

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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CIRCULAR TO SHAREHOLDERS IN RELATION TO

THE PROPOSED BONUS ISSUE OF UP TO 693,952,144 WARRANTS ("NEW WARRANTS") ON THE BASIS OF ONE NEW WARRANT FOR EVERY FIVE EXISTING ORDINARY SHARES IN ECO WORLD DEVELOPMENT GROUP BERHAD HELD BY THE ENTITLED SHAREHOLDERS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER

Principal Adviser



RHB INVESTMENT BANK BERHAD
(Registration No. 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolution in respect of the above proposal will be tabled at our Company's forthcoming 48th Annual General Meeting ("**AGM**") which will be held as a virtual meeting at the Broadcast Venue.

The Notice of the 48th AGM, Form of Proxy, Administrative Guide for the 48th AGM and this Circular are available online at our Company's corporate website at <https://bit.ly/EcoWorldAGM>.

Date and time of the 48th AGM : Thursday, 24 March 2022 at 3.00 p.m. or at any adjournment thereof

Broadcast Venue of the 48th AGM : Bukit Bintang City Centre Sales Gallery
No. 2, Jalan Hang Tuah,
55100 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

Online Meeting Platform : Securities Services e-Portal at <https://sshsb.net.my/>

Last date and time for lodging the Form of Proxy : Tuesday, 22 March 2022 at 3.00 p.m.

This Circular is dated 23 February 2022

DEFINITIONS

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

Act	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
Board	:	Board of Directors of EcoWorld Malaysia
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to shareholders dated 23 February 2022 in relation to the Proposed Bonus Issue of Warrants
COVID-19	:	An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Deed Poll	:	The deed poll governing the New Warrants to be executed by our Company
EcoWorld International	:	Eco World International Berhad
EcoWorld Malaysia or Company	:	Eco World Development Group Berhad
EcoWorld Malaysia Group or Group	:	Collectively, EcoWorld Malaysia and our subsidiaries
EcoWorld Malaysia Shares or Shares	:	Ordinary shares in EcoWorld Malaysia
Entitled Shareholders	:	Shareholders whose names appear on our Company's Record of Depositors on an entitlement date to be determined and announced later
EPS	:	Earnings per Share
Existing Warrants	:	Existing warrants 2015/2022 at an exercise price of RM2.08 each, which will expire on 25 March 2022, being the last market day of the exercise period
FYE	:	Financial year ending or ended, as the case may be
Indicative Exercise Price	:	The indicative exercise price of the New Warrants
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	31 January 2022, being the latest practicable date prior to the printing of this Circular

DEFINITIONS (CONT'D)

Maximum Scenario	:	693,952,144 New Warrants to be issued, based on the total number of 2,944,368,381 issued Shares as at the LPD and assuming all outstanding Existing Warrants as at the LPD are exercised into new Shares prior to the entitlement date
Minimum Scenario	:	588,873,676 New Warrants to be issued, based on the total number of 2,944,368,381 issued Shares as at the LPD and assuming none of the outstanding Existing Warrants as at the LPD are exercised into new Shares prior to the entitlement date
NA	:	Net assets
New Warrants	:	Up to 693,952,144 warrants to be issued pursuant to the Proposed Bonus Issue of Warrants
Proposed Bonus Issue of Warrants	:	Proposed bonus issue of up to 693,952,144 New Warrants on the basis of one New Warrant for every five existing EcoWorld Malaysia Shares held by the Entitled Shareholders
Record of Depositors	:	The record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd
RHB IB	:	RHB Investment Bank Berhad
VWAP	:	Volume weighted average market price

Currency

RM and sen	:	Ringgit Malaysia and sen respectively
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References to “**our Company**”, “**we**”, “**us**”, “**our**” and “**ourselves**” in this Circular are to our Company. References to “**our Group**” are to our Company and our subsidiaries. All references to “**you**” and “**your**” in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall, if applicable, include the plural and vice versa and words denoting the masculine gender shall, if applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any references in this Circular to the provisions of any enactment, statute, rules, regulation, rules of stock exchange or guideline shall (when the context admits) be construed as a reference to the provisions of such enactment, statute, rules, regulation, rules of stock exchange or guideline (as the case may be) as modified by any written law or (if applicable) amendments to the enactment, statute, rules, regulation, rules of stock exchange or guideline 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.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancies in the tables included in this Circular between the amounts 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 our Board after due inquiry, which are nevertheless subject to known or unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from anticipated results, performance or achievements expressed or implied in such forward-looking statements. Hence, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company's plans and objectives will be achieved.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED BONUS ISSUE OF WARRANTS. YOU ARE ADVISED TO READ THE CIRCULAR AND THE APPENDICES FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSED BONUS ISSUE OF WARRANTS BEFORE VOTING AT OUR COMPANY'S FORTHCOMING 48TH AGM.

Key information	Description	Reference in the Circular
Details of the Proposed Bonus Issue of Warrants	<ul style="list-style-type: none">The Proposed Bonus Issue of Warrants entails the issuance of up to 693,952,144 New Warrants on the basis of one New Warrant for every five existing EcoWorld Malaysia Shares held by the Entitled Shareholders.The entitlement date will be determined and announced at a later date by our Board upon receipt of all relevant approvals.	Section 2
Issue price and exercise price	<ul style="list-style-type: none">The New Warrants will be issued at no cost to the Entitled Shareholders.The exercise price of the New Warrants will be determined by our Board and announced at a later date after all relevant approvals have been obtained.	Section 2.2
Utilisation of proceeds	<ul style="list-style-type: none">The exact amount of the proceeds that may be raised by our Company would depend on the exercise price of the New Warrants, the actual number of New Warrants exercised during the tenure of the New Warrants and timing of such exercise. As such, the actual timeframe and manner in which the proceeds will be used cannot be determined at this juncture.For illustration purpose, based on the Indicative Exercise Price of RM1.09 and assuming full exercise of the New Warrants under the Proposed Bonus Issue of Warrants, our Company expects to raise gross proceeds of RM641.9 million under the Minimum Scenario, and up to RM756.4 million under the Maximum Scenario.Such proceeds if raised (as and when the New Warrants are exercised), shall be utilised as working capital to fund the day-to-day operations of our Group, amongst others, staff related expenses, and overheads and administrative expenses such as accounting related fees, utilities and office related costs. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of the use of the proceeds and therefore has not been determined at this juncture.	Section 3

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference in the Circular
Rationale and justification	<p>: • After due consideration of various methods, our Board is of the view that the Proposed Bonus Issue of Warrants is an appropriate avenue for rewarding our existing shareholders after taking into consideration the following:</p> <p>(i) the Proposed Bonus Issue of Warrants rewards our existing shareholders for their continuous support by enabling them to participate in the listed convertible securities of our Company, without incurring any cost;</p> <p>(ii) the Proposed Bonus Issue of Warrants provides our shareholders with an opportunity to further increase their equity participation in our Company by exercising the New Warrants at a pre-determined price over the tenure of the New Warrants;</p> <p>(iii) the New Warrants will be listed and can be traded, thus allows our existing shareholders to benefit from any potential capital appreciation of the New Warrants; and</p> <p>(iv) the Proposed Bonus Issue of Warrants will strengthen the financial position and capital base of our Company as well as potentially provide additional working capital for our Group, as and when the New Warrants are exercised, without incurring interest costs as compared to bank borrowings.</p>	Section 5
Effects	<p>: • The Proposed Bonus Issue of Warrants will not have any immediate effect on our issued share capital, NA and gearing. When the New Warrants are exercised, our issued share capital and NA will increase and our gearing will reduce.</p> <p>• The Proposed Bonus Issue of Warrants is not expected to have any material effect on the earnings of our Group for FYE 31 October 2022. However, assuming that the earnings of our Group remain unchanged, the EPS of our Group will be proportionately diluted as a result of the increase in the number of Shares in issue as and when the New Warrants are exercised. Nonetheless, the Proposed Bonus Issue of Warrants is expected to contribute positively to the future earnings of our Group when the benefits of the use of proceeds from the exercise of New Warrants are realised.</p> <p>• The Proposed Bonus Issue of Warrants will not have any effect on the substantial shareholders' percentage of shareholdings in our Company as the New Warrants will be issued on a pro-rata basis to all Entitled Shareholders. However, the number of EcoWorld Malaysia Shares held by the substantial shareholders will increase proportionately assuming full exercise of the New Warrants.</p>	Section 7



CREATING TOMORROW & BEYOND
ECO WORLD DEVELOPMENT GROUP BERHAD
(Registration No.197401000725 (17777-V))
(Incorporated in Malaysia)

Registered office:

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan, Malaysia

23 February 2022

Board of Directors:

Tan Sri Abdul Rashid Bin Abdul Manaf	<i>(Founder & Non-Independent Non-Executive Director)</i>
Tan Sri Dato' Sri Liew Kee Sin	<i>(Executive Chairman)</i>
Dato' Leong Kok Wah	<i>(Non-Independent Non-Executive Deputy Chairman)</i>
Dato' Chang Khim Wah	<i>(Executive Director, President & Chief Executive Officer)</i>
Liew Tian Xiong	<i>(Executive Director, Deputy President & Deputy Chief Executive Officer)</i>
Datuk Heah Kok Boon	<i>(Executive Director & Chief Financial Officer)</i>
Tang Kin Kheong	<i>(Senior Independent Non-Executive Director)</i>
Dato' Idrose Bin Mohamed	<i>(Independent Non-Executive Director)</i>
Dato' Haji Obet Bin Tawil	<i>(Independent Non-Executive Director)</i>
Dato' Noor Farida Binti Mohd Ariffin	<i>(Independent Non-Executive Director)</i>
Low Mei Ling	<i>(Independent Non-Executive Director)</i>
Lim Hiah Eng (Mrs Lucy Chong)	<i>(Independent Non-Executive Director)</i>
Sar Sau Yee	<i>(Independent Non-Executive Director)</i>

To: Our shareholders

Dear Sir/Madam,

PROPOSED BONUS ISSUE OF WARRANTS

1. INTRODUCTION

On 17 January 2022, RHB IB, on behalf of our Board, announced that our Company proposes to undertake the Proposed Bonus Issue of Warrants.

On 9 February 2022, RHB IB, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 9 February 2022, approved the following:

- (i) admission of up to 693,952,144 New Warrants on the Official List of Bursa Securities;
- (ii) listing of and quotation for up to 693,952,144 New Warrants on the Main Market of Bursa Securities; and
- (iii) listing of and quotation for up to 693,952,144 new Shares to be issued arising from the exercise of the New Warrants on the Main Market of Bursa Securities,

subject to the conditions as stated in Section 9 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS, TO SET OUT OUR BOARD'S RECOMMENDATION ON THE PROPOSED BONUS ISSUE OF WARRANTS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS TO BE TABLED AT OUR FORTHCOMING 48TH AGM. THE NOTICE OF 48TH AGM TOGETHER WITH THE FORM OF PROXY ARE AVAILABLE ONLINE AT OUR COMPANY'S CORPORATE WEBSITE AT <https://bit.ly/EcoWorldAGM>.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS TO BE TABLED AT OUR FORTHCOMING 48TH AGM.

2. DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS

2.1 Basis and number of New Warrants to be issued

The Proposed Bonus Issue of Warrants entails the issuance of up to 693,952,144 New Warrants on the basis of one New Warrant for every five existing EcoWorld Malaysia Shares held by the Entitled Shareholders.

As at the LPD, the issued share capital of EcoWorld Malaysia is RM3,614,865,062 comprising 2,944,368,381 EcoWorld Malaysia Shares. As at the LPD, our Company also has 525,392,340 outstanding Existing Warrants. None of the Existing Warrants have been exercised since its issuance and based on our Company's closing share price of RM0.925 as at the LPD, the Existing Warrants are currently out-of-money. **Our Company will be implementing the Proposed Bonus Issue of Warrants after the expiry of the Existing Warrants.**

The basis of the Proposed Bonus Issue of Warrants was determined after taking into consideration the following:

- (i) the amount of proceeds which could potentially be raised by our Company as and when the New Warrants are exercised during the exercise period of the New Warrants;
- (ii) the dilutive effect arising from the full exercise of the New Warrants on the EPS of our Company; and
- (iii) compliance with paragraph 6.50 of the Listing Requirements, where the total number of new EcoWorld Malaysia Shares arising from the exercise of all outstanding convertible equity securities, shall not exceed 50.0% of the total number of issued shares of our Company (excluding treasury shares, if any, and before the exercise of the convertible equity securities) at all times.

The actual number of New Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants would depend on the issued share capital of our Company on the entitlement date based on the following:

- (i) **Minimum Scenario:** 588,873,676 New Warrants to be issued, based on the total number of 2,944,368,381 issued Shares as at the LPD and assuming none of the outstanding Existing Warrants as at the LPD are exercised into new Shares prior to the entitlement date; and
- (ii) **Maximum Scenario:** 693,952,144 New Warrants to be issued, based on the total number of 2,944,368,381 issued Shares as at the LPD and assuming all outstanding Existing Warrants as at the LPD are exercised into new Shares prior to the entitlement date.

None of the Existing Warrants have been exercised since its issuance and based on our Company's closing share price of RM0.925 as at the LPD, the Existing Warrants that carry an exercise price of RM2.08 each are currently out-of-money. Additionally, **our Company will be implementing the Proposed Bonus Issue of Warrants after the expiry of the Existing Warrants.** Nevertheless, the Maximum Scenario has been illustrated to demonstrate the full dilutive effect if the Existing Warrants had been fully exercised prior to the implementation of the Proposed Bonus Issue of Warrants.

Fractional entitlements, arising from the Proposed Bonus Issue of Warrants, if any, will be disregarded and shall be dealt with by our Board in such manner at its absolute discretion as it may deem fit and expedient in order to minimise the incidence of odd lots and in the best interest of our Company. The Proposed Bonus Issue of Warrants will not be implemented in stages over a period of time.

The entitlement date will be determined and announced at a later date by our Board upon receipt of all relevant approvals.

The New Warrants will be issued in registered form and constituted by the Deed Poll after the receipt of all required approvals.

2.2 Basis of determining and justification for the issue price and exercise price of the New Warrants

The New Warrants will be issued at no cost to the Entitled Shareholders.

The exercise price of the New Warrants will be determined by our Board and announced at a later date after all relevant approvals have been obtained. The exercise price will be determined by our Board after taking into consideration the following:

- (i) the historical trading price of EcoWorld Malaysia Shares;
- (ii) a premium of not more than 20.0% over the five-day VWAP of the Shares prior to the price-fixing date for the Proposed Bonus Issue of Warrants;
- (iii) the prevailing market conditions; and
- (iv) the future working capital requirements of our Group.

For illustrative purposes, the Indicative Exercise Price is assumed at RM1.09 each throughout this Circular, which represents a premium of RM0.18 or approximately 20.0% over the five-day VWAP of the Shares up to and including the LPD of RM0.91 per Share.

Our Board wishes to emphasise that the illustrative exercise price of the New Warrants of RM1.09 each should not be taken as an indication of or reference to the actual exercise price of the New Warrants, which will be determined and announced at a later date.

2.3 Ranking of the New Warrants and the new Shares arising from the exercise of the New Warrants

The holders of the New Warrants will not be entitled to any voting rights or right to participate in any form of distribution (other than on winding-up, compromise or arrangement of our Company to be set out in the Deed Poll) and/or offer of further securities of our Company until and unless such holders of the New Warrants exercise their New Warrants into new Shares.

The new Shares arising from the exercise of the New Warrants shall, upon allotment and issuance, rank pari passu in all respects with the then existing Shares, save and except that the holders of the new Shares will not be entitled to any dividend, rights, allotments and/or other distributions, which may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new Shares arising from the exercise of the New Warrants.

2.4 Listing of and quotation for the New Warrants and the new Shares arising from the exercise of the New Warrants

Approval has been obtained from Bursa Securities, vide its letter dated 9 February 2022, for the listing of and quotation for the New Warrants on the Main Market of Bursa Securities, as well as the listing of and quotation for the new Shares arising from the exercise of the New Warrants on the Main Market of Bursa Securities.

2.5 Indicative salient terms of the New Warrants

The indicative salient terms of the New Warrants are set out in Appendix I of this Circular.

3. UTILISATION OF PROCEEDS

The Proposed Bonus Issue of Warrants will not raise any immediate proceeds as the New Warrants will be issued at no cost by our Company to the Entitled Shareholders.

The exact amount of the proceeds that may be raised by our Company would depend on the exercise price of the New Warrants, the actual number of New Warrants exercised during the tenure of the New Warrants and timing of such exercise. As such, the actual timeframe and manner in which the proceeds will be used cannot be determined at this juncture.

For illustration purpose, based on the Indicative Exercise Price of RM1.09 and assuming full exercise of the New Warrants under the Proposed Bonus Issue of Warrants, our Company expects to raise gross proceeds of RM641.9 million under the Minimum Scenario, and up to RM756.4 million under the Maximum Scenario.

Such proceeds if raised (as and when the New Warrants are exercised), shall be utilised as working capital to fund the day-to-day operations of our Group, amongst others, staff related expenses, and overheads and administrative expenses such as accounting related fees, utilities and office related costs. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of the use of the proceeds and therefore has not been determined at this juncture. In the event the proceeds from the exercise of the New Warrants, at any point of time within the tenure of the New Warrants, is in excess of the working capital requirement of our Group then, our Board will evaluate the optimal use of the excess funds. If the nature of the transaction in which the excess funds are to be deployed requires our shareholders' approvals under the Listing Requirements, our Company will seek the necessary approvals from our shareholders at a general meeting to be convened.

Pending use of the proceeds raised as and when the New Warrants are exercised, such proceeds will be placed in deposits with financial institutions or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institutions or any gain arising from the short-term money market instruments will be used as working capital of our Group.

4. DETAILS OF FUNDRAISING EXERCISES UNDERTAKEN BY ECOWORLD MALAYSIA IN THE PAST 12 MONTHS

EcoWorld Malaysia has not undertaken any equity fund-raising exercise in the past 12 months before the date of this Circular.

5. RATIONALE AND JUSTIFICATION

After due consideration of various methods, our Board is of the view that the Proposed Bonus Issue of Warrants is an appropriate avenue for rewarding our existing shareholders after taking into consideration the following:

- (i) the Proposed Bonus Issue of Warrants rewards our existing shareholders for their continuous support by enabling them to participate in the listed convertible securities of our Company, without incurring any cost;
- (ii) the Proposed Bonus Issue of Warrants provides our shareholders with an opportunity to further increase their equity participation in our Company by exercising the New Warrants at a pre-determined price over the tenure of the New Warrants;
- (iii) the New Warrants will be listed and can be traded, thus allows our existing shareholders to benefit from any potential capital appreciation of the New Warrants; and
- (iv) the Proposed Bonus Issue of Warrants will strengthen the financial position and capital base of our Company as well as potentially provide additional working capital for our Group, as and when the New Warrants are exercised, without incurring interest costs as compared to bank borrowings.

6. INDUSTRY OUTLOOK AND PROSPECTS OF OUR GROUP

6.1 Overview and outlook of the global and Malaysian Economy

Global

The global economy continued to recover in the fourth quarter of 2021. Services activity initially improved as advanced economies reopened. However, towards the end of the quarter, the recovery momentum was affected by measures to contain a resurgence in COVID-19 infections in some countries. The resurgence also dampened consumer confidence, further affecting services activity. Strength in manufacturing and trade activity continued, amid early signs of easing in global supply disruptions. Nonetheless, strains in the global supply chain remained elevated.

In the euro area, the economy grew by 4.6% (3Q 2021: 3.9%), supported by continued normalisation in the services sector as economies fully reopened at the beginning of the quarter. However, the re-tightening of containment measures in response to a rise in COVID-19 cases in November and December 2021 dampened mobility and the strength of the recovery. Manufacturing activity continued to be supported by external demand.

Volatility in global financial markets increased during the quarter (Chicago Board Options Exchange Volatility Index: 19.3; 3Q 2021: 18.3). This reflected renewed uncertainties amid the emergence and spread of the Omicron variant. Moreover, several major economies experienced a resurgence in COVID-19 cases which led to re-tightening of containment measures. Spikes in volatility were observed around the release of US labour market indicators. The published data increased uncertainties regarding the pace of monetary policy tightening in the US, before the Federal Open Market Committee announced its decision on 15 December 2021. Corporate defaults in China's property sector and rising US-China tensions with the delisting of several US-listed Chinese firms also weighed on investor sentiments.

For 2022, the International Monetary Fund (IMF) is projecting the global economy to continue recovering, but at a slower pace of 4.4% (October World Economic Outlook: 4.9%). Nevertheless, it remains above the long-term growth average (2011-2018: 3.6%). This reflect downward revisions mainly to the US and China. Global economic prospects will continue to be weighed by the recent rise in COVID-19 cases. With waning vaccine efficacy and the emergence of new variants of concern, the rollout of booster vaccines and availability of anti-viral treatments are key to reduce strains on healthcare systems and minimise disruptions to economic activity. In addition, growth prospects are expected to be dampened by ongoing supply disruptions, but this is expected to ease going forward. For China, the continued reliance on strict COVID-19 containment measures will constrain growth.

The growth outlook for emerging market economies will also be weighed by tighter global financial conditions amid monetary policy tightening in advanced economies due to rising inflationary concerns. The balance of risks remains tilted to the downside. COVID-19 remains a key source of risks, especially the emergence of new variants of concern that render existing vaccines ineffective. There is also a risk that global supply disruptions re-escalate, leading to higher price pressures and faster-than expected monetary policy normalization in advanced economies. In contrast, upside risks to growth could come from faster-than-expected rollout of boosters and anti viral treatments, especially in emerging market economies.

Malaysia

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%). Growth was supported mainly by an improvement in domestic demand as economic activity normalised following the easing of containment measures under the National Recovery Plan (NRP). The improvement also reflected recovery in the labour market as well as continued policy support.

In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the demand side, growth was driven by higher consumption and trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered an increase of 6.6% (3Q 2021: -3.6%).

All economic sectors recorded an improvement in the fourth quarter of 2021. The services sector turned around to expand by 3.2% (3Q 2021: -4.9%). Consumer-related activities continued to recover amid the reopening of the economy. This was reflected in the higher spending observed within the retail and recreational subsectors. The finance and insurance subsector also continued to grow, driven mainly by higher net insurance premiums. Growth in the information and communication subsector provided further support amid continued demand for data communications services, particularly for e-commerce and e-payment activities.

Growth in the construction sector improved with a smaller contraction of 12.2% (3Q 2021: -20.6%). This was supported by higher construction activity, especially in the non-residential and special trade subsectors, following the reopening of the economy.

Domestic demand grew by 2.3% (3Q 2021: -4.1%) in the fourth quarter of 2021. This was driven by the improvement in private sector expenditure following the loosening of restrictions. Private consumption growth turned around to register a positive growth of 3.7% (3Q 2021: -4.2%). The turnaround was mainly supported by the relaxation of containment measures. In particular, spending on discretionary items such as restaurants and hotels as well as recreational services rebounded during the quarter. Labour market conditions also improved during the same period, as evidenced by stronger employment and wage growth. Furthermore, various policy measures provided additional support to consumer spending. Public consumption growth expanded at a slower pace of 4.3% (3Q 2021: 8.1%), attributable to a moderate growth in supplies and services expenditure. However, government spending remained supported by COVID-related spending and small maintenance and repair works.

Private investment contracted at a slower pace of 3.0% (3Q 2021: -4.8%), supported mainly by higher capital spending on transport and ICT equipment, particularly by firms in the export-oriented sectors. Furthermore, investments in structures also registered a smaller contraction, in line with the construction sector's performance. Public investment registered a smaller decline of 3.8% (3Q 2021: -28.9%), supported by improvement in capital spending by the General Government and public corporations.

For 2022, the Malaysian economy is expected to remain on its recovery path. Growth will be supported by the continued expansion in global demand and higher private sector expenditure given improving labour market conditions and ongoing policy support. Furthermore, the continuation of major investment projects in both private and public sectors will lend support to growth.

The balance of risks remains tilted to the downside due to external and domestic factors. These include weaker-than-expected global growth, a worsening in supply chain disruptions, and the emergence of severe and vaccineresistant COVID-19 variants of concern.

(Source: Bank Negara Malaysia Quarterly Bulletin, Fourth Quarter 2021)

6.2 Overview and outlook of the Malaysian property market

The property market performance recorded a significant increase in the first half of 2021 (“**H1 2021**”) as compared to the same period last year (“**H1 2020**”). A total of 139,754 transactions worth RM62.01 billion were recorded, showing an increase of 21.0% in volume and 32.1% in value compared to the same period last year. Volume of transactions across the sub-sectors showed upward movements. Residential, commercial, industrial, agriculture and development land subsectors recorded year-on-year growths of 22.2%, 28.5%, 29.4%, 13.9% and 21.3% respectively. Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land sub-sectors recorded growths of 34.7%, 28.4%, 19.8%, 33.1% and 40.6% respectively.

The acceleration of the National COVID-19 Immunisation Programme and the National Recovery Plan threshold across the states will see the reopening of more economic and social sectors in the fourth quarter of 2021. Supported by the implementation of various government initiatives and assistance, the property market is expected to be on the recovery path in line with the gradual economic recovery.

Residential property

There were 92,017 transactions worth RM34.51 billion recorded in H1 2021, increased by 22.2% in volume and 34.7% in value year-on-year. Performance across the states improved in the review period. All states recorded higher market volume except for Wilayah Persekutuan Putrajaya. The four major states namely Wilayah Persekutuan Kuala Lumpur, Selangor, Johor and Pulau Pinang formed about 50.0% of the total national residential volume.

In the primary market, there were 16,660 units launched, down by 34.0% against 25,227 units (revised) in H1 2020. Against the second half of 2020 (“**H2 2020**”), the new launches were lower by 24.1% (H2 2020: 21,951 units). Sales performance for new launches recorded at 24.7%, better compared to H1 2020 (revised 12.9%) and H2 2020 (17.0%). The improvement in sales performance probably attributed to various measures by the government such as incentives of the Home Ownership Campaign (reintroduced from 1 June 2020 – 31 Dec 2021) and low overnight policy rate.

Selangor recorded the highest number of new launches in the country, capturing nearly 24.7% (4,114 units) of the national total with sales performance at 26.2%. Wilayah Persekutuan Kuala Lumpur recorded the second highest number (3,651 units, 21.9% share) with sales performance at 3.5%. Johor came third (2,187 units, 13.1% share) with sales performance at 49.8%.

Terraced houses dominated the new launches. Single storey (2,624 units) and 2-3 storey (5,455 units) together contributed 48.5% of the total units, followed by condominium/apartment units at 41.4% share (6,893 units).

In H1 2021, the residential overhang exhibited a moderated growth. A total of 31,112 overhang units worth RM20.09 billion was recorded, showing an increase of 5.2% and 6.2% in volume and value respectively against H2 2020. The unsold under construction residential units saw an increase of 4.3% to 74,844 units compared to H2 2020 (71,735 units).

Johor retained the highest number and value of overhang in the country with 6,661 units worth RM5.02 billion, accounting to 21.4% and 25.0% in volume and value respectively of the national total. Pulau Pinang ranked second with 16.1% share (5,005 units; RM3.85 billion), and followed by Selangor with 12.1% share (3,770; RM3.27 billion).

Condominium/apartment formed 58.5% (18,195 units) of the national overhang, followed by terraced (24.0%; 7,323 units). The high-end price range at more than RM500,000 took up the largest share, accounting for 46.6% (14,511 units) of total overhang. Those priced at RM300,000 and below accounted for 27.1% (8,439 units) while RM300,000 to RM500,000 took up 26.2% (8,162 units).

Commercial property

There were 10,433 transactions worth RM10.93 billion recorded, up by 28.5% in volume and 28.4% in value compared to the same period last year. All states recorded more market activity in the review period except for Wilayah Persekutuan Putrajaya and Pahang. Selangor contributed the highest volume and value to the national market share, with 26.3% in volume (2,741 transactions) and 30.8% in value (RM3.37 billion); followed by Wilayah Persekutuan Kuala Lumpur with 13.0% in volume (1,359 transactions) and 28.2% in value (RM3.08 billion) and Johor with 13.5% in volume (1,410 transactions) and 11.6% in value (RM1.27 billion).

Shop segment recorded 5,265 transactions worth RM4.13 billion, dominating 50.5% of the commercial property transactions and 37.8% of the total value. Both volume and value increased by 25.1% and 16.4% respectively compared to similar period last year. Shop sub-sector overhang declined in H1 2021. There were 6,844 units worth RM5.76 billion, indicating a slight decrease of 0.9% in volume but increased by 3.3% against the preceding half year. The unsold under construction recorded a decrease by 19.0% (4,361 units), while not constructed increased by 2.4% (235 units).

Serviced apartment sub-sector recorded 1,912 transactions worth RM1.21 billion, formed 18.3% of the commercial property transactions volume and 11.0% of the value. Market performance recorded an increase of 33.4% in volume and 23.7% in value compared to similar period last year. Serviced apartment sub-sector recorded 24,064 overhang units with a value of RM20.41 billion, indicating a marginal increase of 1.9% in volume, but value declined by 10.2% compared to the preceding half. The unsold under construction recorded 42,358 units, increased by 20.1%. Johor recorded the highest overhang in the country with 68.9% (16,576 units), followed by WP Kuala Lumpur and Selangor, with 18.8% (4,535 units) and 8.4% (2,025 units) share respectively. Those in the range of RM500,000 to RM1 million (12,047 units) formed 50.0%, while above RM1 million formed 23.7% (5,713 units) of the total overhang.

Nine office building transactions with an accumulated worth RM1.30 billion were recorded in H1 2021. Eight new purpose-built offices with office spaces totalling 505,842 square metres were completed in the review period, extending the existing market supply to 23.84 million square metres from 2,581 buildings. Wilayah Persekutuan Kuala Lumpur was the lead contributor for office space with a share of 40.7% (9.70 million s.m.) in the existing market, 54.0% (1.09 million s.m.) in incoming supply and 52.9% (0.17 million s.m.) in planned supply.

Industrial property

The industrial sub-sector recorded 2,562 transactions worth RM6.48 billion in H1 2021. Compared to the same period last year, the market activity increased by 29.4% in volume and 19.8% in value. Selangor continued to dominate the market, with 35.7% (915 transactions) of the nation's volume, followed by Johor and Pulau Pinang, each with 13.2% and 9.6% market share. Terraced factory formed 32.2% of the total industrial transactions, followed by vacant plots (27.6%), and semi-detached factory (22.4%).

The industrial overhang remained minimal at 1,311 units worth RM1.97 billion, indicating a marginal decline of 5.0% and 10.0% in volume and value, respectively (H2 2020: 1,380 overhang units worth RM2.19 billion). On a similar note, the unsold under construction category declined by 15.2% with 601 units compared to H2 2020 at 709 units. The performance for unsold not constructed indicating a substantial increase of 38.9% at 100 units against H2 2020 (72 units). Selangor and Johor led the existing stock and incoming supply with a combine market share of 50.0% and 53.8% in the related development stages while Melaka led planned supply with 29.4% share (1,813 units).

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

6.3 Prospects of our Group

Our Group's Malaysian operations recorded sales of RM3.52 billion in FYE 31 October 2021 which is approximately 53.0% higher than in FYE 31 October 2020 and approximately 23.0% higher than the target of RM2.875 billion set for the year.

Sales achieved in FYE 31 October 2021 is the highest since FYE 31 October 2017 and it is testament to our Group's efforts to overcome challenges under the pandemic period and to reinvent its business model by:

- expanding the EcoWorld brand's product mix to offer a wide range of residential, commercial and industrial products that meet and anticipate the specific needs of each target market;
- reaching out beyond its traditional customer base to gain a multi-generational and multi-ethnic following for our Group's landed and high-rise homes spread throughout the Klang Valley, Iskandar Malaysia and Penang; and
- engaging closely with business owners, entrepreneurs and investors to understand their needs and develop innovative shops, offices, retail spaces and business parks that will support the growth of their businesses.

Underpinning the above efforts is our Group's digital transformation journey which began in 2017. EcoWorld Malaysia's systematic and comprehensive digitalisation of both frontline and support functions over the years have resulted in increased lead generation, faster sales conversion and highly efficient billing processes enabling accelerated cash recovery from sales whilst reducing overhead costs.

Backed by 19 ongoing projects, the Group has set a sales target of RM3.50 billion for its Malaysian operations for FYE 31 October 2022. The focus in the upcoming year is on enhancing value with the aim of further improving profitability by introducing products with higher margins, commensurate with the increasing maturity of our landbank and projects.

Our Group's future revenue from locked in sales (including our share of the future revenue of Malaysian joint ventures and international joint venture, EcoWorld International, based on our equity interest) stood at RM3.51 billion as at 31 October 2021 providing continued clear earnings visibility.

As at 31 October 2021, our Group's land bank is as follows:

Location of projects	Number of projects	Land bank (acres)	
		Original land size	Undeveloped
Klang Valley	8	4,735.3	2,445.0
Iskandar Malaysia	8	3,119.1	1,553.3
Penang	4	463.9	297.8
	20	8,318.3	4,296.1

Our Group's balance sheet has also continued to strengthen in FYE 31 October 2021 as illustrated in the table below:

	<--- Based on audited financial statements---->			
	FYE 31 October 2018	FYE 31 October 2019	FYE 31 October 2020	FYE 31 October 2021
Total borrowings (RM'million)	3,832	3,780	3,317	2,880
Cash and bank balances (RM'million)	510	601	456	785
Net borrowings (RM'million) ⁽¹⁾	3,322	3,179	2,861	2,095
Shareholders' fund/NA (RM'million)	4,408	4,538	4,671	4,765
Net gearing (times) ⁽²⁾	0.75	0.70	0.61	0.44
NA per Share (RM) ⁽³⁾	1.50	1.54	1.59	1.62

Notes:

- (1) Net borrowings is computed as total borrowings less cash and bank balances.
(2) Net gearing is computed as net borrowings divided by shareholders' fund.
(3) NA per Share is computed as NA divided by the number of Shares in issue.

This bodes well for our Group in further enhancing our value in FYE 31 October 2022.

EcoWorld International

FYE 31 October 2021 has been challenging for EcoWorld International as protracted lockdowns, border closures and the imposition of stamp duties following the expiry of the UK stamp duty holiday in June 2021 severely impacted demand for property. Under these conditions, EcoWorld International introduced attractive incentives to purchasers and higher commissions to agents in order to stimulate sales of its properties. This enabled EcoWorld International to achieve full year sales of RM1.38 billion.

Given the challenging conditions, EcoWorld International shifted its focus onto cashflow generation. This will continue in FYE 31 October 2022 with an increased sales target of RM2.00 billion mainly from its development projects in the UK. Together with an effective future revenue of RM1.18 billion as at 31 October 2021, the bulk of which is expected to be realised in FYE 31 October 2022, coupled with continued financial discipline to contain operating costs, EcoWorld International expects to further generate cash so as to be in the position:

- to capitalise on new opportunities for growth when the market recovers, cross-border restrictions are relaxed and economic conditions improve; and
- to make distributions to shareholders after setting aside capital to be reinvested for future growth.

In FYE 31 October 2021, EcoWorld International paid total dividends of 6 sen of which the amount received by EcoWorld Malaysia was RM38.88 million.

(Source: The management of our Company.)

7. EFFECTS OF THE PROPOSED BONUS ISSUE OF WARRANTS

7.1 Issued share capital

The Proposed Bonus Issue of Warrants will not have any immediate effect on our issued share capital until and unless new EcoWorld Malaysia Shares are issued pursuant to the exercise of the New Warrants. The issued share capital of our Company will increase progressively as and when the New Warrants are exercised, if any.

For illustrative purposes only, the pro forma effects of the Proposed Bonus Issue of Warrants on the issued share capital of our Company are as follows:

Minimum Scenario

	No of Shares	RM'000
Issued share capital as at the LPD	2,944,368,381	3,614,865
To be issued assuming full exercise of New Warrants ⁽¹⁾	588,873,676	641,872
Enlarged issued share capital	3,533,242,057	4,256,737

Note:

(1) Illustrated based on the Indicative Exercise Price of RM1.09 each.

Maximum Scenario

None of the Existing Warrants have been exercised since its issuance and based on our Company's closing share price of RM0.925 as at the LPD, the Existing Warrants that carry an exercise price of RM2.08 each are currently out-of-money. Additionally, our Company will be implementing the Proposed Bonus Issue of Warrants after the expiry of the Existing Warrants. Nevertheless, the Maximum Scenario has been illustrated to demonstrate the full dilutive effect if the Existing Warrants had been fully exercised prior to the implementation of the Proposed Bonus Issue of Warrants.

	No of Shares	RM'000
Issued share capital as at the LPD	2,944,368,381	3,614,865
To be issued assuming full exercise of Existing Warrants	525,392,340	1,092,816
Transfer of warrant reserve upon full exercise of Existing Warrants	-	194,395
	3,469,760,721	4,902,076
To be issued assuming full exercise of New Warrants ⁽¹⁾	693,952,144	756,408
Enlarged issued share capital	4,163,712,865	5,658,484

Note:

(1) Illustrated based on the Indicative Exercise Price of RM1.09 each.

7.2 Earnings and EPS

The Proposed Bonus Issue of Warrants is not expected to have any material effect on the earnings of our Group for FYE 31 October 2022. However, assuming that the earnings of our Group remain unchanged, the EPS of our Group will be proportionately diluted as a result of the increase in the number of Shares in issue as and when the New Warrants are exercised. Nonetheless, the Proposed Bonus Issue of Warrants is expected to contribute positively to the future earnings of our Group when the benefits of the use of proceeds from the exercise of the New Warrants are realised.

7.3 NA and gearing

For illustrative purposes, the pro forma effects of Proposed Bonus Issue of Warrants on the consolidated NA and gearing, and NA per Share as at 31 October 2021 are as follows:

Minimum Scenario

	Audited as at 31 October 2021	Pro forma I After the Proposed Bonus Issue of Warrants	Pro forma II After pro forma I and upon full exercise of the New Warrants
	RM'000	RM'000	RM'000
Share capital	3,614,865	3,614,865	4,256,737 ⁽⁶⁾
Warrant reserve	194,395	- ⁽⁴⁾	-
Foreign currency translation reserve	36,966	36,966	36,966
Cash flow hedge reserve	(355)	(355)	(355)
Retained earnings	919,433	1,113,428 ⁽⁵⁾	1,113,428
Shareholders' fund / NA	4,765,304	4,764,904	5,406,776
No. of Shares in issue ('000)	2,944,368	2,944,368	3,533,242
NA per Share (RM) ⁽¹⁾	1.62	1.62	1.53
Total borrowings (RM'000)	2,880,172	2,880,172	2,880,172
Cash and bank balances (RM'000)	784,724	784,724	784,724 ⁽⁷⁾
Gross gearing (times) ⁽²⁾	0.60	0.60	0.53
Net gearing (times) ⁽³⁾	0.44	0.44	0.39

Notes:

- (1) NA per Share is computed as NA divided by the number of Shares in issue.
- (2) Gross gearing is computed as total borrowings divided by shareholders' fund.
- (3) Net gearing is computed as net borrowings (total borrowings less cash and bank balances) divided by shareholders' fund.
- (4) The warrant reserve arose from the issuance of Existing Warrants. None of the Existing Warrants have been exercised since its issuance and based on our Company's closing share price of RM0.925 as at the LPD, the Existing Warrants are currently out-of-money. Our Company intends to implement the Proposed Bonus Issue of Warrants after the expiry of the Existing Warrants. The expiry of the Existing Warrants will result in the transfer of warrant reserve to retained earnings.
- (5) After deducting the estimated expenses in relation to the Proposed Bonus Issue of Warrants of RM400,000.
- (6) Illustrated based on the Indicative Exercise Price of RM1.09 each.
- (7) Assuming proceeds raised from the exercise of the New Warrants are fully utilised as set out in Section 3 of this Circular.

Maximum Scenario

None of the Existing Warrants have been exercised since its issuance and based on our Company's closing share price of RM0.925 as at the LPD, the Existing Warrants that carry an exercise price of RM2.08 each are currently out-of-money. Additionally, our Company will be implementing the Proposed Bonus Issue of Warrants after the expiry of the Existing Warrants. Nevertheless, the Maximum Scenario has been illustrated to demonstrate the full dilutive effect if the Existing Warrants had been fully exercised prior to the implementation of the Proposed Bonus Issue of Warrants.

		Pro forma I	Pro forma II	Pro forma III
	Audited as at 31 October 2021	After full exercise of the Existing Warrants	After pro forma I and the Proposed Bonus Issue of Warrants	After pro forma II and upon full exercise of the New Warrants
	RM'000	RM'000	RM'000	RM'000
Share capital	3,614,865	4,902,076	4,902,076	5,658,484 ⁽⁵⁾
Warrant reserve	194,395	-	-	-
Foreign currency translation reserve	36,966	36,966	36,966	36,966
Cash flow hedge reserve	(355)	(355)	(355)	(355)
Retained earnings	919,433	919,433	919,033 ⁽⁴⁾	919,033
Shareholders' fund / NA	4,765,304	5,858,120	5,857,720	6,614,128
No. of Shares in issue ('000)	2,944,368	3,469,761	3,469,761	4,163,713
NA per Share (RM) ⁽¹⁾	1.62	1.69	1.69	1.59
Total borrowings (RM'000)	2,880,172	2,880,172	2,880,172	2,880,172
Cash and bank balances (RM'000)	784,724	784,724	784,724	784,724 ⁽⁶⁾
Gross gearing (times) ⁽²⁾	0.60	0.49	0.49	0.44
Net gearing (times) ⁽³⁾	0.44	0.36	0.36	0.32

Notes:

- (1) NA per Share is computed as NA divided by the number of Shares in issue.
- (2) Gross gearing is computed as total borrowings divided by shareholders' fund.
- (3) Net gearing is computed as net borrowings (total borrowings less cash and bank balances) divided by shareholders' fund.
- (4) After deducting the estimated expenses in relation to the Proposed Bonus Issue of Warrants of RM400,000.
- (5) Illustrated based on the Indicative Exercise Price of RM1.09 each.
- (6) Assuming proceeds raised from the exercise of the New Warrants are fully utilised as set out in Section 3 of this Circular.

7.4 Substantial shareholders' shareholdings

The Proposed Bonus Issue of Warrants will not have any effect on the substantial shareholders' percentage of shareholdings in our Company as the New Warrants will be issued on a pro-rata basis to all Entitled Shareholders. However, the number of EcoWorld Malaysia Shares held by the substantial shareholders will increase proportionately assuming full exercise of the New Warrants.

For illustrative purposes, the pro forma effects of the Proposed Bonus Issue of Warrants on the substantial shareholders' shareholdings are as follows:

Minimum Scenario

	As at the LPD				Upon full exercise of the New Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sinarmas Harta Sdn Bhd	969,919,015	32.94	-	-	1,163,902,818	32.94	-	-
Tan Sri Dato' Sri Liew Kee Sin	276,987,729	9.41	158,250,000 ⁽¹⁾	5.37	332,385,274	9.41	189,900,000 ⁽¹⁾	5.37
Liew Tian Xiong	215,780,601	7.33	-	-	258,936,721	7.33	-	-
Eco World Development Holdings Sdn Bhd	224,975,439	7.64	-	-	269,970,526	7.64	-	-
Puan Sri Datin Sri How Teng Teng	22,500,000	0.76	135,750,000 ⁽²⁾	4.61	27,000,000	0.76	162,900,000 ⁽²⁾	4.61
Tan Sri Abdul Rashid Bin Abdul Manaf	-	-	224,975,439 ⁽³⁾	7.64	-	-	269,970,526 ⁽³⁾	7.64
Dato' Leong Kok Wah	-	-	1,194,894,454 ⁽⁴⁾	40.58	-	-	1,433,873,344 ⁽⁴⁾	40.58
Syabas Tropikal Sdn Bhd	-	-	969,919,015 ⁽⁵⁾	32.94	-	-	1,163,902,818 ⁽⁵⁾	32.94

Notes:

- (1) Deemed interest by virtue of his interest in Jernih Padu Sdn Bhd pursuant to Section 8 of the Act and indirect interest by virtue of his spouse's interest in our Company pursuant to Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of her interest in Jernih Padu Sdn Bhd pursuant to Section 8 of the Act.
- (3) Deemed interest by virtue of his interest in Eco World Development Holdings Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interest by virtue of his interests in Eco World Development Holdings Sdn Bhd and Syabas Tropikal Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interest by virtue of its interest in Sinarmas Harta Sdn Bhd pursuant to Section 8 of the Act.

Maximum Scenario

	As at the LPD				Pro forma I			
	Direct		Indirect		Upon full exercise of the Existing Warrants			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sinarmas Harta Sdn Bhd	969,919,015	32.94	-	-	1,131,288,386	32.60	-	-
Tan Sri Dato' Sri Liew Kee Sin	276,987,729	9.41	158,250,000 ⁽¹⁾	5.37	276,987,729	7.98	158,250,000 ⁽¹⁾	4.56
Liew Tian Xiong	215,780,601	7.33	-	-	271,805,082	7.83	-	-
Eco World Development Holdings Sdn Bhd	224,975,439	7.64	-	-	379,752,990	10.94	-	-
Puan Sri Datin Sri How Teng Teng	22,500,000	0.76	135,750,000 ⁽²⁾	4.61	22,500,000	0.65	135,750,000 ⁽²⁾	3.91
Tan Sri Abdul Rashid Bin Abdul Manaf	-	-	224,975,439 ⁽³⁾	7.64	-	-	379,752,990 ⁽³⁾	10.94
Dato' Leong Kok Wah	-	-	1,194,894,454 ⁽⁴⁾	40.58	-	-	1,511,041,376 ⁽⁴⁾	43.55
Syabas Tropikal Sdn Bhd	-	-	969,919,015 ⁽⁵⁾	32.94	-	-	1,131,288,386 ⁽⁵⁾	32.60
	Pro forma II							
	After pro forma I and upon full exercise of the New Warrants							
	Direct		Indirect					
	No. of Shares	%	No. of Shares	%				
Sinarmas Harta Sdn Bhd	1,357,546,063	32.60	-	-				
Tan Sri Dato' Sri Liew Kee Sin	332,385,274	7.98	189,900,000 ⁽¹⁾	4.56				
Liew Tian Xiong	326,166,098	7.83	-	-				
Eco World Development Holdings Sdn Bhd	455,703,588	10.94	-	-				
Puan Sri Datin Sri How Teng Teng	27,000,000	0.65	162,900,000 ⁽²⁾	3.91				
Tan Sri Abdul Rashid Bin Abdul Manaf	-	-	455,703,588 ⁽³⁾	10.94				
Dato' Leong Kok Wah	-	-	1,813,249,651 ⁽⁴⁾	43.55				
Syabas Tropikal Sdn Bhd	-	-	1,357,546,063 ⁽⁵⁾	32.60				

Notes:

- (1) Deemed interest by virtue of his interest in Jernih Padu Sdn Bhd pursuant to Section 8 of the Act and indirect interest by virtue of his spouse's interest in our Company pursuant to Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of her interest in Jernih Padu Sdn Bhd pursuant to Section 8 of the Act.
- (3) Deemed interest by virtue of his interest in Eco World Development Holdings Sdn Bhd pursuant to Section 8 of the Act.
- (4) Deemed interest by virtue of his interests in Eco World Development Holdings Sdn Bhd and Syabas Tropikal Sdn Bhd pursuant to Section 8 of the Act.
- (5) Deemed interest by virtue of its interest in Sinarmas Harta Sdn Bhd pursuant to Section 8 of the Act.

7.5 Convertible securities

Save for the Existing Warrants which will expire on 25 March 2022 as disclosed in Section 2.1 above, our Company does not have any other outstanding convertible securities as at the LPD. Our Company intends to implement the Proposed Bonus Issue of Warrants after the expiry of Existing Warrants.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of EcoWorld Malaysia Shares traded on the Main Market of Bursa Securities for the past 12 months from February 2021 to January 2022 are as follows:

	High RM	Low RM
<u>2021</u>		
February	0.520	0.480
March	0.695	0.480
April	0.755	0.615
May	0.685	0.585
June	0.720	0.610
July	0.710	0.665
August	0.715	0.620
September	0.850	0.705
October	1.250	0.785
November	0.995	0.805
December	0.915	0.820
<u>2022</u>		
January	0.965	0.835
Last transacted market price of EcoWorld Malaysia Shares on 14 January 2022 (being the last trading day prior to the announcement of the Proposed Bonus Issue of Warrants on 17 January 2022)		0.87
Last transacted market price of EcoWorld Malaysia Shares on the LPD		0.925

(Source: Bloomberg)

9. APPROVALS REQUIRED AND INTER-CONDITIONALITY

The Proposed Bonus Issue of Warrants is subject to the following approvals being obtained from:

- (i) Bursa Securities, for the following, which was obtained vide its letter dated 9 February 2022:
 - (a) admission of up to 693,952,144 New Warrants on the Official List of Bursa Securities;
 - (b) listing of and quotation for up to 693,952,144 New Warrants on the Main Market of Bursa Securities; and
 - (c) listing of and quotation for up to 693,952,144 new Shares to be issued arising from the exercise of the New Warrants on the Main Market of Bursa Securities,

subject to the following conditions:

No.	Conditions imposed by Bursa Securities	Status of compliance
1.	EcoWorld Malaysia and RHB IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;	Noted.
2.	RHB IB to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;	To be complied.
3.	RHB IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed; and	To be complied.
4.	EcoWorld Malaysia to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of New Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

(ii) the shareholders of our Company at the 48th AGM to be convened; and

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

The Proposed Bonus Issue of Warrants is not conditional upon any other corporate proposal undertaken or to be undertaken by our Company.

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

None of the Directors and/or major shareholders and/or chief executive of our Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Bonus Issue of Warrants, other than their respective entitlements as shareholders of our Company, the rights of which are also available to all other existing shareholders of our Company as at the entitlement date to be determined and announced later.

11. DIRECTORS' STATEMENT

Our Board, after having considered all aspects of the Proposed Bonus Issue of Warrants, including but not limited to the rationale and effects of the Proposed Bonus Issue of Warrants, is of the opinion that the Proposed Bonus Issue of Warrants is in the best interests of our Company. Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Bonus Issue of Warrants at our Company's forthcoming 48th AGM.

12. OUTSTANDING CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Bonus Issue of Warrants which is the subject matter of this Circular, our Board confirms that there are no other outstanding corporate exercises that have been announced but pending completion before the printing of this Circular.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposed Bonus Issue of Warrants is expected to be completed by first half of 2022. The tentative timeline for the Proposed Bonus Issue of Warrants is as follows:

Key milestones	Tentative timeline
• 48 th AGM to obtain shareholders' approval for the Proposed Bonus Issue of Warrants	24 March 2022
• Determination of the exercise price of the New Warrants and announcement of the entitlement date for the Proposed Bonus Issue of Warrants	By end of March 2022
• Entitlement date	By early April 2022
• Admission of the New Warrants to the Official List and the listing of and quotation for the New Warrants on the Main Market of Bursa Securities	By mid/end April 2022
• Completion of the Proposed Bonus Issue of Warrants	By mid/end April 2022

14. DETAILS OF THE 48TH AGM

The 48th AGM, the notice of which is available online at our Company's corporate website at <https://bit.ly/EcoWorldAGM>, will be held as a virtual meeting through live streaming from the Broadcast Venue at Bukit Bintang City Centre Sales Gallery, No. 2, Jalan Hang Tuah, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia via Securities Services e-Portal at <https://sshsb.net.my/>, on Thursday, 24 March 2022 at 3.00 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Bonus Issue of Warrants under Special Business.

Please follow the procedures provided in the Administrative Guide for the 48th AGM in order to register, participate and vote remotely via the RPV facilities.

If you are unable to participate and vote at the 48th AGM, you are requested to complete, sign and return the Form of Proxy, which is available online at our Company's corporate website at <https://bit.ly/EcoWorldAGM>, in accordance with the instructions stated in the Form of Proxy.

The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by our Company no later than Tuesday, 22 March 2022 at 3.00 p.m. or at any adjournment thereof:

(i) *In Hardcopy Form*

The Form of Proxy must be deposited at our Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(ii) *By Electronic Means*

The Form of Proxy must be electronically lodged via Securities Services e-Portal at <https://sshsb.net.my/> or by fax to +603-2094 9940 or by email to eservices@sshsb.com.my.

The lodging of the Form of Proxy will not, however, preclude you from participating and voting at the virtual 48th AGM should you subsequently wish to do so.

15. FURTHER INFORMATION

You are advised to refer to the attached appendices in this Circular for additional information.

Yours faithfully,
For and on behalf of our Board
ECO WORLD DEVELOPMENT GROUP BERHAD

Tan Sri Abdul Rashid Bin Abdul Manaf
Founder & Non-Independent Non-Executive Director

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INDICATIVE SALIENT TERMS OF THE NEW WARRANTS

The terms of the New Warrants are in compliance with paragraphs 6.54(3)(a) and (b) of the Listing Requirements. Please see below the indicative salient terms of the New Warrants:

- | | | |
|---|---|--|
| Issue size | : | Up to 693,952,144 New Warrants. |
| Form and denomination | : | The New Warrants will be issued in registered form and constituted by the Deed Poll and as supplemented from time to time. |
| Exercise rights | : | Each New Warrant entitles the warrantholder to subscribe for one new EcoWorld Malaysia Share at the exercise price at any time during the exercise period, subject to the provisions of the Deed Poll. |
| Exercise price | : | The exercise price of the New Warrants will be determined by our Board and announced at a later date after obtaining the relevant approvals but before the announcement of the entitlement date to be determined later. |
| Exercise period | : | The period commencing from and including the date of issuance of the New Warrants and ending at the close of business at 5.00 p.m. in Malaysia on the expiry date. Any New Warrants not exercised during the exercise period will thereafter lapse and cease to be valid and exercisable. |
| Expiry date | : | The day preceding the 7th anniversary of the date of issuance of the New Warrants and if such date is not a market day, then it shall be the market day immediately preceding the said non-market day. |
| Board lot | : | For the purpose of trading on Bursa Securities, a board lot of New Warrants shall comprise 100 New Warrants carrying the right to subscribe for 100 new Shares at any time during the exercise period, or such other denomination as may be varied from time to time by Bursa Securities. |
| Adjustment in the exercise price and/or number of New Warrants | : | The exercise price and/or number of unexercised New Warrants may be adjusted if any alteration is made to the share capital of our Company at any time during the tenure of the New Warrants, whether by way of, amongst others, rights issue, capitalisation issue, consolidation of Shares, subdivision of Shares or reduction of capital or otherwise in accordance with the provisions of the Deed Poll. |
| Ranking of new Shares | : | The new Shares arising from the exercise of the New Warrants shall, upon allotment and issuance, rank pari passu in all respects with the then existing Shares, save and except that the holders of the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new Shares arising from the exercise of the New Warrants. |
| Participating rights of the warrantholders in any distribution and/or offer of further securities | : | The New Warrants do not entitle the warrantholders to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for which the relevant entitlement date is before the date of allotment and issuance of the new Shares arising from the exercise of the New Warrants. The New Warrants do not entitle the warrantholders to any voting rights in any general meeting of our Company until and unless such warrantholders exercise their New Warrants for new Shares. |

INDICATIVE SALIENT TERMS OF THE NEW WARRANTS (CONT'D)

Modification of rights of the holders of the New Warrant	: All or any of the rights for the time being attached to the New Warrants (other than the exercise period, exercise price or the formulae for the adjustment of the exercise price or other than as specifically provided in the Deed Poll) may be modified, altered or abrogated by our Company from time to time (whether or not our Company is being wound up) and the sanction of a special resolution passed at a meeting of the warrant holders shall be necessary and sufficient to effect such modification, alteration or abrogation. A special resolution may also sanction the compulsory exchange, surrender or cancellation of unexercised New Warrants in return for shares, other warrants, debentures or other securities or for any other consideration (whether in our Company or in any other company or corporation (wherever incorporated)) on any terms and/or conditions. Any such modification shall however be subject to the approval of any relevant authorities, where required.
Rights in the event of winding up, liquidation, compromise and/or arrangement	: If a resolution is passed for a members' voluntary winding-up of our Company or there is a compromise or arrangement whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies: <ul style="list-style-type: none"> (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the warrant holders, or some persons designated by them for such purposes by a special resolution will be a party, the terms of such winding up, compromise and arrangement shall be binding on all the warrant holders; and (ii) in any case and to the extent permitted by law, every warrant holder shall be entitled (subject to the conditions in the Deed Poll) to exercise the exercise rights at any time within six weeks after the passing of such resolution for a members' voluntary winding-up of our Company or within six weeks from the granting of the court order approving the compromise or arrangement, as the case may be, by the irrevocable surrender of its/his/her New Warrants to our Company, by submitting the duly completed and executed exercise notice(s) and payment of the exercise price, elect to be treated as if it/he/she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights attached to such New Warrants to the extent specified in the exercise notice(s) and be entitled to receive out of the assets of our Company which would be available in liquidation as if it/he/she had on such date been the holder of the Shares to which it/he/she would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly. Upon the expiry of the above six weeks, all exercise rights of the New Warrants shall lapse and cease to be valid and exercisable for any purpose.
Listing	: The New Warrants will be listed on the Main Market of Bursa Securities.
Transferability	: The New Warrants will only be transferable in accordance with the provisions of the Deed Poll and subject always to the provisions of the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd.
Governing law	: Laws of Malaysia.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. WRITTEN CONSENT AND DECLARATION OF CONFLICT OF INTEREST

RHB IB, being the Principal Adviser of our Company for the Proposed Bonus Issue of Warrants, has given and has not subsequently withdrawn its written consent to include its name and all references thereto in the form and context in which they appear in this Circular.

RHB IB and its related and associated companies ("**RHB Banking Group**") engage in private banking, commercial banking and investment banking transactions which include, amongst others, brokerage, advisory on mergers and acquisitions, securities trading, assets and fund management as well as credit transaction services. The RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Circular.

In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer to provide its services or to engage in any transaction (on its own account or otherwise) with any member of our Group, our directors, our shareholders, our affiliate and/or any other entity or person of our Group, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the RHB Banking Group generally acting independently of each other and accordingly there may be situations where parts of the RHB Banking Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the interests of our Group.

As at the LPD, the RHB Banking Group has extended credit facilities with a combined limit of approximately RM134.3 million ("**Credit Facilities**") to our Group. The extension of the said Credit Facilities is in the ordinary course of business of the RHB Banking Group.

Notwithstanding the above, RHB IB is of the view that the abovementioned do not give rise to a conflict of interest situation in its capacity as the Principal Adviser for the Proposed Bonus Issue of Warrants due to the following reasons:

- (i) RHB IB is a licensed investment bank and its appointment as the Principal Adviser of our Company for the Proposed Bonus Issue of Warrants is in the ordinary course of its business. RHB IB does not receive or derive any financial interest or benefit save for the professional fees received in relation to its appointment as the Principal Adviser for the Proposed Bonus Issue of Warrants;
- (ii) the Corporate Finance division of RHB IB is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations. Further, there is no involvement by the Corporate Finance division of RHB IB in respect of any Credit Facilities application process undertaken by other departments within the RHB Banking Group;

FURTHER INFORMATION (CONT'D)

- (iii) the Credit Facilities were provided by the RHB Banking Group on an arms' length basis and in its ordinary course of business, and the said Credit Facilities are not material (representing approximately 0.50% of the RHB Banking Group's audited NA) when compared to the audited NA of the RHB Banking Group as at 31 December 2020 of approximately RM 27.0 billion; and
- (iv) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013, Capital Markets and Services Act 2007 and the RHB Banking Group's own internal controls and checks which includes segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

RHB IB confirms that there is no conflict of interest situation in its capacity as the Principal Adviser for the Proposed Bonus Issue of Warrants.

3. MATERIAL COMMITMENTS

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

	As at the LPD
	RM'000
Approved and contracted for:	
Commitment to subscribe/acquire additional shares in associates	36,552
Commitment to acquire property, plant and equipment	3,557
Commitment to fund development costs of joint ventures	137,000

4. CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial results or position of our Group.

5. MATERIAL LITIGATION

As at the LPD, our Group is presently not involved in any material litigation, claims and/or arbitration either as plaintiff or defendant, and our Board has no knowledge of any proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia during business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming 48th AGM:

- (i) our Constitution;
- (ii) our audited consolidated financial statements for the FYE 31 October 2021 and FYE 31 October 2020;
- (iii) the letter of consent and declaration of conflict of interest as referred to in Section 2, Appendix II of this Circular; and
- (iv) the draft Deed Poll.

EXTRACT OF THE NOTICE OF 48TH AGM

AS SPECIAL BUSINESS

Ordinary Resolution 18

Proposed bonus issue of up to 693,952,144 warrants (“New Warrants”) on the basis of one New Warrant for every five existing Company Shares held by the entitled shareholders on an entitlement date to be determined and announced later (“Proposed Bonus Issue of Warrants”)

THAT subject to the approval of all relevant authorities and/or parties (if required) being obtained, approval be and is hereby given to the Board to issue up to 693,952,144 New Warrants on the basis of one New Warrant for every five existing Company Shares held by shareholders whose names appear on the Company’s Record of Depositors on an entitlement date to be determined and announced later.

THAT the Board be and is hereby authorised to enter into and execute a deed poll governing the New Warrants (“**Deed Poll**”) and to do all acts, deeds and things as they may deem fit and expedient, to implement, finalise and give full effect to the Deed Poll.

THAT the Board be and is hereby authorised to issue such appropriate number of New Warrants in accordance with the provisions of the Deed Poll and where required, to fix or to adjust the exercise price and/or the number of the New Warrants to be issued (including, without limitation, any additional New Warrants as may be required or permitted to be issued) in consequence of the adjustments pursuant to the provisions of the Deed Poll.

THAT the Board be and is hereby authorised to allot and issue such appropriate number of new Company Shares pursuant to the exercise of the New Warrants by the holders of the New Warrants in accordance with the provisions of the Deed Poll.

THAT fractional entitlements arising from the Proposed Bonus Issue of Warrants, if any, shall be disregarded and dealt with in such a manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company.

THAT the new Company Shares to be issued from the exercise of the New Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing Company Shares, save and except that the holders of the new Company Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the new Company Shares arising from the exercise of the New Warrants.

THAT the Board be and is hereby authorised to utilise the proceeds raised from the exercise of the New Warrants for such purpose and in such manner as set out in Section 3 of the Company’s circular to shareholders dated 23 February 2022 (“**Circular**”), with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (if required) to the approval of the relevant authorities and in the best interest of the Company.

AND THAT the Board be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements as may be necessary to give effect and complete the Proposed Bonus Issue of Warrants and to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary in the best interest of the Company and to take such steps (including providing any undertakings as required by the relevant authorities) as they may deem necessary or expedient to implement, finalise, and give full effect and to complete the Proposed Bonus Issue of Warrants.