

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : RELATED PARTY TRANSACTIONS PROPOSED ACQUISITION BY FORTUNE QUEST GROUP LIMITED ("FORTUNE QUEST"), A WHOLLY-OWNED SUBSIDIARY OF ECO WORLD INTERNATIONAL BERHAD ("EWI") OF 80% EQUITY INTEREST IN SALCON DEVELOPMENT (AUSTRALIA) PTY LTD ("PROPCO") FROM SALCON DEVELOPMENT SDN BHD ("SALCON DEVELOPMENT"), A WHOLLY-OWNED SUBSIDIARY OF SALCON BERHAD, FOR A TOTAL PURCHASE CONSIDERATION OF AUD120,000 ("PROPOSED ACQUISITION")

ECO WORLD INTERNATIONAL BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	PROPOSED ACQUISITION BY FORTUNE QUEST GROUP LIMITED ("FORTUNE QUEST"), A WHOLLY-OWNED SUBSIDIARY OF ECO WORLD INTERNATIONAL BERHAD ("EWI") OF 80% EQUITY INTEREST IN SALCON DEVELOPMENT (AUSTRALIA) PTY LTD ("PROPCO") FROM SALCON DEVELOPMENT SDN BHD ("SALCON DEVELOPMENT"), A WHOLLY-OWNED SUBSIDIARY OF SALCON BERHAD, FOR A TOTAL PURCHASE CONSIDERATION OF AUD120,000 ("PROPOSED ACQUISITION")

The Board of Directors of EWI wishes to announce that on 10 April 2017, Fortune Quest, a wholly-owned subsidiary of EWI, has entered into a conditional share sale and purchase agreement ("**Share SPA**") with Salcon Development, a wholly-owned subsidiary of Salcon Berhad, for the proposed acquisition of 80 ordinary shares in the PropCo, representing 80% of the total issued share capital of the PropCo or a total purchase consideration of AUD120,000 ("**Purchase Consideration**"). In addition to the Purchase Consideration, Fortune Quest shall, on completion of the Share SPA, repay a sum equivalent to 80% of the total advances owing by the PropCo to Salcon Development.

Please refer to the attached announcement for further details on the Proposed Acquisition.

This announcement is dated 10 April 2017.

Please refer attachment below.

Attachments



[Press Release 10042017.pdf](#)
40.3 kB



[Announcement 10042017.pdf](#)
647.9 kB

Announcement Info

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10 APRIL 2017



FOR IMMEDIATE RELEASE

ECO WORLD INTERNATIONAL ENTERS MELBOURNE WITH AUD218 MILLION GDV YARRA ONE PROJECT

SHAH ALAM: Fresh off its listing success, Eco World International Berhad (“EWI”) today announced the proposed acquisition of an 80% stake in Salcon Australia (“**Proposed Acquisition**”) which owns a 2,128 m² parcel of prime land located in South Yarra, approximately 5.3 km south-east of Melbourne’s central business district (“**CBD**”).

“Melbourne is a market which we are very familiar with and also a preferred investment destination for many of our Malaysian and regional customers. It was crowned the world’s most liveable city for the sixth year running according to the Economist’s Global Liveability Survey. This is a well-deserved reputation which the city takes great pride in and works hard to preserve, as attested by the excellent quality of life, plethora of amazing cuisine, world class educational institutions, good employment opportunities and wide-ranging recreational amenities it offers its residents,” said Dato’ Teow Leong Seng, President and CEO of EWI.

“We are therefore delighted to be offered the opportunity to work with Salcon Berhad to craft an outstanding residential-led development in South Yarra that will meet the lifestyle needs of discerning locals whilst offering a sound investment proposition for international buyers seeking to own an exclusive property just outside the fringe of Melbourne CBD,” he continued.

The proposed development is located in South Yarra, one of the most popular upmarket residential suburbs of Victoria, and is strategically positioned within close proximity to Chapel Street and Toorak Road. Chapel Street is famed as a vibrant and cosmopolitan shopping and entertainment precinct with over 1,000 shops offering a wide range of international and home-grown Australian branded fashion and retail, trendy eateries, fresh food and specialty stores as well as a host of other commercial facilities.

It also enjoys excellent connectivity to public transportation serviced by regular tram operations along Chapel Street and Toorak Road and bus routes via Punt Road nearby. The South Yarra Station is also located within ready walking distance about 300 m southwest of the project land.

To be named Yarra One, the project will comprise a 27-storey tower with 268 residential units complemented by a retail and office podium with the potential to deliver about AUD218.0 million (equivalent to *RM728.3 million) in GDV. Eco World Sydney Development Pty Ltd, a wholly-owned subsidiary of EWI, will also be appointed as the development manager for the project thus generating a new fee-based income stream for the EWI group.

“Yarra One will have all the distinctive hallmarks of an EcoWorld International development – great location, superb connectivity and access to wide-ranging amenities nearby – to complement the unique selling points we will be incorporating into the project to appeal to our target customer base of local and international purchasers. It is indeed a fitting addition to our current portfolio of projects which include London City Island, Embassy Gardens and

Wardian London in the United Kingdom and West Village in Parramatta, Sydney,” Teow said.

EWI’s existing four projects involve the development of close to 3,200 units of apartments with a total GDV of RM12.96 billion. As at 31 January 2017, the EWI group has recorded sales of RM6.49 billion which is approximately 50% of its total GDV.

The Proposed Acquisition therefore enables EWI to increase its development pipeline and also break into a new target market by extending its geographic footprint thus broadening its product range to cater to a wider customer base. This is consistent with the EWI group’s strategy to seek good opportunities in mature international markets for growth, in line with its ambitions to become a prominent global property player.

**Based on an exchange rate of Australian Dollar (“AUD”) 1.00 : Ringgit Malaysia (“RM”) 3.3408, being the middle rate quoted by Bank Negara Malaysia at 5:00 p.m. on 7 April 2017.*

About Eco World International Berhad (EWI)

EWI is a public company which was listed on the Main Market of Bursa Malaysia Securities Berhad on 3 April 2017. EWI’s IPO successfully raised gross proceeds of around RM2.58 billion part of which will be used to fund the development of its existing four (4) projects in the United Kingdom & Australia.

Projects being undertaken by EWI currently include three (3) sites in the United Kingdom where, through its joint-venture company, EcoWorld-Ballymore, EWI is developing waterside residential projects in the east and west of London. They are Embassy Gardens in Nine Elms, London City Island in Leamouth Peninsula, and Wardian London in Canary Wharf. EWI is also developing a project named West Village in Parramatta, Australia – a suburb and major business district in the metropolitan area of Sydney.

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ECO WORLD INTERNATIONAL BERHAD (“EWI”)

PROPOSED ACQUISITION BY FORTUNE QUEST GROUP LTD (“FORTUNE QUEST”), A WHOLLY-OWNED SUBSIDIARY OF EWI, OF 80% EQUITY INTEREST IN SALCON DEVELOPMENT (AUSTRALIA) PTY LTD (“PROPCO”) FROM SALCON DEVELOPMENT SDN BHD (“SALCON DEVELOPMENT”), A WHOLLY-OWNED SUBSIDIARY OF SALCON BERHAD, FOR A TOTAL PURCHASE CONSIDERATION OF AUD120,000 (“PROPOSED ACQUISITION”)

(Unless otherwise stated, the exchange rate of Australian Dollar (“AUD”) 1.00 : Ringgit Malaysia (“RM”) 3.3408, being the middle rate quoted by Bank Negara Malaysia at 5:00 p.m. on 7 April 2017, has been applied in this announcement for illustration purposes.)

1. INTRODUCTION

The board of directors of EWI (“**Board**”) wishes to announce that on 10 April 2017, Fortune Quest, a wholly-owned subsidiary of EWI, has entered into a conditional share sale and purchase agreement (“**Share SPA**”) with Salcon Development, a wholly-owned subsidiary of Salcon Berhad, for the proposed acquisition of 80 ordinary shares in the PropCo, representing 80% of the total issued share capital of the PropCo (“**Sale Shares**”) for a total purchase consideration of AUD120,000 (equivalent to RM400,896) (“**Purchase Consideration**”). In addition to the Purchase Consideration, Fortune Quest shall, on completion of the Share SPA (“**Completion**”), repay a sum equivalent to 80% of the total advances owing by the PropCo to Salcon Development. Further details of the repayment of advances are set out in Sections 2.1.3 and 2.2(iii) of this announcement.

The terms of the Share SPA stipulate that the following agreements shall be entered into on Completion:

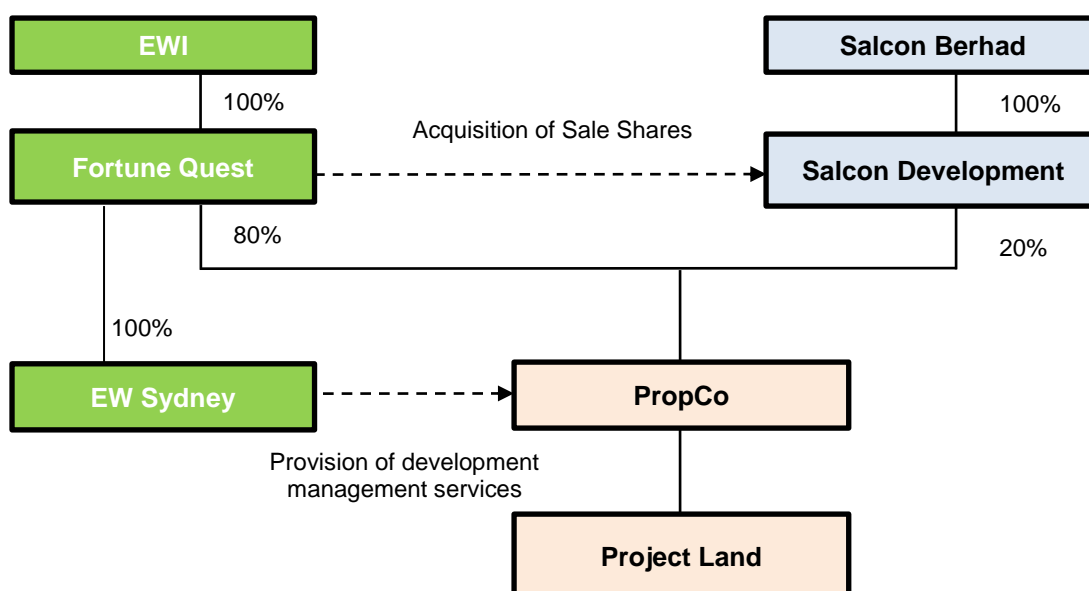
- (a) a shareholders’ agreement (“**Shareholders’ Agreement**”) between Fortune Quest, Salcon Development and the PropCo to regulate their respective rights and obligations as shareholders of the PropCo and to undertake the development of about 2,128 square metres of freehold lands at 16-22, Claremont Street, South Yarra, Victoria, 3141 Australia (“**Project Land**”) as a residential-led mixed use development (“**Claremont Street Project**”); and
- (b) a development management agreement (“**Development Management Agreement**”) between the PropCo and Eco World Sydney Development Pty Ltd (“**EW Sydney**”), a wholly-owned subsidiary of Fortune Quest, for the appointment of EW Sydney by the PropCo as the development manager for the planning, development, coordination and marketing of the Claremont Street Project.

The agreed form of the Shareholders’ Agreement and Development Management Agreement are attached to the Share SPA.

The transactions contemplated under the Share SPA, Shareholders’ Agreement and Development Management Agreement shall collectively be referred to as the “**Proposals**”.

Fortune Quest and Salcon Development are collectively referred to as “**Parties**” and individually as “**Party**”.

A diagrammatic structure of the Proposals is set out below:



Further details of the Proposals are set out in the following sections.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition involves the acquisition by Fortune Quest of the Sale Shares from Salcon Development for a total cash consideration of AUD120,000 in accordance with the Share SPA.

Further details of the PropCo are set out in Section 5 of this announcement.

2.1 Salient terms of the Share SPA

2.1.1 Conditions precedent

The Share SPA is conditional upon the fulfilment of the following conditions precedent ("**Conditions Precedent**"):

- (i) Salcon Development obtaining the approval of the shareholders of Salcon Berhad within the period of 4 months from the date of the Share SPA ("**Approval Period**");
- (ii) Salcon Development obtaining the approval of the PropCo's financier for the sale of Sale Shares within the Approval Period;
- (iii) Fortune Quest being satisfied with the results of its due diligence on the PropCo within 2 months from the date of the Share SPA; and
- (iv) the PropCo obtaining the consent from the relevant authority for amendment to the existing planning permit of the Project Land within the Approval Period.

The Share SPA shall become unconditional on the date on which the last Condition Precedent is fulfilled or waived in accordance with the terms and conditions therein ("**Unconditional Date**").

In the event that any of the Conditions Precedent is not satisfied by the relevant period or where capable of being waived, waived by the Party for whose benefit they are included, either Party shall have the right to terminate the Share SPA by written notice to the other Party.

2.1.2 Completion of the Share SPA

The Completion must take place within a period of 3 months from the Unconditional Date or such longer period as the Parties may mutually agree in writing ("**Completion Period**").

2.1.3 Advances

Salcon Development has made advances to the PropCo and may at anytime after the date of the Share SPA make further advances to the PropCo for the purpose of carrying the PropCo's business. Not later than 5 business days after the Unconditional Date, Salcon Development shall confirm in writing to Fortune Quest the total outstanding amount of the advances in AUD due and owing by the PropCo to Salcon Development as at the Unconditional Date. On Completion, Fortune Quest shall, for and on behalf of the PropCo, repay a sum equivalent to 80% of the total advances owing by the PropCo to Salcon Development and thereafter, the total advances owing by the PropCo to Salcon Development shall, unless otherwise agreed by the Parties, be capitalised into shares by the PropCo.

2.1.4 Default and termination

If either Party (i) commits a material breach under the Share SPA, and such breach shall not have been remedied within the prescribed period; or (ii) is subject of an insolvency event, the other Party shall be entitled to terminate the Share SPA, in which event, the Share SPA shall be null and void and be of no further effect and neither Party shall have any further claim against the other.

2.2 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration, among others, the following:

- (i) the net book value ("**NBV**") of the Project Land of AUD40,334,595 (equivalent to RM134,749,815) as at 31 March 2017, based on the latest unaudited accounts of the PropCo for the financial period ended 31 March 2017 ("**Unaudited FPE 31 March 2017**");
- (ii) the market value of the Project Land of AUD37,880,000 (equivalent to RM126,549,504) as at 10 March 2017 as appraised by Knight Frank Valuations – Victoria, Australia;
- (iii) the net liabilities of the PropCo of AUD831,236 (equivalent to about RM2,776,993), as at 31 March 2017, based on the Unaudited FPE 31 March 2017, which includes the repayment of advances of AUD14,114,192 (equivalent to about RM47,152,693), representing 80% of the total advances owing by the PropCo to Salcon Development as at 31 March 2017, and any further sum to be advanced up to and including the Unconditional Date as set out in Section 2.1.3 above ("**Repayment Sum**"); and
- (iv) the purchase consideration of AUD37,880,000 (equivalent to RM126,549,504) paid by the PropCo for the acquisition of the Project Land. The said acquisition was completed on 29 March 2017 ("**Initial Acquisition**").

The difference between the market value and the NBV of the Project Land set out above is mainly due to land transfer duty incurred in relation to the Initial Acquisition. The net liabilities of the PropCo based on the Unaudited FPE 31 March 2017 was mainly due to operational and administrative expenses incurred for the Claremont Street Project.

Based on EWI's 80% effective equity interest in the PropCo, the Purchase Consideration represents a premium of about AUD2.75 million (equivalent to about RM9.18 million), which comprise the following:

- (i) the effective revaluation deficit of about AUD1.96 million (equivalent to about RM6.56 million);
- (ii) the effective net liabilities of the PropCo of about AUD664,989 (equivalent to about RM2.22 million) as at 31 March 2017; and
- (iii) the Purchase Consideration of AUD120,000 (equivalent to RM400,896).

The Board is of the view that the Purchase Consideration is reasonable given the controlling interest that EWI would have in the PropCo and the prospects of the Project Land.

2.3 Settlement of Purchase Consideration and Repayment Sum

The Purchase Consideration and Repayment Sum shall be paid by Fortune Quest to Salcon Development within the Completion Period.

2.4 Source of funding

We expect to fund the Purchase Consideration and Repayment Sum via the proceeds raised from the initial public offering of EWI which was completed on 3 April 2017.

2.5 Liabilities to be assumed

Save as disclosed in Sections 2.1.3 and 2.3 and this Section 2.5, EWI, its subsidiaries and joint ventures ("**Group**") will not be assuming any liabilities (including contingent liabilities) arising from the Proposed Acquisition.

EWI and/or Fortune Quest may provide corporate guarantee(s) to secure any loan requirements of the PropCo to finance the Project Land and the development cost thereof, if required.

3. DETAILS OF THE SHAREHOLDERS' AGREEMENT

On Completion, Fortune Quest, Salcon Development and the PropCo will enter into the Shareholders' Agreement to regulate their relationship with one another as shareholders of the PropCo to undertake the development of the Claremont Street Project.

3.1 Salient terms of the Shareholders' Agreement

(i) Effective date, term and termination

The Shareholders' Agreement shall become effective on the date of the Shareholders' Agreement, which shall be entered on Completion. The Shareholders' Agreement shall continue to be in force and effect for an indefinite term until the PropCo is dissolved or the Shareholders' Agreement is terminated sooner in accordance with the terms therein.

(ii) Business of the PropCo

The business of the PropCo shall be to undertake the development of the Claremont Street Project.

(iii) Board of directors and chairman

The board of the PropCo shall consist of a maximum of 5 directors and each Party shall be entitled to nominate 1 director to the board for every 20% of the total issued ordinary share capital it holds.

For as long as Fortune Quest holds more than 50% of the total issued ordinary share capital of the PropCo, the chairman of the board shall be appointed by Fortune Quest from among the directors nominated by Fortune Quest. The chairman will not have a casting vote in addition to any vote as a director.

(iv) Reserved matters

Certain reserved matters have been set out in the Shareholders' Agreement which may only be passed by a resolution of the board of the PropCo with the affirmative votes of at least 1 director nominated by each of the Parties.

4. DETAILS OF THE DEVELOPMENT MANAGEMENT AGREEMENT

4.1 Effective date, term and termination

The Development Management Agreement shall become effective on the date of the Development Management Agreement which shall be entered into on Completion. The Development Management Agreement shall continue to be in force thereafter and shall terminate on the expiry of the period of 6 months from the issuance of the occupation certificate for the Claremont Street Project unless terminated earlier by the PropCo or EW Sydney in accordance with the terms therein.

4.2 Development management services

The services to be provided by EW Sydney as the development manager in respect of the Claremont Street Project shall broadly comprise the following:

- (i) project planning and control, conceptual design and planning as well as project implementation and administration; and
- (ii) coordination of sales, marketing, credit control, customer care, project accounting and general administration.

5. INFORMATION ON THE PROPCO

The PropCo is a proprietary limited company incorporated in Australia on 27 June 2016 and the principal activity of the PropCo is property development. As at 3 April 2017:

- (i) the issued share capital of the PropCo is AUD100.00 comprising 100 fully-paid ordinary shares;
- (ii) the directors of the PropCo are Saw Kee Guan, Law Woo Hock and Dato' Leong Kok Wah; and
- (iii) the PropCo is a wholly-owned subsidiary of Salcon Development, which in turn is a wholly-owned subsidiary of Salcon Berhad.

6. INFORMATION ON SALCON DEVELOPMENT

Salcon Development is a private limited company incorporated in Malaysia on 3 November 2006 under the Companies Act, 1965. The issued share capital of Salcon Development is RM1,000,000 comprising 1,000,000 ordinary shares.

Salcon Development is a wholly-owned subsidiary of Salcon Berhad and its principal activity is investment holding and contracting for property development project. As at 3 April 2017, the directors of Salcon Development are Tan Sri Dato' Tee Tiam Lee, Dato' Leong Kok Wah, Law Woo Hock and Jamiluddin Amini bin Sulaiman.

7. INFORMATION ON SALCON BERHAD

Salcon Berhad is a public limited liability company incorporated in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The company is principally engaged in investment holding activities.

While keeping on track in the water and wastewater business, Salcon Berhad ventured into 2 new business sectors, i.e. property development and technology services to diversify its income stream.

The board of directors of Salcon Berhad are as follows:

<u>Name</u>	<u>Nature of directorship</u>
Dato' Seri (Dr.) Goh Eng Toon	Chairman, Non-Independent, Non-Executive Director
Tan Sri Dato' Tee Tiam Lee	Executive Deputy Chairman
Dato' Leong Kok Wah	Executive Director
Dato' Dr. Freezailah bin Che Yeom	Independent Non-Executive Director
Dato' Choong Moh Kheng	Independent Non-Executive Director
Chan Seng Fatt	Independent Non-Executive Director

The substantial shareholders of Salcon Berhad as at 31 March 2017 are as follows:

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Naga Muhibah Sdn Bhd	66,709,600	10.387	-	-
Tan Sri Dato' Tee Tiam Lee	38,606,400	6.011	45,125,034 ⁽¹⁾	7.026
Dato' Seri (Dr.) Goh Eng Toon	2,300,000	0.358	66,709,600 ^{(2)(i), 2(ii)}	10.387
Datin Goh Phaik Lynn	-	-	66,709,600 ⁽²⁾⁽ⁱⁱ⁾	10.387
	-	-	300,000 ⁽³⁾	0.047
	-	-	3,600,000 ⁽⁴⁾	0.561
Dato' Leong Kok Wah	3,600,000	0.561	300,000 ⁽³⁾	0.047
			66,709,600 ⁽⁵⁾	10.387
Tee Xun Hao	156,000	0.024	45,125,034 ⁽¹⁾	7.026
Infra Tropika Sdn Bhd	45,125,034	7.026	-	-

Notes:

- (1) Deemed interested through the shares held in Infra Tropika Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (2) (i) Deemed interested through shares held by child (Datin Goh Phaik Lynn) in Naga Muhibah Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (ii) Deemed interested through shareholding in Naga Muhibah Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (3) Deemed interested through the shares held by children (Leong Yi Ping and Leong Yi Ming) pursuant to Section 8 of the Companies Act, 2016.
- (4) Deemed interested through the shares held by spouse (Dato' Leong Kok Wah) pursuant to Section 8 of the Companies Act, 2016.
- (5) Deemed interested through the shares held by spouse (Datin Goh Phaik Lynn) in Naga Muhibah Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

(Source: Salcon Berhad's management)

8. INFORMATION ON THE PROJECT LAND

The Project Land, which is situated about 5.3 kilometres southeast of the Melbourne central business district ("CBD"), is strategically positioned within close proximity to Chapel Street and Toorak Road. Chapel Street is famed as a vibrant and cosmopolitan shopping and entertainment precinct with over 1,000 shops offering a wide range of international and home-grown Australian branded fashion and retail, trendy eateries, fresh food and specialty stores as well as a host of other commercial facilities.

It enjoys excellent connectivity to public transportation serviced by regular tram operations along Chapel Street and Toorak Road and bus routes via Punt Road nearby. The South Yarra Station is also located within ready walking distance about 300 metres southwest of the Project Land.



There is an existing building located on the Project Land which is a converted warehouse commercial office building (“**Building**”). The Building was constructed in 1950s and has been periodically renovated and refurbished with an office conversion in 1990s. The Building comprises a basement level with 2 storeys above ground.

The estimated total gross building area of the Building is 2,566 square metres and the estimated net lettable area is 2,277 square metres. Currently, there is only 1 tenant leasing (i) an area of about 1,092 square metres on the first floor of the Building, and (ii) an area of about 217 square metres being an open space car park within the Project Land, for a lease term of 1 year from 1 July 2016 to 30 June 2017. The aggregate rental for the lease is AUD296,380 per annum plus goods and services tax (“**GST**”).

A summary of the Project Land is as follows:

Land description	<p>The Project Land comprises 3 contiguous titles occupying a regular shaped site situated to the eastern side of Claremont Street and western side of Daly Street.</p> <p>Details of the certificates of title are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Certificate of Title</th> <th style="text-align: left;">Lot No.</th> <th style="text-align: left;">Plan of Subdivision</th> </tr> </thead> <tbody> <tr> <td>Volume 7832 Folio 143</td> <td>Lot 31</td> <td>004308</td> </tr> <tr> <td>Volume 7832 Folio 144</td> <td>Lot 31</td> <td>004308</td> </tr> <tr> <td>Volume 8572 Folio 530</td> <td>Lots 28, 29, 30</td> <td>004308</td> </tr> </tbody> </table>			Certificate of Title	Lot No.	Plan of Subdivision	Volume 7832 Folio 143	Lot 31	004308	Volume 7832 Folio 144	Lot 31	004308	Volume 8572 Folio 530	Lots 28, 29, 30	004308
Certificate of Title	Lot No.	Plan of Subdivision													
Volume 7832 Folio 143	Lot 31	004308													
Volume 7832 Folio 144	Lot 31	004308													
Volume 8572 Folio 530	Lots 28, 29, 30	004308													
Postal address	16-22 Claremont Street, South Yarra, Victoria, 3141 Australia														
Land area	About 2,128 square metres														
Tenure	Freehold														

Category of land use/council zoning	Commercial 1 Zone – Schedule 1 The purpose of the Commercial 1 Zone is to create vibrant mixed used commercial centres for retail, office, business, entertainment and community uses and to provide for uses at densities complementary to the role and scale of the commercial centre.
Existing use	Carpark and office with estimated total gross building area of 2,566 square metres and estimated net lettable area of 2,277 square metres. As at 10 March 2017, the occupancy rate is 57.5% or 1,309 square metres.
Proposed use	Claremont Street Project
Expected commencement and completion dates for the Claremont Street Project	Construction commencement expected in the first half of 2018 and is estimated to be completed by the second half of 2020.
Estimated gross development value (“ GDV ”) of the Claremont Street Project	About AUD218.0 million (equivalent to about RM728.3 million) (exclusive of GST)
Status of approval	Planning permit no. 0541/15 has been issued by the Council of the City of Stonnington on 27 April 2016 (“ Planning Permit ”). Final plans have also been submitted to the Council of the City of Stonnington for endorsement, together with a request for minor amendments via secondary consent pursuant to the Planning Permit. Such endorsement and secondary consent are pending from the Council of the City of Stonnington.
NBV of the Project Land	AUD40,334,595 based on the Unaudited FPE 31 March 2017.
Encumbrances	The Project Land is mortgaged to United Overseas Bank Limited, Sydney Branch.

The Claremont Street Project is targeted to be launched in the second quarter of 2017 and is expected to be completed over the next 3 to 4 years. The GDV of the Claremont Street Project is estimated to be about AUD218.0 million (equivalent to about RM728.3 million) (exclusive of GST). The PropCo is currently in the initial stages of development planning and is unable to ascertain the expected development cost required for the proposed development at this juncture.

9. RATIONALE FOR THE PROPOSALS AND PROSPECTS OF THE PROJECT LAND

EWI has established its credentials as an international property developer of note through the success of its existing 3 projects in London and 1 in Sydney. These 4 projects involve the development of close to 3,200 units of apartments with a total GDV of RM12.96 billion. As at 31 January 2017, the Group has recorded sales of RM6.49 billion which is about 50% of the Group’s total GDV.

Following the successful listing of EWI on Bursa Securities on 3 April 2017, the Group is now poised to expand its business in its target markets in order to grow its development pipeline.

The Proposed Acquisition enables EWI, through the PropCo, to enter the highly sought-after Melbourne market and gain access to 2,128 square metres of prime land situated within South Yarra, one of the most popular residential suburbs of Victoria, located close to the fringe of the Melbourne CBD.

The Proposals provide an opportunity for the Group to work together with Salcon Berhad to create an outstanding residential-led mixed development that will suit both the lifestyle needs of local residents whilst offering a sound investment proposition for international buyers seeking to own an exclusive property just outside the fringe of the Melbourne CBD.

To be named Yarra One, the proposed development will comprise a 27-storey tower with 268 residential units complemented by a retail and office podium with the potential to deliver about AUD218.0 million (equivalent to about RM728.3 million) (exclusive of GST) in GDV. Pursuant to the Development Management Agreement, EW Sydney will also be appointed as the development manager for the project thus generating a new fee-based income stream for the Group.

The Proposed Acquisition is therefore consistent with the Group's strategy to seek good opportunities in selected matured international markets to expand its operations in line with the Group's ambitions to become a prominent global property player.

10. OVERVIEW AND OUTLOOK OF THE AUSTRALIAN PROPERTY MARKET

GDP growth is expected to pick up over 2017 to 2½ - 3½ per cent, supported by low interest rates, the diminishing drag on growth from falling resource investment and rising resource exports. In particular, liquefied natural gas exports are projected to add around ½ percentage point to GDP growth in each of 2017 and 2018.

Overall conditions in the established housing market have strengthened further, although there is significant variation across the country. Housing prices continue to rise briskly in Sydney and Melbourne, while housing prices have fallen further in Perth. The recent increases in housing loan approvals have been driven largely by investors and have resulted in housing credit growth picking up a little. At the same time, conditions in most apartment markets appear to be softening. A further considerable flow of new apartments is coming onto the market over the next year or so, primarily in the eastern capital cities. Past increases in supply are weighing on rents in most cities, especially in Perth and Brisbane, where economic conditions have been weaker and apartment prices are falling.

(Source: Statement on Monetary Policy dated 9 February 2017 prepared by the Reserve Bank of Australia)

Melbourne and Sydney residential markets have enjoyed a buoyant period from 2013 benefitting from the Reserve Bank's efforts to stimulate a low growth, low inflation economy. The August 2016 rate cut has reduced the official cash rate to 150 basis points reflecting an historical low. Over the current easing cycle banks have progressively increased their margin in response to the low growth environment and cost of overseas capital, together with Australian Prudential Regulation Authority (APRA) requirements to hold increased reserves.

In terms of growth, Sydney has been a stand out performer with the broader Melbourne markets also performing well. To date, 2016 has seen a flattening of growth in capital values for both the major Australian markets and inner and middle suburbs.

The “off the plan” Melbourne apartment market over 2016 has been erratic with investor dominated towers now slowing due to Foreign Investment Review Board (FIRB) lending restrictions at settlement and increased stamp duty imposts imposed by the state government. High quality owner occupier based developments now show good interest from down sizers, with many developers commenting on the need to combine apartments from the original plan. This is a major shift from foreign buyers being a major drivers in “off the plan” sales over the last 3 years to local owner occupiers of which there are fewer and more likely to take longer to secure.

The easing focus of the Reserve Bank of Australia (RBA) has been reflected in the longer term 5-year fixed rate for some time and culminated in a reduction of over 300 points since November 2010. The decrease of the 5-year fixed rate in early 2015 to its lowest historical level was a bellwether for the current low growth economy with the potential for interest rates to fall further, albeit the RBA may now use APRA to curb the flow of lending into the perceived inflated property market.

(Source: Valuation Report on 16-22 Claremont Street, South Yarra, Victoria, 3141 dated 10 March 2017 prepared by Knight Frank Valuations – Victoria, Australia)

11. RISK FACTORS

Below are some non-exhaustive risk factors that may be inherent to the Group in relation to the Proposals:

11.1 Non-completion risk

Completion of the Proposals is subject to among others, the fulfilment of the Conditions Precedent set out in the Share SPA. There is no guarantee that the Conditions Precedent will be fulfilled or the Proposed Acquisition will be completed within the timeframe stipulated in the Share SPA and at all. Any delay in the fulfilment of the Conditions Precedent or non-fulfilment thereof will lead to a delay in the completion or termination of the Proposals, respectively.

Nevertheless, the Board is confident that the Conditions Precedent will be met within the stipulated timeframe and will take all reasonable steps and exert all effort to obtain the necessary approvals to complete the Proposals in a timely manner.

11.2 Business risk

The Proposals are subject to risks inherent in the property development industry of which the Group is already involved in. Such risks may include, adverse changes in real estate market prices, changes in demand for types of residential and commercial properties, competition from other property developers, changes in economic, social and political condition, delay in completion of property development projects against the scheduled completion, performance of third-party sub-contractors, labour and material supply shortages, fluctuations in the prices of building materials and costs of labour charges and adverse changes in property tax assessments and other statutory charges. Any adverse change in such conditions may have an adverse material effect on the business of the PropCo.

The Parties and EW Sydney, as the development manager, will take measures to mitigate the above risks such as conducting market intelligence surveys, monitoring and adjusting development and marketing strategies in response to changing economic conditions and market demand, conducting continuous reviews of the operations of the business, closely monitoring the progress of the Claremont Street Project as well as leveraging on the experienced and capable management team of EWI and Salcon Berhad.

11.3 Funding and interest rate risk

The Group may seek external financing to fund the development of the Project Land. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investors' confidence in the Group or any restrictions imposed by the Government of Malaysia and political, social and economic conditions in Malaysia. There can be no assurance that the necessary financing will be available in amounts or on terms acceptable to the Group.

In addition, the Group could potentially be exposed to fluctuations in interest rates on such external debt financing obtained, leading to higher borrowing costs which may adversely affect the Group's future results of operations and financial performance as well as its ability to service future loan repayment obligations. Nevertheless, the Group shall continuously monitor and review its debt and equity funding mix, which includes taking into consideration its gearing level, interest costs as well as cash flows in achieving an overall optimal capital structure.

11.4 Risk of disputes between the Parties

Disputes may occur between Fortune Quest and Salcon Development regarding their relationship as shareholders of the PropCo, which the Parties may not be able to resolve amicably and in such circumstances, EWI will endeavor to resolve any dispute amicably.

In any event, Fortune Quest will, on Completion, have a majority of directors on the board of directors and given that most business and operation decisions will be decided by a simple majority, any dispute between Fortune Quest and Salcon Development is unlikely to have a significant effect on the business, financial condition, operation and prospect of the PropCo.

12 FINANCIAL EFFECTS OF THE PROPOSALS

12.1 Share capital and substantial shareholders' shareholdings

The Proposals are not expected to have any effect on the issued share capital and shareholdings of the substantial shareholders of EWI as it does not involve the issuance of ordinary shares in EWI ("**Shares**").

12.2 Net asset ("**NA**") per Share and gearing

For illustrative purposes only, based on the latest audited consolidated statement of financial position of EWI as at 31 October 2016 and on the assumption that the following transactions have been effected on that date:

- (i) the initial public offering and listing of EWI on the Main Market of Bursa Securities comprising the issuance, allotment and listing of 2,153,459,200 Shares at a price of RM1.20 ("**IPO**"), which was completed on 3 April 2017;
- (ii) the bonus issue of warrants in EWI ("**Warrants**") comprising the issuance, allotment and listing of 960,000,000 Warrants to all the shareholders of EWI on the basis of 2 Warrants for every 5 Shares held immediately after the IPO ("**Bonus Issue of Warrants**"), which was completed on 3 April 2017;
- (iii) the use of proceeds raised from the IPO ("**IPO Proceeds**") which have been earmarked for the repayment of the Group's debt, settlement of the acquisition of Eco World Investment Co Ltd, payment for expenses incurred for the IPO (part of which have been settled through the upfront deduction from the IPO Proceeds on 3 April 2017) and working capital and/or future land acquisitions, including the additional drawdown of bank borrowings and advances by shareholders which will be repaid using the IPO Proceeds; and

(events (i), (ii) and (iii) are collectively referred to as “**IPO Transactions**”, of which the adjustments relating to events that have been completed on 3 April 2017 were reviewed by the external auditors of EWI)

(iv) the Proposals,

the pro forma effects of these transactions on EWI’s consolidated NA, NA per Share and gearing are as follows:

	Audited as at 31 October 2016	After the IPO Transactions	After the IPO Transactions and Proposals⁽¹⁾
	(RM’000)	(RM’000)	(RM’000)
Share capital	246,541	2,590,293	2,590,293
Share premium	49,158	- ⁽²⁾	-
Warrant reserve	-	277,021	277,021
Exchange translation reserve	34,698	(12,666)	(12,666)
Accumulated losses	(222,514)	(277,456)	(290,342)
NA attributable to the owners of EWI	107,883	2,577,192	2,564,306
Non-controlling interests	4,788	4,788	4,226
Total equity/NA	112,671	2,581,980	2,568,532
No. of Shares in issue (‘000)	246,541	2,400,000	2,400,000
NA per Share attributable to the owners of EWI (RM)	0.44	1.07	1.07
Interest-bearing bank borrowings (RM’000)	923,867	47,891	131,163
Gearing (times) ⁽³⁾	8.20	0.02	0.05

Notes:

- (1) After netting-off expenses relating to the Proposals amounting to about RM12.89 million, 20% non-controlling interest in PropCo by Salcon Development amounting to about RM0.56 million and interest-bearing bank borrowings of PropCo amounting to AUD24.62 million (about RM83.27 million based on an exchange rate of AUD1.00 : RM3.3820, being the middle rate quoted by Bank Negara Malaysia at 5:00 p.m. on 31 March 2017).
- (2) After writing-off estimated IPO expenses of about RM12.54 million up to 31 January 2017 and transfer of unutilised share premium of RM36.62 million to share capital accounts pursuant to the Companies Act 2016, which came into effect since 31 January 2017.
- (3) Computed based on total interest-bearing bank borrowings over total equity/NA.

12.3 Earnings and earnings per share (“EPS”)

The Proposals are not expected to have any material effect on the earnings and EPS of the Group for the financial year ending 31 October 2017. Nevertheless, the Proposals are expected to contribute positively to the future earnings and EPS of the Group upon physical completion and handover of vacant possession of the units under the Claremont Street Project.

13. APPROVAL REQUIRED

The Proposals are not conditional upon any other corporate proposals of EWI and the Proposals do not require the approval of the shareholders of EWI.

The Proposals are conditional upon the approval of the shareholders of Salcon Berhad being obtained at an extraordinary general meeting to be convened.

14. PERCENTAGE RATIO FOR THE PROPOSALS

Based on the latest audited consolidated financial statements of EWI for the financial year ended 31 October 2016 and on the assumption that the IPO, Bonus Issue of Warrants and the upfront deduction of agreed IPO expenses from the IPO Proceeds have been effected on that date, the highest percentage ratio applicable to the Proposals under Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities (“**Listing Requirements**”) is 2.93%.

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

The Proposals are deemed to be related party transactions under Paragraph 10.08 of the Listing Requirements. Dato’ Leong Kok Wah is a major shareholder of EWI by virtue of his direct and indirect shareholdings in EWI (through his shareholdings in Syabas Tropikal Sdn Bhd, Sinarmas Harta Sdn Bhd, Eco World Development Group Berhad and Eco World Capital (International) Sdn Bhd).

Dato’ Leong Kok Wah is also an Executive Director and a major shareholder of Salcon Berhad by virtue of his direct shareholdings in Salcon Berhad as well as shareholdings held by his children (Leong Yi Ping and Leong Yi Ming) in Salcon Berhad and shareholdings held by his spouse in Salcon Berhad (through her shareholdings in Naga Muhibah Sdn Bhd).

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

As at the date of this announcement, save for the Proposals there are no other related party transactions transacted with Dato’ Leong Kok Wah (including persons connected to him) for the 12 months preceding the date of this announcement.

16. DIRECTORS’ STATEMENT

The Board, after having considered all aspects of the Proposals including but not limited to the following:

- (i) the salient terms of the Share SPA, including the Shareholders’ Agreement and Development Management Agreement;
- (ii) the rationale for the Proposals;
- (iii) the market value of the Project Land;
- (iv) the risk factors of the Proposals;
- (v) the financial effects of the Proposals; and
- (vi) the outlook and prospects of the Claremont Street Project,

and after careful deliberation, is of the opinion that the Proposals are in the best interest of EWI.

17. STATEMENT BY THE AUDIT COMMITTEE

After having considered all aspects of the Proposals including the prospects of the Project Land and the controlling interest that EWI would be acquiring, the Audit Committee formed the opinion that the terms of the Proposals are:

- (i) in the best interests of EWI;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interests of the minority shareholders of EWI.

18. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposals are expected to be completed by the second quarter of 2017.

19. DOCUMENTS FOR INSPECTION

The Share SPA (including the final agreed form of the Shareholders' Agreement and Development Management Agreement which are attached to the Share SPA) is available for inspection at the registered office of EWI at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 10 April 2017.