securities

TA Securities, being the Independent Adviser for the Proposed Acquisition, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name and its independence advice letter, and all references thereto in the form and context in which they appear in this Circular.

TA Securities has confirmed that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Independent Adviser for the Proposed Acquisition.

(iii) Rahim & Co International Sdn Bhd ("Rahim & Co")

Rahim & Co, being the Valuer for the Properties, has given and has not subsequently withdrawn its written consent to the inclusion of its name, its Valuation Certificate and all references thereto, in the form and context in which they appear in this Circular.

Rahim & Co hereby declares that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Valuer for the Subject Properties.

3. MATERIAL LITIGATION

As at LPD, the 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 Group and the Board is not aware of any proceedings, pending or threatened against the 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 Group.

As at LPD, there are no material litigations, claims or arbitrations involving the Properties and the Board is not aware of any proceedings pending or threatened against the Properties.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material Commitments

Save for the Power Purchase Agreements and disclosed below as at LPD, there are no material commitments incurred or known to be incurred by the Group which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group:-

	RM'000
Approved and contracted for	
Refurbishment of The Grand Renai Hotel	4,454
Approved and not contracted for	
Refurbishment of The Grand Renai Hotel	253
Total material commitments	**4,707**

4.2 Contingent Liabilities

As at LPD, there are no contingent liabilities incurred or known to be incurred by the Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

5. MATERIAL CONTRACTS

Save as disclosed below, as at LPD, the Board confirmed that there are no material contracts (not being contracts entered into the ordinary course of business) which have been entered into by the Group during the 2 years preceding the date of this Circular:-

(a) FBO Land had on 18 August 2020, entered into a conditional sale and purchase agreement with Inland World Sdn. Bhd. whereby FBO Land shall purchase the development rights with Sabah Urban Development Corporation Sdn. Bhd., for a purchase consideration of RM8.0 million. The conditional sale and purchase agreement was deemed completed on 21 October 2021, and FBO Land and Inland World Sdn. Bhd. had agreed to extend the payment for the consideration up to 31 March 2022. For information, the purchase consideration was fully settled on 21 February 2022;

(b) The Company had on 26 November 2020 entered into the settlement agreement with LCK, the Managing Director of the Company, to settle the debts owing by Eastland Group to LCK. Under the agreement, RM10.99 million debts ("**Settlement Sum**") were to be settled via the issuance of 104,966,571 new Eastland Shares ("**Settlement Shares**") at an issue price of RM0.1047 per Settlement Share. LCK had vide the letter dated 26 February 2021 terminated the agreement;

(c) The Deed Poll; and

(d) The CSPA.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be 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 Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

(i) Constitution of Eastland;

(ii) Audited consolidated financial statements of Eastland for the FYE 31 December 2019 and 18-months FPE 30 June 2021 and the unaudited financial statements of Eastland for the 9-months FPE 31 March 2022;

(iii) The CSPA;

(iv) The Proposed salient terms and conditions of the Lease Agreement and Stakeholder Agreement;

(v) The Valuation Certificate and Valuation Report;

(vi) The Power Purchase Agreements;

(vii) The letters of consent and declaration of conflict of interest referred to in Section 2 of this Appendix VII; and

(viii) The material contracts referred to in Section 5 of this Appendix VII.

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 at Merbok Room, Level 6, The Grand Renai Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan, Malaysia, on Friday, 15 July 2022 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without modifications:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF 92 COMMERCIAL UNITS COMPRISING THE GROUND AND FIRST FLOOR WITHIN 46 STRATIFIED 2-STOREY SHOP/OFFICES WITHIN BANDAR TUN RAZAK BUSINESS PARK, 26400 BANDAR TUN ABDUL RAZAK JENGKA, MARAN, PAHANG DARUL MAKMUR ("PROPERTIES"), FOR A TOTAL PURCHASE CONSIDERATION OF RM24,800,000 ("PURCHASE CONSIDERATION"), WHICH WILL BE SATISFIED VIA THE ISSUANCE OF 381,538,461 NEW SHARES IN EASTLAND ("EASTLAND SHARES" OR "SHARES") ("CONSIDERATION SHARES") AT AN ISSUE PRICE OF RM0.065 EACH ("PROPOSED ACQUISITION")

"**THAT**, subject to the approvals being obtained from the relevant authorities and/or parties (where applicable), approval be and is hereby given to the Board of Directors of Eastland ("**Board**") to acquire the Properties for a total Purchase Consideration of RM24,800,000, which will be satisfied via the issuance of 381,538,461 Consideration Shares at an issue price of RM0.065 each to Leading Ventures Sdn. Bhd., a major shareholder of Eastland and deemed a person connected to Dato' Lee Wai Mun, DIMP., JP., an Executive Director of Eastland and indirect major shareholder of Eastland via Leading Ventures Sdn. Bhd., based on the terms and conditions of the conditional sale and purchase agreement dated 18 March 2022 entered into between FBO Land (Setapak) Sdn. Bhd., the Company, Top Land Resources Sdn. Bhd., Mentiga Development & Construction Sdn. Bhd. and Leading Ventures Sdn. Bhd. and any supplementals thereto, in relation to the Proposed Acquisition;

THAT, the Consideration Shares to be issued under the Proposed Acquisition shall, upon allotment and issuance, rank equally in all respects with the existing ordinary shares of the Company, save and except that the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Consideration Shares;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Acquisition including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or as required by the relevant authorities in order to carry out, finalise and give full effect to the Proposed Acquisition."

<u>ORDINARY RESOLUTION 2</u>

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF EASTLAND AND ITS SUBSIDIARIES ("EASTLAND GROUP" OR "GROUP") TO INCLUDE RENEWABLE ENERGY AND ENERGY EFFICIENCY RELATED TECHNOLOGY AND BUSINESSES ("ENERGY RELATED BUSINESS") ("PROPOSED DIVERSIFICATION")

"THAT, subject to the approvals being obtained from the relevant authorities and/or parties (where applicable) and the provisions of the Constitution of Eastland Group, approval be and is hereby given to Eastland Group to diversify the existing principal activities of Eastland Group to include Energy Related Business;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Diversification including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or as required by the relevant authorities in order to carry out, finalise and give full effect to the Proposed Diversification."

<u>ORDINARY RESOLUTION 3</u>

PROPOSED SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"**THAT**, subject to and conditional upon the passing of Ordinary Resolution 2, approval be and is hereby given to Eastland Group, to enter and give effect to the recurrent related party transactions of a revenue or trading ("**RRPTs**") with the related parties as set out in Section 2.3 of Part C of the circular to shareholders dated 23 June 2022 ("**Circular**") which are necessary for the Company's day-to-day operations subject further to the following:

(i) the RRPTs contemplated are in the ordinary course of business and are carried out on an arm's length basis on normal commercial terms of Eastland Group on terms not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company;

(ii) The Proposed Shareholders' Mandate, if approved by Eastland's shareholders at the EGM, is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate will take effect from the date of the said EGM until:-

  (i) the conclusion of the next annual general meeting of Eastland ("**AGM**") following this EGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;

  (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016 ("**Act**")); or

  (iii) revoked or varied by resolution passed by Eastland's shareholders in a general meeting;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Shareholders' Mandate including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or as required by the relevant authorities in order to carry out, finalise and give full effect to the Proposed Shareholders' Mandate."

<u>SPECIAL RESOLUTION 1</u>

PROPOSED CAPITAL REDUCTION EXERCISE TO BE CARRIED OUT BY THE COMPANY, TO REDUCE THE CAPITAL RESERVE ACCOUNT OF THE COMPANY ("PROPOSED CAPITAL RESERVE REDUCTION") AND TO REDUCE THE SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 116 OF THE ACT ("PROPOSED SHARE CAPITAL REDUCTION") (PROPOSED CAPITAL RESERVE REDUCTION AND PROPOSED SHARE CAPITAL REDUCTION SHALL COLLECTIVELY REFERRED TO AS THE "PROPOSED CAPITAL REDUCTION")

"**THAT**, subject to the approvals being obtained from the relevant authorities and confirmation by the High Court of Malaya pursuant to Section 116 of the Act, approval be and is hereby given to the Board to implement the Proposed Capital Reduction and to reduce the capital reserve of the Company of RM110,238,037 as well as to reduce the share capital of the Company via cancellation of RM66,113,962 and that the credit arising from such reductions shall be used to eliminate the accumulated losses of the Company;

THAT, the surplus credit after the elimination of the Company's accumulated losses pursuant to the Proposed Capital Reduction, if any, shall be credited to the retained earnings account of the Company, which may be utilised in such manner as the Board deems fit and in the best interest of the Company, as permitted by the relevant and applicable laws as well as the Constitution of the Company;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Capital Reduction including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or as required by the relevant authorities in order to carry out, finalise and give full effect to the Proposed Capital Reduction."

<u>SPECIAL RESOLUTION 2</u>

PROPOSED CHANGE OF NAME OF THE COMPANY FROM "EASTLAND EQUITY BHD." TO "META BRIGHT GROUP BERHAD" ("PROPOSED CHANGE OF NAME")

"**THAT**, the name of the Company be changed from "Eastland Equity Bhd." to "Meta Bright Group Berhad" with effect from the date of the Notice of Registration of New Name issued by the Companies Commission of Malaysia and that the Constitution of the Company be hereby amended accordingly, wherever the name of the Company appears;

AND THAT the Directors and/or Company Secretary be and are hereby authorised to give effect to the Proposed Change of Name with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities."

By Order of the Board
EASTLAND EQUITY BHD.

TAI YIT CHAN (MAICSA 7009143) (SSM PC No. 202008001023)
Secretary
Selangor Darul Ehsan
23 June 2022

Notes:-

1. 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 and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.

2. 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.

3. 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.

4. 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.

5. The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Share Registrars' Office at 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.

6. 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 7 July 2022 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

7. Pursuant to Clause 78 of the Company's Constitution, all the resolution set out in the Notice of the EGM will be put to vote by way of poll.

8. Pursuant to the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, issued by the Securities Commission Malaysia on 18 April 2020 and revised on 7 April 2022, the shareholders, proxies and corporate representatives ("**Participants**") who will be attending the EGM in person are required to pre-register themselves by providing their name, NRIC/Passport No. and CDS account no. via email at eastlandegm2022@eeb.com.my to the Company not later than **Wednesday, 13 July 2022** at **10.00 a.m.** to allow the Company to make necessary arrangements for the EGM. Participants will be notified via email once your registration is successful.

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:			
Email Address:			

Proxy 2 – Full name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			
Email 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 ("**EGM**") of the Company to be held at Merbok Room, Level 6, The Grand Renai Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan, Malaysia, on Friday, 15 July 2022 at 10.00 a.m. or any adjournment thereof.

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

ORDINARY RESOLUTION		**For**	**Against**
(1)	Proposed Acquisition		
(2)	Proposed Diversification		
(3)	Proposed Shareholders' Mandate		
SPECIAL RESOLUTION		**For**	**Against**
(1)	Proposed Capital Reduction		
(2)	Proposed Change of Name		

(Please indicate with an "X" in the space provided how you wish your vote to be cast on the resolutions 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 __________________ 2022

____
Signature/Seal of Shareholder

Notes:-

1. 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 and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.

2. 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.

3. 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.

4. 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.

5. The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Share Registrars' Office at 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.

6. 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 7 July 2022 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

7. Pursuant to Clause 78 of the Company's Constitution, all the resolution set out in the Notice of the EGM will be put to vote by way of poll.

8. Pursuant to the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, issued by the Securities Commission Malaysia on 18 April 2020 and revised on 7 April 2022, the shareholders, proxies and corporate representatives ("**Participants**") who will be attending the EGM in person are required to pre-register themselves by providing their name, NRIC/Passport No. and CDS account no. via email at eastlandegm2022@eeb.com.my to the Company not later than **Wednesday, 13 July 2022** at **10.00 a.m.** to allow the Company to make necessary arrangements for the EGM. Participants will be notified via email once your registration is successful.

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 23 June 2022.

Fold this flap for sealing

Then fold here

Affix
stamp

EASTLAND EQUITY BHD.
Registration No.: 200001013359 (515965-A)
c/o Boardroom Share Registrars Sdn. Bhd.
Ground Floor or 11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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