

THIS CIRCULAR TO SHAREHOLDERS OF ECO WORLD INTERNATIONAL BERHAD (“COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) has not perused the contents of this Circular prior to its issuance as the Company has been selected by Bursa Malaysia as a company qualified under the Green Lane Policy, which entitles certain privileges including the exemption of the need for pre-vetting of this Circular.

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



ECO WORLD INTERNATIONAL BERHAD

Registration No. 201301030020 (1059850-A)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”) AND PROPOSED NEW SHAREHOLDERS’ MANDATE FOR ADDITIONAL RRPT

AND

PART B

PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 117 OF THE COMPANIES ACT, 2016

The resolutions in respect of the above proposals will be tabled at the Tenth Annual General Meeting (“**10th AGM**”) of our Company which will be held as a virtual meeting at the Broadcast Venue.

The Notice of the 10th AGM, Proxy Form, Administrative Guide and this Circular to Shareholders are available online at the Company’s corporate website at <https://ecoworldinternational.com/investor-relations/general-meetings/>.

Date and time of the 10th AGM : Monday, 25 March 2024 at 10:30 a.m. or at any adjournment thereof

Broadcast Venue of the 10th AGM : EcoWorld Gallery @ Eco Grandeur
Lot 6232, Persiaran Mokhtar Dahari
Eco Grandeur
42300 Bandar Puncak Alam
Selangor Darul Ehsan, Malaysia

Online Meeting Platform : Securities Services e-Portal platform (“**SS e-Portal**”) at <https://sshshb.net.my/>

Last date and time for lodging of the Proxy Form : Saturday, 23 March 2024 at 10:30 a.m.

This Circular is dated 23 February 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions 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 International
Bursa Malaysia	:	Bursa Malaysia Securities Berhad
Capital Reduction FYE 2023	:	The reduction of the issued share capital of EcoWorld International of RM1,500.0 million which was completed on 3 August 2023
Circular	:	This circular to the shareholders of EcoWorld International in relation to the Proposed Shareholders' Mandate and Proposed Capital Reduction dated 23 February 2024
Director(s)	:	Shall have the meaning given in Section 2(1) of the Act, Section 2(1) of the Capital Markets and Services Act 2007 and for the purpose of the Proposed Shareholders' Mandate, includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a Director or a chief executive of our Group
EcoWorld-Ballymore Group	:	Collectively, EcoWorld-Ballymore Holding and its wholly-owned subsidiaries, namely Eco World-Ballymore Embassy Gardens Company Limited, Eco World-Ballymore Arrowhead Quay Company Limited, Eco World-Ballymore London City Island Company Limited, Eco World-Ballymore Asset Management Company Limited, Eco World-Ballymore Asset Management Company 2 Limited and Eco World-Ballymore Asset Management Company 3 Limited
EcoWorld-Ballymore Holding	:	Eco World-Ballymore Holding Company Limited, a 75% owned indirect joint venture of EcoWorld International
EcoWorld International or Company	:	Eco World International Berhad
EcoWorld International Group or Group	:	EcoWorld International, our subsidiaries and joint ventures
EcoWorld International Share(s) or Share(s)	:	Ordinary share(s) in EcoWorld International
EcoWorld London	:	Collectively, Be Eco World Investment Company Limited and its wholly-owned subsidiaries (direct and indirect) and Eco World London Development Company Limited, both being a 70% owned indirect joint venture of EcoWorld International
EPS	:	Earnings per share
FPE	:	Financial period ended / ending, as the case may be
FYE	:	Financial year ended / ending 31 October, as the case may be
GDV	:	Gross Development Value
Listing Requirements	:	Main Market Listing Requirements of Bursa Malaysia, as amended from time to time and any re-enactment thereof
London Projects	:	Collectively, Embassy Gardens Phase 2 project, Wardian London project and London City Island Phase 2 project
LPD	:	31 January 2024, being the latest practicable date prior to the date of this Circular

DEFINITIONS (Cont'd)

- Major Shareholder(s) : A person who has an interest or interests in one or more voting shares in our Company and the number or aggregate number of those shares, is:
- (a) 10% or more of the total number of voting shares in our Company; or
 - (b) 5% or more of the total number of voting shares in our Company where such person is the largest shareholder of our Company

For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act. A major shareholder includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a major shareholder of our Company or any other corporation which is our Company’s subsidiary, joint venture or holding company.

- NA : Net assets
- Person(s) Connected : Shall have the same meaning given in Paragraph 1.01 of the Listing Requirements
- Proposed Capital Reduction : Proposed reduction of the issued share capital of our Company of RM500.0 million pursuant to Section 117 of the Act
- Proposed New Shareholders’ Mandate : Proposed new shareholders’ mandate for additional Recurrent Related Party Transaction to be entered into by our Group from the date of the upcoming 10th AGM to the 11th AGM
- Proposed Renewal of Shareholders’ Mandate : Proposed renewal of shareholders’ mandate for existing Recurrent Related Party Transactions to be entered into by our Group from the date of the upcoming 10th AGM to the 11th AGM
- Proposed Shareholders’ Mandate : Collectively, the Proposed Renewal of Shareholders’ Mandate and Proposed New Shareholders’ Mandate
- Recurrent Related Party Transaction(s) : Related Party Transaction(s) involving recurrent transactions of a revenue or trading nature that are necessary for the day-to-day operations and are in the ordinary course of business of our Group
- Related Party(ies) : Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s)
- Related Party Transaction(s) : Transaction(s) entered into by our Group which involve(s) the interest, direct or indirect, of the Related Party(ies)
- UK : The United Kingdom

Currency

- AUD** : Australian Dollar, the lawful currency of Australia
- GBP or £** : British Pound, the lawful currency of the United Kingdom
- RM and sen** : Ringgit Malaysia and sen respectively, the lawful currency of Malaysia

All references to “**our Company**” in this Circular are to EcoWorld International, and references to “**our Group**” are to our Company, our subsidiaries and joint ventures. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context otherwise requires, shall include our subsidiaries and joint ventures. All references to “**you**” or “**your**” in this Circular are to our shareholders.

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

DEFINITIONS (Cont'd)

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancies in the figures in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

This Circular contains translation of certain GBP or £ and AUD amounts into RM at specified rates. No representation is made that the GBP or £ and AUD amounts referred to in this Circular could have been or could actually be converted into RM amounts, at the rates indicated or at all. Unless otherwise indicated, the translations of GBP or £ and AUD were made based on the exchange rates of GBP or £1.00 : RM6.0027 and AUD1.00 : RM3.1163, being the 5.00 p.m. middle rates as set forth in the statistical release of Bank Negara Malaysia as at 31 January 2024.

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 enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group's plans and objectives will be achieved.

(The rest of this page has been intentionally left blank)

TABLE OF CONTENTS

PART A**LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE CONTAINING:**

	PAGE
1. INTRODUCTION.....	1
2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE.....	2
3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE	8
4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE.....	9
5. APPROVAL REQUIRED.....	9
6. INTERESTS OF DIRECTORS AND/OR MAJOR SHAREHOLDERS	9
7. OPINION AND RECOMMENDATION FROM DIRECTORS	9
8. DETAILS OF THE 10 TH AGM.....	10
9. FURTHER INFORMATION.....	10

PART B**EXECUTIVE SUMMARY** **11****LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED CAPITAL REDUCTION CONTAINING:**

1. INTRODUCTION.....	15
2. DETAILS OF THE PROPOSED CAPITAL REDUCTION.....	16
3. RATIONALE AND JUSTIFICATION OF THE PROPOSED CAPITAL REDUCTION	17
4. EFFECTS OF THE PROPOSED CAPITAL REDUCTION	20
5. APPROVALS REQUIRED	21
6. CONDITIONALITY OF THE PROPOSED CAPITAL REDUCTION	21
7. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	21
8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, PRESIDENT AND CHIEF EXECUTIVE OFFICER AND/OR PERSONS CONNECTED WITH THEM.....	21
9. DIRECTORS' STATEMENT AND RECOMMENDATION	21
10. ESTIMATED TIMEFRAME FOR COMPLETION.....	22
11. DETAILS OF THE 10 TH AGM.....	22
12. FURTHER INFORMATION.....	23

TABLE OF CONTENTS (Cont'd)

APPENDICES

APPENDIX I	-	ADDITIONAL INFORMATION
APPENDIX II	-	EXTRACT NOTICE OF THE 10 TH AGM
NOTICE OF AGM	-	ENCLOSED IN THE INTEGRATED ANNUAL REPORT 2023
PROXY FORM	-	ENCLOSED IN THE INTEGRATED ANNUAL REPORT 2023

(The rest of this page has been intentionally left blank)

PART A

**LETTER TO SHAREHOLDERS IN RELATION TO THE
PROPOSED SHAREHOLDERS' MANDATE**



ECO WORLD INTERNATIONAL BERHAD
Registration No. 201301030020 (1059850-A)
(Incorporated in Malaysia)

Registered Office:

Unit No. 19-01, Menara The Stride
Bukti Bintang City Centre
No. 2, Jalan Hang Tuah
55100 Kuala Lumpur
Wilayah Persekutuan
Malaysia

23 February 2024

Board of Directors:

Mr Cheah Tek Kuang (*Independent Non-Executive Chairman*)
Tan Sri Dato' Sri Liew Kee Sin (*Executive Vice Chairman/Executive Director*)
Dato' Teow Leong Seng (*President & Chief Executive Officer/Executive Director*)
Tan Sri Datuk Dr Rebecca Fatima Sta Maria (*Senior Independent Non-Executive Director*)
Datuk Heah Kok Boon (*Non-Independent Non-Executive Director*)
Mr Cheng Hsing Yao (*Non-Independent Non-Executive Director*)
Mr Andrew Chew Kwang Ming (*Non-Independent Non-Executive Director*)
Dato' Siow Kim Lun (*Independent Non-Executive Director*)
Dato' Kong Sooi Lin (*Independent Non-Executive Director*)
Ms Pauline Wong Wan Voon (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

At our 9th AGM held on 30 March 2023, we had obtained shareholders' mandate for our Group to enter into Recurrent Related Party Transactions on terms that are not more favourable to the Related Parties than those generally available to the public. The authority conferred by the existing shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of our upcoming 10th AGM unless authority for its renewal is obtained from our shareholders at our upcoming 10th AGM.

In relation thereto, we had on 6 February 2024 announced our intention to seek our shareholders' approval for the Proposed Shareholders' Mandate at our upcoming 10th AGM.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED SHAREHOLDERS' MANDATE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE UPCOMING 10TH AGM OF OUR COMPANY. THE NOTICE OF THE 10TH AGM TOGETHER WITH THE PROXY FORM ARE AVAILABLE ONLINE AT THE COMPANY'S CORPORATE WEBSITE AT [HTTPS://ECOWORLDINTERNATIONAL.COM/INVESTOR-RELATIONS/GENERAL-MEETINGS/](https://ecoworldinternational.com/investor-relations/general-meetings/).

An extract of the ordinary resolution in respect of the Proposed Shareholders' Mandate is set out in **Appendix II** of this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE 10TH AGM OF OUR COMPANY.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Introduction

Pursuant to Part E, Paragraph 10.09 of Chapter 10 of the Listing Requirements, our Company may seek our shareholders' mandate with regards to Recurrent Related Party Transactions subject to, among others, the following:

- (i) the transactions are in the ordinary course of business of our Group and are on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the Integrated Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
 - (a) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1.0 million or more; or
 - (b) any one of the percentage ratios of a Recurrent Related Party Transaction is 1% or more,whichever is higher;
- (iii) the circular to our shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Malaysia;
- (iv) in a meeting to obtain the shareholders' mandate, the interested Related Parties must not vote on the resolution approving the transactions and an interested Director or interested Major Shareholder must ensure that Persons Connected with them abstain from voting on the resolution approving the transaction; and
- (v) our Company to immediately announce to Bursa Malaysia when the actual value of a Recurrent Related Party Transaction entered into by our Company exceeds the estimated value of the Recurrent Related Party Transaction disclosed in this Circular by 10% or more, based on the relevant currency in which such transaction is denominated and must include the information as may be prescribed by Bursa Malaysia in its announcement.

As disclosed in Section 2.2(i)(b) of this Circular, the estimated value of the transactions for this category cannot be ascertained given the various types of properties sold by our Group with prices which vary from project to project and that the Directors and/or Persons Connected with them who intend to purchase the properties sold by our Group could not be ascertained at this juncture. However, in accordance with Paragraph 3.3(a) of Practice Note 12 of the Listing Requirements, any one of the percentage ratios of the transaction cannot exceed 10%.

In addition, as disclosed in Section 2.4 of this Circular, our Group has established various procedures to monitor the Recurrent Related Party Transactions to ensure that the percentage ratios of the total purchases by the Related Parties do not exceed 10% in accordance with Paragraph 3.3(a) of Practice Note 12 of the Listing Requirements.

The principal activity of our Company is investment holding whilst our subsidiaries and joint ventures are principally involved in, among others, real estate development, property management, development management, development and sale of residential dwellings, investment holding, provision of advisory and project monitoring services, and promoting and marketing services for international projects.

It is envisaged that in the ordinary course of our Group's businesses, transactions of a revenue or trading nature between companies in our Group and the Related Parties are likely to occur, and are necessary for day-to-day operations.

In this respect, our Company is seeking approval from our shareholders for the Proposed Shareholders' Mandate which will allow our Group, in the ordinary course of business, to enter into the categories of Recurrent Related Party Transactions disclosed in Section 2.2 of this Circular with the Related Parties, provided that such transactions are made at arm's length, on our Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of our Company.

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate, if approved, shall take effect from and including 25 March 2024, being the date of the upcoming 10th AGM, and shall continue to be in force until:

- (i) the conclusion of the next AGM of our Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

Further disclosures, which includes the breakdown of the aggregate value of the Recurrent Related Party Transactions made during the FYE 2023 pursuant to the Proposed Shareholders' Mandate, will be made in our Integrated Annual Report 2023 in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements based on the following information:

- (i) type of Recurrent Related Party Transactions made; and
- (ii) names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with our Company.

Details of the Recurrent Related Party Transactions of our Group pursuant to Paragraph 10.09(1) of the Listing Requirements are set out in the ensuing paragraphs.

2.2 Classes of Related Parties and Nature of Recurrent Related Party Transactions

The classes of Related Parties and nature of the Recurrent Related Party Transactions which have been entered into and are to be entered into by our Group are detailed as follows:

(i) Proposed Renewal of Shareholders' Mandate

	Transacting party within our Group	Transacting Related Parties	Nature of transaction	Estimated value from 9 th AGM to 10 th AGM ('000) ⁽¹⁾	Actual value from 9 th AGM up to the LPD ('000)	Estimated value from 10 th AGM to 11 th AGM ('000) ⁽²⁾	Nature of relationship between our Group and the Related Parties
(a)	EcoWorld-Ballymore Group	Whistleglade Limited	Provision of sales and marketing services to EcoWorld-Ballymore Group in relation to the London Projects	GBP4,500 (equivalent to RM27,010)	GBP2,955 (equivalent to RM17,738)	GBP1,070 (equivalent to RM6,420)	<ul style="list-style-type: none"> Sean Martin Mulryan is the ultimate shareholder of ACE Investment Holdings Limited ("AIHL"), which owns 25.0% equity interest of EcoWorld-Ballymore Holding
		Ballymore Development Management Limited (" Ballymore Development ")	Provision of completions and occupation management services to EcoWorld-Ballymore Group in relation to the London Projects	GBP2,230 (equivalent to RM13,390)	GBP2,047 (equivalent to RM12,288)	GBP180 (equivalent to RM1,080)	<ul style="list-style-type: none"> He is also the ultimate owner of Whistleglade Investments Limited ("Whistleglade")
		Ballymore Asset Management Limited (" BAML ")	Provision of property/estates management services to EcoWorld-Ballymore Group in relation to the London Projects	GBP250 (equivalent to RM1,500)	GBP67 (equivalent to RM402)	GBP10 (equivalent to RM60)	<ul style="list-style-type: none"> Whistleglade Limited, Ballymore Development and Ballymore Construction are wholly-owned subsidiaries of Whistleglade
		Ballymore Construction Services Limited (" Ballymore Construction ")	Provision of after-care services to EcoWorld-Ballymore Group in relation to the London Projects	GBP1,540 (equivalent to RM9,240)	GBP974 (equivalent to RM5,847)	GBP1,020 (equivalent to RM6,120)	<ul style="list-style-type: none"> BAML is a wholly-owned subsidiary of Ballymore Limited, which the latter is ultimately controlled by Sean Martin Mulryan

	Transacting party within our Group	Transacting Related Parties	Nature of transaction	Estimated value from 9 th AGM to 10 th AGM ('000) ⁽¹⁾	Actual value from 9 th AGM up to the LPD ('000)	Estimated value from 10 th AGM to 11 th AGM ('000) ⁽²⁾	Nature of relationship between our Group and the Related Parties
	EcoWorld-Ballymore Group (<i>Cont'd</i>)	Ballymore Development	Provision of corporate services to EcoWorld-Ballymore Group	GBP400 (equivalent to RM2,400)	GBP325 (equivalent to RM1,951)	-	
		BAMIL	Provision of stock maintenance and flushing services to EcoWorld-Ballymore Group	GBP270 (equivalent to RM1,620)	GBP258 (equivalent to RM1,549)	GBP80 (equivalent to RM480)	
(b)	EcoWorld International Group	Directors and/or Persons Connected with them	Any sale of land or land based properties to Directors and/or Persons Connected with them in the ordinary course of business is not more than 10% of any one of the percentage ratios in the Listing Requirements	See Note (3) below	See Note (4) below	See Note (3) below	Directors and/or Persons Connected with them who intend to purchase the properties sold by our Group could not be ascertained at this juncture
Total				GBP9,190⁽⁴⁾ (equivalent to RM55,160)	GBP6,626 (equivalent to RM39,775)	GBP2,360 (equivalent to RM14,160)	

(ii) Proposed New Shareholders' Mandate

	Transacting party within our Group	Transacting Related Parties	Nature of transaction	Estimated value from 10 th AGM to 11 th AGM ('000) ⁽²⁾	Nature of relationship between our Group and the Related Parties
(a)	Eco World London Development Company Limited ("DMCo")	Willmott Dixon Holdings Limited ("Willmott Dixon")	Provision of corporate services to EcoWorld London	GBP2,600 (equivalent to RM15,600)	<ul style="list-style-type: none"> Hardwicke Investments Limited is the ultimate controlling shareholder of Walsworth Limited Walsworth Limited owns 75% equity in Willmott Dixon and Be Living Holdings Limited DMCo is 30% owned by Be Living Holdings Limited, which the latter is ultimately controlled by Hardwicke Investments Limited

Notes:

- (1) Estimated value as disclosed in the preceding year's Circular to Shareholders dated 28 February 2023.
- (2) Due to the nature of the transactions, the actual value of the transactions may vary and are subject to change from the estimated value disclosed above.
- (3) The estimated value of the transactions for this category cannot be ascertained given the various types of properties sold by our Group with prices which vary from project to project. However, our Group is guided by the provision of Paragraph 3.3(a) of Practice Note 12 of the Listing Requirements, which allows our Company to procure its shareholders' mandate for disposal of land or land-based property provided that the transaction is a Recurrent Related Party Transaction and any one of the percentage ratios is not more than 10% based on the relevant currency in which such transaction is denominated. Our Group has established various procedures to monitor the Recurrent Related Party Transactions to ensure that any one of the percentage ratios of the total purchases by the Related Parties do not exceed 10% and will be carried out at arm's length, on transaction prices and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.
- (4) There was no sale of land or land-based properties to the Related Parties during the period.

2.3 Amounts due and owing by Related Parties to our Group

As at the LPD, there were no amounts due and owing by the Related Parties to our Group under the Recurrent Related Party Transactions which exceeded the credit term.

2.4 Review Procedures in relation to Recurrent Related Party Transactions

Our Group has established various procedures to ensure that the Recurrent Related Party Transactions are conducted at arm's length and on normal commercial terms, which are consistent with our Group's normal business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of our Company.

The Recurrent Related Party Transactions will be undertaken based on prevailing market rates in accordance with normal commercial terms, business practices and policies or otherwise in accordance with the applicable industry norms/considerations. There is no specific threshold for approval of Recurrent Related Party Transactions within our Group.

To monitor the Recurrent Related Party Transactions, the procedures established by our Group are as follows:

- (i) a list of Related Parties will be circulated within our Group to notify that all Recurrent Related Party Transactions are required to be undertaken at arm's length and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public. These include transacting at prevailing market rates/prices of the products on service providers' usual commercial terms or in accordance with the applicable industry norm. Transactions refer to both sales and purchases of products or provision of services involving our Group;
- (ii) any tender, quotation or contract received from or proposed to be entered into with a Related Party will not be approved unless the terms offered are comparable to those offered by unrelated parties for the same or substantially similar type of transactions;
- (iii) records will be maintained by our Company to capture all Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to. As disclosed in Section 2.2(i)(b) of this Circular, the estimated value of the transactions in this category cannot be ascertained given the various types of properties sold by our Group with prices which vary from project to project and that the Directors and/or Persons Connected with them who intend to purchase the properties sold by our Group could not be ascertained at this juncture. Our Company will monitor all transactions to ensure that any one of the percentage ratios of the transactions do not exceed 10% in accordance with Section 3.3(a) of Practice Note 12 of the Listing Requirements;
- (iv) our internal auditor shall periodically review the guidelines and procedures in respect of all Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate and ascertain that the guidelines and procedures have been complied with;
- (v) the Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Recurrent Related Party Transactions have been complied with and the review shall be done every quarter together with the review of the quarterly results;
- (vi) disclosure will be made in the Integrated Annual Report of our Company of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, in accordance with the provisions of Paragraph 10.09, Chapter 10 and Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements;
- (vii) the Audit Committee has reviewed and shall continue to review the adequacy and appropriateness of the procedures as and when required, with the authority to delegate to individuals or committees within our Company as they deem appropriate; and

- (viii) at least two other contemporaneous transactions with unrelated 3rd parties for similar products or services will be used as comparison, whenever possible, to determine whether the price and terms offered to the Related Parties are fair and reasonable and comparable to those offered to other unrelated 3rd parties for the same or substantially similar type of products or services. In the event that comparative pricing from unrelated 3rd parties cannot be obtained, our Group will rely on the prevailing market norms and practices taking into account the efficiency, quality and type of products or services to be provided to ensure that the Recurrent Related Party Transactions are not detrimental to our Group.

Where any Director has an interest (direct or indirect) in any Recurrent Related Party Transaction, such Director shall abstain from deliberation and voting on the matter. The interested Directors shall also abstain from deliberating at Board meetings in respect of the Recurrent Related Party Transactions in which they or Persons Connected with them are interested.

Pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain shareholders' approval for the Proposed Shareholders' Mandate, the interested Directors, interested Major Shareholders or interested Persons Connected with a Director or Major Shareholder; and where it involves the interest of an interested Person Connected to a Director and/or Major Shareholder, such Director or Major Shareholder must abstain from voting on the resolution approving the transactions. An interested Director or interested Major Shareholder must also ensure that Persons Connected with him/her abstain from voting on the resolution approving the transactions.

2.5 Audit Committee Statement

The Audit Committee of our Company has considered the procedures mentioned above and is of the view that:

- (i) the procedures are sufficient to ensure that the Recurrent Related Party Transactions are conducted at arm's length and on normal commercial terms which are consistent with our Group's normal business practices and policies and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of our Company; and
- (ii) our Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner. Such procedures and processes are reviewed by the Audit Committee and/or the management on a yearly basis and as and when required.

3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Recurrent Related Party Transactions that are set out in Section 2.2 of this Circular are in the ordinary course of business and intended to meet the business needs of our Group on the best possible terms and represent sound business decisions which are taken for legitimate and bona fide business purposes which will enhance our Group's ability to explore beneficial business opportunities within our Group and its joint venture partners.

The Proposed Shareholders' Mandate, if approved by the shareholders, will eliminate the need to make announcements to Bursa Malaysia or to convene separate general meetings from time to time to seek shareholders' approval as and when Recurrent Related Party Transaction(s) with the specified classes of Related Parties arise. This will reduce substantially the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow manpower resources and time to be focused on attaining our Group's corporate objectives and business opportunities.

The Proposed Shareholders' Mandate, is intended to facilitate transactions entered into in the ordinary course of business of our Group which are transacted from time to time with the Related Parties at arm's length, on our Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of our Company.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the share capital and the Major Shareholders' shareholdings in our Company, and is not expected to have any material effect on the NA, gearing and earnings of our Group for the FYE 2024.

5. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of our shareholders at the 10th AGM of our Company to be convened or any adjournment thereof.

6. INTERESTS OF DIRECTORS AND/OR MAJOR SHAREHOLDERS

The direct and indirect interests of the interested Directors and/or Major Shareholders in EcoWorld International Shares as at the LPD are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Interested Director and Major Shareholder				
Tan Sri Dato' Sri Liew Kee Sin	246,540,798	10.27	44,766,400 ⁽¹⁾	1.87
Interested Directors				
Cheah Tek Kuang	3,000,000	0.13	-	-
Dato' Teow Leong Seng	15,263,000	0.64	-	-
Tan Sri Datuk Dr Rebecca Fatima Sta Maria	-	-	5,000,000 ⁽³⁾	0.21
Datuk Heah Kok Boon	100,000	⁽²⁾	-	-
Cheng Hsing Yao	-	-	-	-
Andrew Chew Kwang Ming	2,000	⁽²⁾	-	-
Dato' Siow Kim Lun	2,000,000	0.08	-	-
Dato' Kong Sooi Lin	-	-	-	-
Pauline Wong Wan Voon	-	-	-	-

Notes:

(1) *Deemed interest by virtue of his interest in Eco World Development Holdings Sdn Bhd pursuant to Section 8 of the Act and indirect interest by virtue of his spouse's and child's interests in our Company pursuant to Section 59(11)(c) of the Act.*

(2) *Negligible*

(3) *Deemed interested by virtue of her spouse's interest in our Company pursuant to Section 59(11)(c) of the Act.*

The above interested Directors and Major Shareholder have and will continue to abstain from Board deliberations on the entry of the Recurrent Related Party Transactions under Section 2.2(i)(b) of this Circular and voting of the Proposed Shareholders' Mandate in respect of their direct and/or indirect shareholdings in EcoWorld International at the 10th AGM to be convened.

In addition, the above interested Directors and Major Shareholder have undertaken and will ensure that the Persons Connected with them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in EcoWorld International on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the 10th AGM of our Company.

7. OPINION AND RECOMMENDATION FROM DIRECTORS

All the Directors who are deemed interested in respect of the Recurrent Related Party Transactions under Section 2.2(i)(b) of this Circular, have abstained from expressing an opinion and any recommendation to the shareholders in respect thereof.

The Board, having considered all aspects of the Proposed Shareholders' Mandate is of the opinion that the Proposed Shareholders' Mandate (except on the entry of the Recurrent Related Party Transaction under Section 2.2(i)(b) of this Circular) is in the best interest of our Company and recommend that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the 10th AGM of our Company.

8. DETAILS OF THE 10TH AGM

The 10th AGM will be conducted virtually through live streaming and online remote voting using the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E-Solutions Sdn Bhd via SS e-Portal at the Broadcast Venue at EcoWorld Gallery @ Eco Grandeur, Lot 6232, Persiaran Mokhtar Dahari, Eco Grandeur, 42300 Bandar Puncak Alam, Selangor Darul Ehsan, Malaysia on Monday, 25 March 2024 at 10.30 a.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 Shareholders' Mandate under Special Business. The Notice of the 10th AGM is available online at the Company's corporate website at <https://ecoworldinternational.com/investor-relations/general-meetings/>.

With the RPV, you may exercise your right as a member of the Company to participate and vote remotely at the 10th AGM. Alternatively, you may also appoint proxy(ies) or the Chairman of the 10th AGM as your proxy to attend and vote on your behalf at the 10th AGM. The Proxy Form is available online at the Company's corporate website at <https://ecoworldinternational.com/investor-relations/general-meetings/>.

The appointment of proxy may be made in the form of hardcopy or by electronic means as specified below and must be received by the Poll Administrator, SS E-Solutions Sdn Bhd no later than Saturday, 23 March 2024 at 10.30 a.m. or any adjournment thereof:

(i) In hardcopy form

Deposited at the office of the Poll Administrator, SS E-Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(ii) By electronic means

Alternatively, the instrument appointing the proxy may also be lodged electronically via SS e-Portal at <https://sshbsb.net.my/> or by fax to +603-2094 9940 or by email to eservices@sshbsb.com.my.

If you have submitted your proxy form(s) prior to the 10th AGM and subsequently decide to appoint another person or wish to personally participate in the 10th AGM via RPV facilities, please write in to eservices@sshbsb.com.my to revoke the earlier appointed proxy(ies) no later than Saturday, 23 March 2024 at 10.30 a.m. or any adjournment thereof.

9. FURTHER INFORMATION

You are advised to refer to the attached **Appendix I** for further information.

Yours faithfully,
For and on behalf of the Board of
ECO WORLD INTERNATIONAL BERHAD

CHEAH TEK KUANG
Independent Non-Executive Chairman

PART B

**LETTER TO SHAREHOLDERS IN RELATION TO THE
PROPOSED CAPITAL REDUCTION**

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE SALIENT INFORMATION CONTAINED IN THE MAIN CONTENTS OF PART B OF THIS CIRCULAR. PLEASE READ THE ENTIRE PART B OF THIS CIRCULAR CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED CAPITAL REDUCTION BEFORE VOTING AT OUR UPCOMING 10TH AGM.

Salient information	Description	Reference to Circular
Details of the Proposed Capital Reduction	<p>On 19 June 2023, the shareholders of our Company approved the Capital Reduction FYE 2023.</p> <p>The credit arising from the Capital Reduction FYE 2023 was utilised to eliminate all our accumulated losses as at 3 August 2023 and the remaining balance credited into the retained earnings account of our Company. This, in turn, enabled us to declare an first interim dividend of RM792.0 million representing RM0.33 per Share ("First Interim Dividend FYE 2023") and a final dividend of RM144.0 million representing RM0.06 per Share ("Final Dividend FYE 2023") in August 2023 and December 2023, respectively.</p> <p>The Proposed Capital Reduction entails a further reduction of RM500.0 million of the issued share capital of our Company pursuant to Section 117 of the Act. With our Company and our Group having recorded retained earnings balances of approximately RM530.5 million and RM478.2 million respectively as at 31 October 2023, the entire credit arising from the Proposed Capital Reduction is expected to be credited to the retained earnings account of our Company. The enlarged retained earnings amount may be utilised for dividend distributions, subject to compliance with all applicable laws and regulations at the material points in time.</p> <p>An illustration of the effects of the Proposed Capital Reduction leading to RM886.3 million and RM834.0 million in enlarged retained earnings of our Company and our Group respectively as at 31 October 2023 is set out in greater detail in Section 2 of this Circular.</p> <p>Following completion of the Proposed Capital Reduction, we intend to declare a first tranche of dividend amounting to at least RM144.0 million ("First Tranche Dividend FYE 2024"). The date for the declaration of the First Tranche Dividend FYE 2024 will be determined and announced at a later date subject to completion of the Proposed Capital Reduction and our Company's compliance with all applicable laws and regulations relating to dividend distribution at such point in time.</p> <p>FOR THE AVOIDANCE OF DOUBT, THE PROPOSED CAPITAL REDUCTION IS BEING CONTEMPLATED SOLELY TO FACILITATE AND ENHANCE OUR ABILITY TO DECLARE AND PAY DIVIDENDS IN THE FUTURE, SUBJECT TO COMPLIANCE WITH ALL LEGAL AND REGULATORY REQUIREMENTS AT THE MATERIAL POINT IN TIME. IT DOES NOT FOR ALL INTENTS AND PURPOSES CONSTITUTE A DECLARATION OF DIVIDEND BY OUR COMPANY UNDER PARAGRAPH 8.26 OF THE LISTING REQUIREMENTS.</p>	Section 2

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description	Reference to Circular
Rationale and justification of the Proposed Capital Reduction	<p>Following completion of the Capital Reduction FYE 2023 in August 2023, our Company had, pursuant to the First Interim Dividend FYE 2023 and the Final Dividend FYE 2023, declared a total of RM936.0 million in dividends to our shareholders and made payments in respect of the same in September 2023 and January 2024, respectively. By doing so, we have surpassed the targeted distribution amount of RM900.0 million announced on 15 December 2022 thus achieving our objective of undertaking the Capital Reduction FYE 2023..</p> <p>Meanwhile, challenging conditions continue to persist in the UK real estate market as high interest rates and elevated cost of living dampen the purchasing power of homebuyers. In a bid to curb inflation in the UK, there remains a risk of further interest rate hikes. In view of the ongoing weak market sentiment and significant construction cost inflation in the UK, all new launches at our remaining sites continue to be put on hold pending feasibility reviews. We will only consider proceeding with new launches when market conditions improve, cost pressures stabilise and expected returns that meet the Group's requirements can be forecasted with greater certainty.</p> <p>After taking into consideration our reduced working capital and funding requirements and given the limited development opportunities on the horizon, our Group will continue to focus on monetising completed stocks with the aim of returning excess cash available to shareholders in 2024 and 2025.</p> <p>Our Board has set an internal sales target of approximately RM850.0 million for FYE 2024 ("Internal Sales Target") comprising sales of completed and nearly completed stocks in the UK and Australia, in respect of which our Group's effective share is approximately RM640.0 million.</p> <p>Subject to the shareholders approving the Proposed Capital Reduction and our Group achieving the Internal Sales Target and being able to meet the relevant legal and regulatory requirements at the material points in time and after setting aside funds for our Group's estimated working capital and funding requirements, we are targeting to distribute dividends of up to RM504.0 million, representing RM0.21 per Share, in 2024 to 2025 ("Targeted Distribution Amount").</p> <p>Therefore, the Proposed Capital Reduction will enable the creation of a reasonable amount of retained earnings for our Company to facilitate and enhance our ability to declare and pay dividends in the future in anticipation of the progressive receipt of future cash proceeds from our joint venture companies and subsidiaries following sales of the completed stocks.</p> <p>For information purposes, the Proposed Capital Reduction of RM500.0 million was arrived at after taking into account the following considerations:</p>	Section 3

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description	Reference to Circular
	<ul style="list-style-type: none">the resultant pro forma retained earnings of our Company, after accounting for the Final Dividend FYE 2023, of approximately RM386.5 million as at 31 October 2023 being insufficient to facilitate declaration of dividends equivalent to the Targeted Distribution Amount ;to provide additional headroom for further declaration of dividends by our Company in the future in excess of the Targeted Distribution Amount subject to, amongst others, the working capital and funding requirements of our Group as well as compliance with all legal and regulatory requirements at the material points in time; andto avoid having to seek multiple shareholders' approvals for multiple share capital reduction exercises in the future, resulting in delays in distributing excess cash available to shareholders, making it costly and inefficient. <p>Notwithstanding the completion of our existing real estate development projects in the UK, our Group will continue to have presence in the UK via our joint venture, Eco World London.</p> <p>Given our Group's gearing position which is close to nil[^] and proven track record of completion and delivery of sizeable projects in the UK, we are well-positioned to take advantage of development opportunities in the UK when the market recovers.</p> <p><i>[^] Excluding one term loan at EcoWorld London for which our Group has set aside sufficient funds for purposes of repaying such loan following its maturity in March 2024</i></p>	
Approvals required	The Proposed Capital Reduction is subject to the approval of our shareholders at our upcoming 10 th AGM and any other relevant authorities and/or parties, if required.	Section 5
Conditionality of the Proposed Capital Reduction	The Proposed Capital Reduction is not conditional upon any other corporate exercises of our Company.	Section 6
Interests of Directors, major shareholders, President and Chief Executive Officer and/or persons connected with them	None of our Directors, major shareholders, President and Chief Executive Officer and/or persons connected with them has any interest, direct and/or indirect, in the Proposed Capital Reduction.	Section 8

EXECUTIVE SUMMARY (Cont'd)

Salient information	Description	Reference to Circular
Directors' statement and recommendation	<p>Our Board, after having considered and deliberated on all aspects of the Proposed Capital Reduction, (including the rationale and effects of the Proposed Capital Reduction), is of the opinion that the Proposed Capital Reduction is in the best interest of our Company.</p> <p>Accordingly, our Board recommends that you VOTE IN FAVOUR of the special resolution pertaining to the Proposed Capital Reduction to be tabled at the 10th AGM of our Company.</p>	Section 9

(The rest of this page has been intentionally left blank)



ECO WORLD INTERNATIONAL BERHAD
Registration No. 201301030020 (1059850-A)
(Incorporated in Malaysia)

Registered Office:

Unit No. 19-01, Menara The Stride
Bukti Bintang City Centre
No. 2, Jalan Hang Tuah
55100 Kuala Lumpur
Wilayah Persekutuan
Malaysia

23 February 2024

Board of Directors:

Mr Cheah Tek Kuang (*Independent Non-Executive Chairman*)
Tan Sri Dato' Sri Liew Kee Sin (*Executive Vice Chairman/Executive Director*)
Dato' Teow Leong Seng (*President & Chief Executive Officer/Executive Director*)
Tan Sri Datuk Dr Rebecca Fatima Sta Maria (*Senior Independent Non-Executive Director*)
Datuk Heah Kok Boon (*Non-Independent Non-Executive Director*)
Mr Cheng Hsing Yao (*Non-Independent Non-Executive Director*)
Mr Andrew Chew Kwang Ming (*Non-Independent Non-Executive Director*)
Dato' Siow Kim Lun (*Independent Non-Executive Director*)
Dato' Kong Sooi Lin (*Independent Non-Executive Director*)
Ms Pauline Wong Wan Voon (*Independent Non-Executive Director*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED CAPITAL REDUCTION

1. INTRODUCTION

On 6 February 2024, our Company had announced that EcoWorld International proposes to undertake the Proposed Capital Reduction.

THE PURPOSE OF PART B OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED CAPITAL REDUCTION AND TO SET OUT THE VIEWS AND RECOMMENDATION OF OUR BOARD ON THE PROPOSED CAPITAL REDUCTION AS WELL AS TO SEEK YOUR APPROVAL FOR THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED CAPITAL REDUCTION TO BE TABLED AT THE UPCOMING 10TH AGM OF OUR COMPANY. THE NOTICE OF 10TH AGM TOGETHER WITH THE PROXY FORM ARE AVAILABLE ONLINE AT THE COMPANY'S CORPORATE WEBSITE AT [HTTPS://ECOWORLDINTERNATIONAL.COM/INVESTOR-RELATIONS/GENERAL-MEETINGS/](https://ecoworldinternational.com/investor-relations/general-meetings/).

AN EXTRACT OF THE SPECIAL RESOLUTION IN RESPECT OF THE PROPOSED CAPITAL REDUCTION IS SET OUT IN APPENDIX II OF THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF PART B OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED CAPITAL REDUCTION TO BE TABLED AT THE 10TH AGM OF OUR COMPANY.

2. DETAILS OF THE PROPOSED CAPITAL REDUCTION

On 19 June 2023, the shareholders of our Company approved the Capital Reduction FYE 2023. The Capital Reduction FYE 2023 was completed on 3 August 2023.

The credit arising from the Capital Reduction FYE 2023 was utilised to eliminate all our accumulated losses as at 3 August 2023 and the remaining balance was credited into the retained earnings account of our Company. This, in turn, enabled us to declare the First Interim Dividend FYE 2023 and Final Dividend FYE 2023 in August 2023 and December 2023, respectively.

The Proposed Capital Reduction entails a further reduction of RM500 million of the issued share capital of our Company pursuant to Section 117 of the Act. With our Company and our Group having recorded retained earnings balances of approximately RM530.5 million and RM478.2 million respectively as at 31 October 2023, the entire credit arising from the Proposed Capital Reduction is expected to be credited to the retained earnings account of our Company. The enlarged retained earnings amount may be utilised for dividend distributions, subject to compliance with all applicable laws and regulations at the material points in time.

For illustrative purposes, the pro forma effects of the Final Dividend FYE 2023 and the Proposed Capital Reduction on the retained earnings of our Company and our Group as at 31 October 2023 based on the latest audited financial statements of EcoWorld International for FYE 2023 are as follows:

	As at 31 October 2023	
	Company	Group
	RM 000	RM 000
Retained earnings	530,481	478,179
Less: Final Dividend FYE 2023	(144,000)	(144,000)
Resultant pro forma retained earnings after the Final Dividend FYE 2023	386,481	334,179
Add: Credit arising from the Proposed Capital Reduction	500,000	500,000
Less: Estimated expenses incurred for the Proposed Capital Reduction	(170)	(170)
Resultant pro forma retained earnings after the Proposed Capital Reduction	886,311	834,009

Subject to completion of the Proposed Capital Reduction and compliance with all applicable legal and regulatory requirements at the material points in time, we intend to utilise the enlarged retained earnings of our Company following the Proposed Capital Reduction to return excess cash of our Group to shareholders of our Company via dividend distributions.

To that end, we intend to declare the First Tranche Dividend FYE 2024 following the completion of the Proposed Capital Reduction. The date for the declaration of the First Tranche Dividend FYE 2024 will be determined and announced at a later date subject to completion of the Proposed Capital Reduction and our Company's compliance with all applicable laws and regulations relating to dividend distribution at such point in time.

Shareholders should take note that any subsequent declarations and payments of dividends after the First Tranche Dividend FYE 2024 will be subject to and are intended to coincide with the accumulation of sizeable cash reserves arising from sales of our completed stocks over the course of FYE 2024 and FYE 2025, and after taking into account various other factors including working capital and funding requirements of our Group at the material points in time.

For illustrative purposes, the cash flow effects of the Proposed Capital Reduction and the corresponding First Tranche Dividend FYE 2024 to a shareholder holding 100 EcoWorld International Shares are as follows:

	<u>As at 31 October 2023</u>	<u>After the Proposed Capital Reduction</u>	<u>After the First Tranche Dividend FYE 2024</u>
No. of Shares held	100 Shares	100 Shares	100 Shares
First Tranche Dividend FYE 2024 per Share	-	-	⁽¹⁾ RM0.06
Total cash to be received from the First Tranche Dividend FYE 2024	-	-	RM6.00

Note:

(1) Computed based on an assumed First Tranche Dividend of RM144.0 million divided by EcoWorld International's total number of Shares in issue of 2,400,001,780 Shares as at 31 October 2023.

FOR THE AVOIDANCE OF DOUBT, THE PROPOSED CAPITAL REDUCTION IS BEING CONTEMPLATED SOLELY TO FACILITATE AND ENHANCE OUR ABILITY TO DECLARE AND PAY DIVIDENDS IN THE FUTURE, SUBJECT TO COMPLIANCE WITH ALL LEGAL AND REGULATORY REQUIREMENTS AT THE MATERIAL POINTS IN TIME. IT DOES NOT FOR ALL INTENTS AND PURPOSES CONSTITUTE A DECLARATION OF DIVIDEND BY OUR COMPANY UNDER PARAGRAPH 8.26 OF THE LISTING REQUIREMENTS.

The Proposed Capital Reduction (prior to the distribution of the First Tranche Dividend FYE 2024 and/or subsequent tranches of dividend, if any) will not result in:

- (i) any adjustment to our share price;
- (ii) any change in the total number of EcoWorld International Shares in issue or the number of Shares held by our shareholders;
- (iii) any payment to our shareholders; and
- (iv) any cash outflow or change in NA of our Group, save for the estimated expenses to be incurred in relation to the Proposed Capital Reduction.

Subject to the approval of the Proposed Capital Reduction by our shareholders at the upcoming 10th AGM, the Proposed Capital Reduction will be effective when the Registrar of Companies has recorded the information lodged relating to the reduction of capital in the appropriate register in accordance with Section 119 of the Act.

3. RATIONALE AND JUSTIFICATION OF THE PROPOSED CAPITAL REDUCTION

Following completion of the Capital Reduction FYE 2023 in August 2023, our Company had, pursuant to the First Interim Dividend FYE 2023 and the Final Dividend FYE 2023, declared a total of RM936.0 million in dividends to our shareholders and made payments in respect of the same in September 2023 and January 2024, respectively. By doing so, we have surpassed the targeted distribution amount of RM900.0 million announced on 15 December 2022 thus achieving our objective of undertaking the Capital Reduction FYE 2023. This is testament to the successful execution of our overall business strategy of pursuing monetisation of our completed stocks in hand with a focus on cash preservation and generation.

Meanwhile, challenging conditions continue to persist in the UK real estate market as high interest rates and elevated cost of living dampen the purchasing power of homebuyers. In a bid to curb inflation in the UK, there remains a risk of further interest rate hikes. In view of the ongoing weak market sentiment and significant construction cost inflation in the UK, all new launches at our remaining sites continue to be put on hold pending feasibility reviews. We will only consider proceeding with new launches when market conditions improve, cost pressures stabilise and expected returns that meet the Group's requirements can be forecasted with greater certainty.

Meanwhile, our Group has undertaken cost rationalisation exercises over the past 3 years as part of our continuous efforts to improve our operating cost structure. As a result, the current working capital requirements of our Group are expected to be lower than those in previous years. The gearing of our Group is currently close to nil except for one term loan at our joint venture company, EcoWorld London, for which our Group has set aside sufficient funds for purposes of repaying such loan following its maturity in March 2024.

After taking into consideration our reduced working capital and funding requirements and given the limited development opportunities on the horizon, our Group will continue to focus on monetising completed stocks with the aim of returning excess cash available to shareholders in 2024 and 2025.

Our Board has set the Internal Sales Target of approximately RM850.0 million for FYE 2024 comprising sales of completed and nearly completed stocks in the UK and Australia, in respect of which our Group's effective share is approximately RM640.0 million. A breakdown of the Internal Sales Target together with the actual sales generated over the 3-month FPE 31 January 2024 is as follows:

	FYE 2024 sales target		3-month FPE 31 January 2024	
	No. of units	GDV local currency (million)	Units sold	Sales value local currency (million)
UK				
London City Island	15	£10.7	1	£0.7
Embassy Gardens	60	£59.5	15	£14.7
Wardian London	30	£32.3	12	£12.5
Millbrook Park	30	£25.3	3	£2.3
Moberly & Jubilee	1	£0.5	-	-
Oxbow	3	£2.2	1	£0.4
Kew Bridge	27	£15.2	2	£1.4
Total	166	£145.7	34	£32.0
Australia				
West Village	2	AUD2.3	1	AUD1.9
Yarra One	3	AUD8.3	2	AUD6.5
Total	5	AUD10.6	3	AUD8.4
Total in RM	171	⁽¹⁾RM862.2	37	RM218.3

Note:

(1) For illustrative purposes, based on assumed exchange rates of GBP1:RM5.7 and AUD1:RM3 used for purposes of the Internal Sales Target. In addition, we have rounded this amount down to RM850.0 million being the nearest RM50.0 million multiple.

We achieved RM218.3 million worth of sales in the first three months of FYE 2024. Our project in Embassy Gardens, which generated £14.7 million (equivalent to RM88.2 million) in sales, was the biggest contributor to our sales over the said period, followed by Wardian London (£12.5 million (equivalent to RM75.0 million)), Yarra One (AUD6.5 million (equivalent to RM20.3 million)) and Millbrook Park (£2.3 million (equivalent to RM13.8 million)).

A breakdown of our cash, deposits and other investments and total borrowings as at 31 October 2023 is as follows:

	As at 31 October 2023
	RM 000
Cash, deposits and other investments ^{(1) (2)}	295,240
Total borrowings ⁽³⁾	-
Net cash	295,240

Notes:

- (1) *Excluding cash held in our joint venture companies.*
- (2) *Other investments relate to deposits that must be maintained and restricted for use during the tenure of borrowings.*
- (3) *Excluding one term loan at our joint venture company, EcoWorld London, for which our Group has set aside sufficient funds for purposes of repaying such loan following its maturity in March 2024.*

Subject to the shareholders approving the Proposed Capital Reduction, our Group achieving the Internal Sales Target and being able to meet the relevant legal and regulatory requirements at the material points in time, we are targeting to distribute dividends of up to the Targeted Distribution Amount after setting aside funds for our Group's estimated working capital and funding requirements. For the avoidance of doubt, the Targeted Distribution Amount is solely an internal target of the management of our Company and is neither a financial estimate, forecast or projection nor has it been reviewed by an external auditor.

Therefore, the Proposed Capital Reduction will enable the creation of a reasonable amount of retained earnings for our Company to facilitate and enhance our ability to declare and pay dividends in the future in anticipation of the progressive receipt of future cash proceeds from our joint venture companies and subsidiaries following sales of the completed stocks.

For information purposes, the Proposed Capital Reduction of RM500.0 million was arrived at after taking into account the following considerations:

- the resultant pro forma retained earnings of our Company, after accounting for the Final Dividend FYE 2023, of approximately RM386.5 million as at 31 October 2023, being insufficient to facilitate declaration of dividends equivalent to the Targeted Distribution Amount;
- to provide additional headroom for further declaration of dividends by our Company in the future in excess of the Targeted Distribution Amount subject to, amongst others, the working capital and funding requirements of our Group as well as compliance with all legal and regulatory requirements at the material points in time; and
- to avoid having to seek multiple shareholders' approvals for multiple share capital reduction exercises in the future, resulting in delays in distributing excess cash available to shareholders, making it costly and inefficient.

Notwithstanding the completion of our existing real estate development projects in the UK, our Group will continue to have a presence in the UK via our joint venture, EcoWorld London. We will continually assess the feasibility of launching future phases of EcoWorld London's existing projects in Kew Bridge and Aberfeldy Village and two (2) new projects in Woking and Barking. Given our Group's gearing position which is close to nil[^], proven track record of completion and delivery of sizeable projects in the UK, we are well-positioned to take advantage of development opportunities in the UK when the market recovers.

Note:

- [^] *Excluding one term loan at EcoWorld London for which our Group has set aside sufficient funds for purposes of repaying such loan following its maturity in March 2024*

4. EFFECTS OF THE PROPOSED CAPITAL REDUCTION

4.1 Share capital

The pro forma effects of the Proposed Capital Reduction on the issued share capital of our Company as at the LPD are set out below:

	<u>No. of Shares</u>	<u>RM 000</u>
Issued share capital as at the LPD	2,400,001,780	1,092,454
Less: To be cancelled under the Proposed Capital Reduction	-	(500,000)
After the Proposed Capital Reduction	<u>2,400,001,780</u>	<u>592,454</u>

4.2 Substantial shareholders' shareholdings

The Proposed Capital Reduction will not have any effect on the substantial shareholders' shareholdings in our Company.

4.3 NA, NA per Share and gearing

For illustrative purposes, the pro forma effects of the Proposed Capital Reduction (including the First Tranche Dividend FYE 2024) on the NA, NA per Share and gearing of our Group based on the audited consolidated statement of financial position of our Group as at 31 October 2023 which has been adjusted for the Final Dividend FYE 2023 and on the assumption that the Proposed Capital Reduction (including the First Tranche Dividend FYE 2024) had been effected on that date are as follows:

	<u>Audited as at 31 October 2023</u>	<u>⁽¹⁾After the Final Dividend FYE 2023</u>	<u>After the Proposed Capital Reduction</u>	<u>After the First Tranche Dividend FYE 2024</u>
	<u>RM 000</u>	<u>RM 000</u>	<u>RM 000</u>	<u>RM 000</u>
Issued share capital	1,092,454	1,092,454	592,454	592,454
Other reserves	84,189	84,189	84,189	84,189
Retained earnings	478,179	334,179	⁽²⁾ 834,009	⁽³⁾ 690,009
Shareholders' funds / NA	<u>1,654,822</u>	<u>1,510,822</u>	<u>1,510,652</u>	<u>1,366,652</u>
No. of EcoWorld International Shares in issue (000)	2,400,002	2,400,002	2,400,002	2,400,002
NA per EcoWorld International Shares ⁽⁴⁾ (RM)	0.69	0.63	0.63	0.57
Total interest-bearing borrowings (RM 000)	-	-	-	-
Gearing ⁽⁵⁾ (times)	-	-	-	-

Notes:

- (1) Subsequent to 31 October 2022, our Company had on 17 January 2024 paid Final Dividend FYE 2023
- (2) After crediting the amount arising from the Proposed Capital Reduction of RM500.0 million and deducting the estimated expenses for the Proposed Capital Reduction of RM170,000.

- (3) *After deducting an assumed First Tranche Dividend FYE 2024 of RM144.0 million to be declared by our Company upon completion of the Proposed Capital Reduction.*
- (4) *Calculated based on NA divided by the number of EcoWorld International Shares in issue.*
- (5) *Calculated based on total borrowings divided by shareholders' funds.*

4.4 Earnings and EPS

Save for the estimated expenses of about RM170,000 in relation to the Proposed Capital Reduction, the Proposed Capital Reduction is not expected to have any material effect on the earnings and EPS of our Group for the FYE 2024.

4.5 Convertible securities

Our Company does not have any convertible securities as at the LPD.

5. APPROVALS REQUIRED

The Proposed Capital Reduction is subject to the approval of our shareholders at our upcoming 10th AGM and any other relevant authorities and/or parties, if required.

6. CONDITIONALITY OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction is not conditional upon any other corporate exercises of our Company.

7. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Capital Reduction (being the subject matter of this Circular), there are no other corporate exercise(s) which has been announced by our Company but pending completion as at the LPD.

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

None of our Directors, major shareholders, President and Chief Executive Officer and/or persons connected with them has any interest, direct and/or indirect, in the Proposed Capital Reduction.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered and deliberated on all aspects of the Proposed Capital Reduction (including the rationale and effects of the Proposed Capital Reduction), is of the opinion that the Proposed Capital Reduction is in the best interest of our Company.

Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the special resolution pertaining to the Proposed Capital Reduction to be tabled at the 10th AGM of our Company.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals set out in Section 5 above being obtained, the Proposed Capital Reduction is expected to be completed by the first half of 2024.

The tentative timetable in relation to the Proposed Capital Reduction is set out below:

Key events	Tentative timeline
10 th AGM	25 March 2024
Lodgement of documents with the Registrar of Companies for the Proposed Capital Reduction	March 2024
Completion of the Proposed Capital Reduction	May 2024

11. DETAILS OF THE 10TH AGM

The 10th AGM will be conducted virtually through live streaming and online remote voting using the Remote Participation and Voting (“**RPV**”) facilities to be provided by SS E-Solutions Sdn Bhd via SS e-Portal at the Broadcast Venue at EcoWorld Gallery @ Eco Grandeur, Lot 6232, Persiaran Mokhtar Dahari, Eco Grandeur, 42300 Bandar Puncak Alam, Selangor Darul Ehsan, Malaysia on Monday, 25 March 2024 at 10.30 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the special resolution to give effect to the Proposed Capital Reduction under Special Business. The Notice of the 10th AGM is available online at the Company’s corporate website at <https://ecoworldinternational.com/investor-relations/general-meetings/>.

With the RPV, you may exercise your right as a member of the Company to participate and vote remotely at the 10th AGM. Alternatively, you may also appoint proxy(ies) or the Chairman of the 10th AGM as your proxy to attend and vote on your behalf at the 10th AGM. The Proxy Form is available online at the Company’s corporate website at <https://ecoworldinternational.com/investor-relations/general-meetings/>.

The appointment of proxy may be made in the form of hardcopy or by electronic means as specified below and must be received by the Poll Administrator, SS E-Solutions Sdn Bhd no later than Saturday, 23 March 2024 at 10.30 a.m. or any adjournment thereof:

(i) In hardcopy form

Deposited at the office of the Poll Administrator, SS E-Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(ii) By electronic means

Alternatively, the instrument appointing the proxy may also be lodged electronically via SS e-Portal at <https://sshbsb.net.my/> or by fax to +603-2094 9940 or by email to eservices@sshbsb.com.my.

If you have submitted your proxy form(s) prior to the 10th AGM and subsequently decide to appoint another person or wish to personally participate in the 10th AGM via RPV facilities, please write in to eservices@sshbsb.com.my to revoke the earlier appointed proxy(ies) no later than Saturday, 23 March 2024 at 10.30 a.m. or any adjournment thereof.

12. FURTHER INFORMATION

You are advised to refer to the attached **Appendix I** for further information.

Yours faithfully,
For and on behalf of the Board of
ECO WORLD INTERNATIONAL BERHAD

CHEAH TEK KUANG
Independent Non-Executive Chairman

(The rest of this page has been intentionally left blank)

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

2.1 Material commitments

Save as disclosed below, as at 31 October 2023, based on the audited consolidated financial results of our Company for the FYE 2023, our Group does not have any other material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group:

	<u>RM 000</u>
<u>Approved and contracted for:</u>	
Commitment to fund our joint ventures as follows:	
(i) EcoWorld Ballymore*	171,338
(ii) Be Eco World Investment Company Limited	139,232
	<u>310,570</u>

Note:

* *It is not anticipated that our Group will be required to make additional contribution to EcoWorld Ballymore as all real estate development sites under EcoWorld Ballymore are completed and the development facility obtained by EcoWorld Ballymore had been fully repaid as at the LPD.*

2.2 Contingent liabilities

As at 31 October 2023, based on the audited consolidated financial results of our Company for the FYE 2023, there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group.

3. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which may materially and adversely affect the financial position or business of our Group and our Board is not aware of any proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

4. MATERIAL CONTRACTS

There are no material contracts (not being entered into in the ordinary course of business) which have been entered into by our Group within two years immediately preceding the LPD.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Unit No. 19-01, Menara The Stride, Bukit Bintang City Centre, No. 2 Jalan Hang Tuah, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal office hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of our 10th AGM:

- (i) our Constitution; and
- (ii) our audited consolidated financial statements for the past two FYE 2022 and 2023.

In addition, a copy of the solvency statement signed by our Directors in relation to the Proposed Capital Reduction will be accessible for inspection via <https://ecoworldinternational.com/solvency-statement-for-member-inspection/> throughout the duration of our 10th AGM in compliance with Section 117(6)(a) of the Act.

(The rest of this page has been intentionally left blank)

EXTRACT NOTICE OF THE 10TH AGM**AS SPECIAL BUSINESS****ORDINARY RESOLUTION 10****PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT") AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RRPT ("PROPOSED SHAREHOLDERS' MANDATE")**

"THAT, subject to the provisions of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"), the Company and/or its subsidiaries and/or joint ventures ("**Group**") be and is/are hereby authorised to enter into any of the transactions falling within the types of existing and additional RRPT of the Group from time to time with related parties who may be a Director, a major shareholder of the Group or a person connected with such a Director and major shareholder, as specified in Section 2.2 of the Company's Circular to Shareholders dated 23 February 2024 which are necessary for the day-to-day operations and are in the ordinary course of business and are carried out at arms' length on normal commercial terms of the Group on terms not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

THAT the mandate given by the shareholders of the Company shall only continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

SPECIAL RESOLUTION**PROPOSED REDUCTION OF THE ISSUED SHARE CAPITAL OF THE COMPANY OF RM500 MILLION PURSUANT TO SECTION 117 OF THE ACT ("PROPOSED CAPITAL REDUCTION")**

"THAT, subject to the approvals from the relevant parties and/or authorities (where applicable) pursuant to Section 117 of the Act being obtained, the Company be and is hereby given the authority and approval to reduce the share capital of the Company via the cancellation of the issued share capital by RM500 million and for the credit arising from such cancellation to be used to set-off against any accumulated losses of the Company (if any) and the remaining balance credited to the retained earnings account of the Company which shall be used in a manner to be determined by the Board of Directors of the Company ("**Board**") at a later date and in the best interest of the Company as permitted by the relevant and applicable laws and regulations as well as the MMLR of Bursa Malaysia.

AND THAT the Board be and is hereby empowered and authorised to take such steps and do all acts, deeds and things and to execute, sign, deliver and cause to be delivered for and on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company's common seal, where necessary) as the Board may consider necessary, expedient and/or relevant to finalise, implement and to give full effect to and complete the Proposed Capital Reduction with full powers to assent to any conditions, terms, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities or as the Board may in their discretion deem fit, necessary, expedient or relevant and to do all such acts and things as the Board may consider necessary or expedient in the best interest of the Company."

(The rest of this page has been intentionally left blank)

(This page has been intentionally left blank)