

**Eastland Equity Bhd (“Eastland” or “the Company”)
- Debt Restructuring Agreement**

1. INTRODUCTION

The Board of Directors of the Company wishes to announce that a Debt Restructuring Agreement had been entered on 20 September 2013 amongst the following parties:-

- (i) Eastern Biscuit Factory Sdn Bhd (Company No. 2340-K) [“Eastern Biscuit”], wholly-owned subsidiary of Eastland;
- (ii) Fazwin Construction Sdn Bhd (Company No. 591053-V) [“Fazwin”];
- (iii) FBO Land (Setapak) Sdn Bhd (Company No. 119720-H) [“FBO Land”], wholly-owned subsidiary of Eastland; and
- (iv) Explicit Vantage Sdn Bhd (Company No. 585406-H) [“Explicit Vantage”]

(collectively referred to “the Parties”)

2. INFORMATION ON EASTERN BISCUIT, FAZWIN, FBO LAND AND EXPLICIT VANTAGE

2.1 Information on Eastern Biscuit

Eastern Biscuit was incorporated on 10 April 1953 pursuant to the Companies Act, 1965. Eastern Biscuit is principally involved in property development, investment in properties and hotel operations. The authorised share capital of Eastern Biscuit is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each and the issued and paid-up share capital is RM20,000,000. Dato’ Tan Kok Hooi, Mr Tan Kok Ong, Dato’ Faruk Bin Othman, Mr Sydney Lim Tau Chin and Dato’ Lim Hong Sang are Directors of Eastern Biscuit.

2.2 Information on Fazwin

Fazwin was incorporated on 29 August 2002 pursuant to Companies Act, 1965. Fazwin is principally involved as a general contractor. The authorised share capital of Fazwin is RM1,000,000 ordinary shares of RM1.00 each and the issued and paid-up capital is RM1,000,000. Mr Hassan Fahmin bin Haji Mat Zin, Ms Hasnanin bte Mat Zin, and Mr Mohd Hamdan bin Mohd Yusuff are Directors of Fawzin.

2.3 Information on FBO Land

FBO Land was incorporated on 16 May 1984 pursuant to the Companies Act, 1965. FBO Land is principally involved in property development. The authorised share capital of FBO Land is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each and the issued and paid-up share capital is RM10,000,000. Dato’ Faruk Bin Othman, Mr Sydney Lim Tau Chin and Dato’ Lim Hong Sang are Directors of FBO Land.

2.4 Information on Explicit Vantage

Explicit Vantage was incorporated on 5 July 2002 pursuant to Companies Act, 1965. The authorised share capital of Explicit Vantage is RM100,000 comprising 100,000 ordinary shares of RM1.00 each and the issued and paid up capital is RM2. Mr Ashari bin Mohamad and Mr Mohd Anuar bin Derahman are Directors of Explicit Vantage.

3. DETAILS OF THE DEBT RESTRUCTURING AGREEMENT

3.1 Background

- a) As at the date hereof, Fazwin is indebted to Eastern Biscuit for a total amount of Ringgit Malaysia Nine Million Three Hundred and Sixty Thousand (RM9,360,000.00) only (hereinafter referred to as “Fazwin’s Debt”) which is due and payable.
- b) As at the date hereof, FBO Land is indebted to Explicit Vantage for a total amount of Ringgit Malaysia Fifty Eight Million Seven Hundred and Seventy Three Thousand Seven Hundred Seventy One and Sen Sixteen (RM58,773,771.16) only (hereinafter referred to as “FBO Land’s Debt”) which is due and payable.
- c) Eastern Biscuit is the registered proprietor of the following properties:-
 - i. a piece of vacant land in Kota Bharu, Kelantan (hereinafter referred to as the “said Land”) which is valued at Ringgit Malaysia Eighteen Million One Hundred and Twenty Thousand (RM18,120,000.00) only; and
 - ii. Three parcels of condominium in Kota Bharu, Kelantan (hereinafter referred to as “Condos”) which are valued at Ringgit Malaysia Eight Hundred and Forty Thousand (RM840,000.00) only
- d) The Parties agree to enter into a Debt Restructuring Agreement to amicably settle Fazwin’s Debt and FBO Land’s Debt subject to terms and conditions of the Debt Restructuring Agreement.

3.2 Agreement to settle

- a) In consideration of the mutual covenants by the Parties, the Parties confirmed, covenant and agreed to the following:-
 - i) With the consent of Fazwin, Eastern Biscuit assigns absolutely Fazwin’s Debt to Explicit Vantage together with all the rights and benefit in relation thereto and Explicit Vantage accepts such assignment (“Assignment of Fazwin’s Debt”);
 - ii) Fazwin shall pay Fazwin’s Debt to Explicit Vantage within twenty four (24) months from the date of this Agreement and Explicit Vantage has agreed to the same;

- iii) Eastern Biscuit shall subject to the approval of the Rules-in-Council transfer the said Land and Condos to Explicit Vantage (Transfer of Properties”) and shall sign and execute all necessary and relevant documents for the Transfer of Properties and to execute a valid and irrevocably Deed of Power of Attorney in favour of Explicit Vantage for the said Land and Condos;
- iv) In consideration of the Assignment of the Fazwin’s Debt to Explicit Vantage and the Transfer of Properties from Eastern Biscuit to Explicit Vantage, Explicit Vantage irrevocably waives and forgives entirely and absolutely FBO Land’s Debt from FBO Land.
- v) Notwithstanding the Power of Attorney for the said Land and Condos granted by Eastern Biscuit in favour of Explicit Vantage, Explicit Vantage shall complete the transfer of the said Land and Condos as and when it shall deem fit.

(collectively herein referred as “Debts Restructuring”)

- b) Upon the execution of the Debt Restructuring Agreement and subject to the Clause 3.2(a) above, the parties agree as follow:-
 - i) Eastern Biscuit shall have no further claim(s) whatsoever against Fazwin in relation to Fazwin’s Debt;
 - ii) Explicit Vantage shall have no further claim(s) whatsoever against FBO Land in relation to FBO Land’s Debt; and
 - iii) Each party shall procure their respective board of directors’ resolution in relation to the execution of the Debt Restructuring Agreement.

4. EFFECTS OF THE DEBTS RESTRUCTURING

4.1 Share capital

The above-mentioned Debts Restructuring do not have any effect on the issued and paid-up share capital of the Company.

4.2 Substantial shareholders’ shareholdings

The Debts Restructuring do not have any effect on the substantial shareholders’ shareholdings in the Company.

4.3 Net assets per share and gearing

The Debts Restructuring is expected to increase the net assets per share of the Group and reduce the gearing of the Company.

4.4 Earnings per share

The Debts Restructuring is expected to increase the earnings per share of the Group.

5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors of Eastland and/or major shareholders and/or persons connected with them have any interest, direct or indirect, in the Debts Restructuring.

6. RATIONALE FOR THE RESTRUCTURING OF DEBTS

The Debts Restructuring is part of the Group's on-going efforts to restructure the Group's debts.

7. APPROVALS REQUIRED

The Debts restructuring including the Assignment of Fazwin's Debt and Transfer of Properties are not subject to the approval of shareholders of Eastland. The Transfer of Properties shall subject to the approval of the Rules-in-Council.

8. DOCUMENTS FOR INSPECTION

The Debt Restructuring Agreement is available for inspection at the registered office of Eastland at Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama, 47800, Petaling Jaya, Selangor Darul Ehsan during normal business hours on Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

9. ABORTION OF THE PROPOSED JOINT VENTURE AGREEMENT WITH ZALAM CORPORATION SDN BHD

In view that the Company has decided to transfer the said Land to Explicit Vantage pursuant to the Debt Restructuring Agreement, the Board of Directors of the Company wishes to announce that the proposed Joint Venture Agreement with Zalam Corporation Sdn Bhd as announced by the Company on 9 July 2013 has been aborted.

This announcement is dated 20 September 2013