ECOWORLD

CREATING TOMORROW & BEYOND

Annual Report 2016

West Lake Gardens @ Eco Tropics.

VISION

Creating Tomorrow & Beyond

MISSION

We will achieve our Vision through a Culture of Excellence and Teamwork by:

- Creating world-class eco-living in all our developments
- Being a caring and responsible organisation which actively contributes back to society
- Having a reputation for providing unmatched product and service quality to our customers at all times
- Leading with passion in the pursuit of innovation and sustainability to create enduring value
- Delivering exciting and consistent growth to our stakeholders and shareholders

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Financial Highlights

Period/Year Ended	31 October 2016	31 October 2015	31 October 2014 restated		30 September 2013 restated		30 September 2012 restated	
Financial Results (RM'000)								
Revenue	**2,546,437**	1,712,061	148,395		156,326		65,286	
Profit before taxation	**193,182**	73,918	12,092		29,603		8,095	
Profit attributable to owners of the Company	**129,281**	43,952	7,181		24,268		7,202	
Financial Position (RM'000)								
Total cash and bank balances	**573,467**	517,176	43,423		25,244		6,904	
Total assets	**8,841,977**	6,936,803	678,732	#	481,501	#	483,006	#
Total borrowings	**2,861,903**	1,700,345	240,675		52,148		64,041	
Total net tangible assets	**3,786,702**	3,156,875	325,861		321,222		298,854	
Share capital	**1,374,846**	1,182,132	253,317		253,317		253,317	
Equity attributable to owners of the Company	**3,786,702**	3,156,875	325,864		318,722		296,354	
Financial Ratios								
Basic earnings per share (sen)	**5.43**	2.64	1.42	*	4.79	*	1.42	*
Net assets per share attributable to owners of the Company (RM)	**1.38**	1.34	0.64	*	0.63	*	0.58	*
Return on equity (%)	**3.41**	1.39	2.20		7.61		2.43	
Net gearing ratio (times)	**0.60**	0.37	0.61		0.08		0.19	
Share price - High (RM)	**1.51**	2.09	2.70	*	1.13	*	0.15	*
- Low (RM)	**1.20**	1.20	1.00	*	0.13	*	0.10	*

Restated following the departure from FRSIC 17 - Development of Affordable Housing in the financial year ended 31 October 2015

* Restated for the effects of subdivision of 1 ordinary share of RM1.00 each into 2 ordinary shares of RM0.50 each pursuant to the share split exercise which was completed on 23 January 2015

GROUP 2016 SUMMARY

	3 months ended 31 October 2016	3 months ended 31 July 2016	3 months ended 30 April 2016	3 months ended 31 January 2016
(RM'000)				
Revenue	**740,988**	727,336	614,602	463,511
Profit before tax	**43,393**	66,756	51,870	31,163
Profit attributable to owners of the Company	**29,354**	44,580	34,676	20,671
Paid-up capital	**1,374,846**	1,182,132	1,182,132	1,182,132
Equity attributable to owners of the Company	**3,786,702**	3,256,562	3,211,816	3,177,123
Total assets	**8,841,977**	7,806,233	7,325,310	7,286,912
Total net tangible assets	**3,786,702**	3,256,562	3,211,816	3,177,123
Basic earnings per share (sen)	**1.21**	1.89	1.47	0.87
Net assets per share attributable to owners of the Company (RM)	**1.38**	1.38	1.36	1.34

Corporate Information

Eco Botanic's signature roundabout offers a warm welcome to residents.

BOARD OF DIRECTORS

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

Non-Independent Non-Executive Chairman
Tan Sri Dato' Sri Liew Kee Sin

Non-Independent Non-Executive Deputy Chairman
Dato' Leong Kok Wah

President & Chief Executive Officer
Dato' Chang Khim Wah

Executive Director & Chief Financial Officer
Datuk Heah Kok Boon

Executive Directors
Dato' Voon Tin Yow
Liew Tian Xiong

Non-Independent Non-Executive Director
Tan Sri Lee Lam Thye

Senior Independent Non-Executive Director
Tang Kin Kheong

Independent Non-Executive Directors
Dato' Idrose Bin Mohamed
Dato' Haji Obet Bin Tawil
Dato' Noor Farida Binti Mohd Ariffin

AUDIT COMMITTEE
Tang Kin Kheong (Chairman)
Dato' Idrose Bin Mohamed
Dato' Haji Obet Bin Tawil
Dato' Noor Farida Binti Mohd Ariffin

REMUNERATION COMMITTEE
Dato' Voon Tin Yow (Chairman)
Dato' Idrose Bin Mohamed
Tang Kin Kheong
Dato' Noor Farida Binti Mohd Ariffin

NOMINATION COMMITTEE
Dato' Idrose Bin Mohamed (Chairman)
Tan Sri Lee Lam Thye
Tang Kin Kheong
Dato' Noor Farida Binti Mohd Ariffin

RISK MANAGEMENT COMMITTEE
Dato' Voon Tin Yow (Chairman)
Dato' Sundarajoo A/L Somu
Datuk Hoe Mee Ling
Soo Chan Fai
Lim Eng Tiong
Ong Yew Leng

COMPANY SECRETARIES
Chua Siew Chuan (MAICSA 0777689)
Mak Chooi Peng (MAICSA 7017931)

REGISTERED OFFICE
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel : 03-20849000
Fax : 03-20949940, 03-20950292

REGISTRAR
Securities Services (Holdings) Sdn Bhd (36869-T)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel : 03-20849000
Fax : 03-20949940, 03-20950292

AUDITORS
Baker Tilly Monteiro Heng (AF 0117)
Chartered Accountants
Baker Tilly MH Tower,
Level 10, Tower 1,
Avenue 5, Bangsar South City,
59200 Kuala Lumpur

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
(Main Market)

WEBSITE
www.ecoworld.my

Corporate Structure

ECOWORLD
CREATING TOMORROW & BEYOND

Eco World Development Group Berhad (17777-V)

- 40% BBCC Development Sdn Bhd (1129028-T)
- 60% Paragon Pinnacle Sdn Bhd (1098122-T)

100%

- Arah Selasih Sdn Bhd (1096068-V)
- Eco Botanic Sdn Bhd (1066879-M)
- Eco Business Park 1 Sdn Bhd (1088039-M)
- Eco Business Park 2 Sdn Bhd (1078581-H)
- Eco Grandeur Sdn Bhd (1146818-W)
  - 50% Eco Ardence Sdn Bhd (427912-X) (formerly known as Jendela Hikmat Sdn Bhd)
- Eco Horizon Sdn Bhd (1082988-W) (formerly known as Teraju Pasifik Sdn Bhd)
- Eco Macalister Development Sdn Bhd (1064369-M)
- Eco Majestic Development Sdn Bhd (1079086-W)
- Eco Meadows Sdn Bhd (1088028-X)
- Eco Sanctuary Sdn Bhd (1076483-V)
- Eco Sky Sdn Bhd (1079085-X)
- Eco Summer Sdn Bhd (1076385-V)
- Eco Terraces Sdn Bhd (1076231-P)
- Eco World Capital (International) Sdn Bhd (1174692-P)
- Eco World Capital (L) Ltd (LL12390)
- Eco World Development (S) Pte Ltd (201417197R)
- Eco World Development Management (BBCC) Sdn Bhd (1096633-W) (formerly known as Eco World Development Management Sdn Bhd)

Corporate Structure

- Eco World IBS Sdn Bhd (1087059-U)
- Eco World Project Management Sdn Bhd (978603-W)
- Eco World Property Services (Eco Central) Sdn Bhd (1152652-W)
- Eco World Property Services (Eco North) Sdn Bhd (1097775-M)
  (formerly known as Novastream Sdn Bhd)
- Eco World Property Services (Eco South) Sdn Bhd (1088018-V)
- Eco World Trading Sdn Bhd (1086148-X)
- Eco World Ukay Sdn Bhd (1076389-M)
- Focal Aims Land Sdn Bhd (319435-X)
- Focal Aims Properties Sdn Bhd (471101-H)
  - 100% Eco Tropics Development Sdn Bhd (316524-U)
    - 100%
      - Focal Aims Realty Sdn Bhd (203016-P)
      - Focal Aims Resort (M) Sdn Bhd (473536-V)
      - Focal Aims Development Sdn Bhd (417670-H)
- Hara Kecil Sdn Bhd (1135594-U)
- Inspirasi Innovasi Sdn Bhd (1189799-V)
- Jasa Hektar Sdn Bhd (1098120-M)
- Matlamat Bakat Sdn Bhd (1088019-D)
- Melia Spring Sdn Bhd (1095333-H)
- Meridian Insight Sdn Bhd (1091013-W)
- Pingat Stabil Sdn Bhd (1089333-D)
- Rentas Prestasi Sdn Bhd (1097165-X)

Board of Directors

1 **Dato' Voon Tin Yow**
Executive Director

2 **Tan Sri Lee Lam Thye**
Non-Independent
Non-Executive Director

3 **Dato' Noor Farida Binti Mohd Ariffin**
Independent Non-Executive Director

4 **Dato' Haji Obet Bin Tawil**
Independent
Non-Executive Director

5 **Tan Sri Dato' Sri Liew Kee Sin**
Non-Independent
Non-Executive Chairman

6 **Dato' Idrose Bin Mohamed**
Independent Non-Executive Director

Board of Directors

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

8 **Dato' Leong Kok Wah**
Non-Independent Non-Executive Deputy Chairman

9 **Dato' Chang Khim Wah**
President & Chief Executive Officer

10 **Liew Tian Xiong**
Executive Director

11 **Datuk Heah Kok Boon**
Executive Director & Chief Financial Officer

12 **Tang Kin Kheong**
Senior Independent Non-Executive Director

Board of Directors' Profile

TAN SRI ABDUL RASHID BIN ABDUL MANAF WAS APPOINTED TO THE BOARD OF ECO WORLD DEVELOPMENT GROUP BERHAD ON 29 NOVEMBER 2013. HE WAS PREVIOUSLY THE CHAIRMAN OF THE COMPANY AND WAS RE-DESIGNATED AS THE FOUNDER ON 20 MARCH 2015.

TAN SRI ABDUL RASHID BIN ABDUL MANAF

Founder and Non-Independent Non-Executive Director
Malaysian, 70 years of age, Male

- Barrister-at-Law (Middle Temple London)

Tan Sri Abdul Rashid is a full-time businessman. Before venturing into business, he was a senior partner in a legal firm in Kuala Lumpur until his retirement on 24 August 2006. In 1970, he qualified as a Barrister-at-Law. He joined the Malaysian judicial and legal service in 1971 and became a Magistrate until 1973. He was later made the President of the Sessions Court in Klang. In 1975, he became the Senior Federal Counsel for the Income Tax Department. He left government service in 1977.

He was the Chairman of the Board of S P Setia Berhad from 1997 until 2012.

He is a director and a major shareholder of Eco World Development Holdings Sdn Bhd, which is a substantial shareholder of Eco World Development Group Berhad. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

TAN SRI DATO' SRI LIEW KEE SIN

Non-Independent Non-Executive Chairman
Malaysian, 58 years of age, Male

- Bachelor of Economics Degree (Business Administration) from University of Malaya

TAN SRI DATO' SRI LIEW KEE SIN WAS APPOINTED AS A NON-INDEPENDENT NON-EXECUTIVE DIRECTOR OF ECO WORLD DEVELOPMENT GROUP BERHAD ON 5 MAY 2014. HE WAS RE-DESIGNATED AS THE CHAIRMAN OF THE BOARD OF ECO WORLD DEVELOPMENT GROUP BERHAD ON 20 MARCH 2015.

Tan Sri Liew started his career as a banker in a local merchant bank in 1981. After gaining 5 years of experience in the banking industry, he ventured into property development. Following a reverse takeover of S P Setia Berhad **("S P Setia")**, he was appointed as its Group Managing Director in May 1996 and continued to helm S P Setia as its President and CEO for the next 18 years until 30 April 2014.

In mid-2012, Tan Sri Liew led the Malaysian consortium of S P Setia, Sime Darby Berhad and the Employees Provident Fund Board **("EPF")** in successfully bidding for the Battersea Power Station site in London, United Kingdom and was appointed as the first Chairman of the Battersea Project Holding Company in 2012, a position he held until September 2015.

Tan Sri Liew has won numerous corporate and industry awards for entrepreneurship, philanthropy and for showing exemplary leadership in building businesses and creating value.

He is a director of Eco World Development Holdings Sdn Bhd which is a substantial shareholder of Eco World Development Group Berhad. He is also a Vice Chairman of Eco World International Berhad. Tan Sri Liew is the father of Liew Tian Xiong, a director and substantial shareholder of the Company.

Save as disclosed herein, he does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Board of Directors' Profile

DATO' LEONG KOK WAH

Non-Independent Non-Executive Deputy Chairman
Malaysian, 63 years of age, Male

- Master of Business Administration (MBA) (University of Hull, UK)
- Member of Institute of Bankers (UK)
- Member of Asian Institute of Chartered Bankers
- Member of Institute of Credit Management (UK)
- Member of Institute of Marketing (UK)

Dato' Leong has an extensive career and held senior positions in the financial industry. He also has vast experience in stockbroking, asset management and options and futures trading. He is currently an Executive Director of Salcon Berhad and sits on the Board of various companies in Malaysia. He was formerly a Director of S P Setia Berhad. He also sits on the Board of MUI Continental Berhad (formerly known as MUI Continental Insurance Berhad).

He is a director and shareholder of Eco World Development Holdings Sdn Bhd, which is a substantial shareholder of Eco World Development Group Berhad. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

DATO' LEONG KOK WAH HAS BEEN A NON-INDEPENDENT NON-EXECUTIVE DEPUTY CHAIRMAN OF ECO WORLD DEVELOPMENT GROUP BERHAD SINCE 29 NOVEMBER 2013.

Board of Directors' Profile

DATO' CHANG KHIM WAH

President and Chief Executive Officer
Malaysian, 52 years of age, Male

- Bachelor of Engineering (University of New South Wales)
- Professional Engineer registered with the Board of Engineers, Malaysia
- Member of the Institute of Engineers, Malaysia
- Member of the Institute of Engineers, Australia

DATO' CHANG KHIM WAH, THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF ECO WORLD DEVELOPMENT GROUP BERHAD, WAS APPOINTED AS AN EXECUTIVE DIRECTOR OF THE GROUP ON 7 OCTOBER 2013 AND WAS RE-DESIGNATED TO HIS CURRENT POSITION ON 12 DECEMBER 2013.

Dato' Chang has 28 years of experience in the property development industry, starting as a consultant engineer in Australia in 1989. In 1991, he returned to Malaysia and joined one of the biggest consultancy firms in Malaysia, KTA-Tenaga Sdn Bhd, specialising in dam designs and water supply systems.

Dato' Chang was previously a Director of S P Setia Berhad **("S P Setia")** and the Executive Vice President in charge of the southern and northern property divisions of S P Setia group of companies, including its offices in Singapore and Indonesia. He left S P Setia to join Eco World Development Sdn Bhd on 1 May 2013.

Dato' Chang holds the honour of being the recipient of The Edge Malaysia's inaugural Outstanding Property CEO Award 2015. This award was conceptualised for The Edge Top Property Excellence Awards and was first awarded in 2015 in recognition of CEOs or professionals who have successfully taken their company to an exceptional level under his/her leadership.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Board of Directors' Profile

DATO' VOON TIN YOW

Executive Director
Malaysian, 59 years of age, Male

- Bachelor of Science Degree in Civil Engineering
- Master of Science Degree (University of Texas, Austin)

Dato' Voon has 30 years of working experience in the construction and property development industry, which includes 3 years in construction site management and 27 years in management of property development. He began his career in 1984 in Kimali Construction Sdn. Bhd. as a site engineer and went on to become the development engineer in Juru Bena Tenaga Sdn. Bhd. in 1986. In 1990, he joined Syarikat Kemajuan Jerai Sdn. Bhd. as project manager and was subsequently appointed as the general manager in 1994. He was previously an Executive Director at S P Setia Berhad **("S P Setia")** and held the post of Chief Operating Officer from 1996 to 2014. He was also previously the Acting President and the Chief Executive Officer of S P Setia from 1 May 2014 until 31 December 2014. During his tenure in S P Setia, he oversaw the development of the entire eco-system to establish the company's policies and procedures.

Dato' Voon played a key role in leading the Malaysian consortium comprising S P Setia and Rimbunan Hijau Group to jointly develop the China-Malaysia Qinzhou Industrial Park (QIP) in the People's Republic of China with a Chinese consortium.

Dato' Voon is currently an Independent Non-Executive Director of Asian Healthcare Group Berhad.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

DATO' VOON TIN YOW WAS APPOINTED AS AN EXECUTIVE DIRECTOR OF ECO WORLD DEVELOPMENT GROUP BERHAD ON 20 MARCH 2015.

Board of Directors' Profile

DATUK HEAH KOK BOON HAS BEEN AN EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER OF ECO WORLD DEVELOPMENT GROUP BERHAD SINCE 28 NOVEMBER 2013.

DATUK HEAH KOK BOON

Executive Director and Chief Financial Officer
Malaysian, 49 years of age, Male

- Bachelor of Commerce (majoring in Accounting and Commercial Law), University of Melbourne, Australia
- Chartered Accountant of Malaysian Institute of Accountants

Datuk Heah has garnered more than 27 years' experience in audit, corporate finance and corporate investment. He started his career in the audit department of international accounting firm KPMG. After 4 years of various audit exposures, he joined the corporate finance department of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad). After 14 years of originating, structuring and executing various deals in multiple industries, he left as Aseambankers Executive Vice President in 2007.

Datuk Heah then joined S P Setia Berhad **("S P Setia")** as Head of Corporate Affairs where he planned and executed S P Setia's financial strategies/funding needs, mergers and acquisitions exercises. He resigned from S P Setia and joined Eco World Development Sdn Bhd on 1 May 2013.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Board of Directors' Profile

LIEW TIAN XIONG

Executive Director
Malaysian, 25 years of age, Male

- Bachelor of Commerce, University of Melbourne, Australia

Mr. Liew graduated in 2012 with a Bachelor of Commerce from the University of Melbourne, Australia. During his studies, he gained work experience from attachments with Pheim Asset Management Sdn Bhd (2010 and 2011) and AmBank (M) Berhad (2010).

He is a substantial shareholder of Eco World Development Group Berhad and the son of Tan Sri Dato' Sri Liew Kee Sin, who is the Non-Independent Non-Executive Chairman of the Company. Save as disclosed herein, he does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

LIEW TIAN XIONG HAS BEEN AN EXECUTIVE DIRECTOR OF ECO WORLD DEVELOPMENT GROUP BERHAD SINCE 29 NOVEMBER 2013.

Board of Directors' Profile

TAN SRI LEE LAM THYE

Non-Independent Non-Executive Director
- Malaysian, 70 years of age, Male

TAN SRI LEE LAM THYE WAS APPOINTED TO THE BOARD OF ECO WORLD DEVELOPMENT GROUP BERHAD AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR ON 29 NOVEMBER 2013. HE WAS SUBSEQUENTLY REDESIGNATED AS A NON-INDEPENDENT NON-EXECUTIVE DIRECTOR ON 21 AUGUST 2014.

Tan Sri Lee started his career as a teacher and later became a unionist. He was elected and served as the State Legislative Assemblyman for Bukit Nanas from 1969 to 1974. From 1974 to 1990, he served as a Member of Parliament for Bandar Kuala Lumpur/Bukit Bintang. He continued to serve the public even after his retirement from politics in 1990, working and contributing actively in the social arena.

He is currently the Chairman of Eco World Foundation, Chairman of the National Institute of Occupational Safety and Health, Senior Vice Chairman, as well as Member of the Executive Council of the Malaysia Crime Prevention Foundation and Member of the Board of Trustees of 1Malaysia Foundation. He was previously the Chairman of the Board of Trustees of S P Setia Foundation and Deputy Chairman of the National Unity Consultative Council.

Tan Sri Lee also sits on the Boards of Amcorp Properties Berhad and The New Straits Times Press (Malaysia) Berhad. He was formerly a director of Media Prima Berhad and S P Setia Berhad.

Tan Sri Lee was appointed as a member of the Nomination Committee of Eco World Development Group Berhad on 12 December 2013.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Board of Directors' Profile

TANG KIN KHEONG

Senior Independent Non-Executive Director
Malaysian, 61 years of age, Male

- Certified Public Accountant
- Member of the Malaysian Institute of Accountants

TANG KIN KHEONG WAS APPOINTED TO THE BOARD OF ECO WORLD DEVELOPMENT GROUP BERHAD ON 29 NOVEMBER 2013 AND SERVES AS THE SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR.

Mr. Tang qualified as a Certified Public Accountant, Malaysia with Turquand Youngs & Co, an antecedent firm of Ernst & Young. From 1983 to 1984, he was seconded to work in the firm's office in New Haven, Connecticut, USA where he gained exposure to the US public accounting and business environment. Mr. Tang left the firm in 1986 to join Cold Storage (Malaysia) Berhad as Head of Internal Audit reporting directly to the Audit Committee of the Board. He returned to the accounting profession in 1989 when he joined Moores Rowland.

In 2008, Mr. Tang led the Kuala Lumpur office of Moores Rowland into a merger with the international accounting firm of Mazars, where he served as its Malaysian Managing Partner until August 2013. He left Mazars in August 2014 to practice as a sole practitioner.

Mr. Tang has been a practicing accountant for 25 years. He is a member of the Malaysian Institute of Accountants, a licensed auditor and liquidator. He works with public listed companies and owner managed businesses, in the areas of auditing, accounting, insolvency and business advisory services.

Mr. Tang was appointed Chairman of the Audit Committee of Eco World Development Group Berhad on 29 November 2013. He is also a member of the Remuneration Committee and a member of the Nomination Committee.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Board of Directors' Profile

DATO' IDROSE BIN MOHAMED HAS BEEN SERVING AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF ECO WORLD DEVELOPMENT GROUP BERHAD SINCE 29 NOVEMBER 2013.

DATO' IDROSE BIN MOHAMED

Independent Non-Executive Director
Malaysian, 60 years of age, Male

- Bachelor Degree in Civil Engineering, UITM

Dato' Idrose is a civil engineer who has served both the government as well as the private sector. He has been involved in the planning and implementation of the multi-billion ringgit North-South Expressway during his 17 years of service in the government. In August 1994, he left the government service to work on the construction of another major expressway with the private sector.

From October 1996 until his retirement at the end of September 2010, he held the reins of several public listed and government linked companies as their Managing Director or Chief Executive Officer, amongst them PLUS Expressways Berhad, Pos Malaysia Berhad and Prasarana Malaysia Berhad.

Dato' Idrose has over 30 years of extensive experience in planning, engineering, construction, project and infrastructure implementation as well as services and operations management.

After his retirement, he pursued his personal interest in project consultancy, construction, engineering and property development. He currently sits on the board of several private limited companies.

Dato' Idrose was appointed as a member of the Audit Committee of Eco World Development Group Berhad on 29 November 2013. He was appointed as the Chairman of the Nomination Committee and member of the Remuneration Committee on 12 December 2013.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Board of Directors' Profile

DATO' HAJI OBET BIN TAWIL HAS BEEN AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF ECO WORLD DEVELOPMENT GROUP BERHAD SINCE 21 AUGUST 2014.

DATO' HAJI OBET BIN TAWIL

Independent Non-Executive Director
Malaysian, 62 years of age, Male

- Bachelor of Economics Degree (Analytical Economics), Universiti Kebangsaan Malaysia

Dato' Haji Obet was the State Secretary of Johor from March 2011 until April 2014 before his retirement on 9 April 2014. Prior to that, he was the Director of Johor Land and Mines Department. He has served in the public sector since 1979 in various government agencies, including the Land Offices of Mersing, Kluang and Muar.

Dato' Haji Obet was a director of Johor Corporation and Universiti Teknologi Malaysia from 14 March 2011 until 9 April 2014. He was also previously a member of the Iskandar Regional Development Authority. Currently he is a director of Four Seasons Residences Sdn Bhd.

Dato' Haji Obet was appointed as a member of the Audit Committee of Eco World Development Group Berhad on 21 August 2014.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Board of Directors' Profile

DATO' NOOR FARIDA BINTI MOHD ARIFFIN WAS APPOINTED AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF ECO WORLD DEVELOPMENT GROUP BERHAD ON 20 MARCH 2015.

DATO' NOOR FARIDA BINTI MOHD ARIFFIN

Independent Non-Executive Director
Malaysian, 70 years of age, Female

- Barrister-at-Law (Gray's Inn), United Kingdom

Dato' Noor Farida completed her legal studies at the Inns of Court in London. She joined the Malaysian judicial and legal service in February 1971 where she served in various capacities including as a magistrate, senior assistant registrar in the High Courts of Kuala Lumpur and Penang, Sessions Court judge, legal officer with the Economic Planning Unit of the Prime Minister's Department and Director of the Legal Aid Bureau.

Dato' Noor Farida, has had a long and distinguished career spanning more than 40 years holding a number of key positions in the public service before her retirement. These included Special Adviser on Maritime Issues to the Minister of Foreign Affairs Malaysia, an alternate director at the Maritime Institute of Malaysia (MIMA), Director-General of the Research, Treaties and International Law Department of the Ministry of Foreign Affairs, Ambassador-At-Large for the High-Level Group on Follow-up to the ASEAN Charter (HLEG) and Director of the Women and Development Programme, Human Resource and Development Group at the Commonwealth Secretariat in London. She also headed the newly established Legal Division of the Ministry in 1993 and in 1996 was appointed the Under-Secretary of the newly formed Territorial and Maritime Division of the Foreign Ministry.

Between 2000 and 2007, she was the Ambassador of Malaysia to the Kingdom of the Netherlands and was concurrently appointed the Malaysian Co-Agent to the International Court of Justice **("ICJ")** for the Pulau Ligitan and Pulau Sipadan Case against Indonesia, and was the Malaysian Permanent Representative to the Organisation for the Prohibition of Chemical Weapons which is based in the Hague. She was subsequently elected to the Chair of the 8th Conference of States Parties of the Chemical Weapons Convention in October 2003. Prior to this at the First Review Conference of the above Convention (April/May 2003), she was elected to chair the Drafting Group on the Political Declaration.

Dato' Noor was reappointed as the Malaysian Co-Agent by the Government when Malaysia and Singapore agreed to submit the Pulau Batu Puteh dispute to the ICJ.

She was a director of S P Setia Berhad from 18 June 2009 until 26 March 2015. Dato' Noor was appointed as a member of the Audit Committee, Nomination Committee and Remuneration Committee of Eco World Development Group Berhad on 21 May 2015.

She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Profile of Key Senior Management

From left
3 1 2

1

DATO' SUNDARAJOO A/L SOMU
Chief Operating Officer
Malaysian, 54 years of age, Male
- Master of Business Administration from Nottingham Trent University, United Kingdom

Dato' Sundarajoo A/L Somu was appointed as Chief Operating Officer of Eco World Development Sdn. Bhd. **("EWD")** on 1 August 2012. Following the completion of a corporate exercise undertaken between EWD and Eco World Development Group Berhad **("EW Berhad")**, he became the Chief Operating Officer of EW Berhad in February 2015.

Prior to joining EW Berhad, Dato' Rajoo was a General Manager of S P Setia Berhad **("S P Setia")** Group's Property Division (North). In this capacity, he pioneered S P Setia's business in Penang and spearheaded numerous projects, beginning with the launch of its maiden project – the 112.6 acre Setia Pearl Island in Bayan Lepas. He has been actively involved in the Malaysian property industry for 26 years and has seen more than 10,000 homes successfully delivered throughout his career.

Dato' Rajoo does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

2

DATUK ONG KEK SENG
Executive Vice President, Integrated Commercial Development
Malaysian, 62 years of age, Male
- Bachelor of Science degree in Building from Leeds Polytechnic, United Kingdom
- Member of the Royal Institution of Surveyors, Malaysia

Datuk Ong Kek Seng was appointed as an Executive Vice President, Integrated Commercial Development of Eco World Development Group Berhad **("EW Berhad")** on 1 February 2015.

Datuk Ong has 42 years of working experience in the property industry. Prior to joining EW Berhad, he was the Executive Vice President of S P Setia Berhad **("S P Setia")**, in charge of Integrated Commercial Development. During his tenure with S P Setia, he spearheaded the successful launch of KL Eco City, a regeneration project with mixed residential cum commercial development on prime city fringe land. He had also served as a member of the Executive Committee of the Malaysian consortium in developing Europe's largest regeneration project, known as the Battersea Power Station in Central London.

Currently, Datuk Ong leads the Integrated Commercial Development division of EW Berhad where he heads the planning and implementation of the Bukit Bintang City Centre **("BBCC")** development on behalf of the consortium developer comprising EW Berhad, UDA Holdings Berhad and the Employees Provident Fund Board.

Datuk Ong does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Profile of Key Senior Management

To Right
4 5 6 7

3

DATUK HOE MEE LING

Divisional General Manager
Malaysian, 46 years of age, Female

- Master of Business Administration (Distinction) from Heriot Watt University, Edinburgh, United Kingdom

Datuk Hoe Mee Ling was appointed as a Divisional General Manager on 10 May 2014, in charge for the development of Eco Botanic, Iskandar Malaysia and the Eco Business Park projects of Eco World Development Group Berhad **("EW Berhad")**.

Datuk Hoe has 21 years of experience in the property industry. She started her career with IOI Properties Berhad where she was involved in sales, marketing and branding for the township and golf course developments in Johor. Prior to joining EW Berhad, she was the Divisional General Manager for the Southern Property Division of S P Setia Berhad **("S P Setia")**, in charge for the development of residential, commercial and business park. She spearheaded the eco development of S P Setia in Iskandar Malaysia and one of her projects, Setia Eco Gardens, was conferred the FIABCI Prix d' Excellence Award in 2009 and 2012. Datuk Hoe was also responsible for overseeing S P Setia's offices in both Singapore and Jakarta.

She was formerly the Chairman of Real Estate & Housing Developers' Association Malaysia **("REHDA")** for the state of Johor and the National Council Member for the Real Estate & Housing Developers' Association Malaysia for year 2014-2016. Datuk Hoe has been actively involved in community work to aid the needy via S P Setia Foundation as well as Eco World Foundation since their inception for over 10 years.

Datuk Hoe does not hold any directorship in any public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

4

LOW THIAM CHIN

Divisional General Manager
Malaysian, 48 years of age, Male

- Chartered Accountant of Malaysian Institute of Accountants
- Chartered Management Accountant of Chartered Institute of Management Accountants, United Kingdom

Low Thiam Chin was appointed as a Divisional General Manager of Eco World Development Group Berhad **("EW Berhad")** on 1 July 2014.

Mr. Low has 21 years of experience in accounting and finance of property development industry with the first 9 years attached to the property division of IJM Corporation Berhad, before joining S P Setia Berhad **("S P Setia")** in year 2000 as a Group Accountant. He was then involved in numerous prominent projects under S P Setia, namely Setia Alam (Shah Alam), Setia Eco Lakes (Vietnam), SetiaWalk (Puchong) and KL Eco City (next to Mid Valley). In year 2010, he took up a new challenge in business development, responsible for expanding the land bank as well as potential business ventures of S P Setia. Prior to joining EW Berhad, he was the General Manager of S P Setia in charge of business development.

In 2012, he joined Eco World Development Sdn Bhd **("EWD")** to head the Finance, Business Development and Management Information System departments. Following the completion of a corporate exercise undertaken between EWD and EW Berhad in February 2015, Mr. Low was transferred to be the General Manager in charge of one of the group's projects in the Klang Valley.

Mr. Low was later promoted to be the Deputy Chief Executive Officer of Bukit Bintang City Centre **("BBCC")** project on 1 July 2016 to oversee the planning and implementation of the BBCC development.

Mr. Low does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Profile of Key Senior Management

5

YAP YOKE CHING
Divisional General Manager
Malaysian, 43 years of age, Female
- Bachelor degree in Business Administration from RMIT University, Melbourne

Yap Yoke Ching was appointed as a Divisional General Manager, Eco Central of Eco World Development Group Berhad **("EW Berhad")** on 1 July 2016, in charge for the development of Eco Majestic, Eco Sky and Eco Forest projects.

Prior to joining EW Berhad, she was the Deputy General Manager of S P Setia Berhad **("S P Setia")** in charge of the Setia Alam project, an award-winning township in the Klang Valley.

Upon graduation from RMIT University, Ms. Yap joined S P Setia as a sales and marketing executive. With her involvement in numerous development projects namely Pusat Bandar Puchong, Bukit Indah Johor, Setia Putrajaya, Setia Alam and Eco Lakes (Vietnam), she has garnered a wealth of experience that encompasses launching and managing of turnkey projects, opening of new markets, formulating sales strategy as well as marketing and branding of products.

Ms. Yap does not hold any directorship in any public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

6

PHAN YAN CHAN
Divisional General Manager
Malaysian, 47 years of age, Male
- Chartered Accountant of Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants, United Kingdom

Phan Yan Chan was appointed as a Divisional General Manager for the Southern Division of Eco World Development Group Berhad **("EW Berhad")** on 1 May 2013, in charge for the development of Eco Spring, Eco Summer and Eco Tropics projects.

He has more than 25 years of experience in property development industry. Prior to joining EW Berhad, he was the Divisional General Manager of S P Setia Berhad in charge of projects in Johor Bahru, namely Setia Indah, Setia Tropika and Setia Eco Cascadia with a combined gross development value of approximately RM10 Billion.

Mr. Phan is responsible for formulation of sales and marketing strategies, overall project coordination, quality control as well as every aspect of EW Berhad's property development projects in Johor Bahru.

Mr. Phan does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

7

HO KWEE HONG
Divisional General Manager
Malaysian, 41 years of age, Female
- Bachelor and Master of Civil Engineering from University Putra Malaysia

Ho Kwee Hong was appointed as a Divisional General Manager, Eco Central of Eco World Development Group Berhad **("EW Berhad")** on 1 July 2016, in charge for the development of Eco Sanctuary, Eco Grandeur and Eco Ardence projects.

Ms. Ho is a qualified engineer who has more than 15 years of experience in consultancy, construction and property development industries. After her graduation from University Putra Malaysia, she worked as a Design Engineer in various mega infrastructure projects in Malaysia such as Kelantan River Flood Forecasting, Electrified Double Track and SMART Tunnel. Prior to joining EW Berhad, she was with S P Setia Berhad **("S P Setia")** Group.

During her tenure with S P Setia, she spearheaded the team in formulation of strategic direction, overall master planning, product development, sales & marketing, credit control, programming, budgeting, implementation of developments and group-wide product planning.

Ms. Ho does not hold any directorship in any public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past 5 years (other than traffic offences, if any) nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Chairman's Statement

TAN SRI DATO' SRI LIEW KEE SIN

Non-Independent Non-Executive Chairman

Dear Valued Shareholders,

It has been another great year of growth and achievement for Eco World Development Group Berhad **("EW Berhad")**.

Total Gross Sales achieved under the EcoWorld brand name in Malaysia and abroad amounted to RM6.07 billion. The Group's subsidiaries and joint-ventures in Malaysia recorded total sales of RM3.82 billion whilst projects undertaken by Eco World International Berhad **("EWI")** recorded sales of GBP441 million (equivalent to RM2.25 billion based on exchange rates as at 31 October 2016).

The RM6.07 billion combined Malaysian and international sales in FY2016 caps off another outstanding year for the EcoWorld brand and the third consecutive year in which we have managed to not just overcome challenging market conditions but also deliver on the ambitious targets set. It clearly demonstrates Team EcoWorld's execution capability in bringing to market highly sought-after developments which meet the lifestyle needs and aspirations of our target customer base.

Chairman's Statement

The signing ceremony for BBCC's RM1.6 billion Retail Mall.

THROUGH THE ECOWORLD RESIDENCE CLUBS WE AIM TO ENSURE THAT OUR CUSTOMERS RECEIVE THE VERY BEST POSSIBLE SERVICE TO MAKE THEIR MOVE INTO EACH AND EVERY ECOWORLD DEVELOPMENT A DELIGHTFUL EXPERIENCE.

First Handovers

2016 is also a notable year for EcoWorld as this is the first year the Group handed over properties sold to our customers. Our projects in Iskandar Malaysia led the way with Eco Business Park I being handed over at the start of the year followed by Eco Botanic in September. The delivery of vacant possession is a significant milestone for EcoWorld as it marks our coming-of-age as a full-fledged property developer.

To prepare for this new chapter, we have established brand-new EcoWorld Residence Clubs **("EWRC")** at our various projects to welcome our very first purchasers into their homes and business premises. Through the EWRC we aim to ensure that our customers receive the best possible service to make their move into each and every EcoWorld development a delightful experience.

Forging Great Partnerships

At EcoWorld we believe strongly in forging strategic partnerships to accelerate growth and value creation for our customers and shareholders. Our first joint-venture project of Bukit Bintang City Centre **("BBCC")** was started through the combined efforts of three strong Malaysian brands namely UDA Holdings Berhad **("UDA")** and the Employees Provident Fund Board **("EPF")** and EW Berhad working synergistically together.

In March, BBCC signed Head of Terms Agreements with Mitsui Fudosan (Asia) Pte Ltd **("Mitsui Fudosan")** and Zepp Hall Network Inc. as well as a Memorandum of Understanding with The Ascott Limited. These proposed collaborations with three distinguished world-renowned partners heralded the future entry of the best retail, entertainment and hospitality brands for BBCC.

I am pleased to share that seven months later, in October 2016, our Company, UDA and EPF formalised a joint-venture with Mitsui Fudosan to own and operate the estimated RM1.6 billion Retail Mall at BBCC. The commitment and significant investment by a renowned world class retail player such as Mitsui Fudosan to spearhead the retail offering ensures that BBCC's Retail Mall will be par excellence, not only in terms of design, but also in its tenant mix and management standards.

With so many strong players anchoring the development, BBCC is well-positioned to attract discerning local and international property buyers as well as other major investors whom we believe will collectively bring us closer to realising the BBCC consortium's grand vision for this iconic project.

The successful partnerships forged to develop BBCC spurred us to further refine our partnership-for-growth model **("Business Model")** to extend our development presence, gain access to prime lands as well as acquire and develop sizeable strategic lands without over-extending our balance sheet.

For our Malaysian projects, the Business Model enables us to deploy our expertise as a developer, the execution capabilities of our entire team, along with EcoWorld's strong brand and customer following, to win the confidence of landowners and institutional investors to enter into joint ventures or co-invest with us at the project level. In addition, we will be able to grow our fee-based recurring income stream through development management and brand licence agreements entered into with the joint-venture entities.

During the year, we forged two new strategic partnerships based on this Business Model. The first was with Cascara Sdn Bhd where we were invited by the landowner to jointly develop 533.9 acres of prime freehold land located next to Setia Alam in Shah Alam, Selangor. Known as Eco Ardence, this eco-township is inspired by modern tropical design elements fuelled by the re-imagination of Shah Alam as a suburban city of Art, Culture & Commerce.

Subsequently in November 2016, we announced the entry into a joint-venture with the EPF to jointly develop our 2,198.40 acres of leasehold land in the North-Western Klang Valley Corridor. The lands are slated to be developed into a mixed residential and commercial development known as Eco Grandeur and an integrated business park to be known as Eco Business Park V.

Over the years, we have had the privilege of working with the EPF on several occasions – we are delighted to be able to partner with them yet again to develop Eco Grandeur, the largest township undertaken by EW Berhad to date and Eco Business Park V, our first gated and guarded multi-concept business park in the Klang Valley. We are deeply gratified by the EPF's confidence in us and will do our utmost to ensure that their faith in our abilities will be amply rewarded.

On the international front we also entered into a strategic alliance with GuocoLand Limited **("GuocoLand")** to co-anchor EWI's upcoming Initial Public Offering **("IPO")** together with EW Berhad. GuocoLand intends to subscribe for such number of IPO Shares that will give it an eventual 27% stake in EWI – this is equivalent to the stake which is proposed to be owned by EW Berhad at the point of listing of EWI.

GuocoLand, which is a member of the Hong Leong Group, has a wealth of international property development experience, excellent reputation as savvy investors and great financial strength – this makes them the ideal partner for EW Berhad to work with to take EWI to greater heights post-listing. The combined impact of the EcoWorld and GuocoLand brands will further enhance EWI's already strong credentials and enable it to grow and extend its market reach much faster for the benefit of all stakeholders.


Joining forces with EPF for Eco Grandeur and EBP V.

Brand Presence

As the Group continues to grow and expand our reach in Malaysia, our brand presence was further strengthened with the opening of three new sales galleries namely BBCC, Eco Grandeur and Eco Ardence – all in the Klang Valley. We are delighted to add on to our collection of EcoWorld Galleries as we look forward to serve our customers better and showcase each new project to its fullest extent.

The Group also continued with our brand building exercise with several strong crowd-puller events organised across the three regions of the Klang Valley, Iskandar Malaysia and Penang.

ECOWORLD'S PARTNERSHIP-FOR-GROWTH MODEL WAS FORMULATED TO ENABLE THE GROUP TO GAIN ACCESS TO PRIME LANDS AS WELL AS ACQUIRE AND DEVELOP SIZEABLE STRATEGIC LANDS WITHOUT OVER-EXTENDING OUR BALANCE SHEET.

Another milestone was achieved for EW Berhad with the official opening of the Eco Ardence Sales Gallery.

Chairman's Statement

Among them were the Season's Flower Show which opened in conjuction with Chinese New Year 2016, as well as thematic and cultural celebrations such as the EWRO Fest, Bon Odori, Yokoso BBCC, Hallyu and Eco Festivals held over the course of 2016 which attracted hundreds of thousands of visitors to our project sites.

To commemorate the Merdeka and Malaysia Day celebrations, we continued our collaboration with the Star Media Group Berhad to organise the Anak-Anak Malaysia Campaign during the months of August – September for the second year running. In 2015, the campaign took social media platforms by storm as fellow Malaysians wearing the #AnakAnakMalaysia wristbands creatively expressed their patriotism and their thoughts on what it means to be Malaysians.

This year we took the campaign a step further by organising the #AnakAnakMalaysia Walk 2016. Similar festivities took place throughout the country and as far as the United Kingdom and Australia in the lead up to Malaysia Day. In Kuala Lumpur, more than 6,000 people turned up at BBCC on the morning of 14 August 2016 to walk together in celebration of our country's diversity, and in promotion of unity, harmony and tolerance. A total of 850,000 wristbands were distributed this year as Malaysians from all walks of life continued to embrace this simple and effective way of expressing our love for the nation.

Proud Malaysians at the launch of the Anak-Anak Malaysia Campaign.

The #AnakAnakMalaysia Walk in Eco Tropics.

Industry Recognition

EW Berhad's efforts to build a caring and responsible organisation received a boost with three major recognitions from AON Hewitt, Asian Strategic & Leadership Institute **("ASLI")** and Toastmasters International. EcoWorld took home the coveted AON Hewitt "Best of the Best Employer in Malaysia 2016 Award" and was conferred the "Workplace Gender Equality - Work Life Balance Award" by ASLI & the Ministry of Women, Family and Community Development. The EcoWorld Toastmasters Club also did us proud with their recognition as a President's Distinguished Club.

These people-focused awards are a nod to the Group's impactful talent management policies and initiatives that encourage continuous employee engagement and empowerment. We are truly humbled by the recognitions as we are still a young company and for the Group to achieve such accolades at this early stage of our growth is a very commendable feat.

We are also honoured to be on the winners list at The Edge Malaysia Billion Ringgit Club Corporate Awards 2016 for "Highest Returns to Shareholders Over Three Years" in the property sector and to be named one of The Edge Malaysia's Top 10 Property Developers at The Edge Malaysia Property Excellence Awards 2016.

In closing, I would like to thank all our customers, business associates and shareholders for your unwavering faith and confidence in EcoWorld. The strong foundations laid over the last three years has enabled us to grow our landbank exponentially, establish EcoWorld as a developer of choice in the minds of housebuyers and partner of choice for landowners, institutional investors and international property players. This sets the stage for strong and sustained growth going forward and with your continued support, Team EcoWorld will be ready to take on whatever challenges that may come our way.

WE ARE TRULY HUMBLED BY THE RECOGNITIONS AS WE ARE STILL A YOUNG COMPANY AND FOR THE GROUP TO ACHIEVE SUCH ACCOLADES AT THIS EARLY STAGE OF OUR GROWTH IS A VERY COMMENDABLE FEAT.

President's Management Discussion & Analysis

DATO' CHANG KHIM WAH

President and Chief Executive Officer

Overview of the Group's Business and Operations

Eco World Development Group Berhad **("EW Berhad")** is a public listed Malaysian company involved mainly in property development. EW Berhad has secured approximately 8,052.7 acres of land bank with a total gross development value **("GDV")** of RM87.5 billion. Currently, the Group has a presence in the Klang Valley, Iskandar Malaysia and Penang with 15 ongoing projects comprising a product range that includes affordable, upgrader and luxury homes, integrated high-rise developments and green business parks. Through Eco World International Berhad **("EWI")**, the brand has also extended its reach to London, United Kingdom and Sydney, Australia.

For its financial year ending 31 October 2016, EW Berhad successfully achieved its sales target of RM4 billion despite the challenging market conditions which prevailed throughout the year. The RM4 billion target was set having regard to expected sales from projects development managed by EW Berhad in Malaysia + 40% of sales achieved by its Bukit Bintang City Centre **("BBCC")** joint-venture + a proportionate share of sales secured by EWI.

Total gross sales achieved in FY2016 of RM3.82 billion by the Group's projects in Malaysia was 26% higher than sales achieved in FY2015 of RM3.02 billion thus making this the third consecutive year in which the Group's Malaysian sales has exceeded the RM3 billion mark.

President's Management Discussion & Analysis

THE GROUP ACHIEVED PROFIT BEFORE TAX OF RM193.2 MILLION ON THE BACK OF REVENUE TOTALLING RM2,546.4 MILLION.

The Group's ability to consistently meet and exceed its sales targets is attributed to its strong branding, loyal customer following and the unique value propositions offered by each project launched. This is evidenced by the continued support of customers who flocked to the Group's sales galleries at every launch throughout the year and especially during the EcoWorld's Firsts Campaign held in September 2016.

The EcoWorld's Firsts Campaign saw the launch of a total of four projects in the Klang Valley, Iskandar Malaysia and Penang offering a diverse range of products designed to meet the business and lifestyle needs of different segments of the property market namely:

- Eco Grandeur on the North-West corridor of the Klang Valley which is a 1,400-acre mass township catering to first-time homeowners and upgraders;
- Eco Ardence, a luxury development spread across 533.9 acres situated just off the Setia Alam - NKVE interchange in Shah Alam;
- Eco Business Park **("EBP")** II situated within the fast-growing Flagship E zone in Iskandar Malaysia offering world-class green industrial facilities with EcoWorld's innovative Flexi-Space Concept to meet the business needs of SMEs and MNCs;
- Eco Bloom @ Eco Meadows in Penang comprising affordable condominium units with a wide range of lifestyle amenities in addition to the convenience provided by the retail portion of the development situated below.

Sales contributed by the new projects launched as part of the EcoWorld's Firsts Campaign amounted to RM912 million.

The launch of EBP II, part of the EcoWorld's Firsts Campaign.

The Group's ongoing projects and the official launch of BBCC also contributed to the strong numbers recorded in the fourth quarter which exceeded cumulative sales achieved in the first three quarters of the financial year.

Financial Performance Review

EW Berhad saw a 195% surge in its Profit After Tax from RM43.9 million in FY2015 to RM129.3 million in FY2016. During the 12 months ended 31 October 2016, the Group achieved Profit Before Tax **("PBT")** of RM193.2 million on the back of revenue totalling RM2,546.4 million. This represents a 161% increase in PBT and 49% increase in revenue as compared to the preceding year.

No dividends were declared or paid in FY2016 given that the Group is still aggressively pursuing growth opportunities and the bulk of its launched projects are in the investment phase, prior to first handover of products sold to customers.

To further strengthen the Group's financial position and capital base, in April 2016, EW Berhad announced a private placement of up to 25% of its existing issued and paid-up share capital. This will enable the Group to better manage its gearing and bridge the timing gap between the strong sales achieved and progressive earnings recognition on the properties sold. The placement will mainly be supported by its major shareholders, Liew Tian Xiong and Sinarmas Harta Sdn Bhd.

To date, 432,426,527 shares have been issued pursuant to the private placement with total proceeds of RM562.15 million raised to part-finance the Company's growth and working capital requirements.

Sales Performance by Geographic Region

In FY2016, sales in the Klang Valley totaled RM2.473 billion. This massive increase of 57% from the RM1.579 billion recorded in FY2015 was due to ongoing sizeable contributions from both Eco Majestic and Eco Sanctuary as well as the launch of three new projects, namely Eco Grandeur, Eco Ardence and BBCC.

The Group's four townships in Iskandar Malaysia namely Eco Botanic, Eco Spring, Eco Summer and Eco Tropics and three business parks (EBP I, EBP II and EBP III) achieved total combined sales of RM1.199 billion in FY2016. This makes it the third consecutive year in which the Group has secured more than RM1 billion sales in Iskandar Malaysia, which is attributable both to EcoWorld's market leadership position and the depth of fundamental demand for landed township and business park products down south.

Contributions from Penang remain relatively small in FY2016 due to the current size of the Group's projects in the Northern region. This is set to increase with the acquisition of 374.6 acres in June on the Penang Mainland.

Customer Service Strategies and Initiatives

EW Berhad takes its mission of providing unmatched product and service quality to its customers very seriously.

2016 marked the first year of handover of properties by EcoWorld to customers. To welcome its first purchasers into their homes and business premises, brand-new EcoWorld Residence Clubs **("EWRC")** were established at various project sites. The EWRC serves as a one-stop centre that provides property care and common area support services to customers. Through the EcoWorld Community App, residents will also be continually updated and provided with easy access to a wide range of features designed to make living in an EcoWorld community a rewarding experience.

In line with the Group's commitment to continually take its product and service quality to the next level, the EcoWorld Class initiative was launched. This is a Group-wide employee-led training programme which establishes the standard that EcoWorld aspires to achieve in terms of product and service quality.

Apart from encapsulating all progressive & continuous improvement initiatives undertaken to date by the Group, dedicated Customer Experience Teams guided by the EcoWorld Class Committee are tasked to champion five core areas, namely Sales; Post Sales; Pre-Handover, Handover & Post-Handover; Product Quality and Product Innovation. The aim of the programme is to equip all front-liners and support team members to work seamlessly together and adopt best practices to consistently deliver products and services that delight the customer.

Future Prospects

Going forward into FY2017, EW Berhad's pro-forma effective share of unbilled progress billings from its subsidiaries, joint-ventures and associates as at 31 October 2016 stands at approximately RM6.02 billion. This takes into consideration corporate proposals announced but not completed in FY2016, namely the proposed entry of the Employees Provident Fund Board as a 40% shareholder of Eco Grandeur and proposed subscription by EW Berhad for 27% of the shares in EWI's Initial Public Offering.

EWRC @ Eco Majestic.

New front-liner uniforms were unveiled at the launch of EcoWorld Class.

The strong sales achieved in FY2016 together with the high level of pro-forma unbilled progress billings attributable to the Group as at 31 October 2016 provides substantial earnings visibility to anchor EW Berhad's growth prospects going forward.

For FY2017, EW Berhad targets to achieve RM4 billion comprising Gross Sales from all Malaysian projects development managed by it (including joint-ventures). In addition to this, it will be entitled a proportionate share of international sales achieved by EWI based on the Group's proposed 27% shareholding in EWI.

Sales from Malaysia will be contributed by EW Berhad's existing 15 projects along with the proposed launch of two new projects, namely Eco Forest in Semenyih and Eco Horizon and Eco Sun on the Penang Mainland.

THROUGH THE ECOWORLD COMMUNITY APP, RESIDENTS WILL ALSO BE CONTINUALLY UPDATED AND PROVIDED WITH EASY ACCESS TO A WIDE RANGE OF FEATURES DESIGNED TO MAKE LIVING IN AN ECOWORLD COMMUNITY A REWARDING EXPERIENCE.

President's Management Discussion & Analysis

Business Review by Projects
Sales for the year under review were contributed by 15 ongoing projects. These were Eco Sky, Eco Majestic, Eco Sanctuary, Eco Grandeur, Eco Ardence and BBCC in the Central Region; Eco Botanic, Eco Spring, Eco Summer, Eco Tropics and three business parks EBP I, EBP II, EBP III in the Southern Region; Eco Terraces and Eco Meadows in the Northern Region.

ECO CENTRAL > ECO SKY — **DATE LAUNCHED: DECEMBER 2013**

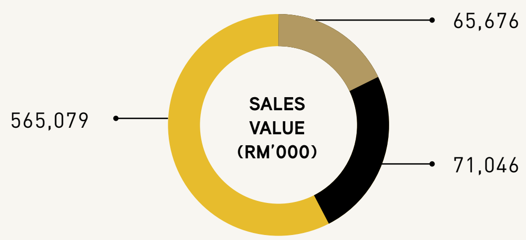
The 9.6-acre Eco Sky in Taman Wahyu, off Jalan Ipoh in Kuala Lumpur is EW Berhad's maiden project in the Klang Valley. This ground-breaking project, which comprises three residential towers, 35 retail and office lots as well as a commercial pod, represents EW Berhad's commitment to sustainable development and redefines city living with its concept of "360° Living".

During the year under review the Group completed its rejuvenation of a 3-acre green reserve next to Eco Sky aptly called The Park @ Eco Sky which was officially opened and handed over to DBKL in August 2015. This public park is the Group's contribution to the community living in the vicinity of Taman Wahyu. With the opening of the recently completed covered walkway that connects Eco Sky to the Taman Wahyu KTM station, future residents and neighbouring communities will benefit greatly from this as well.

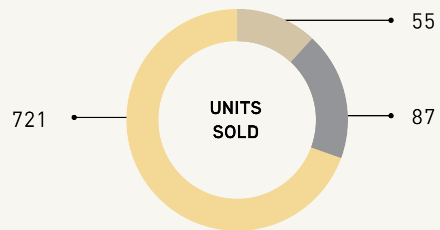
In December, Eco Sky handed over its first phase of 144 units of retail & commercial units with several bustling businesses moving in shortly thereafter. Since its launch in December 2013, Eco Sky has recorded cumulative sales of RM701.8 million.

Breakdown of Sales Achieved in FY2014 - FY2016

FY14 ■ Sales Value ■ Units Sold | FY15 ■ Sales Value ■ Units Sold | FY16 ■ Sales Value ■ Units Sold



701,801
Total Sales Value (RM'000)



863
Total Units Sold

President's Management Discussion & Analysis

ECO CENTRAL > ECO MAJESTIC **DATE LAUNCHED: MAY 2014**

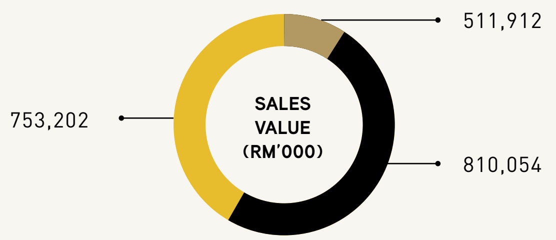
Spanning 1,073 acres of prime freehold land in the heart of fast-growing Semenyih, Selangor – Eco Majestic is EW Berhad's flagship eco township in the Klang Valley. Inspired by Malaysia's rich heritage, homes within the development combines the grace and beauty of colonial straits-era designs with over 100 acres of green and open space along with a sizeable 150-acre commercial precinct.

2016 was a significant year for Eco Majestic. The Group's value creation efforts stepped up another notch with the official opening of the dedicated and elevated LEKAS-Eco Majestic Interchange (Exit 2102A) which acts as a third major entry/exit point for the development. On the sales front, the project continued to be a crowd favourite with overwhelming response for its Simfoni and Karisma apartments that were launched in February and March respectively.

182 units of bungalow lots were also handed over in December 2016 with 612 units of Phase 1 Cradleton terraced houses targeted to be handed over in Q1 FY2017. In FY2016, Eco Majestic sold 1,839 units with a sales value of RM511.9 million.

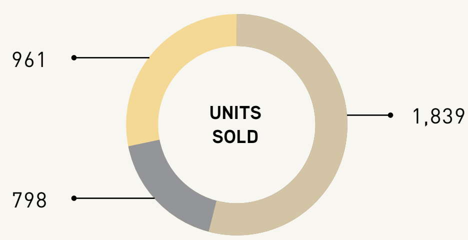
Breakdown of Sales Achieved in FY2014 - FY2016

FY14 ■ Sales Value ■ Units Sold | FY15 ■ Sales Value ■ Units Sold | FY16 ■ Sales Value ■ Units Sold



2,075,168

Total Sales Value (RM'000)



3,598

Total Units Sold

President's Management Discussion & Analysis

ECO CENTRAL > ECO SANCTUARY

DATE LAUNCHED: JUNE 2015

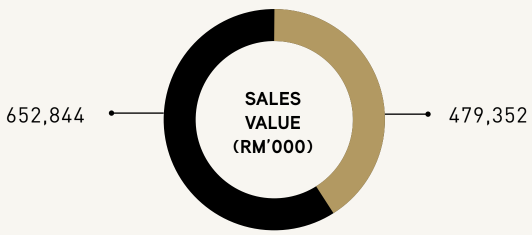
EW Berhad's maiden high-end luxury township in Shah Alam, Selangor was launched in June 2015. Capitalising on the mature Kota Kemuning population catchment, Eco Sanctuary features contemporary designs which appeal to upgraders. The township enjoys great accessibility via the South Klang Valley Expressway, KESAS Highway, LKSA Highway, Elite Highway and in the near future, the West Coast Expressway.

Eco Sanctuary's latest launch is Grandezza, a landed precinct consisting of bungalows and semi-dees. 2016 also saw the launch of the Eco Sanctuary Care Hub in August as a means to provide residents with a central point for accessing care administration and wellness services.

For the financial year under review, Eco Sanctuary sold 357 units with a sales value of RM479.4 million.

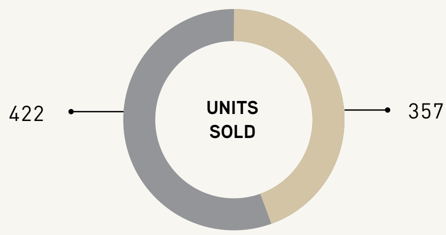
Breakdown of Sales Achieved in FY2015 & FY2016

FY15 ■ **Sales Value** ■ **Units Sold** | **FY16** ■ **Sales Value** ■ **Units Sold**



1,132,196

Total Sales Value (RM'000)



779

Total Units Sold

President's Management Discussion & Analysis

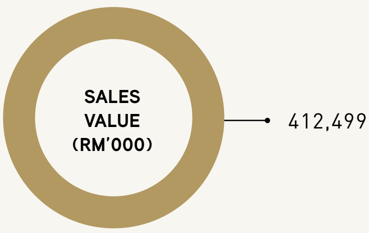
ECO CENTRAL > ECO GRANDEUR **DATE LAUNCHED: SEPTEMBER 2016**

Eco Grandeur, a 1,400-acre mass residential township designed with first-time homeowners and young families in mind, is strategically located nearby the growth areas of Sungai Buloh and Kota Damansara with easy access to Kuala Lumpur City Centre and the rest of the Klang Valley. This development is EW Berhad's largest township to date which is being jointly developed with the Employees Provident Fund Board.

Eco Grandeur's maiden launch includes 2-storey garden homes and 2-storey terraced homes within gated and guarded landed strata precincts with perimeter fencing and a central guard house. The project received overwhelming response during the EcoWorld's Firsts Campaign in September 2016. Total sales recorded for FY2016 stood at RM412.5 million.

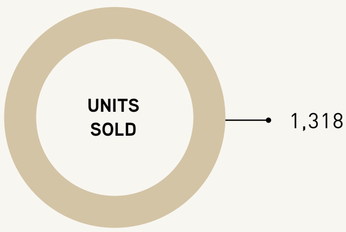
Breakdown of Sales Achieved in FY2016

FY16 ■ **Sales Value** ■ **Units Sold**



412,499

Total Sales Value (RM'000)



1,318

Total Units Sold

President's Management Discussion & Analysis

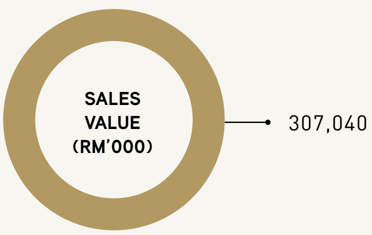
ECO CENTRAL > ECO ARDENCE | **DATE LAUNCHED: SEPTEMBER 2016**

The 533.9-acre freehold Eco Ardence is an exciting joint venture between EW Berhad and Cascara Sdn Bhd. The eco-township is inspired by modern tropical design elements and has a GDV of RM8.6 billion.

Eco Ardence's first phase – Aeres, a landed strata gated & guarded parcel comprising 432 semi-dees and bungalows was launched during the EcoWorld's Firsts Campaign. With strong take up rates during its maiden launch, Eco Ardence recorded total sales of RM307 million for the financial year under review.

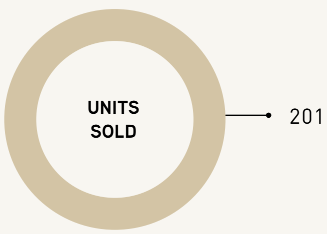
Breakdown of Sales Achieved in FY2016

FY16 ■ **Sales Value** ■ **Units Sold**



307,040

Total Sales Value (RM'000)



201

Total Units Sold

President's Management Discussion & Analysis

ECO CENTRAL > BUKIT BINTANG CITY CENTRE ("BBCC") DATE LAUNCHED: OCTOBER 2016

BBCC, a joint venture undertaken by the consortium of UDA Holdings Berhad, EW Berhad and the Employees Provident Fund Board sits on 19.4 acres of prime land at the heart of Kuala Lumpur's shopping and tourism district. The project's total gross development value is estimated at RM8.8 billion and the entire project is slated to be developed over a period of eight to 10 years.

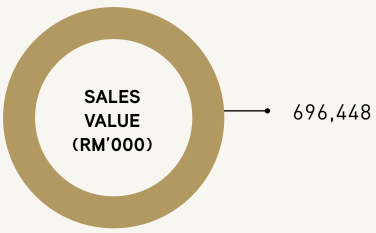
In October, the shareholders of BBCC entered into a joint-venture with Mitsui Fudosan (Asia) Pte Ltd to own and operate the estimated RM1.6 billion Retail Mall at BBCC.

Thereafter, Phase 1 of the development comprising of strata offices & serviced apartments was officially launched. The Stride is a 45-storey block of strata offices with premium grade facilities such as grand lobby, shared meetings and conference facilities and security features. The Lucentia serviced apartments comprises two blocks of residences, which offer attractive apartments suitable for singles and young urbanite families with built-ups from 450 sq ft.

During the year under review, the project achieved a total sales value of RM696.4 million.

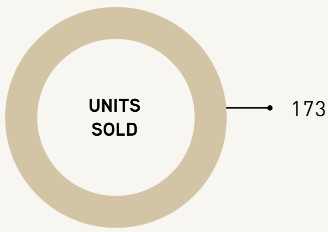
Breakdown of Sales Achieved in FY2016

FY16 ■ Sales Value ■ Units Sold



696,448

Total Sales Value (RM'000)



173

Total Units Sold

President's Management Discussion & Analysis

ECO SOUTH > ECO BOTANIC | **DATE LAUNCHED: SEPTEMBER 2013**

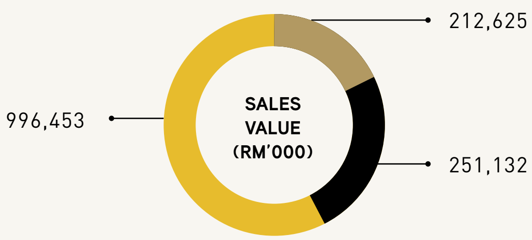
In the year under review, EW Berhad welcomed its first residents with the completion and handing over of Phase 1 of Eco Botanic in Iskandar Puteri, the very first project launched under the EcoWorld brand.

Phase 1, comprising 624 cluster and semi-detached homes, was handed over in September 2016. In February 2017 the township's vibrancy will be further enhanced following the completion of its lifestyle and business enclave known as Eco Boulevard. These commercial units featuring premium shop offices are the first-of-its-kind in Iskandar Puteri.

In FY2016, Eco Botanic sold 261 units with a sales value of RM212.6 million.

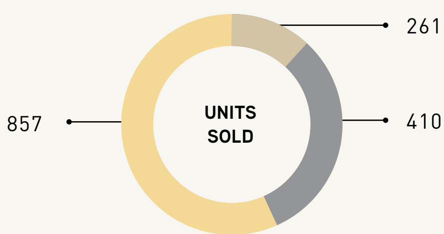
Breakdown of Sales Achieved in FY2014 - FY2016

FY14 ■ Sales Value ■ Units Sold | FY15 ■ Sales Value ■ Units Sold | FY16 ■ Sales Value ■ Units Sold



1,460,210

Total Sales Value (RM'000)



1,528

Total Units Sold

ECO SOUTH > ECO SPRING & ECO SUMMER | **DATE LAUNCHED: MAY 2014**

Located in the heart of the busy Tebrau corridor are the twin-eco townships of Eco Spring and Eco Summer. Both projects continued to perform solidly with 318 units sold in FY2016. Eco Spring offers cluster and semi-detached residences inspired by timeless Tudor architecture, whereas Eco Summer's park home series feature a unique front garden concept that connects the living hall with the garden.

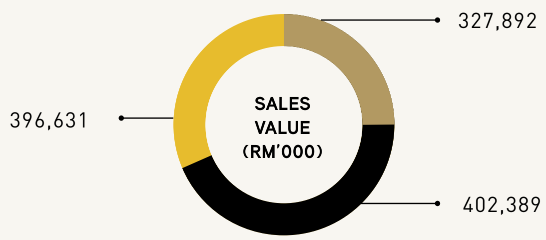
In March 2016, its commercial offering of Eco Palladium was unveiled. Built along the European street mall concept, this product has an exciting mix of retail, offices and F&B within a safe and conducive environment for patrons.

The first homes in Eco Spring and Eco Summer will be handed over to residents in May 2017.

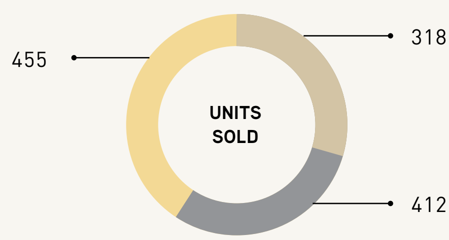
Total sales recorded by the twin townships for FY2016 stood at RM327.9 million.

Breakdown of Sales Achieved in FY2014 - FY2016

FY14 ■ Sales Value ■ Units Sold | FY15 ■ Sales Value ■ Units Sold | FY16 ■ Sales Value ■ Units Sold



1,126,912
Total Sales Value (RM'000)



1,185
Total Units Sold

President's Management Discussion & Analysis

ECO SOUTH > ECO TROPICS | DATE LAUNCHED: JUNE 2015

Eco Tropics in Pasir Gudang is a mixed township known for homes that are inspired by the elegant architecture of The Hamptons resort on Long Island, New York. The township is the first gated and guarded development in the area.

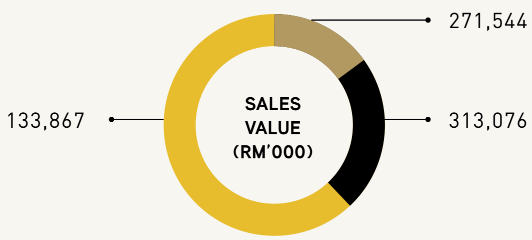
In keeping with the Group's commitment to create value, EW Berhad has been steadily working on improving accessibility and introducing amenities and facilities for the township. In 2015, EW Berhad collaborated with Jabatan Kerja Raya Malaysia to upgrade the main trunk road of Jalan Kong Kong and we are also building the new Senai – Desaru link. The link via Jalan Kota Masai has an estimated construction cost of RM12 million and is scheduled for completion by year-end.

Eco Tropics achieved overnight queues for its May 2016 launch of Millsgate 2-storey terraced homes.

In FY2016, it launched 688 units and registered a total sales of RM271.5 million.

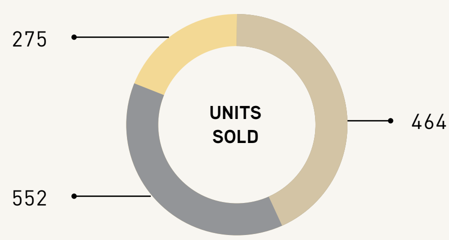
Breakdown of Sales Achieved in FY2014 - FY2016

FY14 ■ Sales Value ■ Units Sold | FY15 ■ Sales Value ■ Units Sold | FY16 ■ Sales Value ■ Units Sold



718,487

Total Sales Value (RM'000)



1,291

Total Units Sold

ECO SOUTH > ECO BUSINESS PARK I, II & III

The successful Eco Business Park **("EBP")** series continues to perform well for the Group. September 2016's inclusion of EBP II in Senai, together with the earlier launches of EBP I (May 2014) and EBP III (June 2015) have been warmly received by industrialists, business owners and the SME community.

The Group's EBPs boast innovative and highly functional designs that offer one-stop industrial solutions with modern facilities and services including high-speed broadband and space customisation.

Phase 1 of EBP I in Tebrau, comprising 312 units of cluster and semi-detached factories commenced handover in 2016. To date, over 80 units have been occupied with a diverse range of businesses ranging from manufacturing & warehousing facilities to showrooms and offices – this is testament to the success and effectiveness of the Group's multi-use business park concept.

EBP III in Pasir Gudang recorded the sale of a 5-acre plot of land to Tesco in November 2015 and the hypermarket is expected to open its doors to customers by year-end. The addition of Tesco will bring about greater convenience to the neighbouring Eco Tropics and the surrounding townships.

In September 2016, EBP II in the Senai corridor was launched as part of the EcoWorld's Firsts Campaign.

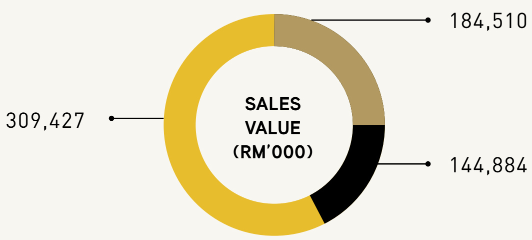
For the financial year under review, the three Eco Business Parks sold a total of 220 units with a combined sales value of RM387.3 million.

President's Management Discussion & Analysis

ECO SOUTH > ECO BUSINESS PARK I | **DATE LAUNCHED: MAY 2014**

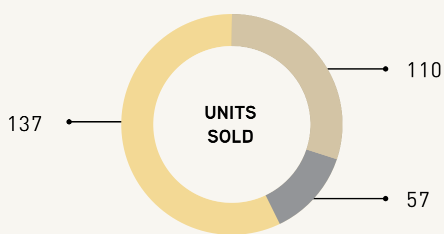
Breakdown of Sales Achieved in FY2014 - FY2016

FY14 ■ **Sales Value** ■ **Units Sold** | **FY15** ■ **Sales Value** ■ **Units Sold** | **FY16** ■ **Sales Value** ■ **Units Sold**



638,821

Total Sales Value (RM'000)



304

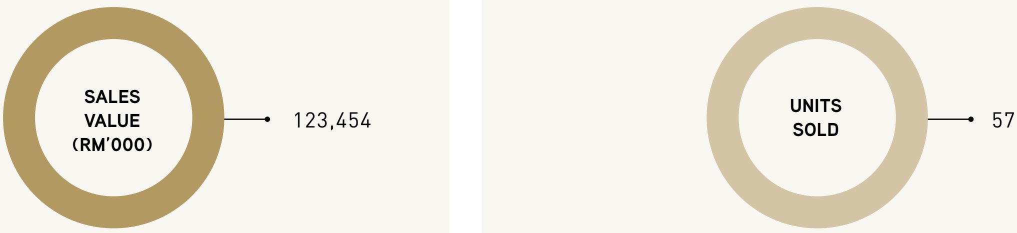
Total Units Sold

President's Management Discussion & Analysis

ECO SOUTH > ECO BUSINESS PARK II DATE LAUNCHED: SEPTEMBER 2016

Breakdown of Sales Achieved in FY2016

FY16 ■ Sales Value ■ Units Sold



123,454

Total Sales Value (RM'000)

57

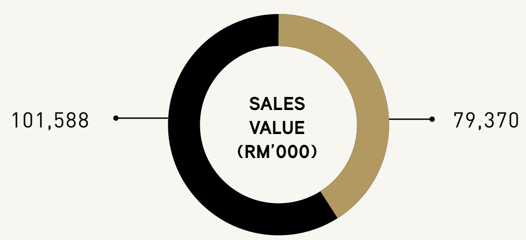
Total Units Sold

President's Management Discussion & Analysis

ECO SOUTH > ECO BUSINESS PARK III **DATE LAUNCHED: JUNE 2015**

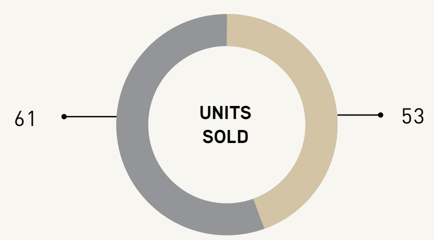
Breakdown of Sales Achieved in FY2015 & FY2016

FY15 ■ **Sales Value** ■ **Units Sold** | **FY16** ■ **Sales Value** ■ **Units Sold**



180,958

Total Sales Value (RM'000)



114

Total Units Sold

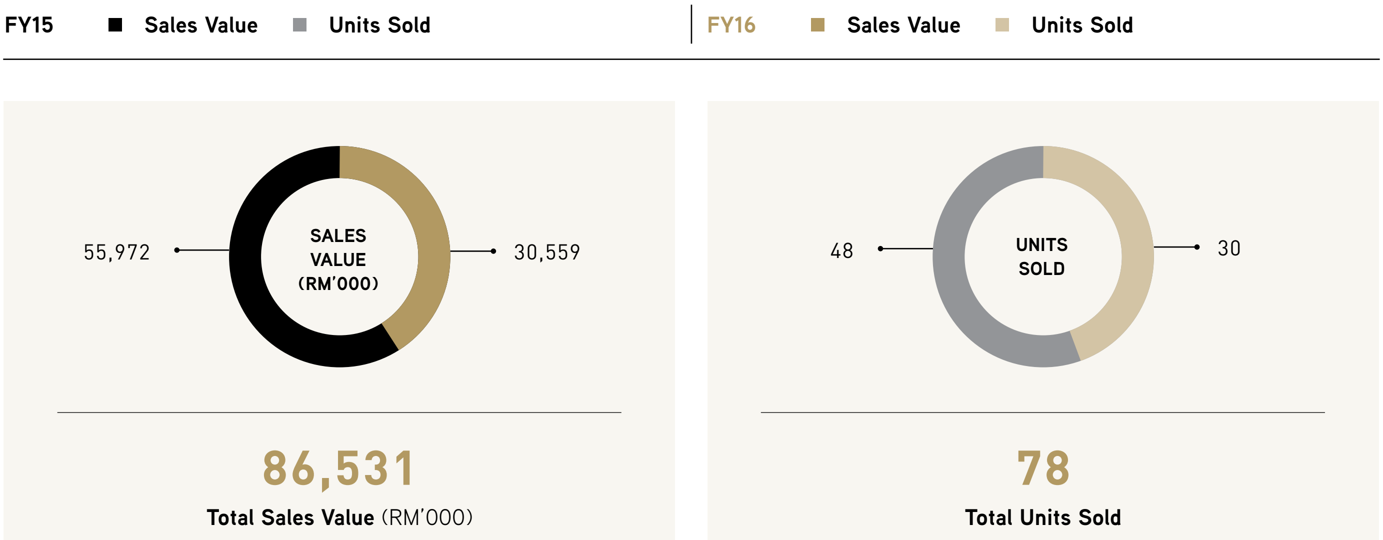
President's Management Discussion & Analysis

ECO NORTH > ECO TERRACES **DATE LAUNCHED: JUNE 2015**

The 12.79-acre freehold development located in Paya Terubong, EW Berhad's first project in Penang, sets a new benchmark in Penang for condominium living with 70% of the land dedicated to undulating green terraces. This low-density project offers only 333 units within a 33-storey condominium block.

For the financial year under review, Eco Terraces sold 30 units with a sales value of RM30.6 million.

Breakdown of Sales Achieved in FY2015 & FY2016



President's Management Discussion & Analysis

ECO NORTH > ECO MEADOWS **DATE LAUNCHED: SEPTEMBER 2015**

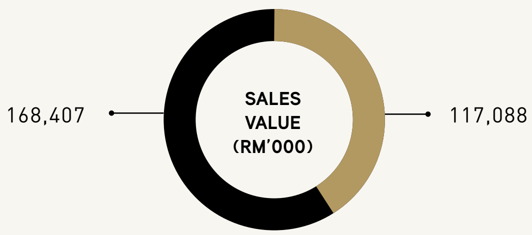
The freehold 76.5-acre eco township in the scenic Simpang Ampat locale in Penang is EW Berhad's first township on mainland Penang, Eco Meadows offers low-density fully strata gated and guarded homes with clubhouse facilities and 29 acres of commercial precincts.

In June, Eco Meadows saw the opening of the Eco Bloom sales gallery with three show units available for viewing. Eco Bloom is a 4.86-acre mixed development within Eco Meadows comprising a single tower project with 490 residential units split into two wings, and 23 units of 2-storey shop lots situated below the residential tower.

In FY2016, Eco Meadows sold 194 units with a sales value of RM117.1 million.

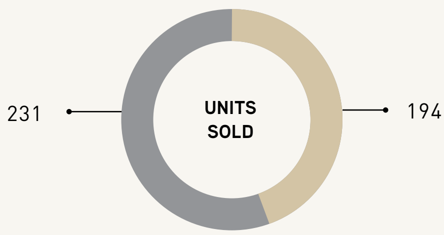
Breakdown of Sales Achieved in FY2015 & FY2016

FY15 ■ **Sales Value** ■ **Units Sold** | **FY16** ■ **Sales Value** ■ **Units Sold**



285,495

Total Sales Value (RM'000)



425

Total Units Sold

UPCOMING PROJECTS > ECO FOREST / ECO HORIZON & ECO SUN

ECO FOREST

The much-anticipated mixed township of Eco Forest will make its debut in 2017 and is set to cement EcoWorld's leadership position in the growing south eastern Semenyih corridor. This 492.7-acre freehold project builds on the success of the flagship Eco Majestic, which is situated 5km away. The close proximity between the two projects will enable EW Berhad to benefit from economies of scale of operations.

Eco Forest has an ideal location as it is connected to various highways and expressways such as LEKAS, SKVE and SILK and situated near tertiary educational institutions such as UTAR, University of Nottingham, UNITEN, UKM and UPM. The popular hiking destination, Broga Hills is a mere stone's throw away.

ECO HORIZON & ECO SUN

Two new launches in the prime growth corridor of Batu Kawan, Penang are in the pipeline for FY2017. The 300-acre Eco Horizon, situated just off the primary interchange linking the Second Penang Bridge to the North-South Highway and the 75-acre Eco Sun located along Lebuhraya Bandar Cassia are set to bring a buzz to the fast-rising location. Prominent landmarks in the immediate vicinity are the Batu Kawan Stadium and Batu Kawan Industrial Park and several educational institutions.

Eco Horizon is planned as a full-scale signature EcoWorld township featuring landed homes within a gated & guarded strata environment along with integrated commercial components, while Eco Sun is envisioned as a compact township. Both projects will be jointly developed with the Employees Provident Fund Board.

ECO BUSINESS PARK V

Eco Business Park V, a 518-acre industrial hub located next to Eco Grandeur is scheduled for launch in FY2017. It will introduce the concept of gated and guarded green industrial parks to the Klang Valley to emulate the success of the Group's Eco Business Parks located in Iskandar Malaysia. This project will also be undertaken jointly with the Employees Provident Fund Board.

Sustainability Statement

At Eco World Development Group Berhad ("EW Berhad"), we strive to uphold our corporate mission of being a caring and responsible organisation which actively contributes to every level of society while pursuing sustainability to create value for our various shareholders and stakeholders. Consistent with this mission we have endeavoured to embed sustainability and corporate social responsibility elements into our company's DNA from our inception three years ago. Accordingly we welcome the new Sustainability Reporting framework introduced by Bursa Malaysia Securities (which will be applicable to the company from FY2017 onwards) and are committed to taking steps in the coming financial year to construct a fundamentally-sound Sustainability Reporting mechanism.

Our journey towards establishing this framework involves establishing a governing body, which will be approved by our Board of Directors, to oversee the reporting on economic, environmental and social risks deemed material by our various stakeholders. We will also be developing a materiality matrix as well as a reporting mechanism that tracks our progress against our Sustainability ambitions.

In the meantime we have continued to actively engage with our communities and stakeholders throughout 2016 to make a positive contribution wherever we can in line with our vision of Creating Tomorrow & Beyond.

Eco World Foundation sponsors newspapers to instill the love of reading.

The Eco World Foundation held a special event to honour its supporters and donors.

Eco World Foundation
The Eco World Foundation serves as our charitable arm in providing assistance to underprivileged Malaysian children in the form of the Students Aid Programme **("SAP")**. The programme provides financial assistance to approximately 3,028 students (2,600 primary, 400 secondary and 28 tertiary level students) throughout the country with the objective of keeping needy children of all races in school.

With a budget of RM5 million per year, the SAP provides holistically for the students under its care, from equipping them for the new school year to paying for their school and tuition fees to arranging meals for the children. Motivational camps are held every year to boost the readiness of the Standard 6 students to face their UPSR exams whereas parents of the children are offered encouragement and moral support through regular Parents' Dialogue sessions.

The Eco World Foundation is assisted by the EcoWorld Volunteers Club which was launched in 2015 in all three regions (Central, Johor & Penang). The club currently has over 200 members made up of EW Berhad employees who willingly give of their time to help conduct home visits for the Foundation to help assess the home life and welfare needs of selected students.

The EcoWorld Volunteers Club also helps the Foundation in executing the various community activities planned for the year including blood donation drives, administering various donations in kind to needy organisations, refurbishment of schools, equipping and setting up facilities such as libraries to help improve the learning environment for students and teachers alike.

Apart from Eco World Foundation's efforts in reaching out to underprivileged children and schools, EW Berhad has also undertaken many other efforts on the economic, environmental and social fronts:

ECONOMIC

Eco Sky received a Green Building Certification from the Green Building Index Organisation.

EW Berhad is dedicated to continuously improving the quality and sustainability of our business operations and building practices. We invest in developing standards and benchmarks with the aim of creating sustainable value for our customers and shareholders through the delivery of quality products and services. The EcoWorld Green Council is the driving force that links our business objectives with our commitment to the EcoWorld Green Realisation Plan. The plan is made up of 4 Key Strategic Thrusts:

GREEN PROJECTS

to ensure our projects meet a minimum green standard

GREEN IMAGE

to ensure our branding is consistent with our vision and mission statements

GREEN AWARENESS

to create awareness and educate employees and customers on 'going green'

GREEN R&D

to invest in research and develop intelligence to realise our vision of embracing sustainability in every aspect of our operations

For the year under review, Green Building Certification has been achieved for Eco Sky, Eco Majestic, Eco Meadows and Eco Terraces whereas Bukit Bintang City Centre was awarded the Gold Certification by the Green Building Index Organisation. Additionally, Green Mark Certification (issued by the Building and Construction Authority of Singapore) was achieved for Eco Botanic, while Eco Sanctuary was awarded in the Gold certification category.

Sustainability Statement

ENVIRONMENTAL

The Green Council also leads the Group in exploring opportunities to increase the use of sustainable building materials and is continuously researching and developing methods to conserve our natural resources. Some of the initiatives include the establishment of Tree Nurseries in our townships for the conservation of new and preserved species of plants. Rain water harvesting technology has also been incorporated in our projects in Eco South, Eco Majestic and Eco Sanctuary.

Collaborations with ecologists on reforestation efforts as well as research on insect behaviour are currently being pursued as we attempt to leave a positive impact on the ecosystem in and around our developments.

Lush landscaping at Eco Majestic.

Women

The inaugural EcoWorld Women's Summit 2016 was held at the Bukit Bintang City Centre featuring a sharing session by women leaders from the government and corporate sector. The summit marked the continuation of a series of engagement workshops by EcoWorld for its Professional Women's Network **("PWN")** which was launched on 8 March 2016 in conjunction with International Women's Day.

Three power speakers, namely Tan Sri Dr Rebecca Fatima Sta Maria, Secretary General, Ministry of International Trade & Industry; Dato' Noor Farida Binti Mohd Ariffin, Director of EW Berhad; and Dato' Kong Sooi Lin, CEO of CIMB Investment Bank Bhd shared their experiences and encouraged the empowerment of women to realise their full potential on the professional front.

Community

EcoWorld's Flood Relief Mission continues with members of the Eco World Volunteers Club paying follow-up visits to flood victims in Kampung Manek Urai Lama and its surrounding areas. It has been two years since the community was displaced from their homes by the floods, however our volunteers have been monitoring the situation and assessing the needs of the villagers. Provisions contributed by EW Berhad employees were distributed to the villagers and an additional cabin home was built by our volunteers.

Nation Building

To celebrate 59 years of Malaysia's Independence, the Star Media Group Berhad joined forces with EcoWorld and invited all Malaysians to walk the talk for the second year in a row in the #AnakAnakMalaysia Walk 2016.

As discussed in the Management Discussion and Analysis section of this report, the #AnakAnakMalaysia Campaign for 2016 called for active participation by Malaysians from all walks of life to celebrate our country's diversity and promote unity, harmony and tolerance as part of the national discourse. The campaign was an outstanding success which saw enthusiastic participation from Malaysians living not just in Malaysia but also abroad powered by both traditional and social media platforms.

The inaugural EcoWorld Women's Summit 2016.

Employee Welfare:

EcoWorld has a host of initiatives and policies to ensure that the workplace is conducive and enjoyable for all employees. Amongst the many efforts rolled out:

- **EcoWorld's Parents' Network.** Branching out of the PWN, the Parents' Network is dedicated to help parents in areas pertaining to childcare and parenting related issues
- **Childcare Leave.** Employees with children aged 12 years old and below can apply for this leave in the event their child falls sick
- **Flexible Work Arrangement**. Employees can opt for Staggered Work Hours or School Holidays Work Arrangements should the need arise
- **A Supportive Physical Environment.** Special parking lots are given to expectant mothers. Nursing rooms and emergency childcare rooms are also available

Gender Equality in the Workplace

In terms of employee engagement and development, EW Berhad places great emphasis on gender quality at the workplace. In 2016, 45% of our total workforce consisted of women and of our 163 senior management personnel, 47% are women. The Group was the proud recipient of the 2016 Workplace Gender Equality – Work Life Balance Award" issued by the Asian Strategy & Leadership Institute **("ASLI")**.

Employee Engagement

Approximately 64% of Team EcoWorld is made up of Gen Y and a good variety of development programmes to improve core, functional, technical and leadership skills are readily available. The Company pays close attention to developing new talent and actively embraces succession planning through training programmes such as the EcoWorld Leadership Development Programme.

The EcoWorld Toastmasters Club was also recently recognised as a President's Distinguished Club whilst the EcoWorld Sports Club organises many sporting and social activities for employees.

The People's Heartbeat Survey (a company-wide confidential survey) was devised to enable us to better understand employee morale, satisfaction and engagement of the people in EcoWorld. The survey measures the level of engagement based on three factors namely the "Say," "Stay," and "Strive" factors and covers four key organisational dimension scores namely Leadership, Infrastructure, People Management and Performance Measurement. The results from the survey are used to help define our priorities by pinpointing areas where the need for development is greatest. 37 out of 39 divisions achieved an employee engagement score of 90% and above.

As a testament to our employee engagement efforts and leadership in talent management, EW Berhad took home the AON Hewitt "Best of the Best Employer in Malaysia 2016 Award".

Corporate Governance Statement

The Board of Directors **("the Board")** of Eco World Development Group Berhad **("EW Berhad"** or **"the Company")** is committed to ensuring that a high standard of corporate governance is practised throughout the Company and its subsidiaries **("the Group")** as a fundamental part of discharging its responsibilities to safeguard shareholders' investments and to protect the interests of all stakeholders.

Set out below is a statement, made pursuant to Paragraph 15.25 of the Main Market Listing Requirements **("MMLR")** of Bursa Malaysia Securities Berhad **("Bursa Securities")**, on how the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 **("MCCG 2012")**.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear functions reserved for the Board and those delegated to Management

The Board is responsible for the overall performance of the Group by setting goals, policies and targets while Management is responsible for managing the day to day running of the Group's business activities in accordance with the direction and delegation of the Board. The President & CEO briefs the Board on business operations and management initiatives during board meetings. Management meets regularly to discuss and resolve operational issues.

In discharging its duties, the Board delegates certain of its responsibilities to Board Committees which operate within clearly defined terms of reference. The Board is briefed at board meetings on matters deliberated by the Committees.

Clear roles and responsibilities

In line with its overall responsibility for the proper conduct of the Group's business, the Board is responsible for establishing the Group's goals and strategic directions, setting targets for Management and monitoring the achievement of those goals and targets. The Board also oversees the process of evaluating the adequacy and effectiveness of the system of internal controls and risk management processes.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company's website. The Board Charter further defines the roles and responsibilities of the Chairman, President & CEO and Non-Executive Directors.

The following are the roles of the Board and its principal responsibilities:

- To review and adopt a strategic plan, as developed by Management, taking into account the sustainability of the Company's business, with attention given to the environmental, social and governance aspects of the business;
- To oversee the conduct of the Company's business, including monitoring the performance of Management to determine whether the business is being properly managed;
- To identify the principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;
- To put succession planning in place by ensuring that all candidates appointed to senior management positions are of sufficient calibre and that there are structured and unstructured programmes to provide for the orderly succession of senior management;
- To review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the Company's continued ability to compete effectively in the marketplace;
- To oversee the implementation of a shareholder communication policy;
- To review the adequacy and integrity of the Company's management information and internal control systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance; and
- To oversee the Group's adherence to high standards of conduct or ethics and corporate behaviour, including the Code of Ethics for Directors.

Code of Conduct and Ethics

The Company has issued a Code of Conduct and Business Ethics **("the Code")** that applies to all Directors and employees of the Group. All employees are required to read, understand and abide by the Code. The Code is effectively communicated via the Company's intranet and is also subject to regular review and updates.

The Board has an additional code of ethics which is incorporated in the Board Charter.

Whilst the Company does not have a formal whistle-blowing policy, the Code contains provisions which encourage all employees to report any genuine concerns without fear of reprisal. The Company also has a strong corporate culture which prizes team spirit, integrity, commitment, accountability and excellence as core EcoWorld Values. Management actively promotes and inculcates these values throughout the Group via regular engagement, dialogue and training programmes. The Code and EcoWorld Values guide the formulation of the Group's Policies and Procedures statements which all employees are required to adhere to, failure of which will result in appropriate action being taken.

Promote sustainability

The Board is aware of the importance of business sustainability and ensures that there is a plan for promoting sustainability embedded in the development of the Group's strategies, taking into account the environmental, social, cultural and governance aspects of business operations. These strategies seek to meet the expectations of stakeholders such as customers, shareholders, regulators, bankers, joint venture partners and the communities in which the Group operates.

The Group's sustainability statement is set out on pages 46 to 49 of this Annual Report.

Access to information and advice

All Board members are supplied with information in a timely manner. The meeting agenda is set and Board papers are circulated prior to scheduled board meetings via emails or physical copies to ensure sufficient time is given to the Directors to read the Board papers and seek any clarification that they may need from Management or to consult the Company Secretaries or independent advisers, before the Board Meetings, if necessary. This enables the Directors to discuss the issues effectively at the board meetings.

Apart from board meetings, the Directors are also provided with updates via emails as and when there are any new developments on the Group's business.

The Chairmen of the Board Committees, namely, the Audit Committee, Remuneration Committee and the Nomination Committee, brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees. The minutes of Board Committee meetings are also presented to the Board for information. The Chairman of the Risk Management Committee will brief the Audit Committee on Risk Management updates twice a year.

All Directors are entitled, whether via the Board or in their individual capacity, to take independent professional advice at the Company's expense where necessary in the furtherance of their duties. A Director may consult the Chairman or other Board members prior to seeking any independent professional advice.

Qualified and competent Company Secretaries

Every Director has ready and unrestricted access to the advice and the services of the Company Secretaries in ensuring the effective functioning of the Board. The Company Secretaries ensure that Board policies and procedures are both followed and reviewed regularly and they have the responsibility in law to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities and powers.

Board Charter

The Board has formalised and adopted a Board Charter which serves as a source of reference for Directors. The Board Charter is established to provide guidance and clarity on the Board's roles and responsibilities as well as the relationship between the Board and shareholders.

The Board Charter also sets out processes and procedures for convening Board meetings. The Board periodically reviews the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the Board's responsibilities.

The Board Charter is available on the Company's website at www.ecoworld.my.

PRINCIPLE 2: STRENGTHEN COMPOSITION

Nomination Committee

The Nomination Committee assists the Board in ensuring that the Board comprises Directors with the appropriate mix of skills and experience, as well as to ensure a proper balance between Executive Directors and Independent Non-Executive Directors.

The duties and responsibilities of the Nomination Committee are as follows:

- To recommend to the Board, candidates for any directorships proposed to be filled by shareholders or the Board;
- To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- To evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular proposed appointment. In identifying suitable candidates, the Nomination Committee shall:

  (a) consider candidates from a wide range of backgrounds;
  (b) consider candidates on merit, against objective criteria with due regard to the benefits of diversity on the Board; and
  (c) ensure that once appointed, appointees have enough time available to devote to the position of director.

- To assess annually, the effectiveness of the Board as a whole and each Director individually, as well as the effectiveness of the various committees of the Board;
- To assess on an annual basis the independence of the Independent Non-Executive Directors;
- To review the results of the directors' performance evaluation;
- To give consideration to succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future;
- To review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- To keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates; and
- To act in line with the directions of the Board.

The Nomination Committee comprises the following 4 Non-Executive Directors, the majority of whom are Independent Directors:

(a) Dato' Idrose Bin Mohamed (Chairman, Independent Non-Executive Director);
(b) Tan Sri Lee Lam Thye (Member, Non-Independent Non-Executive Director);
(c) Tang Kin Kheong (Member, Senior Independent Non-Executive Director); and
(d) Dato' Noor Farida Binti Mohd Ariffin (Member, Independent Non-Executive Director).

Although the Chairman of the Nomination Committee is not the Senior Independent Non-Executive Director, the Board is of the view that the Nomination Committee is able to perform its duties transparently and independently.

Board Composition

At present, the Board consists of 12 members of whom 4 are Executive Directors, 4 are Non-Independent Non-Executive Directors and 4 are Independent Non-Executive Directors. Thus, the requirement under Paragraph 15.02 of the MMLR of Bursa Securities that at least 2 Directors or 1/3 of the Board, whichever is higher, must be Independent Directors, is fulfilled.

Collectively, the Directors have a wide range of experience and expertise in business, corporate, legal and financial matters that add value to the Board as a whole. Profiles of the Directors are set out in this Annual Report.

The Company recognises the contribution of Independent Directors as vital to the development of the Group's strategies and to providing a balanced and independent view to the Board. All Independent Directors are independent of management and free from any relationship that could interfere with their independent judgment.

Mr. Tang Kin Kheong is the Senior Independent Non-Executive Director to whom concerns may be conveyed. Any queries or concerns relating to the Group may be directed to Mr. Tang at kin-kheong.tang@ecoworld.my.

Criteria for recruitment and assessment

Selection of candidates for appointment as Directors may be recommended by Directors, Senior Management or external parties. The Nomination Committee assesses the suitability of the candidates before recommending the candidates to the Board for appointment.

In evaluating the suitability of candidates, the Nomination Committee considers, inter-alia, their background, knowledge, integrity, competency, experience, commitment (including time commitment), and potential contribution to the Group, and additionally in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence. This is consistent with the Group's practice of being an equal opportunity employer where all appointments and employments are based strictly on merit and are not driven by any racial or gender bias.

The Board does not have a specific policy on gender diversity but the Nomination Committee is mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity pursuant to Recommendation 2.2 of MCCG 2012. Presently, there is one female Director on the Board.

On the management front, the Group's commitment to promote "Diversity at Work" is reflected in its employee gender profile as at 31 October 2016 of 46% female to 54% male employees and the high percentage of female employees holding senior management positions at 42%.

For the financial year ended 31 October 2016, the Nomination Committee performed the following evaluation:

(1) reviewed and assessed the mix of skills, expertise, composition, size and experience required by the Board;
(2) reviewed and assessed the effectiveness of each individual Director by undertaking an evaluation process involving a self-assessment by each individual director;
(3) reviewed and assessed the effectiveness of the Board and Board Committees;
(4) reviewed and assessed the independence of the Independent Directors;
(5) nominated the Directors who are retiring and who are eligible for reelection; and
(6) reviewed the term of office competency and performance of the Audit Committee and its members.

The criteria for self-assessment covers areas such as contributions to matters discussed, roles and responsibilities and overall quality of input to Board effectiveness. For Board and Board Committee assessments, the criteria include board structure and operations, their roles and responsibilities, succession planning and board governance. The independence of Independent Directors were assessed based on their relationship with the Group and their involvement in any significant transaction with the Group.

The Board studied the results of the evaluation and is generally satisfied with its current size, composition as well as the mix of skill sets and independence of its Independent Non-Executive Directors.

Retirement of Directors

In accordance with the MMLR of Bursa Securities and Article 80 of the Company's Articles of Association, at least 1/3 or the number nearest to 1/3 of the Directors shall retire from office each year, such that all directors retire at least once in every 3 years at the Annual General Meeting **("AGM")**. The retiring directors shall be eligible for reelection at the AGM.

Upon the recommendation of Nomination Committee, the following Directors retire by rotation at the forthcoming 43rd AGM of the Company pursuant to Article 80 of the Company's Articles of Association and being eligible, have offered themselves for reelection:

(a) Tan Sri Abdul Rashid bin Abdul Manaf;
(b) Dato' Chang Khim Wah;
(c) Tang Kin Kheong; and
(d) Liew Tian Xiong.

Corporate Governance Statement

REMUNERATION COMMITTEE

Board remuneration policies and procedures

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The Remuneration Committee's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

Fees payable to Non-Executive Directors are deliberated and decided by the Board as a whole before they are presented for approval by shareholders at the AGM.

The Remuneration Committee comprises the following 4 Directors, the majority of whom are Independent Directors:

(a) Dato' Voon Tin Yow (Chairman, Executive Director);
(b) Dato' Idrose Bin Mohamed (Member, Independent Non-Executive Director);
(c) Tang Kin Kheong (Member, Senior Independent Non-Executive Director); and
(d) Dato' Noor Farida Binti Mohd Ariffin (Member, Independent Non-Executive Director).

Directors' Remuneration

The range of remuneration received by Directors who held office at the end of the financial year ended 31 October 2016 is set out as below. The Company opts not to disclose the remuneration of individual Directors as the Company believes that this information will not add significantly to the understanding and evaluation of the Company's governance.

1. Aggregate remuneration received by Directors are categorised into the following components:

Company					
	Directors' Fees (RM'000)	**Salary and Bonus (RM'000)**	**Allowance (RM'000)**	**Benefits in kind (RM'000)**	**EPF (RM'000)**
Executive	-	-	-	-	-
Non-Executive	1,663	-	1,167	3,886	-
Total	**1,663**	**-**	**1,167**	**3,886**	**-**

Group					
	Directors' Fees (RM'000)	**Salary and Bonus (RM'000)**	**Allowance (RM'000)**	**Benefits in kind (RM'000)**	**EPF (RM'000)**
Executive	-	10,789	734	602	1,171
Non-Executive	-	-	-	-	-
Total	**-**	**10,789**	**734**	**602**	**1,171**

2. Number of Directors whose remuneration falls into the following bands:

	Number of Directors	
Range of remuneration	**Executive**	**Non-Executive**
RM250,001 to RM300,000	**1**	**2**
RM300,001 to RM350,000	-	**3**
RM350,001 to RM400,000	-	**1**
RM400,001 to RM450,000	-	**1**
RM900,001 to RM950,000	-	-
RM1,350,001 to RM1,400,000	**1**	-
RM3,500,001 to RM3,550,000	-	-
RM3,700,001 to RM3,750,000	**1**	-
RM4,300,001 to RM4,350,000	-	**1**
RM4,250,001 to RM4,300,000	-	-
RM7,900,001 to RM7,950,000	**1**	-

PRINCIPLE 3 : REINFORCE INDEPENDENCE

Annual assessment of independence

The Board assesses the independence of the Independent Non-Executive Directors on an annual basis by taking into account of the individual Director's ability to exercise independent judgment at all times and based on the criteria set out in the MMLR of Bursa Securities.

Based on the assessment carried out during the financial year ended 31 October 2016, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management of the Group. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business and the reporting of quarterly business performances.

Tenure of Independent Directors

As at the date of this Statement, none of the Independent Directors has served more than 9 years on the Board.

Upon the completion of 9 years of service, Independent Directors may continue to serve on the Board subject to them being redesignated as Non-Independent Directors. In the event the Board intends to retain any Director as an Independent Director beyond a cumulative term of 9 years, approval from shareholders will be sought.

Chairman and President & CEO

The roles of Chairman and President & CEO are undertaken by separate persons. The Chairman is a Non-Executive member of the Board.

Corporate Governance Statement

Non–Independent Chairman

The Board is chaired by a Non-Independent Non-Executive Director.

The Board notes Recommendation 3.5 of the MCCG 2012, which states that the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

Although the Board does not comprise a majority of Independent Directors, there is a majority of Non-Executive Directors, i.e. 8 out of 12. Their majority presence provides reasonably effective check and balance within the Board. Being a Non-Executive Director, the Chairman is not involved in the day-to-day management of the Group's business. In addition, the Chairman has nominated the Founder & Non-Independent Non-Executive Director to chair all meetings.

The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

PRINCIPLE 4 : FOSTER COMMITMENT

Time commitment

Directors are expected to give sufficient time and attention to carry out their responsibilities. The Board Charter sets out a policy where a director shall notify the Chairman officially before accepting any new directorships in other companies and the notification shall explain the expectation and an indication of time commitment that will be spent on the new appointments.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities.

Board meetings

The Board meets at least 4 times a year, with additional meetings for particular matters convened as and when necessary.

A total of 5 Board meetings were held during the financial year ended 31 October 2016. The attendance record of each Director is as follows:

Directors	Total Meetings Attended	Percentage of Attendance (%)
Tan Sri Abdul Rashid Bin Abdul Manaf	5/5	100
Tan Sri Dato' Sri Liew Kee Sin	5/5	100
Dato' Leong Kok Wah	5/5	100
Dato' Chang Khim Wah	5/5	100
Dato' Voon Tin Yow	5/5	100
Datuk Heah Kok Boon	5/5	100
Liew Tian Xiong	5/5	100
Tan Sri Lee Lam Thye	5/5	100
Tang Kin Kheong	5/5	100
Dato' Idrose Bin Mohamed	5/5	100
Dato' Haji Obet Bin Tawil	5/5	100
Dato' Noor Farida Binti Mohd Ariffin	5/5	100

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 October 2016 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities.

Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme **("MAP")** as specified by Bursa Securities.

During the financial year ended 31 October 2016, the Directors attended the following training programmes and seminars to keep abreast of relevant changes in law, regulations, business environment, risk management, general economic and industry developments:

NAME OF DIRECTORS	COURSE TITLE	DATE
Tan Sri Abdul Rashid Bin Abdul Manaf	• Sustainability Policies & Strategies to Deliver Sustainable Performance	11 October 2016
Tan Sri Dato' Sri Liew Kee Sin	• StarLive Business Series: Power Talks*	23 January 2016
	• EcoWorld International Women's Day Celebration 2016	8 March 2016
	• EcoWorld Women's Summit 2016	5 May 2016
	• RHB Banking Group Leadership Talk*	9 June 2016
	• TalentCorp Semester Break Programme*	1 August 2016
	• Alliance Bank BizSmart Academy Young Enterpreneurs' Conference*	27 August 2016
	• Leaderonomics Leadership Dojo Programme*	18 October 2016
Dato' Leong Kok Wah	• CG Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom	9 March 2016
	• Sustainability Engagement Series for Directors/Chief Executive Officers	31 March 2016
	• High Performance Team Alignment and Synergy	6 & 7 August 2016
	• Sustainability Policies & Strategies to Deliver Sustainable Performance	11 October 2016
Dato' Chang Khim Wah	• EcoWorld International Women's Day Celebration 2016	8 March 2016
	• EcoWorld Women's Summit 2016	5 May 2016
	• Aon Best Employers – Malaysia 2016 – Awards Ceremony & Learning Conference	25 August 2016
	• Sustainability Policies & Strategies to Deliver Sustainable Performance	11 October 2016
Dato' Voon Tin Yow	• EcoWorld International Women's Day Celebration 2016	8 March 2016
	• EcoWorld Women's Summit 2016	5 May 2016
	• Sustainability Policies & Strategies to Deliver Sustainable Performance	11 October 2016

Corporate Governance Statement

NAME OF DIRECTORS	COURSE TITLE	DATE
Datuk Heah Kok Boon	• Developing CFOs ability to make accounting judgments	14 March 2016
	• EcoWorld Women's Summit 2016	5 May 2016
	• World Environment Day 2016	3 June 2016
	• RHB Banking Group Leadership Talk	9 June 2016
	• Sustainability Policies & Strategies to Deliver Sustainable Performance	11 October 2016
	• EcoWorld Leadership Development Programme (EWLDP) Mentor Readiness Workshop (Refresher Course)	11 October 2016
Liew Tian Xiong	• A Day with the Chairman (Senior Manager & Above)	17 November 2016
	• EcoWorld Women's Summit 2016	5 May 2016
	• RHB Banking Group Leadership Talk	9 June 2016
Tan Sri Lee Lam Thye	• Eco World Women's Summit 2016	5 May 2016
	• CG Breakfast Series with Directors: The Strategy, the Leadership, the Stakeholders and the Board	6 May 2016
	• Sustainability Engagement Series for Directors / Chief Executive Officers	2 June 2016
	• Sustainability Policies & Strategies to Deliver Sustainable Performance	11 October 2016
Tang Kin Kheong	• Audit Oversight Board: The New Auditor's Report - Sharing the UK Experience	13 January 2016
	• Audit Committee Conference 2016 - Setting the Right Tone	29 March 2016
	• Case Study Workshop for Independent Directors: Rethinking - Independent Directors: A New Frontier	22 August 2016
	• Sustainability Policies & Strategies to Deliver Sustainable Performance	11 October 2016
Dato' Idrose Bin Mohamed	• Audit Committee Conference 2016 - Setting the Right Tone	29 March 2016
	• Sustainability Engagement Series for Directors / Chief Executive Officers	31 March 2016
	• Sustainability Policies & Strategies to Deliver Sustainable Performance	11 October 2016

NAME OF DIRECTORS	COURSE TITLE	DATE
Dato' Haji Obet Bin Tawil	• Audit Committee Conference 2016 - Setting the Right Tone	29 March 2016
	• Sustainability Engagement Series for Directors / Chief Executive Officers	1 June 2016
	• Case Study Workshop for Independent Directors: Rethinking - Independent Directors: A New Frontier	22 August 2016
	• Sustainability Policies & Strategies to Deliver Sustainable Performance	11 October 2016
Dato' Noor Farida Binti Mohd Ariffin	• Audit Committee Conference 2016 - Setting the Right Tone	29 March 2016
	• EcoWorld Women's Summit 2016*	5 May 2016

** Attended as speaker.*

The Directors will undergo relevant training programmes and seminars from time to time and as and when necessary to update themselves with the relevant knowledge and skills to discharge their duties effectively.

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

In presenting the annual audited financial statements and interim financial results, the Board takes responsibility to ensure that these financial statements are drawn up in accordance with regulatory requirements and applicable financial reporting standards in Malaysia.

The Audit Committee assists the Board by reviewing these financial statements with Management and the external auditors.

The Responsibility Statement by the Directors pursuant to Paragraph 15.26(a) of the MMLR of Bursa Securities is set out in page 62 of this Annual Report.

Assessment of Suitability and Independence of External Auditors

The Audit Committee meets with the external auditors privately twice a year and whenever necessary, without the presence of the other directors or Management, to exchange independent views on matters which require the Audit Committee's attention.

The Audit Committee considered the non-audit services provided by the external auditors during the financial year ended 31 October 2016 and concluded that the provision of these services did not compromise the external auditors' independence and objectivity. The amount of fees incurred on these non-audit services totalled RM88,800 which was considered not significant when compared to the total fees paid to the external auditors. These services were mainly in relation to corporate exercises undertaken by the Company.

The external auditors have confirmed to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence rules of the Malaysian Institute of Accountants.

At a special meeting held on 17 November 2016, the Audit Committee assessed the suitability and independence of the external auditors, and have recommended to the Board to propose to shareholders at the forthcoming AGM the reappointment of the external auditors to hold office for the ensuing year.

A summary of the activities of the Audit Committee during the financial year under review is set out in the Audit Committee Report on pages 64 to 66 of this Annual Report.

Corporate Governance Statement

PRINCIPLE 6 : RECOGNISE AND MANAGE RISK

Sound Risk Management Framework and Internal Controls System

The Group has established a Risk Management Policy and Guidelines which sets out its risk management strategy, risk structure, risk assessment processes, risk communication and action plans.

The Risk Management Committee assists the Board in identifying, mitigating and monitoring critical risks highlighted by business units. The Risk Management Committee comprises the following members:

Name	Executive position
Dato' Voon Tin Yow (Chairman)	Executive Director
Dato' Sundarajoo A/L Somu (Member)	Chief Operating Officer
Datuk Hoe Mee Ling (Member)	Divisional General Manager, Southern Region
Soo Chan Fai (Member)	Group Financial Controller
Lim Eng Tiong (Member)	Divisional General Manager, Group Contracts
Ong Yew Leng (Member)	General Manager, Group MIS

The Risk Management Committee is responsible for implementing risk management policies and strategies approved by the Board. It monitors and manages the principal risk exposures by ensuring that Management has taken the necessary steps to mitigate such risks and recommends actions where necessary. The Risk Management Committee reports to the Audit Committee at least twice a year and briefs the Board on significant matters.

The Statement on Risk Management and Internal Control as set out in pages 67 to 68 of this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

Internal audit function

The Directors acknowledge their responsibility to maintain a system of internal control and risk management. The Board seeks regular assurance on the continuity and effectiveness of the internal control and risk management system through independent review by the internal auditors.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's framework in designing, implementing and monitoring its internal control system.

The activities of the internal auditors during the financial year are set out in the Audit Committee Report on page 66 of this Annual Report.

PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies and Procedures

The Company recognises the value of transparent and effective communications with the investment community and aims to build long-term relationships with its shareholders and investors through appropriate channels for disclosure of information.

The Company mainly communicates with its shareholders, stakeholders and the public through press releases, press conferences, timely announcements and disclosures made to Bursa Securities.

Information disseminated is clear, relevant and comprehensive, provided on a timely basis and is readily accessible by all stakeholders. The Company endeavours to provide investors with sufficient business, operational and financial information on the Group to enable them to make informed investment decisions.

The Annual Report, which is also a key communication channel between the Company and its shareholders and investors, is published within 4 months after the financial year-end. The Chairman's Statement and President's Management Discussion & Analysis provide an insightful interpretation of the Group's performance, operations, prospects and other matters affecting the Group's business and/or shareholders' interests.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website at www.ecoworld.my incorporates an Investor Relations section which provides all relevant information on the Group and is accessible by the public. Information on announcements made by the Company, annual reports, press releases and corporate presentations are disclosed in this section which enhances the Investor Relations function.

The quarterly financial results are announced via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to corp@ecoworld.my.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, interviews are conducted from time to time with local journalists by Management and reported in the local newspapers.

The Board views the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders. During general meetings, the President & CEO will brief shareholders on the Group's projects and elaborate on proposals for which approval of shareholders is being sought.

Whilst the Company endeavours to provide as much information as possible to its shareholders and the investment community, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Encourage Shareholder Participation at General Meetings

The Annual Report, which contains the Notice of AGM, is sent to shareholders at least 21 days prior to the date of the meeting. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. Items of special business included in the Notice of AGM will be accompanied by an explanation of the proposed resolutions.

At each meeting, shareholders are able to participate in the question-and-answer session in respect of the matters listed in the Notice of AGM. There is no time limitation for shareholders to raise questions and to solicit replies from the Board.

Poll Voting

Pursuant to Paragraph 8.29A of the MMLR of Bursa Securities, all resolutions set out in the notice of any general meeting held on or after 1 July 2016 shall be voted by poll. An independent scrutineer shall be appointed to undertake the polling process.

Resolutions at all general meetings of the Company held after 1 July 2016 have been voted on and passed by shareholders via poll.

Effective Communication and Proactive Engagement

In maintaining its commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to shareholders as well as the general investing public.

The practice of disclosure of information is not established just to comply with the requirements of the MMLR of Bursa Securities, but also to adopt the best practices recommended in the MCCG 2012 with regard to strengthening engagement and communication with shareholders.

The Company's Investor Relations Department plays an important role in conducting regular dialogues and discussions with fund managers, financial analysts, shareholders and media. These meetings provide financial analysts and institutional fund managers with ongoing updates on the Group's development activities to better understand the business and strategic direction of the Group.

During the financial year ended 31 October 2016, the Company participated in several investor conferences/roadshows locally and aboard and had 123 meetings with over 350 financial analysts, brokers and fund managers. A total of 11 local and foreign research houses and brokerages contribute to the Bloomberg earnings estimates for the Company.

Where possible, the Group also provides additional disclosures of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication is vital to assist shareholders and investors in making informed investment decisions.

Corporate Governance Statement

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year, and of the results and cash flows of the Group and of the Company for that year then ended.

The Directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies that are consistently applied;
- reasonable and prudent judgments and estimates have been made; and
- all applicable approved accounting standards in Malaysia have been adhered to.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with regulatory requirements.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

Additional Compliance Information

UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

The utilisation of proceeds raised from corporate proposals during the financial year are as follows:

(a) Proceeds totaling RM501.1 million were raised under the first tranche of the Placement exercise which was completed on 19 October 2016. The status of the utilisation of these proceeds as at 17 January 2017 is as set out below:

	Proposed utilisation (RM'mil)	Actual utilisation (RM'mil)	Balance unutilised (RM'mil)	Intended timeframe for utilisation from completion date
To part finance the proposed subscription of new ordinary shares in Eco World International Berhad **("EWI")**	138.7	-	138.7	Within six (6) months
To part finance the proposed land acquisition in Mukim Ijok	93.0	(93.0)	-	Within six (6) months
Working capital requirements	71.7	(71.7)	-	On-going
Repayment of bank borrowings	195.0	(195.0)	-	Within one (1) month
Estimated expenses in relation to the Proposed Placement	2.7	(0.3)	2.4	Within six (6) months
Total	**501.1**	**(360.0)**	**141.1**	

(b) Proceeds totaling RM61.1 million were raised under the second tranche of the Placement exercise which was completed on 25 November 2016. The status of the utilisation of these proceeds as at 17 January 2017 is as set out below:

	Proposed utilisation (RM'mil)	Actual utilisation (RM'mil)	Balance unutilised (RM'mil)	Intended timeframe for utilisation from completion date
To part finance the proposed subscription of new ordinary shares in EWI	61.1	-	61.1	Within six (6) months
Total	**61.1**	**-**	**61.1**	

AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors and a firm affiliated to the external auditors' firm by the Group and the Company for financial year 2016 are as follows:

	Group (RM)	Company (RM)
Audit Fees	419,000	75,000
Non-audit Fees	88,800	81,500
Total	**507,800**	**156,500**

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial period except as disclosed in notes 36 and 40 of the audited financial statements for the financial year ended 31 October 2016.

Audit Committee Report

MEMBERSHIP OF THE AUDIT COMMITTEE

Tang Kin Kheong
Chairman
Senior Independent Non-Executive Director

Dato' Idrose bin Mohamed
Member
Independent Non-Executive Director

Dato' Haji Obet bin Tawil
Member
Independent Non-Executive Director

Dato' Noor Farida binti Mohd Ariffin
Member
Independent Non-Executive Director

MEETINGS

The Audit Committee held 5 meetings during the financial year ended 31 October 2016. The attendance of each Audit Committee member was as follows:

	Attendance
Tang Kin Kheong	5/5
Dato' Idrose bin Mohamed	5/5
Dato' Haji Obet bin Tawil	5/5
Dato' Noor Farida binti Mohd Ariffin	5/5

The Audit Committee meets quarterly and as and when required. The dates of the quarterly meetings are preset at the beginning of the financial year. For all meetings, the notice and agenda together with the papers and reports relevant to the items on the agenda are distributed to members prior to each meeting to enable members to prepare for the meeting.

The Chairman of the Audit Committee verbally briefs the Board on the proceedings of the Audit Committee meeting at the Board meetings held subsequent to the Audit Committee meetings.

Additionally, confirmed minutes of Audit Committee meetings are tabled at Board meetings for notation by all directors.

The President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Executive Directors, Group Financial Controller and the Chief Audit Executive are invited to attend Audit Committee meetings.

The external auditors are also invited to attend Audit Committee meetings to present their audit plan and audit findings, and to assist the Audit Committee in its review of the unaudited quarterly financial reports and year-end financial statements.

The Audit Committee Chairman engages on a continuous basis with Senior Management, the external and internal auditors to keep abreast of matters affecting the Group. Where significant issues are noted, the Audit Committee Chairman communicates and confers with the other members, either through emails or in meetings.

AUTHORITY AND DUTIES OF THE AUDIT COMMITTEE

The Audit Committee is governed by its terms of reference, which is available on the Company's website at www.ecoworld.my.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

In respect of the financial year under review, the Audit Committee carried out the following activities which are in line with its responsibilities as set out in the terms of reference:

1. Financial statements

(a) Reviewed the unaudited quarterly financial reports and year-end financial statements before they were presented to the Board for approval; and

(b) In its review of the quarterly financial reports and year-end financial statements, discussed with Management and the external auditors the financial reporting standards applied, including the judgments exercised in the application of those standards and the critical accounting estimates and assumptions used in arriving at the reported amounts of items in the quarterly financial reports and year-end financial statements.

In respect of the above, matters discussed included:

- accounting treatment for significant transactions during the year, such as those relating to major land acquisitions and corporate proposals; and
- new and proposed financial reporting guidelines affecting the property development industry.

2. Matters relating to external audit

(a) Reviewed the external auditors' audit plan for the financial year.

(b) Reviewed the external auditors' audit report and the significant audit findings underlying their report. These were presented twice a year by the external auditors upon completion of the interim audit and upon completion of the final audit.

(c) Reviewed the external auditors' internal control recommendations and management's responses thereto as set out in their Audit Review Memorandum presented to the Audit Committee.

(d) Met with the external auditors without the presence of Management twice, on 21 September 2016 and 7 December 2016, in order to provide the external auditors an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference.

(e) Evaluated the external auditors' independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency. Also reviewed the reasonableness of the audit fees charged against the size and complexity of the Group.

(f) Recommended to the Board to propose to shareholders the reappointment of the external auditors at the Annual General Meeting of the Company.

3. Matters relating to internal audit

(a) Approved the internal audit plan for the financial year to ensure adequate scope and coverage of the Group's activities based on identified and assessed key risk areas.

Also considered the adequacy of the manpower resources of the internal audit team to carry out the activities envisaged in the internal audit plan.

(b) Reviewed all audit reports issued by the internal auditors and took note of their observations, recommendations and Management's responses thereto.

During Audit Committee meetings, discussed significant reported matters with Management together with the internal auditors to reaffirm a common understanding of the issues and Management's commitment to improve.

Reported significant matters to the Board.

(c) Recommended Management to undertake an IT General Controls and Applications Control audit. The Applications Control audit covered the payroll system and the IFCA system.

This assignment was carried out by an external audit firm together with the internal auditors under a co-sourcing arrangement.

Audit Committee Report

(d) Monitored the outcome of follow-up audits to ascertain the extent to which agreed action plans have been implemented by Management.

(e) Evaluated the performance of the internal audit department during the year as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency.

4. Matters relating to risk management and internal control

(a) At the second and fourth quarterly Audit Committee meetings, reviewed and discussed with the Chairman of the Risk Management Committee the reports on the Group's risk profile and the internal controls implemented to manage identified risks.

(b) At the first quarterly Audit Committee meeting, reviewed and discussed with the Head of Group Management Information System, the findings and recommendations arising from the 6-monthly security and penetration tests carried out on the Group's IT infrastructure by an external cyber security firm.

5. Matters relating to related party transactions

(a) Took note of all related party transactions of a recurring and trading nature reported on a quarterly basis by the internal auditors, after they had reviewed those transactions to satisfy themselves whether those transactions were:

- on terms not more favourable than those generally available to the public; and
- in accordance with the mandate approved by shareholders.

(b) Reviewed the corporate proposal in relation to the proposed subscription of shares in Eco World International Berhad (which is a related party transaction) with the Independent Advisers and the basis of their independent opinion on the proposal, with the view of including a statement by the Audit Committee in the Circular to Shareholders.

EVALUATION OF THE AUDIT COMMITTEE

For the financial year under review, an evaluation was carried out on the term of office, competency and performance of the Audit Committee. The evaluation was carried out by all the directors (save for directors who are Audit Committee members) instead of by the Nomination Committee as 3 out of the 4 members of the Nomination Committee are also members of the Audit Committee.

AUDIT COMMITTEE MEMBERS' TRAINING

The details of training programmes and seminars attended by each Audit Committee member during the financial year ended 31 October 2016 are set out in the Corporate Governance Statement under "Directors' Training".

INTERNAL AUDIT FUNCTION

The internal audit function is performed in-house and undertaken by Group Corporate Governance which reports directly to the Audit Committee. When necessary, Group Corporate Governance engages and seeks a co-sourcing arrangement with external professional firms and other departments in specific technical areas such as information technology and tax related matters.

The internal audit work carried out by Group Corporate Governance for the financial year included the following:

- Prepared the internal audit annual plan by using a risk-based approach for the approval of the Audit Committee;
- Reviewed and tested the system of internal controls and key operating processes based on the approved annual plan by adopting a risk-based approach and progressively issuing detailed internal audit reports to the Audit Committee. These included the audits on various business units of the Group in the Northern, Southern and Klang Valley regions as well as support divisions;
- Ascertained the extent of compliance with the established Group policies, procedures and statutory requirements;
- Reviewed related party transactions on a quarterly basis; and
- Followed-up on the implementation status of previously issued audit recommendations.

The total cost incurred in maintaining the internal audit function for the financial year ended 31 October 2016 was RM1.9 million (FY2015: RM2.3 million).

Statement on Risk Management & Internal Control

INTRODUCTION

The revised Malaysian Code of Corporate Governance (2012) requires the Board of Directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

Set out below is the Board of Directors' Statement on Risk Management and Internal Control for the financial year ended 31 October 2016 issued in compliance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.*

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's internal control and risk management systems to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and integrity of such systems. The Board ensures the effectiveness of such systems through regular reviews. These responsibilities are delegated to the Audit Committee and the Risk Management Committee which are empowered by their respective terms of reference.

Due to inherent limitations in the systems of internal control and risk management, such systems can only manage rather than eliminate all risks of failure to achieve business objectives, and as such, can only provide reasonable but not absolute assurance against material misstatement or loss.

INTERNAL AUDIT FUNCTION

The internal audit function is undertaken by the in-house internal audit department, named Group Corporate Governance, which reports to the Audit Committee on the adequacy and effectiveness of the risk management and internal control systems.

A description of the activities of Group Corporate Governance during the financial year ended 31 October 2016 can be found in the Audit Committee Report included in this Annual Report.

RISK MANAGEMENT

There is an on-going process for identifying, evaluating, monitoring and managing significant risks faced by the Group throughout the financial year.

The Group's risk management framework establishes the context in relation to the Group's business and sets out the process for risk identification, measurement and treatment with continuous monitoring, review and communication.

The salient features of the risk management framework are as follows:

1. The Risk Management Committee is established to maintain risk oversight within the Group.

2. The risk management framework outlines the Group's risk management system, defines management's responsibilities, and sets the Group's risk appetite and risk tolerance. The framework is incorporated into the risk management policy and guideline document that has been approved by the Board. Risk assessments are undertaken by management to identify and update risks.

3. The Risk Management Committee meets on a quarterly basis to deliberate on the significant risks identified by management. Matters deliberated include revised risk profiles, control procedures and status of action plans. The Risk Management Committee is assisted by the Risk Coordinator who acts as the Group's focal point for all risk management activities within the Group.

4. The significant risk issues evaluated by the Risk Management Committee are discussed at Audit Committee meetings. The Risk Management Committee reports to the Audit Committee at least twice a year. The Audit Committee reviews the Group's risk profile and effectiveness of the mitigating measures implemented by management. Significant risk matters that require the attention of the Directors are escalated to the Board.

5. The risk management framework and activities are reviewed by Group Corporate Governance. In particular, Group Corporate Governance incorporates into its internal audit plan the necessary procedures to check the adequacy and effectiveness of the controls established to address the identified risks.

Statement on Risk Management & Internal Control

INTERNAL CONTROL

The elements of the Group's system of internal control include the following:

- An organisation structure which formally defines lines of responsibility and limits of authority to facilitate the operations of the individual Business Units and Support Divisions.
- Systematic performance appraisal for all employees of the Group.
- Continuous talent development programmes to maintain high competency and capability levels.
- Relevant Board Committees with formal terms of reference outlining functions and duties delegated by the Board.
- Central control over key functions such as finance, tax, treasury, corporate, legal matters and contract awarding.
- Strategic planning, annual business planning and target-setting processes, which include forecasts for each business unit/division. These are reviewed in detail by management and the annual business plan is approved by the Board.
- Detailed review of actual performance compared with budget, with detailed explanations provided for major variances.
- Continuous development of Group information technology platforms as an effective means of communication and knowledge sharing.
- On-going quality improvement initiatives throughout the Group.
- Quarterly senior management meetings to discuss the Group's financial performance, business development, operational and corporate issues.
- Documentation of Internal policies and procedures in the form of Standard Operating Procedures which are continuously reviewed and updated to reflect changes in the business environment. Accountability and responsibility for key processes are set out in the Standard Operating Procedures.
- Divisional Heads and Business Unit Heads are made responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.
- Commitment to upholding a strong culture of integrity and ethical values, as emphasized in the Eco World Code of Conduct and Business Ethics manual. All employees are required to acknowledge that they have read and understood the document upon commencement of employment.

The Group's system of internal control does not apply to associated companies and jointly controlled entities over which the Group does not have full management control.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 October 2016.

Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and integrity of risk management and internal control within the Group.

CONCLUSION

The Chief Executive Officer and Chief Financial Officer have given assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively in all material respects.

This statement was approved by the Board of Directors on 20 January 2017.

Directors' Report

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and joint ventures are disclosed in Note 8 and 9 respectively to the financial statements.

There has been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) after taxation	129,281	(9,675)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 October 2016.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts inadequate to any substantial extent or require the making of allowance for doubtful debts in the financial statements of the Group and of the Company.

Directors' Report

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability that has arisen since the end of the financial year.

No contingent or other liability has become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 385,426,527 new ordinary shares of RM0.50 each, pursuant to a placement exercise at an issue price of RM1.30 per ordinary share. The purpose of this issue of shares was to raise the necessary funds:-

(i) to part finance the subscription of shares in Eco World International Berhad;

(ii) to part finance the acquisition of land by Paragon Pinnacle Sdn. Bhd.;

(iii) for repayment of certain bank borrowings; and

(iv) for working capital purposes.

Subsequent to the end of the financial year, on 25 November 2016, the Company issued an additional 47,000,000 ordinary shares of RM0.50 each, pursuant to the placement exercise at an issue price of RM1.30 per ordinary share.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

FREE DETACHABLE WARRANTS 2015/2022

The salient terms of the Warrants 2015/2022 are disclosed in Note 19 to the financial statements.

There were no Warrants 2015/2022 exercised during the financial year.

DIRECTORS

The directors in office since the date of the last report are:-

Tan Sri Abdul Rashid bin Abdul Manaf
Tan Sri Dato' Sri Liew Kee Sin
Dato' Leong Kok Wah
Dato' Chang Khim Wah
Dato' Voon Tin Yow
Datuk Heah Kok Boon
Liew Tian Xiong
Tan Sri Lee Lam Thye
Tang Kin Kheong
Dato' Idrose bin Mohamed
Dato' Haji Obet bin Tawil
Dato' Noor Farida binti Mohd Ariffin

Directors' Report

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 ("the Act"), the following directors who held office at the end of the financial year had interest in shares in the Company and its related corporations during the financial year ended 31 October 2016, as follows:-

	Number of ordinary shares of RM0.50 each				
	At 1.11.2015 '000	Bought '000	Sold '000	At 31.10.2016 '000	
The Company					
Eco World Development Group Berhad					
Direct interests					
Liew Tian Xiong	266,343	236,426	-	**502,769**	
Dato' Chang Khim Wah	8,650	-	-	**8,650**	
Datuk Heah Kok Boon	1,609	-	-	**1,609**	
Dato' Voon Tin Yow	14,066	-	-	**14,066**	
Tan Sri Lee Lam Thye	2,000	-	-	**2,000**	
Deemed/Indirect interests					
Tan Sri Abdul Rashid bin Abdul Manaf	503,265	-	(70,400)	**432,865**	@
Dato' Leong Kok Wah	1,260,400	149,000	(70,400)	**1,339,000**	#
Tan Sri Dato' Sri Liew Kee Sin	20,000	-	-	**20,000**	^

	Number of Warrants 2015/2022				
	At 1.11.2015 '000	Bought '000	Sold '000	At 31.10.2016 '000	
The Company					
Eco World Development Group Berhad					
Direct interests					
Liew Tian Xiong	71,024	-	-	**71,024**	
Dato' Chang Khim Wah	1,224	-	-	**1,224**	
Datuk Heah Kok Boon	181	-	-	**181**	
Dato' Voon Tin Yow	1,652	-	-	**1,652**	
Deemed/Indirect interests					
Tan Sri Abdul Rashid bin Abdul Manaf	202,177	-	-	**202,177**	@
Dato' Leong Kok Wah	363,547	-	-	**363,547**	#

Notes:

@ *Deemed interested by virtue of his interest in Eco World Development Holdings Sdn. Bhd. pursuant to Section 6A of the Act*

Deemed interested by virtue of his interest in Eco World Development Holdings Sdn. Bhd. and Syabas Tropikal Sdn. Bhd. pursuant to Section 6A of the Act

^ *Indirect interest by virtue of the interest of his spouse in the Company pursuant to Section 134 of the Act*

DIRECTORS' INTERESTS IN SHARES AND WARRANTS (CONTINUED)

By virtue of their interests in the shares of the Company, Tan Sri Abdul Rashid bin Abdul Manaf, Dato' Leong Kok Wah and Liew Tian Xiong are deemed to have interest in the shares in all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in the shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors, or the fixed salary of a full-time employee of the Company as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen from those transactions disclosed in Note 36 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors:-

....
DATO' CHANG KHIM WAH
Director

....
DATUK HEAH KOK BOON
Director

Shah Alam
Date: 8 December 2016

Statements of Financial Position
As at 31 October 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**212,621**	176,433	**251**	356
Investment properties	6	**18,589**	17,288	**-**	-
Land held for property development	7	**4,160,130**	3,708,541	**-**	-
Investment in subsidiaries	8	**-**	-	**2,448,350**	218,130
Investment in joint ventures	9	**298,949**	-	**2,000**	-
Other receivables	10	**186,963**	12,900	**483,971**	2,340,594
Deferred tax assets	11	**66,033**	35,488	**3**	-
Total non-current assets		**4,943,285**	3,950,650	**2,934,575**	2,559,080
Current assets					
Property development costs	12	**2,305,746**	1,693,135	**-**	-
Gross amount due from customers	13	**-**	1,054	**-**	-
Inventories	14	**24,884**	25,410	**-**	-
Current tax assets		**30,044**	14,601	**12,892**	-
Trade and other receivables	15	**651,257**	298,061	**1,187,369**	796,991
Other current assets	16	**313,294**	436,716	**405**	2,020
Cash and bank balances	17	**573,467**	517,176	**268,892**	226,115
Total current assets		**3,898,692**	2,986,153	**1,469,558**	1,025,126
TOTAL ASSETS		**8,841,977**	6,936,803	**4,404,133**	3,584,206

Statements of Financial Position
As at 31 October 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	**1,374,846**	1,182,132	**1,374,846**	1,182,132
Share premium		**1,971,010**	1,662,972	**1,971,010**	1,662,972
Warrant reserve	19	**194,395**	194,395	**194,395**	194,395
Foreign currency translation reserve		**786**	992	**-**	-
Retained earnings		**245,665**	116,384	**1,491**	11,166
Total equity		**3,786,702**	3,156,875	**3,541,742**	3,050,665
Non-current liabilities					
Loans and borrowings	20	**2,044,986**	1,264,305	**101,625**	209,063
Other payables	21	**180,646**	485,535	**-**	-
Deferred tax liabilities	11	**43,728**	48,865	**-**	9
Total non-current liabilities		**2,269,360**	1,798,705	**101,625**	209,072
Current liabilities					
Gross amount due to customers	13	**234**	-	**-**	-
Trade and other payables	22	**1,481,807**	1,211,904	**260,766**	12,876
Other current liabilities	23	**472,353**	321,325	**-**	-
Bank overdrafts	24	**16,585**	-	**-**	-
Loans and borrowings	20	**800,332**	436,040	**500,000**	310,000
Current tax liabilities		**14,604**	11,954	**-**	1,593
Total current liabilities		**2,785,915**	1,981,223	**760,766**	324,469
TOTAL LIABILITIES		**5,055,275**	3,779,928	**862,391**	533,541
TOTAL EQUITY AND LIABILITIES		**8,841,977**	6,936,803	**4,404,133**	3,584,206

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

For the financial year ended 31 October 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	25	**2,546,437**	1,712,061	**-**	-
Cost of sales	26	**(1,951,293)**	(1,300,163)	**-**	-
Gross profit		**595,144**	411,898	**-**	-
Other income	27	**21,804**	19,862	**65,757**	115,068
Selling and marketing expenses		**(133,561)**	(147,249)	**-**	-
Administrative expenses		**(246,518)**	(188,194)	**(28,796)**	(23,032)
Operating profit		**236,869**	96,317	**36,961**	92,036
Finance costs	28	**(30,958)**	(20,343)	**(42,678)**	(31,724)
Share of results in joint ventures, net of tax		**(12,729)**	(2,056)	**-**	-
Profit/(Loss) before taxation	29	**193,182**	73,918	**(5,717)**	60,312
Income tax expense	32	**(63,901)**	(30,062)	**(3,958)**	(18,561)
Profit/(Loss) after taxation		**129,281**	43,856	**(9,675)**	41,751
Other comprehensive (expense)/ income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation		**(206)**	998	**-**	-
Total comprehensive income/ (loss) for the financial year		**129,075**	44,854	**(9,675)**	41,751

Statements of Comprehensive Income
For the financial year ended 31 October 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(Loss) after taxation attributable to:-					
Owners of the Company		**129,281**	43,952	**(9,675)**	41,751
Non-controlling interests		**-**	(96)	**-**	-
		129,281	43,856	**(9,675)**	41,751
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		**129,075**	44,950	**(9,675)**	41,751
Non-controlling interests		**-**	(96)	**-**	-
		129,075	44,854	**(9,675)**	41,751
Earnings per ordinary share (sen)					
- basic/diluted	33	**5.43**	2.64		

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 October 2016

	Note	← Non-distributable			→	Distributable			
		Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 November 2014		253,317	22	-	(6)	72,531	325,864	(3)	325,861
Total comprehensive income for the financial year									
Profit/(Loss) after taxation		-	-	-	-	43,952	43,952	(96)	43,856
Other comprehensive income, net of tax									
- Foreign currency translation		-	-	-	998	-	998	-	998
Total comprehensive income		-	-	-	998	43,952	44,950	(96)	44,854
Transactions with owners									
Acquisition of non-controlling interests		-	-	-	-	(99)	(99)	99	-
Issuance of ordinary shares	18								
- Share subscription		403,423	968,217	-	-	-	1,371,640	-	1,371,640
- Rights issue with warrants		328,370	265,323	194,395	-	-	788,088	-	788,088
- Placement		197,022	441,329	-	-	-	638,351	-	638,351
Share issuance expenses		-	(11,919)	-	-	-	(11,919)	-	(11,919)
Total transactions with owners		928,815	1,662,950	194,395	-	(99)	2,786,061	99	2,786,160
At 31 October 2015		1,182,132	1,662,972	194,395	992	116,384	3,156,875	-	3,156,875

Statements of Changes in Equity
For the financial year ended 31 October 2016

	Note	← Non-distributable			→ Distributable			
		Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 November 2015		1,182,132	1,662,972	194,395	992	116,384	3,156,875	-	3,156,875
Total comprehensive income for the financial year									
Profit after taxation		-	-	-	-	129,281	129,281	-	129,281
Other comprehensive expense, net of tax									
- Foreign currency translation		-	-	-	(206)	-	(206)	-	(206)
Total comprehensive income		-	-	-	(206)	129,281	129,075	-	129,075
Transactions with owners									
Issuance of ordinary shares									
- Placement	18	192,714	308,341	-	-	-	501,055	-	501,055
Share issuance expenses		-	(303)	-	-	-	(303)	-	(303)
Total transactions with owners		192,714	308,038	-	-	-	500,752	-	500,752
At 31 October 2016		**1,374,846**	**1,971,010**	**194,395**	**786**	**245,665**	**3,786,702**	**-**	**3,786,702**

Statements of Changes in Equity
For the financial year ended 31 October 2016

	Note	Share capital RM'000	Share premium RM'000	Non-distributable Warrant reserve RM'000	Distributable (Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
Company						
At 1 November 2014		253,317	22	-	(30,585)	222,754
Total comprehensive income for the financial year		-	-	-	41,751	41,751
Transactions with owners						
Issuance of ordinary shares	18					
- Share subscription		403,423	968,217	-	-	1,371,640
- Right issue with warrants		328,370	265,323	194,395	-	788,088
- Placement		197,022	441,329	-	-	638,351
Share issuance expenses		-	(11,919)	-	-	(11,919)
Total transactions with owners		928,815	1,662,950	194,395	-	2,786,160
At 31 October 2015		1,182,132	1,662,972	194,395	11,166	3,050,665
Total comprehensive loss for the financial year		-	-	-	(9,675)	(9,675)
Transactions with owners						
Issuance of ordinary shares	18					
- Placement		192,714	308,341	-	-	501,055
Share issuance expenses		-	(303)	-	-	(303)
Total transactions with owners		192,714	308,038	-	-	500,752
At 31 October 2016		**1,374,846**	**1,971,010**	**194,395**	**1,491**	**3,541,742**

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows
For the financial year ended 31 October 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:-					
Profit/(Loss) before taxation		**193,182**	73,918	**(5,717)**	60,312
Adjustments for:-					
Depreciation of property, plant and equipment		**22,926**	17,200	**105**	96
Abortive land acquisition expenditure written off		**5,755**	958	**-**	-
Amounts due from subsidiaries written off		**-**	-	**4,668**	-
Impairment of investment in a subsidiary		**-**	-	**10,205**	10,094
Interest expense		**30,958**	20,343	**42,678**	31,724
Interest income		**(13,867)**	(13,034)	**(65,757)**	(115,068)
Property, plant and equipment written off		**7,470**	16	**-**	-
Gain on disposal of property, plant and equipment		**(153)**	-	**-**	-
Share of results in joint ventures		**12,729**	2,056	**-**	-
Bargain purchase gain from acquisition of a subsidiary		**-**	(176)	**-**	-
Unrealised loss/(gain) on foreign exchange		**52**	(22)	**-**	-
		259,052	101,259	**(13,818)**	(12,842)
Changes in working capital:-					
Property development costs		**55,479**	8,325	**-**	-
Gross amount due from customers		**1,288**	2,908	**-**	-
Inventories		**704**	23,656	**-**	-
Receivables		**(361,574)**	(329,716)	**(358)**	4,688
Payables		**503,516**	519,151	**814**	1,213
		458,465	325,583	**(13,362)**	(6,941)
Interest paid		**(110,194)**	(68,718)	**-**	-
Interest received		**4,410**	4,185	**322**	172
Net income taxes paid		**(112,376)**	(64,060)	**(18,455)**	(16,799)
Net cash flows generated from/ (used in) operating activities		**240,305**	196,990	**(31,495)**	(23,568)

Statements of Cash Flows
For the financial year ended 31 October 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:-					
Purchase of property, plant and equipment		**(46,474)**	(69,060)	**-**	(65)
Purchase of investment properties		**(1,301)**	(307)	**-**	-
Proceeds from disposal of property, plant and equipment		**1,386**	68	**-**	-
Acquisition of development rights		**-**	(1,814,450)	**-**	-
Acquisition of subsidiaries, net of cash acquired		**-**	(164,322)	**-**	^
Payment for deferred land cost		**(578,871)**	(484,209)	**-**	-
Subscription of additional shares in subsidiaries		**-**	-	**(13,600)**	(7,500)
Subscription of ordinary shares in a joint venture		**(500)**	(2,000)	**-**	(2,000)
Acquisition of a joint venture		**(303,500)**	-	**-**	-
Additions to land held for property development		**(830,475)**	(691,695)	**-**	-
Development expenditure paid		**(3,936)**	(20,418)	**-**	-
Deposits refunded for acquisition of land		**159,254**	6,344	**-**	6,344
Deposits paid for acquisition of land		**(87,524)**	(179,881)	**-**	-
Interest received		**2,719**	8,671	**6,884**	8,512
Advances to joint ventures		**(162,834)**	(12,722)	**(153,636)**	(12,722)
Advances to subsidiaries		**-**	-	**(641,853)**	(2,808,438)
Placement of deposits, sinking fund, debts service reserve and escrow accounts		**(1,094)**	(73,707)	**(13)**	(400)
Net cash flows used in investing activities		**(1,853,150)**	(3,497,688)	**(802,218)**	(2,816,269)

^ *Represents RM30*

Statements of Cash Flows
For the financial year ended 31 October 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:-					
Proceeds from issuance of ordinary shares		**501,055**	2,798,079	**501,055**	2,798,079
Payment of share issuance expenses		**(303)**	(11,919)	**(303)**	(11,919)
Drawdown of bank borrowings		**1,951,708**	1,859,450	**536,625**	836,209
Repayment of bank borrowings		**(800,943)**	(945,006)	**(199,467)**	(558,769)
Advances from subsidiaries		**-**	-	**69,694**	11,667
Interest paid		**-**	-	**(31,127)**	(25,587)
Net cash flows from financing activities		**1,651,517**	3,700,604	**876,477**	3,049,680
NET CHANGE IN CASH AND CASH EQUIVALENTS		**38,672**	399,906	**42,764**	209,843
EFFECT OF CHANGES IN EXCHANGE RATE		**(60)**	140	**-**	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**443,469**	43,423	**225,715**	15,872
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**482,081**	443,469	**268,479**	225,715
Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-					
Deposits with licensed banks	17	**234,623**	256,602	**197,334**	225,240
Cash in hand and at banks	17	**338,844**	260,574	**71,558**	875
Bank overdrafts	24	**(16,585)**	-	**-**	-
		556,882	517,176	**268,892**	226,115
Less: Cash and deposits maintained in debts service reserve account, sinking fund and escrow accounts		**(72,474)**	(71,067)	**-**	-
Deposits pledged to banks as security for banking facilities		**(2,327)**	(2,640)	**(413)**	(400)
		482,081	443,469	**268,479**	225,715

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements
For the financial year ended 31 October 2016

1. GENERAL INFORMATION

Eco World Development Group Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at No. 60, Setia Avenue, No. 2, Jalan Setia Prima S U13/S, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in business as an investment holding company. The principal activities of the subsidiaries and joint ventures are disclosed in Note 8 and 9 respectively to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements have been authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 December 2016.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Adoption of FRSs, Amendments/Improvements to FRSs and IC Interpretations

There were no new FRSs, amendments/improvements to FRSs and new IC Interpretations that are mandatory for adoption during the current financial year.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New FRS and Amendments/Improvements to FRSs that have been issued, but which are yet to be effective

The Group has not adopted the following new FRS and amendments/improvements to FRSs that have been issued, but which are yet to be effective:-

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	1 January 2018
Amendments/Improvements to FRSs		
FRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
FRS 7	Financial Instruments: Disclosures	1 January 2016
FRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
FRS 11	Joint Arrangements	1 January 2016
FRS 12	Disclosures of Interests in Other Entities	1 January 2016
FRS 14	Regulatory Deferral Accounts	1 January 2016
FRS 101	Presentation of Financial Statements	1 January 2016
FRS 107	Statement of Cash Flows	1 January 2017
FRS 112	Income Taxes	1 January 2017
FRS 116	Property, Plant and Equipment	1 January 2016
FRS 119	Employee Benefits	1 January 2016
FRS 127	Separate Financial Statements	1 January 2016
FRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
FRS 134	Interim Financial Reporting	1 January 2016
FRS 138	Intangible Assets	1 January 2016

Notes to the Financial Statements
For the financial year ended 31 October 2016

2. BASIS OF PREPARATION (CONTINUED)

2.3 New FRS and Amendments/Improvements to FRSs that have been issued, but which are yet to be effective (Continued)

Due to the complexity of these new FRS and amendments/improvements to FRSs, the financial effects of their adoption are currently still being assessed by the Group. A brief discussion on the new FRS and amendments/improvements to FRSs that may be applicable to the Group are summarised below.

FRS 9 Financial Instruments

Key requirements of FRS 9:-

- FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to FRS 112 Income Taxes

Amendments to FRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more that their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

2. BASIS OF PREPARATION (CONTINUED)

2.4 MASB Approved Accounting Standards ("MFRSs")

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued new MASB approved accounting standards, MFRSs ("the MFRS Framework") for application in annual periods beginning on or after 1 January 2012.

The MFRS Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities").

Transitioning Entities are given an option to defer the adoption of the MFRS Framework until annual periods beginning on or after 1 January 2018.

The Group and the Company, being Transitioning Entities, have chosen to defer the adoption of the MFRS Framework and will prepare their first MFRSs financial statements using the MFRS Framework for financial year ending 31 October 2019. The main effects arising from the transition to the MFRSs Framework are discussed below.

The effect disclosed below are based on the Group's and the Company's best estimates at the reporting date. Actual financial effects may change and additional effects may be identified prior to the completion of the Group's and the Company's first MFRSs-based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group is currently assessing the impact of the adoption of the MFRS 1, including identifying the differences between existing accounting policies and the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of these financial statements, accounting policy decisions or elections have not been finalised. The impact of the adoption of MFRS 1 cannot be determined and estimated reliably until this process is completed.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:-

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also requires disclosures to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is continuously assessing the impact of the adoption of this standard.

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statements of financial position except for short-term and low value asset leases.

The Group is continuously assessing the impact of the adoption of this standard.

2. BASIS OF PREPARATION (CONTINUED)

2.5 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

2.6 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in the summary of significant accounting policies.

2.7 Use of estimates and judgement

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the financial year.

It also requires the Group to exercise judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Group's best knowledge of current events and actions, actual results may differ.

The areas which involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all financial years presented in these financial statements.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the financial year. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same financial year as that of the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(i) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with those entities and has the ability to affect those returns through its power over those entities. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control as mentioned above.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the subsidiaries until the date the Group loses control of those subsidiaries.

The Group applies the acquisition method to account for business combinations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Subsidiaries and business combination (Continued)

Goodwill is initially measured at cost, being the excess of the following:-

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date; plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree;

over the net fair value of identifiable assets acquired and the liabilities assumed at the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12 (ii).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises any resulting gain or loss, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and the other components of equity related to that subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, such interest is measured at its fair value as at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture or an available-for-sale financial asset.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(ii) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to non-controlling interests are allocated to non-controlling interests even if such losses exceed the existing amount of equity attributable to non-controlling interests.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(iv) Separate financial statements

In the Company's separate financial statements, investments in subsidiaries are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution, in which case they are measured at the lower of carrying amount and fair value less cost to sell. The cost of investment includes transaction costs.

3.2 Joint arrangement - joint venture

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties.

A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with FRS 11 *Joint Arrangement*.

In respect of equity-accounted joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

When the Group's investment in joint venture is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal and constructive obligation on the said additional losses. If the joint ventures subsequently report profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

In the Company's separate financial statements, investments in joint ventures are measured at cost less any impairment losses.

Unrealised gains arising from transactions with equity-accounted joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. The Group recognises the excess of the unrealised gains over the carrying amount of the joint venture as deferred income and it is recognised in the consolidated profit or loss of the Group when the assets are realised through sale.

3.3 Foreign currency transactions and operations

(i) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of the financial year, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as a hedging instrument in either a cash flow hedge or a hedge of the Group's net investment in a foreign operation.

Where settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation.

In the consolidated financial statements, the exchange differences are considered to form part of the net investment in the foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations (Continued)

(i) Translation of foreign currency transactions (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(ii) Translation of foreign operations

In the consolidated financial statements, the assets and liabilities of foreign subsidiaries, joint ventures and associated companies that are denominated in functional currency other than the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on translation are recognised in other comprehensive income except for the portion, which is attributable to non-controlling interests, if any.

When a subsidiary, associate or joint venture is disposed of such that control, significant influence or joint control is lost, the cumulative exchange differences related to that subsidiary, associate or joint venture previously recognised in other comprehensive income is reclassified to profit or loss.

For a partial disposal of a subsidiary not involving loss of control, the cumulative exchange differences previously recognised in other comprehensive income attributable to the equity interest disposed of is allocated to non-controlling interests.

For a partial disposal of an associate or joint venture that does not result in the Group losing significant influence or joint control, the cumulative exchange differences previously recognised in other comprehensive income attributable to the equity interest disposed of is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Company or any of its subsidiaries become a party to the contract of the financial instruments.

When financial instruments are recognised initially, they are measured at fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the accounting policy applicable to the nature of the host contract.

Notes to the Financial Statements
For the financial year ended 31 October 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(i) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:-

(a) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial assets is either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or it is designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

The Group has not designated any financial assets as financial assets at fair value through profit or loss.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is disclosed in Note 3.12(i). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is disclosed in Note 3.12(i). Gains and losses are recognised in profit or loss through the amortisation process.

The Group has not designated any financial assets at held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(i) Subsequent measurement (Continued)

(a) Financial assets (Continued)

Available-for-sale financial assets (Continued)

Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from available-for-sale equity instrument are recognised in profit or loss when the right to receive payment is established.

Equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is disclosed in Note 3.12(i).

The Group has not designated any financial assets at available-for-sale financial assets.

(b) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values cannot otherwise be reliably measured are measured at cost.

The Group has not designated any financial liabilities as financial liabilities at fair value through profit or loss.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company itself purchase or sell an asset). Trade date accounting refers to:-

a) the recognition on trade date of the purchased asset and the liability to pay; and
b) the derecognition on trade date of the sold asset, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment.

(iv) Derecognition

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset has expired or when control of the asset is no longer retained or when substantially all the risks and rewards of ownership of the financial asset have been transferred to another party.

On derecognition, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) together with any cumulative gain or loss that had previously been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract has been discharged, cancelled or expired.

On derecognition, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.5 Property, plant and equipment and depreciation

<u>Recognition and measurement</u>

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is set out in Note 3.12(ii).

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, as well as any costs of dismantling and removing the asset and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs set out in Note 3.18.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment and depreciation (Continued)

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

Depreciation

Freehold land and capital work-in-progress are not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The annual depreciation rates are as follows:-

Buildings	2% - 10%
Motor vehicles	16% - 20%
Office equipment and fittings	10% - 33%
Office renovation, site office equipment and communication equipment	10% - 20%

The residual values, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted as appropriate.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset, either as property, plant and equipment or investment property, and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Notes to the Financial Statements
For the financial year ended 31 October 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, which includes transaction costs. After the initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are derecognised when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gain or loss arising from the retirement or disposal of an investment property is determined as being the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of retirement or disposal.

3.8 Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

3.9 Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

In the case of completed development properties held as inventories, cost includes:-

- the cost of land, whether freehold or leasehold
- amounts paid to contractors for construction of the development properties
- an allocation of borrowing costs, planning and design costs, cost of site preparation, construction overheads, common costs including the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Inventories (Continued)

The cost of each unit of development property is determined based on specific identification.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

3.11 Cash and cash equivalents

Cash and cash equivalents consist cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits, sinking fund, debt service reserve and escrow accounts pledged to secure banking facilities.

3.12 Impairment of assets

(i) Impairment of financial assets

At the end of the financial year, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant.

If no objective evidence of impairment exists for an individually assessed financial asset, the Group includes the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that were individually assessed for impairment and for which an impairment loss continues to be recognised are not included in a collective assessment of impairment.

The impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

A loan or receivable together with the associated allowance is written off when there is no realistic prospect of future recovery and all collaterals have been realised or have been transferred to the Group. If a written off loan or receivable is later recovered, the recovery is credited to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(i) Impairment of financial assets (Continued)

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed notwithstanding a subsequent increase in the present value of estimated future cash flows.

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets and assets arising from employee benefits) are reviewed at the end of each financial year to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount for the purpose of impairment testing.

For goodwill and intangible assets that have indefinite useful lives and are not yet available for use, impairment testing is carried out at each reporting date irrespective of whether there is indication of impairment.

An impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset of CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except that for previously revalued assets, any impairment loss is first recognised in other comprehensive income, but only up to the extent of any revaluation gains that were previously recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed in subsequent financial years.

In respect of other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Current versus non-current classification

The Group and the Company classify assets and liabilities in statements of financial position as current and non-current. An asset is classified as current when it is:-

- Expected to be realised or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the financial year; or
- Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial year.

All other assets are classified as non-current.

A liability is classified as current when:-

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the financial year; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial year.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

3.14 Share capital

Ordinary shares are equity instruments and classified as equity. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Transaction costs that are directly attributable to the issuance of ordinary shares are deducted against equity.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.15 Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year in which the employees have rendered their services to the Group and the Company.

(ii) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan and the Central Provident Fund ("CPF"), Singapore's defined contribution plan. Such contributions are recognised as an expense in profit or loss in the financial year in which the employees render their services.

3.16 Provisions

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements
For the financial year ended 31 October 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue and other income

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, stated net of discounts, rebates, returns and taxes.

Sale of completed properties and other goods
Revenue from sale of completed properties and other goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised when there are significant uncertainties regarding associated costs, the possible return of goods and the recovery of the consideration due.

Sale of properties under development
Revenue from sale of properties under development is accounted for by the stage of completion method. The stage of completion is measured by reference to the proportion of property development costs incurred for work performed to date to the estimated total property development costs.

Construction contracts
Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date, to the estimated total contract costs.

(ii) Other income

Management fees
Management fees are recognised on an accrual basis, net of goods and services tax.

Interest income
Interest income is recognised as it accrues using the effective interest method.

Dividend income
Dividend income is recognised when the right to receive payment is established.

3.18 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.19 Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the financial year, and any adjustment to tax payable in respect of previous financial years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Income tax (Continued)

(ii) Deferred tax

Deferred tax is provided using the liability method at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses, unabsorbed capital allowances and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses, unabsorbed capital allowances and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(iii) Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax except:-

- Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated inclusive of goods and services tax.

3.20 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Contingent liabilities

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.22 Fair value measurements

The fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:-

(i) Depreciation and useful lives of property, plant and equipment (Note 5)

The cost of an item of property, plant and equipment is depreciated on the straight-line method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied.

(ii) Capitalisation of borrowing costs in land held for property development (Note 7)

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. The Group begins capitalisation of borrowing costs when the Group has incurred the related borrowing costs and continues to undertake activities that are necessary to prepare the asset for its intended use or sale. When each phase of the development is completed whilst the development continues for other phases, the Group will cease capitalising borrowing costs of the completed phases.

Significant judgement is required to determine whether the development of a land with multiple phases is a single development as a whole.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iii) Investment in joint ventures (Note 9)

In the contractual arrangements with the Group's joint venture partners, decision about the relevant activities of the joint ventures requires unanimous consent from all the parties sharing control and the Group has rights to the net assets of the joint ventures.

Judgement is required to determine that the Group has joint control over the joint ventures and thus regards them as joint venture arrangements and accounts for it's interest using the equity method.

(iv) Impairment of loans and receivables (Note 10 and 15)

The Group assesses at each reporting date whether there is any objective evidence that loans and receivables have been impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(v) Deferred tax assets (Note 11)

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unused tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, capital allowances and tax losses can be utilised.

Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(vi) Property development (Note 12)

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs (including allocated common costs such as estimated infrastructure costs and the cost of constructing affordable houses net of estimated selling prices), as well as the recoverability of the property development costs. In making these judgements, the Group evaluates based on past experience and by relying on the work of specialists.

(vii) Prepaid development expenditure (Note 16)

The Group has entered into various agreements for the proposed acquisitions of development land which are pending the fulfilment of conditions precedent, and has incurred development expenditure and transaction costs which include professional fees and borrowing related expenses in relation to these proposed acquisitions.

These costs are capitalised under prepaid development expenditure in anticipation that these proposed acquisitions will be completed in due course. In the event that there is objective evidence that any proposed acquisition will not be completed, the prepaid development expenditure is recognised in profit or loss as abortive land acquisition expenses.

Proposed land acquisitions pending completion are monitored closely and critical judgement is exercised over developments relating to outstanding conditions precedent.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(viii) Valuation of warrant reserve (Note 19)

The Company measures the value of warrants by reference to the fair value at the date they are issued. The estimation of fair value requires determining the most appropriate valuation model.

This estimate also requires the determination of the most appropriate inputs to the valuation model such as volatility, risk free interest rate, warrant life, and certain other assumptions.

(ix) Income taxes (Note 32)

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There may be certain transactions in the ordinary course of business for which the tax treatment is uncertain.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(x) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

(xi) Departure from FRSIC Consensus 17 "Development of Affordable Housing"

During the previous financial year, the Group reassessed the appropriateness of applying FRSIC 17 in the preparation of the Group's financial statements and concluded that the continued application of FRSIC 17 would be inappropriate in that it would unnecessarily and materially overstate the assets and liabilities of the Group.

The Group has always been accounting for the cost of constructing affordable houses (net of selling prices) as part of common costs of the entire development project and will continue to do so.

Accordingly, the Group took the decision to depart from FRSIC Consensus 17 in the preparation of its financial statements.

Significant judgement was required to conclude that departure from FRSIC Consensus 17 would result in a fairer presentation of the financial statements.

Had the Group continued to apply FRSIC 17 as before, the provision for foreseeable losses for affordable housing as at 31 October 2016 would have been RM339 million (2015: RM297 million) and the corresponding total of land held for property development and property development costs would have been higher by the same amount.

However, the departure has had no effect on the financial results and cash flows of the Group for previous and current financial year. Neither is it expected to affect the financial results and cash flows of future financial years.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2016	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and fittings RM'000	Other assets* RM'000	Capital work-in-progress^ RM'000	Total RM'000
Cost							
At 1 November 2015	63,721	46,754	20,100	24,445	33,496	7,569	196,085
Additions	27	23,540	2,264	4,486	7,137	9,020	46,474
Disposals	-	-	(1,460)	(12)	(242)	-	(1,714)
Written off	-	(2,397)	-	(2,049)	(7,295)	-	(11,741)
Reclassification from land held for property development (Note 7)	558	9,829	-	-	-	-	10,387
Reclassification from property development costs (Note 12)	1,473	9,576	-	-	-	-	11,049
Reclassification	-	13,446	(264)	3,283	(374)	(16,091)	-
Exchange differences	-	-	-	(15)	(86)	-	(101)
At 31 October 2016	**65,779**	**100,748**	**20,640**	**30,138**	**32,636**	**498**	**250,439**
Accumulated depreciation							
At 1 November 2015	-	2,183	4,380	6,027	7,062	-	19,652
Depreciation for the financial year	-	5,291	3,283	6,560	7,792	-	22,926
Disposals	-	-	(408)	(7)	(66)	-	(481)
Written off	-	(54)	-	(1,104)	(3,113)	-	(4,271)
Reclassification	-	(1)	(50)	164	(113)	-	-
Exchange differences	-	-	-	1	(9)	-	(8)
At 31 October 2016	**-**	**7,419**	**7,205**	**11,641**	**11,553**	**-**	**37,818**
Net book value as at 31 October 2016	**65,779**	**93,329**	**13,435**	**18,497**	**21,083**	**498**	**212,621**

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For the financial year ended 31 October 2016

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2015	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and fittings RM'000	Other assets* RM'000	Capital work-in-progress^ RM'000	Total RM'000
Cost							
At 1 November 2014	-	-	3,863	2,004	1,201	212	7,280
Additions:-							
- Acquisition of development rights	11,108	20,697	-	-	-	-	31,805
- Acquisition of subsidiaries	50,252	14,222	2,925	7,972	5,526	7,563	88,460
- Others	2,361	11,835	14,014	12,951	14,274	13,625	69,060
Disposals	-	-	(803)	-	-	-	(803)
Written off	-	-	-	(12)	(5)	-	(17)
Reclassification to land held for property development (Note 7)	-	-	-	-	-	(44)	(44)
Reclassification to property development costs (Note 12)	-	-	-	-	-	(168)	(168)
Reclassification	-	-	-	1,530	12,089	(13,619)	-
Exchange differences	-	-	101	-	411	-	512
At 31 October 2015	63,721	46,754	20,100	24,445	33,496	7,569	196,085
Accumulated depreciation							
At 1 November 2014	-	-	1,520	1,046	519	-	3,085
Depreciation for the financial year	-	2,183	3,575	4,981	6,461	-	17,200
Disposals	-	-	(735)	-	-	-	(735)
Written off	-	-	-	-	(1)	-	(1)
Exchange differences	-	-	20	-	83	-	103
At 31 October 2015	-	2,183	4,380	6,027	7,062	-	19,652
Net book value as at							
31 October 2015	63,721	44,571	15,720	18,418	26,434	7,569	176,433

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2016	Office equipment and fittings RM'000	Other assets* RM'000	Total RM'000
Cost			
At 1 November 2015/31 October 2016	195	300	495
Accumulated depreciation			
At 1 November 2015	62	77	139
Depreciation for the financial year	45	60	105
At 31 October 2016	**107**	**137**	**244**
Net book value at 31 October 2016	**88**	**163**	**251**
2015			
Cost			
At 1 November 2014	195	235	430
Additions	-	65	65
At 31 October 2015	195	300	495
Accumulated depreciation			
At 1 November 2014	16	27	43
Depreciation for the financial year	46	50	96
At 31 October 2015	62	77	139
Net book value at 31 October 2015	133	223	356

* *Other assets comprise office renovation, site office equipment and communication equipment.*
^ *Capital work-in-progress comprises sales galleries under construction and computer software systems in the process of being implemented.*

Freehold land and buildings with a carrying amount of RM140,771,000 (2015: RM108,292,000) have been charged to secure banking facilities granted to the Group (Note 20).

Notes to the Financial Statements
For the financial year ended 31 October 2016

6. INVESTMENT PROPERTIES

	Group	
	2016 **RM'000**	**2015** **RM'000**
At cost		
At 1 November	**17,288**	-
Additions:-		
- Acquisition of development rights	**-**	16,981
- Others	**1,301**	307
At 31 October	**18,589**	17,288
Represented by:		
Freehold land	**18,589**	17,288
Fair value	**51,900**	51,900

The fair value of the freehold land is categorised as Level 2. The fair value has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable land.

The fair value has been determined by the valuation performed by a registered independent valuer having appropriate recognised professional qualification and recent experiences in the locations and category of properties being valued.

The investment properties have been charged to secure banking facilities granted to the Group (Note 20).

Notes to the Financial Statements
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7. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2016 RM'000	Group 2015 RM'000
At beginning of the financial year		
- freehold land	**2,710,394**	263,851
- leasehold land	**418,071**	-
- development costs	**580,076**	32,236
	3,708,541	296,087
Add: Costs incurred during the financial year		
- freehold land	**244,401**	17,756
- leasehold land	**489,420**	485,280
- development costs	**364,927**	310,699
Add: Acquisition of development rights		
- freehold land	**-**	2,759,356
- development costs	**-**	368,057
Reclassification to property, plant and equipment (Note 5)		
- freehold land	**(558)**	-
- development costs	**(9,829)**	44
Transfer to property development costs (Note 12)		
- freehold land	**(377,202)**	(329,252)
- leasehold land	**(82,540)**	(67,209)
- development costs	**(177,030)**	(130,960)
Costs recognised as an expense		
- freehold land	**-**	(1,317)
At the end of the financial year		
- freehold land	**2,577,035**	2,710,394
- leasehold land	**824,951**	418,071
- development costs	**758,144**	580,076
At 31 October	**4,160,130**	3,708,541

Included in the land held for property development during the financial year is:-

	Group 2016 RM'000	Group 2015 RM'000
Borrowing costs	**94,684**	79,832

Land held for property development have been charged to secure banking facilities granted to the Group (Note 20).

Notes to the Financial Statements
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8. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Unquoted shares - at cost	**191,867**	178,267
Capital contribution to subsidiaries, at cost	**2,276,782**	49,957
Less: Accumulated impairment losses	**(20,299)**	(10,094)
	2,448,350	218,130

Capital contributions represent unsecured, interest free non-trade advances given to subsidiaries. The settlement of these advances is neither planned nor likely to occur in the foreseeable future as it is the Company's intention to treat them as a long-term source of capital to the subsidiaries. As these advances are, in substance, a part of the Company's net investment in those subsidiaries, they are stated at cost less impairment losses, if any.

Arising from an assessment of the underlying value of its investment in subsidiaries, the Company noted that the recoverable amount of a subsidiary was RM3,633,000 (2015: RM6,891,000) as compared to its carrying amount of RM13,838,000 (2015: RM16,985,000). Accordingly, an impairment loss of RM10,205,000 (2015: RM10,094,000) was recognised in the profit or loss.

The movements in accumulated impairment losses in a subsidiary is as follows:-

	Company 2016 RM'000	Company 2015 RM'000
At 1 November	**10,094**	-
Recognised during the financial year	**10,205**	10,094
At 31 October	**20,299**	10,094

Notes to the Financial Statements
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8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) The subsidiaries, all incorporated in Malaysia unless otherwise stated, are as follows:-

	Effecttive proportion ownership/ voting rights 2016 %	2015 %	Principal activities
Focal Aims Land Sdn. Bhd.	**100**	100	Property development
Focal Aims Properties Sdn. Bhd. ("FAPSB")	**100**	100	Investment holding
Eco World Ukay Sdn. Bhd.	**100**	100	Project management, building and construction services
Eco Sanctuary Sdn. Bhd.	**100**	100	Property development and property investment holding
Eco Sky Sdn. Bhd.	**100**	100	Property development
Eco Majestic Development Sdn. Bhd.	**100**	100	Property development and property investment holding
Eco Botanic Sdn. Bhd.	**100**	100	Property development
Eco Terraces Sdn. Bhd.	**100**	100	Property development
Eco Business Park 2 Sdn. Bhd.	**100**	100	Property development
Eco Meadows Sdn. Bhd.	**100**	100	Property development
Eco Summer Sdn. Bhd.	**100**	100	Property development
Eco Business Park 1 Sdn. Bhd.	**100**	100	Property development
Eco World Property Services (Eco South) Sdn. Bhd. *(formerly known as Natural Esplanade Sdn. Bhd.)*	**100**	100	Property management services
Pingat Stabil Sdn. Bhd.	**100**	100	Dormant
Arah Selasih Sdn. Bhd.	**100**	100	Dormant
Rentas Prestasi Sdn. Bhd.	**100**	100	Dormant

Notes to the Financial Statements
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8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) The subsidiaries, all incorporated in Malaysia unless otherwise stated, are as follows:- (Continued)

	Effective proportion ownership/ voting rights 2016 %	2015 %	Principal activities
Eco World Development Management (BBCC) Sdn. Bhd. *(formerly known as Eco World Development Management Sdn. Bhd.)*	**100**	100	Property development project management
Eco World Trading Sdn. Bhd.	**100**	100	Supplying of building materials
Eco World IBS Sdn. Bhd.	**100**	100	Traders and manufacturers of prefabricated and precast components
Eco World Development (S) Pte. Ltd.^ *	**100**	100	Promotion, marketing and other activities related to property management
Meridian Insight Sdn. Bhd.	**100**	100	Dormant
Matlamat Bakat Sdn. Bhd.	**100**	100	Dormant
Eco Macalister Development Sdn. Bhd.	**100**	100	Property investment holding
Eco World Project Management Sdn. Bhd.	**100**	100	Property development project management
Eco World Property Services (Eco Central) Sdn. Bhd. *(formerly known as Eco World Property Services Sdn. Bhd.)*	**100**	100	Property management services
Melia Spring Sdn. Bhd. ("MSSB")	**100**	100	Investment holding
Eco Grandeur Sdn. Bhd. ("EGSB")	**100**	-	Investment holding

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) The subsidiaries, all incorporated in Malaysia unless otherwise stated, are as follows:- (Continued)

	Effecttive proportion ownership/ voting rights 2016 %	2015 %	Principal activities
Eco World Capital (International) Sdn. Bhd.	**100**	-	Dormant
Eco World Capital (L) Ltd @ +	**100**	-	Dormant
Eco World Property Services (Eco North) Sdn. Bhd. *(formerly known as Novastream Sdn. Bhd.)*	**100**	-	Dormant
Hara Kecil Sdn. Bhd.	**100**	-	Dormant
Inspirasi Innovasi Sdn. Bhd.	**100**	-	Dormant
Paragon Pinnacle Sdn. Bhd. ("PPSB")	**100**	100++	Property development and property investment holding
Eco Horizon Sdn. Bhd. *(formerly known as Teraju Pasifik Sdn. Bhd.)*	**100**	100**	Property development
Held through MSSB			
Jasa Hektar Sdn. Bhd.	**100**	100	Inactive
Held through FAPSB			
Eco Tropics Development Sdn. Bhd. ("ETSB")	**100**	100	Property development
Held through ETSB			
Focal Aims Realty Sdn. Bhd.	**100**	100	Dormant
Focal Aims Development Sdn. Bhd.	**100**	100	Dormant
Focal Aims Resort (M) Sdn. Bhd.	**100**	100	Dormant

^ *Audited by Baker Tilly TFW LLP, an independent member firm of Baker Tilly International.*
\+ *Audited by Messrs Monteiro & Heng, a firm of Chartered Accountant affiliated with Baker Tilly Monteiro Heng.*
* *Incorporated in Singapore.*
@ *Incorporated in Labuan.*
++ *Held through Meridian Insight Sdn. Bhd.*
** *Held through Matlamat Bakat Sdn. Bhd.*

Notes to the Financial Statements
For the financial year ended 31 October 2016

9. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Unquoted shares - at cost	**306,000**	*	**2,000**	*
Share of post-acquisition results and reserves	**(14,785)**	(2,056)	**-**	-
	291,215	(2,056)	**2,000**	*
Add: Amount recognised as obligation (Note 22)	**7,734**	2,056	**-**	-
	298,949	-	**2,000**	*

* *Represents RM12*

The Group has a contractual obligation to contribute funds to BBCC until its development projects are completed. Thus, the Group's share of BBCC's losses in excess of the cost of investment has been recognised as an obligation in the consolidated statement of financial position.

Details of the joint ventures, all incorporated in Malaysia, are as follows:-

Name of Company	**Effective proportion ownership 2016 %**	**2015 %**	**Principal activities**	**Financial year ended**
BBCC Development Sdn. Bhd. ^ *("BBCC")*	**40**	40	Property development and property investment holding	31 December #
Held through Eco Grandeur Sdn. Bhd.				
Eco Ardence Sdn. Bhd. *("Eco Ardence"), formerly known as Jendela Hikmat Sdn. Bhd.)*	**50**	-	Property development and property investment holding	31 October

^ *Audited by an audit firm other than Messrs Baker Tilly Monteiro Heng.*

\# *The equity accounted share of results is based on full scope audit on the financial statements of the joint venture made up to the financial year end of the Group.*

9. INVESTMENT IN JOINT VENTURES (CONTINUED)

(a) The assets and liabilities of the Group's investment in joint ventures as at 31 October 2016 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2016 are as follows:-

	BBCC RM'000	Eco Ardence RM'000	Total RM'000
31.10.2016			
Assets and liabilities			
Non-current assets	**751,242**	**1,326,920**	**2,078,162**
Current assets	**419,628**	**78,563**	**498,191**
Non-current liabilities	**(916,491)**	**(668,743)**	**(1,585,234)**
Current liabilities	**(273,715)**	**(138,842)**	**(412,557)**
Net liabilities	**(19,336)**	**597,898**	**578,562**
Included in assets and liabilities are:-			
Cash and cash equivalents	**17,286**	**27,545**	**44,831**
Non-current financial liabilities			
(excluding trade and other payables and provisions)	**-**	**(432,105)**	**(432,105)**
Current financial liabilities			
(excluding trade and other payables and provisions)	**(56,344)**	**(14,297)**	**(70,641)**
Results			
Loss for the financial year	**(19,195)**	**(13,383)**	**(32,578)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive loss	**(19,195)**	**(13,383)**	**(32,578)**
Included in total comprehensive loss are:-			
Depreciation	**(757)**	**(306)**	**(1,063)**
Interest expense	**-**	**(7,148)**	**(7,148)**

Notes to the Financial Statements
For the financial year ended 31 October 2016

9. INVESTMENT IN JOINT VENTURES (CONTINUED)

(a) The assets and liabilities of the Group's investment in joint ventures as at 31 October 2016 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2016 are as follows:- (Continued)

	BBCC RM'000	Eco Ardence RM'000	Total RM'000
31.10.2016			
Reconciliation of net assets to carrying amount:-			
Share of net assets at acquisition date, at book value	**2,000**	**(71,133)**	**(69,133)**
Fair value adjustment	**-**	**375,133**	**375,133**
Cost of investment	**2,000**	**304,000**	**306,000**
Share of post-acquisition losses	**(9,734)**	**(5,051)**	**(14,785)**
	(7,734)	**298,949**	**291,215**
Add: Amount recognised as obligation (Note 22)	**7,734**	**-**	**7,734**
Carrying amount in the statements of financial position	**-**	**298,949**	**298,949**
Group's share of results			
Group's share of loss	**(7,678)**	**(5,051)**	**(12,729)**
Group's share of other comprehensive income	**-**	**-**	**-**
Group's share of total comprehensive loss	**(7,678)**	**(5,051)**	**(12,729)**

9. INVESTMENT IN JOINT VENTURES (CONTINUED)

(a) The assets and liabilities of the Group's investment in joint ventures as at 31 October 2016 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2016 are as follows:- (Continued)

	BBCC RM'000
31.10.2015	
Assets and liabilities	
Non-current assets	1,023,195
Current assets	4,201
Non-current liabilities	(672,454)
Current liabilities	(356,083)
Net assets	(1,141)
Included in assets and liabilities are:-	
Cash and cash equivalents	4,201
Current financial liabilities (excluding trade and other payables and provisions)	(25)
Results	
Loss for the financial period	(5,141)
Other comprehensive income	-
Total comprehensive loss	(5,141)
Included in total comprehensive loss are:-	
Depreciation	(39)

Notes to the Financial Statements
For the financial year ended 31 October 2016

9. INVESTMENT IN JOINT VENTURES (CONTINUED)

(a) The assets and liabilities of the Group's investment in joint ventures as at 31 October 2016 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2016 are as follows:- (Continued)

	BBCC RM'000
31.10.2015	
Reconciliation of net assets to carrying amount:-	
Share of the net assets at the acquisition date at fair value	*
Goodwill on acquisition	-
Cost of investment	*
Share of post-acquisition losses	(2,056)
Share of post-acquisition other comprehensive income reserves	-
Less: Amount recognised as obligation (Note 22)	2,056
Carrying amount in the statement of financial position	-
Group's share of results	
Group's share of loss	(2,056)
Group's share of other comprehensive income	-
Group's share of total comprehensive loss	(2,056)

* *Represents RM12*

(b) Significant restrictions

The joint ventures cannot distribute their profit unless approvals are obtained from the respective joint venture partners.

10. OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Amounts due from subsidiaries	**-**	-	**306,206**	2,327,694
Amounts due from joint ventures	**186,963**	12,900	**177,765**	12,900
	186,963	12,900	**483,971**	2,340,594

(a) Amounts due from subsidiaries

The amounts due from subsidiaries arose from unsecured advances are not expected to be settled within the next twelve months. These advances bear interest at rates ranging between 4.95% and 5.52% (2015: 4.94% and 5.61%).

(b) Amounts due from joint ventures

The amounts due from joint ventures represent unsecured advances which are not expected to be settled within the next twelve months. These advances bear interest at 7.65% (2015: 7.85%).

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11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
At beginning of the financial year	**(13,377)**	(54,571)	**(9)**	-
Acquisition of subsidiaries	**-**	(486)	**-**	-
Recognised in profit or loss (Note 32)	**35,682**	41,680	**12**	(9)
At the end of the financial year	**22,305**	(13,377)	**3**	(9)
Presented after appropriate offsetting as follows:-				
Deferred tax assets	**66,033**	35,488	**3**	-
Deferred tax liabilities	**(43,728)**	(48,865)	**-**	(9)
	22,305	(13,377)	**3**	(9)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:-

	At 1 November 2014 RM	**Acquisition of subsidiaries RM**	**Recognised in profit or loss (Note 32) RM**	**At 31 October 2015 RM**	**Recognised in profit or loss (Note 32) RM**	**At 31 October 2016 RM**
Group						
Property development	(54,367)	-	24,589	(29,778)	30,448	**670**
Accelerated capital allowances	(311)	(1,466)	(1,568)	(3,345)	43	**(3,302)**
Unused tax losses and unabsorbed capital allowances	234	980	17,950	19,164	8,683	**27,847**
Others	(127)	-	709	582	(3,492)	**(2,910)**
	(54,571)	(486)	41,680	(13,377)	35,682	**22,305**
Company						
Accelerated capital allowances	-	-	(9)	(9)	-	**(9)**
Others	-	-	-	-	12	**12**
	-	-	(9)	(9)	12	**3**

Notes to the Financial Statements
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11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2016 RM'000	2015 RM'000
Unutilised tax losses	**(20,744)**	(9,387)
Unabsorbed capital allowances	**(242)**	(204)
At 31 October	**(20,986)**	(9,591)

12. PROPERTY DEVELOPMENT COSTS

	Group	
	2016 RM'000	2015 RM'000
At beginning of the financial year		
- freehold land	**1,296,049**	41,307
- leasehold land	**67,209**	-
- development costs	**1,573,137**	54,055
	2,936,395	95,362
Add: Costs incurred during the financial year		
- freehold land	**2,265**	20,404
- development costs	**1,753,391**	1,181,148
Add: Acquisition of development rights		
- freehold land	**-**	905,241
- development costs	**-**	206,806
Reclassification		
- freehold land	**(3,810)**	-
- development costs	**3,810**	-
Transfer from land held for property development (Note 7)		
- freehold land	**377,202**	329,252
- leasehold land	**82,540**	67,209
- development costs	**177,030**	130,960

12. PROPERTY DEVELOPMENT COSTS (CONTINUED)

	Group	
	2016 RM'000	**2015 RM'000**
Reclassification (to)/from property, plant and equipment (Note 5)		
- freehold land	**(1,473)**	-
- development costs	**(9,576)**	168
Reclassification to inventories		
- freehold land	**(178)**	(155)
At the end of the financial year		
- freehold land	**1,670,055**	1,296,049
- leasehold land	**149,749**	67,209
- development costs	**3,497,792**	1,573,137
	5,317,596	2,936,395
Cumulative costs recognised in profit or loss		
At beginning of the financial year	**(1,243,260)**	(56,272)
Recognised during the financial year	**(1,768,590)**	(1,186,988)
At the end of the financial year	**(3,011,850)**	(1,243,260)
Property development costs as at 31 October		
- freehold land	**1,108,139**	1,026,511
- leasehold land	**135,317**	67,209
- development costs	**1,062,290**	599,415
	2,305,746	1,693,135

Included in property development costs during the financial year is:-

	Group	
	2016 RM'000	**2015 RM'000**
Borrowing costs	**49,205**	23,400

Property development costs have been charged to secure banking facilities granted to the Group (Note 20).

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13. GROSS AMOUNT DUE (TO)/FROM CUSTOMERS

	Group	
	2016 RM'000	2015 RM'000
Aggregate construction contract costs incurred to-date	**10,421**	8,371
Add: Attributable profits	**-**	-
	10,421	8,371
Less: Progress billings	**(10,655)**	(7,317)
Gross amount due (to)/from customers	**(234)**	1,054

14. INVENTORIES

Inventories comprise completed properties held for sale stated at cost.

During the financial year, inventories recognised as cost of sales of the Group amounted to RM771,000 (2015: RM24,010,000).

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Trade receivables				
External parties	**556,081**	279,684	**-**	-
Joint ventures	**4,656**	81	**-**	-
Total trade receivables	**560,737**	279,765	**-**	-
Other receivables				
External parties	**25,521**	14,015	**-**	23
GST refundable	**9,387**	-	**-**	-
Subsidiaries	**-**	-	**1,187,369**	796,963
Joint ventures	**33,967**	-	**-**	-
Deposits	**21,645**	4,281	**-**	5
Total other receivables	**90,520**	18,296	**1,187,369**	796,991
Total trade and other receivables	**651,257**	298,061	**1,187,369**	796,991

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

The normal credit terms granted to house buyers range from 21 to 90 days (2015: 21 to 90 days). Interest is charged on overdue accounts at 10% (2015: 10%).

Credit terms granted to other customers are assessed and approved on a case-by-case basis. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:-

	Group	
	2016 RM'000	**2015 RM'000**
Neither past due nor impaired	**311,708**	117,534
Past due but not impaired		
1 to 30 days past due	**92,729**	86,182
31 to 60 days past due	**41,990**	19,895
61 to 90 days past due	**32,013**	25,070
91 to 120 days past due	**29,817**	17,100
More than 120 days past due	**52,480**	13,984
	249,029	162,231
	560,737	279,765

Trade receivables comprise substantially of amounts due from house buyers with end financing facilities from end financiers. In respect of house buyers with no end financing facilities, the Group retains the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries represent unsecured advances which are repayable on demand and bear interest between 4.90% and 8.00% (2015: 4.94% and 5.61%).

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16. OTHER CURRENT ASSETS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Deposits for acquisition of development lands	**101,826**	214,969	**-**	-
Accrued billings in respect of property development costs	**203,430**	193,929	**-**	-
Prepaid development expenditures	**5,013**	24,211	**-**	-
Prepayments	**3,025**	1,607	**405**	20
Deposit for subscription of shares in a joint venture	**-**	2,000	**-**	2,000
	313,294	436,716	**405**	2,020

17. CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Cash in hand and at banks	**338,844**	260,574	**71,558**	875
Deposits with licensed banks	**234,623**	256,602	**197,334**	225,240
Cash and bank balances	**573,467**	517,176	**268,892**	226,115

Included in cash and bank balances are the following:-

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Cash held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 *	**192,013**	118,887	**-**	-
Cash and deposits maintained in debts service reserve accounts, sinking fund and escrow accounts	**72,474**	71,067	**-**	-
Deposits pledged to banks as security for banking facilities	**2,327**	2,640	**413**	400

* *Restricted from general use*

The effective interest rates of the Group's deposits range from 1.8% to 3.30% (2015: 1.9% to 3.35%). All deposits have maturity periods of less than 12 months (2015: less than 12 months).

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18. SHARE CAPITAL

	Group and Company				
	2016		2015		
	Number of shares of RM0.50 (unless otherwise stated) '000	Amount RM'000	Number of shares of RM0.50 (unless otherwise stated) '000		Amount RM'000
Authorised:-					
At beginning of the financial year	**4,000,000**	**2,000,000**	300,000	*	300,000
Share split	**-**	**-**	300,000		-
Created during the financial year	**-**	**-**	3,400,000		1,700,000
At the end of the financial year	**4,000,000**	**2,000,000**	4,000,000		2,000,000
Issued and fully paid:-					
At beginning of the financial year	**2,364,265**	**1,182,132**	253,317	*	253,317
Share split	**-**	**-**	253,317		-
Issuance of ordinary shares pursuant to					
- Share subscription	**-**	**-**	806,847		403,423
- Rights issue	**-**	**-**	656,740		328,370
- Placement	**385,427**	**192,714**	394,044		197,022
At the end of the financial year	**2,749,692**	**1,374,846**	2,364,265		1,182,132

* *Representing ordinary shares of RM1 each*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements
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19. WARRANT RESERVE

The Warrant Reserve arose from the 525,392,340 free Warrants issued pursuant to the renounceable Rights Issue on 31 March 2015, on the basis of 4 free Warrants for every 5 Rights Shares subscribed for. The Warrants Reserve was arrived at based on the theoretical fair value of RM0.37 per Warrant determined based on the Black-Scholes Pricing Model.

Since the issuance of the Warrants, none of the Warrants have been exercised.

The salient terms of the Warrants are as follows:-

(a) The Warrants are constituted by a Deed Poll executed on 17 February 2015;

(b) The Warrants are traded separately;

(c) The Warrants are exercisable any time during the tenure of 7 years commencing the date of issue, 27 March 2015 to 26 March 2022 ("Exercise Period") at an exercise price of RM2.08 per Warrant. Warrants not exercised during the Exercise Period will lapse and cease to be valid;

(d) The exercise price is RM2.08 per Warrant. The exercise price and the number of outstanding Warrants shall be subject to adjustments that may be required during the Exercise Period by the Company, in consultation with the approved adviser and certified by auditors appointed by the Company, in accordance with the terms and provisions of the Deed Poll; and

(e) Subject to the provisions in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. Warrant holders will not have any participating rights in such issues unless otherwise resolved by the Company in general meeting.

20. LOANS AND BORROWINGS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Current				
Secured				
Revolving credits	**191,918**	130,000	**-**	50,000
Term loans	**55,080**	46,040	**-**	-
Bridging loans	**53,334**	-	**-**	-
	300,332	176,040	**-**	50,000
Unsecured				
Revolving credits	**500,000**	260,000	**500,000**	260,000
	800,332	436,040	**500,000**	310,000
Non-current				
Secured				
Term loans	**1,566,023**	1,038,475	**-**	209,063
Bridging loans	**377,338**	225,830	**-**	-
	1,943,361	1,264,305	**-**	209,063
Unsecured				
Term loans	**101,625**	-	**101,625**	-
	2,044,986	1,264,305	**101,625**	209,063
Total loans and borrowings	**2,845,318**	1,700,345	**601,625**	519,063

20. LOANS AND BORROWINGS (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Represented by:-				
Current				
- not later than one year	**800,332**	436,040	**500,000**	310,000
Non-current				
- later than one year but not later than five years	**1,894,862**	1,143,640	**101,625**	209,063
- later than five years	**150,124**	120,665	**-**	-
	2,845,318	1,700,345	**601,625**	519,063

The loans and borrowings are secured by:-

(i) Legal charges over the Group's freehold land and buildings (Note 5), investment properties (Note 6), land held for property development (Note 7) and property development costs (Note 12);
(ii) A specific debenture over the fixed and floating assets of certain subsidiary companies; and
(iii) Legal charges over the Group's cash and bank balances (Note 17).

The range of effective interest rates at the end of the financial year are as follows:-

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Revolving credit	**4.60 - 5.40**	4.85 - 5.36	**4.60 - 5.40**	4.85 - 5.30
Term loans	**4.77 - 6.05**	5.13 - 5.70	**5.29**	5.18
Bridging loans	**4.52 - 5.51**	5.05 - 5.61	**-**	-

21. OTHER PAYABLES

Other payables represent land acquisition costs payable under deferred payment terms that have been derived based on discounted cash flows. The discount rate was 5.21% (2015: between 5.00% and 5.63%).

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22. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Current				
Trade payables				
External parties	**737,980**	365,251	**-**	-
Accruals	**94,924**	114,731	**-**	-
	832,904	479,982	**-**	-
Non-trade payables				
Other payables	**64,781**	77,382	**1,828**	1,069
Payroll liabilities	**1,845**	1,490	**9**	-
Land acquisition costs payable	**466,243**	561,005	**-**	-
Deposit received	**115**	193	**-**	-
GST payable	**3,069**	3,878	**-**	-
Accruals	**95,116**	75,918	**2,770**	2,786
Advances received from a contract customer	**10,000**	10,000	**-**	-
Obligations under joint arrangements (Note 9)	**7,734**	2,056	**-**	-
Amount owing to subsidiaries	**-**	-	**256,159**	9,021
	648,903	731,922	**260,766**	12,876
Trade and other payables	**1,481,807**	1,211,904	**260,766**	12,876

(a) Trade payables
Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 90 days (2015: 30 to 90 days).

(b) Land acquisition costs payable
Included in land acquisition costs payable is an amount of RM330,558,000 (2015: RM561,005,000) which is under deferred payment terms and have been derived based on discounted cash flows ranging from 5.00% to 5.29% (2015: 5.00% to 5.63%).

(c) Amount owing to subsidiaries
The amount owing to subsidiaries represents unsecured non-trade advances which are repayable on demand and bear interest at 5.00% (2015: 3.53%).

23. OTHER CURRENT LIABILITIES

	Group	
	2016 RM'000	**2015 RM'000**
Other current liabilities		
Progress billings in respect of property development cost	**466,130**	321,325
Deferred income	**6,223**	-
	472,353	321,325

The deferred income is in respect of unrealised income of the Group that the Group charged to the joint ventures during the financial year. The aforementioned unrealised income is eliminated to the extent of the Group's interest in the joint ventures in accordance with the joint arrangement accounting policy as disclosed in Note 3.2. Accordingly the Group recognised the excess of the unrealised income over the carrying amount of the joint ventures as deferred income. The deferred income is realised in the consolidated statement of comprehensive income over the periods when the underlying assets of the joint ventures is realised.

24. BANK OVERDRAFTS

The bank overdrafts are unsecured and bear interest at 5.00% and 5.25%.

25. REVENUE

	Group	
	2016 RM'000	**2015 RM'000**
Sale of properties	**2,347,999**	1,614,884
Sale of other goods	**196,472**	92,767
Construction contracts	**1,966**	4,410
	2,546,437	1,712,061

26. COST OF SALES

	Group	
	2016 RM'000	**2015 RM'000**
Property development costs	**1,769,855**	1,210,178
Cost of other goods sold	**179,472**	85,575
Construction contracts	**1,966**	4,410
	1,951,293	1,300,163

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27. OTHER INCOME

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Interest income from:-				
- subsidiaries	**-**	-	**52,227**	106,540
- joint ventures	**6,738**	178	**11,229**	178
- deposits	**2,719**	8,671	**1,979**	8,178
- overdue accounts	**398**	509	**-**	-
- others	**4,012**	3,676	**322**	172
Bargain purchase gain from acquisition of a subsidiary	**-**	176	**-**	-
Net gain from compulsory disposal of land	**-**	2,266	**-**	-
Gain on disposal of property plant and equipment	**153**	-	**-**	-
Rental income	**310**	134	**-**	-
Unrealised gain on foreign exchange	**-**	22	**-**	-
Sundry income	**7,474**	4,230	**-**	-
	21,804	19,862	**65,757**	115,068

28. FINANCE COSTS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Term loan interest	**12,993**	15,444	**10,772**	22,893
Bridging loan interest	**2,026**	-	**-**	-
Revolving credit interest	**13,651**	1,926	**19,909**	7,312
Interest payable to a subsidiary	**-**	-	**10,446**	73
Others	**2,288**	2,973	**1,551**	1,446
	30,958	20,343	**42,678**	31,724

29. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation has been arrived at:-

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
After charging:				
Auditors' remuneration				
- statutory audit				
- current year	**419**	341	**75**	70
- prior year	**56**	49	**(10)**	17
- other services	**85**	16	**82**	16
Bad debt written off	**-**	-	**4,668**	-
Depreciation of property, plant and equipment (Note 5)	**22,926**	17,200	**105**	96
Directors' remuneration (Note 31)	**20,263**	18,736	**6,556**	7,369
Impairment of investment in a subsidiary (Note 8)	**-**	-	**10,205**	10,094
Property, plant and equipment written off (Note 5)	**7,470**	16	**-**	-
Abortive land acquisition expenditure written off	**5,755**	958	**-**	-
Rental expense				
- office	**5,982**	6,055	**-**	-
- others	**1,078**	569	**-**	-
Realised foreign exchange loss	**103**	262	**-**	-
Unrealised foreign exchange loss	**52**	-	**-**	-
Employee benefits expense (Note 30)	**137,114**	110,389	**-**	-
Donation to Eco World Foundation	**1,000**	1,000	**-**	-

30. EMPLOYEE BENEFITS EXPENSE

	Group	
	2016 RM'000	**2015 RM'000**
Salaries and allowances	**112,986**	87,837
Defined contribution plan	**12,903**	10,689
Social security contributions	**473**	319
Staff welfare	**10,752**	11,544
	137,114	110,389

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31. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors during the year are as follows:-

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Executive directors				
Salaries, bonus and other emoluments	**11,890**	10,154	**-**	-
Defined contribution plan	**1,215**	999	**-**	-
Estimated monetary value of benefits-in-kind	**602**	214	**-**	-
	13,707	11,367	**-**	-
Non-executive directors				
Other emoluments	**1,167**	1,129	**1,167**	1,129
Fees	**1,503**	2,178	**1,503**	2,178
Estimated monetary value of benefits-in-kind	**3,886**	4,062	**3,886**	4,062
	6,556	7,369	**6,556**	7,369
Total directors' remuneration (Note 29)	**20,263**	18,736	**6,556**	7,369

32. INCOME TAX EXPENSE

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Current tax				
Malaysian income tax				
- current year	**96,125**	68,449	**3,829**	18,544
- prior year	**3,458**	3,293	**141**	8
	99,583	71,742	**3,970**	18,552
Deferred tax (Note 11)				
- current year	**(31,378)**	(39,191)	**(12)**	(3)
- prior years	**(4,304)**	(2,489)	**-**	12
	(35,682)	(41,680)	**(12)**	9
	63,901	30,062	**3,958**	18,561

The income tax rate is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the fiscal year. The computation of deferred tax as at 31 October 2016 has been reflected with these changes. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdiction.

The reconciliations from the tax amount at the statutory income tax rate to the tax expense recognised in the income statement is as follows:-

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Profit/(Loss) before taxation	**193,182**	73,918	**(5,717)**	60,312
Tax at applicable statutory tax rate of 24% (2015: 25%)	**46,364**	18,480	**(1,372)**	15,078
Different tax rate in other jurisdictions	**72**	1,629	**-**	-
Share of results of joint ventures	**3,055**	514	**-**	-
Tax effects arising from:-				
- non-taxable income	**(505)**	(2,165)	**(442)**	(2,165)
- non-deductible expenses	**13,026**	8,368	**5,631**	5,628
- deferred tax asset not recognised	**2,735**	2,432	**-**	-
- (over)/under accrual in prior year	**(846)**	804	**141**	20
Tax expense for the year	**63,901**	30,062	**3,958**	18,561

33. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Group profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2016 RM'000	**2015 RM'000**
Profit after taxation attributable to owners of the Company	**129,281**	43,952
	'000	'000
Weighted average number of ordinary shares:-		
Issued ordinary share at beginning of financial year	**2,364,265**	253,317
Effect of issuance of ordinary shares pursuant to:-		
- Share split	**-**	253,317
- Share subscription	**-**	592,425
- Rights issue	**-**	386,847
- Placement	**14,743**	179,209
Weighted average number of ordinary shares in issue	**2,379,008**	1,665,115
Basic earnings per ordinary share (sen)	**5.43**	2.64

Diluted earnings per share has been calculated by dividing the Group's profit attributable to owners of the Company by the weighted average number of shares that would have been in issue upon full exercise of the Warrants, adjusted for the number of such shares that would have been issued at fair value. However, in the event that the potential exercise of the Warrants gives rise to an anti-dilutive effect on earnings per share, the potential exercise of the Warrants is not taken into account in calculating diluted earnings per share.

	Group	
	2016 RM'000	**2015 RM'000**
Profit after taxation attributable to owners of the Company	**129,281**	43,952
	'000	'000
Weighted average number of ordinary shares for basic earnings per share	**2,379,008**	1,665,115
Effect of dilution:-		
- effect of potential exercise of Warrants	**#**	#
Weighted average number of ordinary shares for diluted earnings per share	**2,379,008**	1,665,115
Diluted earnings per ordinary share (sen) *	**5.43**	2.64

\# *The calculation of diluted earnings per share does not assume the potential exercise of Warrants as the effect on earnings per share is anti-dilutive.*

* *Anti-dilutive*

Subsequent to the end of the financial year, the Company issued additional ordinary shares as disclosed in Note 41(b).

Other than as stated above, there have been no transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

34. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 October 2016.

35. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments

The Group and the Company have made commitments as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Approved and contracted for:-				
Acquisition of development land				
- Mukim Beranang, Daerah Ulu Langat, Selangor	**-**	202,798	**-**	-
- Mukim Ijok, Daerah Kuala Selangor	**711,232**	1,157,709	**-**	-
- Mukim 13, Daerah Seberang Perai Selatan, Negeri Pulau Pinang	**787,718**	-	**-**	-
Acquisition of property, plant and equipment	**5,348**	2,087	**-**	-
Contractual commitment for share subscription in MFBBCC Retail Mall Sdn. Bhd.	**600**	-	**600**	-
	1,504,898	1,362,594	**600**	-

In addition, as disclosed in Note 40, the Group has entered into a subscription agreement for the Proposed Subscription of shares in Eco World International Berhad ("EWI shares") pursuant to EWI's proposed IPO. The consideration for the Proposed Subscription cannot be ascertained at this juncture as the issue price for the EWI shares will only be determined by a book building process on a later date.

(b) Operating lease commitments – as lessee

The Group has entered into non-cancellable operating lease arrangements. The leases have tenures of 1-3 years, with option to renew.

Future minimum rental payables at the reporting date are as follows:-

	Group	
	2016 RM'000	2015 RM'000
Not later than 1 year	**468**	3,522
Later than 1 year but not later than 3 years	**480**	351
	948	3,873

Notes to the Financial Statements
For the financial year ended 31 October 2016

35. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(c) Contingent liabilities

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Guarantees provided in connection with the performance and discharge of obligations assumed by its subsidiaries under and pursuant to the acquisition of development rights				
- Secured *	**-**	-	**1,469,204**	1,863,005
- Unsecured	**-**	-	**551,578**	432,342
Guarantees given to a bank for performance bonds granted to a joint venture	**10,996**	-	**10,996**	-

* *Secured by legal charges over the subsidiaries' freehold land and buildings (Note 5), investment properties (Note 6), land held for property development (Note 7) and property development costs (Note 12).*

36. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identification of related parties

Parties are considered related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or entities.

In the context of the Group, related parties include:-
(i) Entities having significant influence over the Group;
(ii) Subsidiaries;
(iii) Joint ventures;
(iv) Entities in which directors have substantial financial interests; and
(v) Key management personnel of the Group comprising persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

Notes to the Financial Statements
For the financial year ended 31 October 2016

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions and balances

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:-

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Transactions with subsidiary companies:-								
Interest receivable	**-**	-	**52,227**	106,540	**-**	-	**155,125**	112,552
Interest payable	**-**	-	**10,446**	73	**-**	-	**10,270**	73
Transactions with joint ventures:-								
Advances	**162,834**	12,722	**153,636**	12,722	**175,556**	12,722	**166,358**	12,722
Interest receivable	**11,229**	178	**11,229**	178	**11,407**	178	**11,407**	178
Sales of building materials	**19**	81	**-**	-	**8**	81	**-**	-
Development management fees	**4,317**	-	**-**	-	**4,576**	-	**-**	-
Brand licensing fees	**71**	-	**-**	-	**76**	-	**-**	-
Disposal of motor vehicle and office equipment	**1,007**	-	**-**	-	**1,037**	-	**-**	-
Sales of development properties to directors	**-**	8,356	**-**	-	**589**	1,726	**-**	-
Sales of development properties to companies in which certain directors have interest	**-**	30,749	**-**	-	**349**	11,063	**-**	-
Sales of development properties to immediate family members of certain directors	**-**	12,190	**-**	-	**-**	(51)	**-**	-
Revocation of development properties by directors	**5,901**	-	**-**	-	**-**	-	**-**	-
Revocation of development properties by immediate family members of certain directors	**4,133**	-	**-**	-	**-**	-	**-**	-

Notes to the Financial Statements
For the financial year ended 31 October 2016

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions and balances (Continued)

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Disposal of motor vehicles to companies in which a director has interest	**12**	-	**-**	-	**12**	-	**-**	-
Sales of development properties to directors of subsidiary companies	**3,325**	3,584	**-**	-	**394**	155	**-**	-
Revocation of development property by a director of subsidiary companies	**1,264**	-	**-**	-	**-**	-	**-**	-
Interest free advances from a shareholder/director	**100,000**	-	**100,000**	-	**-**	-	**-**	-
Rental paid to Gito Gaya Sdn. Bhd. @#	**360**	360	**-**	-	**-**	-	**-**	-
Commission charged to Eco World International Marketing Sdn. Bhd. ("EWI Marketing") +#	**794**	1,289	**-**	-	**337**	1,424	**-**	-
Transaction with a company in which certain directors have interests *								
Acquisition of development rights **	**-**	1,789,423	**-**	-	**-**	-	**-**	-
Acquisition of Eco Macalister Development Sdn. Bhd.	**-**	^	**-**	-	**-**	-	**-**	-
Acquisition of Eco World Project Management Sdn. Bhd.	**-**	^	**-**	-	**-**	-	**-**	-
Total reimbursable sums paid	**-**	222,817	**-**	-	**-**	-	**-**	-
Purchase of plant and equipment	**-**	10,493	**-**	-	**-**	-	**-**	-
Interest paid	**-**	1,447	**-**	-	**-**	-	**-**	-

@ *Tan Sri Dato' Sri Liew Kee Sin and his spouse are the directors and shareholders of Gito Gaya Sdn. Bhd.*

\+ *Tan Sri Dato' Sri Liew Kee Sin is the major shareholder and director of Eco World International Berhad, the ultimate holding company of EWI Marketing*

Liew Tian Xiong is deemed related as he is the immediate family member of Tan Sri Dato' Sri Liew Kee Sin and his spouse

* *Deemed related by virtue of the directorship and shareholdings of Tan Sri Abdul Rashid bin Abdul Manaf and Dato' Leong Kok Wah in Eco World Development Holdings Sdn. Bhd.*

** *After deducting the Group's obligation to repay existing land loans and unpaid land costs totalling RM1,907.6 million*

^ *Represents RM2*

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key management personnel remuneration

The remuneration of the key management personnel, including directors, during the financial year were as follows:-

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Short-term employee benefits	**23,385**	17,372	**1,167**	1,129
Defined contributionplan	**2,398**	1,639	**-**	-
Fees	**1,519**	2,185	**1,503**	2,178
Benefits-in-kind	**4,523**	4,295	**3,886**	4,062
	31,825	25,491	**6,556**	7,369

37. SEGMENTAL REPORTING

Segmental reporting is not presented as the Group is principally engaged in property development, which is substantially within a single business segment and this is consistent with the current practice of internal reporting. The Group operates primarily in Malaysia.

38. FINANCIAL INSTRUMENTS

(a) Financial risk management and objectives

The Group's activities are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk review, internal control systems and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group does not trade in derivative instruments.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group minimises its credit risk by dealing with creditworthy counter-parties and applying credit approval controls for material contracts. If necessary, the Group may obtain collaterals from counter-parties as a means of mitigating losses in the event of default.

In respect of trade receivables arising from the sale of development properties, the Group mitigates its credit risk by withholding the transfer of registered owner of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financing by the purchaser's end-financier.

At the reporting date, the Group did not have any significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors.

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management and objectives (Continued)

(i) Credit risk (Continued)

Exposure to credit risk

At the end of the financial year, the Group's and the Company's maximum exposure to credit risk is represented by:-

(i) the carrying amount of each class of financial assets recognised in the statements of financial position;

(ii) the nominal amount of RM300,000,000 (2015: Nil) and RM1,914,612,000 (2015: RM678,300,000) relating to corporate guarantees provided by the Group and the Company respectively to licensed financial institutions on credit facilities of the subsidiaries and a joint venture.

The Company monitors on an ongoing basis the financial performances of repayments made by the subsidiaries.

As at the end of the financial year, there was no indication that the subsidiaries will default on repayment.

The fair value of the above financial guarantees have not been recognised since the fair value on initial recognition was not material.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 15(a). Deposits with licensed banks are neither past due nor impaired as they are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are past due and impaired

There are no trade and other receivables or deposits with licensed banks that are past due and impaired.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements and to maintain available banking facilities at a reasonable level to its overall debt position.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the financial year based on contractual undiscounted repayment obligations.

	Less than 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
2016				
Financial liabilities				
Trade and other payables *	**1,467,673**	**196,079**	**-**	**1,663,752**
Loans and borrowings and bank overdrafts	**950,439**	**2,155,366**	**159,085**	**3,264,890**
Financial guarantee contracts	**-**	**300,000**	**-**	**300,000**
Total undiscounted financial liabilities	**2,418,112**	**2,651,445**	**159,085**	**5,228,642**

Notes to the Financial Statements
For the financial year ended 31 October 2016

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management and objectives (Continued)

(ii) Liquidity risk (Continued)

	Less than 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
2015				
Financial liabilities				
Trade and other payables *	1,215,894	533,306	-	1,749,200
Loans and borrowings	521,011	1,290,486	122,987	1,934,484
Total undiscounted financial liabilities	1,736,905	1,823,792	122,987	3,683,684
Company				
2016				
Financial liabilities				
Trade and other payables	**260,766**	**-**	**-**	**260,766**
Loans and borrowings	**530,576**	**105,209**	**-**	**635,785**
Financial guarantee contracts	**-**	**1,506,612**	**408,000**	**1,914,612**
Total undiscounted financial liabilities	**791,342**	**1,611,821**	**408,000**	**2,811,163**
2015				
Financial liabilities				
Trade and other payables	12,876	-	-	12,876
Loans and borrowings	336,819	230,678	-	567,497
Financial guarantee contracts	-	678,300	-	678,300
Total undiscounted financial liabilities	349,695	908,978	-	1,258,673

* *Excluded advances received from contract customers and GST payable.*

Notes to the Financial Statements
For the financial year ended 31 October 2016

38. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management and objectives (Continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from loans and borrowings and bank overdrafts amounting to RM2,861,903,000 (2015: RM1,700,345,000) and RM601,625,000 (2015: RM519,063,000) respectively.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 (2015: 25) basis points lower/ higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been approximately RM875,000 (2015: RM774,000) and RM1,143,000 (2015: RM973,000) higher/ lower respectively. The assumed movement in basis points for this interest rate sensitivity analysis is based on the currently observable market environment.

(iv) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than Ringgit Malaysia. The Group does not hedge against foreign currencies exchange risk based on its current level of operations.

The Group is exposed to currency translation risk arising from its net investment in foreign operation in Singapore. The Group's net investment in Singapore is not hedged as the currency position in Singapore Dollar is considered to be long-term in nature.

The directors believe that the impact of foreign exchange fluctuation will not significantly affect the profitability of the Group. As such, a sensitivity analysis is not presented.

(b) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:-

Notes to the Financial Statements
For the financial year ended 31 October 2016

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Classification of financial instruments (Continued)

	Loans and receivables RM'000	Financial liabilities carried at amortised cost RM'000	Total RM'000
Group			
2016			
Financial assets			
Trade and other receivables ^	**828,833**	**-**	**828,833**
Cash and bank balances	**573,467**	**-**	**573,467**
Total carrying amount	**1,402,300**	**-**	**1,402,300**
Financial liabilities			
Trade and other payables *	**-**	**1,649,384**	**1,649,384**
Loans and borrowings	**-**	**2,845,318**	**2,845,318**
Bank overdrafts	**-**	**16,585**	**16,585**
Total carrying amount	**-**	**4,511,287**	**4,511,287**
2015			
Financial assets			
Trade and other receivables	310,961	-	310,961
Cash and bank balances	517,176	-	517,176
Total carrying amount	828,137	-	828,137
Financial liabilities			
Trade and other payables *	-	1,683,561	1,683,561
Loans and borrowings	-	1,700,345	1,700,345
Total carrying amount	-	3,383,906	3,383,906

* *Excluded advances received from contract customers and GST payable*
^ *Excluded GST refundable*

Notes to the Financial Statements
For the financial year ended 31 October 2016

38. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Classification of financial instruments (Continued)

	Loans and receivables RM'000	Financial liabilities carried at amortised cost RM'000	Total RM'000
Company			
2016			
Financial assets			
Trade and other receivables	**1,671,340**	**-**	**1,671,340**
Cash and bank balances	**268,892**	**-**	**268,892**
Total carrying amount	**1,940,232**	**-**	**1,940,232**
Financial liabilities			
Trade and other payables	**-**	**260,766**	**260,766**
Loans and borrowings	**-**	**601,625**	**601,625**
Total carrying amount	**-**	**862,391**	**862,391**
2015			
Financial assets			
Trade and other receivables	3,137,585	-	3,137,585
Cash and bank balances	226,115	-	226,115
Total carrying amount	3,363,700	-	3,363,700
Financial liabilities			
Trade and other payables	-	12,876	12,876
Loans and borrowings	-	519,063	519,063
Total carrying amount	-	531,939	531,939

38. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value of financial instruments

The methods and assumptions used to determine the fair values of the following financial assets and liabilities are as follows:-

(i) Cash and bank balances, trade and other receivables and payables

The carrying amounts of cash and bank balances, trade and other current receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

The fair value of deferred land acquisition costs payable classified as non-current liabilities is estimated by discounting future cash flows using lending rates for similar types of arrangements.

The fair values of amount due from subsidiaries and amount due from joint ventures classified as non-current asset are estimated by using the discounted cash flow method based on discount rates that reflects the issuer's borrowing rate at the end of the financial year.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

The carrying amounts and fair value of financial instruments, other than those with carrying amounts are reasonable approximations of fair value are as follows:-

	Group	
	Carrying amount RM'000	**Fair value RM'000**
2016		
Financial liability		
Land acquisition costs payable	**180,846**	**180,846**
2015		
Financial liability		
Land acquisition costs payable	485,535	485,535

Notes to the Financial Statements
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38. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:-

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table provides the fair value measurement hierarchy of the Group's liabilities that are not carried at fair value:-

	Carrying Amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
2016				
Group				
Non-current				
Land acquisition costs payable	**180,646**	**-**	**-**	**180,646**
2015				
Group				
Non-current				
Land acquisition costs payable	485,535	-	-	485,535

Policy on transfer between levels

The fair values of assets and liabilities to be transferred between levels are determined as of the date of the event or change in circumstances that caused the transfer.

During the financial year ended 31 October 2016 and 2015, there was no transfer between the fair value measurement hierarchy.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to ensure that it maintains a healthy capital ratio in order to support its business, enable future developments and maximise shareholders' value.

The Group reviews and manages the capital structure regularly and make adjustment to address changes in the economic environment and risk characteristic inherent in its business operation. These initiatives may include equity capital raising exercises and adjustments to the amount of dividends distributed to shareholders.

The Group monitors capital using the net gearing ratio, which is net debt divided by total equity attributable to the owners of the Company. Net debt comprises loans and borrowings and bank overdrafts less cash and bank balances. This ratio is used to assess the appropriateness of the Group's and the Company's debt level.

At the end of the financial year, the gearing ratios were as follows:-

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Loans and borrowings (Note 20)	**2,845,318**	1,700,345	**601,625**	519,063
Bank overdrafts	**16,585**	-	**-**	-
Less: Cash and bank balances (Note 17)	**(573,467)**	(517,176)	**(268,892)**	(226,115)
Net debt	**2,288,436**	1,183,169	**332,733**	292,948
Total equity attributable to the owners of the Company	**3,786,702**	3,156,875	**3,541,742**	3,050,665
Net gearing ratio	**0.60**	0.37	**0.09**	0.10

The Group and certain subsidiaries are required to comply with debt equity ratios in respect of their term loans, bridging loans and revolving credit facilities.

Gearing ratios are not governed by the FRSs and their definitions and calculations may vary between reporting entities.

Notes to the Financial Statements
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40. SIGNIFICANT EVENTS

Proposed EWI Subscription

On 10 December 2015, the Company expressed its interest to subscribe for up to 30% of the enlarged share capital of Eco World International Berhad ("EWI") under a Proposed Initial Public Offering ("IPO") which has been approved by the Securities Commission.

On 27 October 2016, Eco World Capital (International) Sdn. Bhd. ("EW Capital"), a wholly-owned subsidiary of the Group entered into a conditional share subscription agreement with EWI for the subscription by EW Capital of such number of ordinary shares of RM1.00 each in EWI ("EWI Shares"), representing 27% of the enlarged issued and paid-up share capital of EWI upon the Proposed Listing of EWI ("Proposed EWI Subscription"). On the same day, the Company entered into a conditional collaboration agreement with EWI to establish a framework for mutual collaboration and strategic alliance ("Proposed Collaboration").

In conjunction with the Proposed IPO of EWI, GuocoLand Limited ("GuocoLand"), through a wholly-owned subsidiary, proposes to enter into a conditional subscription agreement for the subscription of such number of new EWI Shares, representing 27% of the enlarged issued and paid-up share capital of EWI on terms and conditions to be mutually agreed ("Proposed GuocoLand Subscription").

Arising from the Proposed EWI Subscription and Proposed GuocoLand Subscription, the Company, Tan Sri Dato' Sri Liew Kee Sin ("Tan Sri Liew") and GuocoLand have on 27 October 2016 entered into a conditional agreement to regulate their relationship with one another as shareholders in EWI and in relation to their voting shares and the exercise of their voting rights in EWI ("Shareholders' Agreement").

An Extraordinary General Meeting of the Company will be convened to seek shareholders' approval for the Proposed EWI Subscription, the Proposed Collaboration and the Shareholders' Agreement.

41. SUBSEQUENT EVENTS

(a) Proposed Ijok Land Acquisitions

On 15 November 2016, the Company, Employees Provident Fund ("EPF") and PPSB entered into a subscription and shareholders' agreement ("SSA"), under which EPF agreed to participate in the equity of PPSB (presently a wholly-owned subsidiary of the Company) in order to jointly undertake, through PPSB, the development of a mixed residential and commercial development to be known as "Eco Grandeur" and an integrated business park to be known as "Eco Business Park V".

Pursuant to the SSA, the Company will hold a 60%-equity interest in PPSB while EPF will hold the balance of 40%.

(b) Placement

On 25 November 2016, the Company completed the placement of 47,000,000 placement shares at RM1.30 per share pursuant to a placement exercise that was initiated during the financial year.

The remaining tranche(s) of up to 158,639,792 placement shares will be issued within 6 months from the date of approval from Bursa Securities for the listing of and quotation for the placement shares or any extended period as may be approved by Bursa Securities, subject to, amongst others, prevailing market conditions and investors' interest at the point of implementation.

Supplementary Information on the Disclosure of Realised and Unrealised Profits or Losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the financial year, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained earnings or accumulated losses of the Group and the Company as at 31 October are as follows:-

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained profits of the Company and its subsidiaries:-				
- realised	**252,838**	140,271	**1,488**	11,175
- unrealised	**53,279**	22,321	**3**	(9)
	306,117	162,592	**1,491**	11,166
Total share of losses from joint ventures:-				
- realised	**(18,920)**	(2,673)	**-**	-
- unrealised	**4,135**	617	**-**	-
	(14,785)	(2,056)	**-**	-
Add: Consolidation adjustments	**(45,667)**	(44,152)	**-**	-
Retained earnings as per financial statements	**245,665**	116,384	**1,491**	11,166

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, **DATO' CHANG KHIM WAH** and **DATUK HEAH KOK BOON**, being two of the directors of **ECO WORLD DEVELOPMENT GROUP BERHAD**, state that, in the opinion of the directors, the financial statements set out on pages 74 to 148 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 149 have been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

....
DATO' CHANG KHIM WAH
Director

....
DATUK HEAH KOK BOON
Director

Shah Alam
Date: 8 December 2016

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, **DATUK HEAH KOK BOON**, being the director primarily responsible for the financial management of **ECO WORLD DEVELOPMENT GROUP BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 74 to 148 and the supplementary information set out on page 149 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, l960.

....
DATUK HEAH KOK BOON
Director

Subscribed and solemnly declared by the abovenamed at Shah Alam Selangor Darul Eshan on 8 December 2016.

Before me,

....
Sirendar Singh
B458
Commissioner for Oaths

Independent Auditors' Report to the Members of Eco World Development Group Berhad

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Eco World Development Group Berhad, which comprise the statements of financial position as at 31 October 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 74 to 148.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 October 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements and the auditors' report of the subsidiary of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report to the Members of Eco World Development Group Berhad (Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out on page 149 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/18 J
Chartered Accountant

Kuala Lumpur

Date: 8 December 2016

List of Properties Held by the Group
As at 31 October 2016

No.	Location	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value(RM'000)
1	Mukim Beranang, Daerah Hulu Langat, Selangor Darul Ehsan	Land under development and held for development	25-Apr-14	16,742,799	Freehold	1,166,886
2	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	25-Apr-14	10,380,199	Freehold	791,443
3	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	25-Apr-14	11,829,848	Freehold	681,868
4	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim.	Land under development and held for development	25-Apr-14	3,465,930	Freehold	657,080
5	Mukim Tanjong Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan	Land under development and held for development	19-Mar-14	8,604,156	Leasehold Expiring: Year 2110	602,801
6	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	25-Apr-14	9,470,233	Freehold	542,754
7	Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim	Land under development and held for development	1994	28,830,685	Freehold	512,225
8	Mukim Ijok, Daerah Kuala Selangor, Selangor Darul Ehsan	Land under development and held for development	22-Sep-15	39,591,185	Leasehold Expiring: Year 2100	494,131
9	Mukim Beranang, Daerah Hulu Langat, Selangor Darul Ehsan	Land held for development	2-Jul-14	21,460,270	Freehold	241,418
10	Mukim 9 & 14, Daerah Seberang Perai Selatan, Pulau Pinang	Land under development and held for development	25-Apr-14	2,368,884	Freehold	137,900

Statistics on Shareholdings
Share Capital As At 17 January 2017

Authorised share capital	:	RM2,000,000,000
Issued share capital	:	2,796,691,805
Paid up share capital	:	RM1,398,345,902.50
Class of share	:	Ordinary shares
Voting rights	:	One vote per ordinary share

Distibution of shareholders as at 17 January 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	92	0.50	1,430	0.00
100 - 1,000	2,499	13.56	1,688,873	0.06
1,001 - 10,000	11,501	62.40	56,885,064	2.03
10,001 - 100,000	3,882	21.06	110,094,225	3.94
100,001 to less than 5% of issued shares	451	2.45	1,014,472,184	36.27
5% and above of issued shares	6	0.03	1,613,550,029	57.70
Total	18,431	100.00	2,796,691,805	100.00

Statistics on Shareholdings
Thirty (30) Largest Shareholders As At 17 January 2017

No.	Name of Shareholders	No. of Shares	%
1.	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account - AmBank (M) Berhad For Sinarmas Harta Sdn. Bhd.	400,000,000	14.30
2.	Sinarmas Harta Sdn. Bhd.	357,135,139	12.77
3.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Eco World Development Holdings Sdn. Bhd.	305,572,663	10.93
4.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Liew Tian Xiong	236,426,527	8.45
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	165,415,700	5.91
6.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Sinarmas Harta Sdn. Bhd.	149,000,000	5.33
7.	ABB Nominee (Tempatan) Sdn. Bhd. - Pledged Securities Account For Liew Tian Xiong	120,000,000	4.29
8.	CIMB Group Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Liew Tian Xiong	113,780,601	4.07
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - Eco World Development Holdings Sdn. Bhd.	111,592,776	3.99
10.	Maybank Investment Bank Berhad	70,400,000	2.52
11.	Kumpulan Wang Persaraan (Diperbadankan)	67,375,300	2.41
12.	Liew Tian Xiong	32,561,202	1.16
13.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	26,770,000	0.96
14.	How Teng Teng	20,000,000	0.72
15.	CIMB Group Nominees (Tempatan) Sdn. Bhd. - Yayasan Hasanah (AUR-VCAM)	16,913,900	0.60
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (AMUNDI)	13,724,700	0.49

Statistics on Shareholdings
Thirty (30) Largest Shareholders As At 17 January 2017

No.	Name of Shareholders (Continued)	No. of Shares	%
17.	Zaki Bin Azmi	13,500,000	0.48
18.	Nik Sazlina Binti Mohd Zain	13,467,500	0.48
19.	Voon Tin Yow	13,010,000	0.47
20.	Maybank Nominees (Tempatan) Sdn. Bhd. - Etiqa Insurance Berhad (Life Non-PAR FD)	12,720,000	0.45
21.	Eco World Development Holdings Sdn. Bhd.	12,100,000	0.43
22.	HSBC Nominees (Asing) Sdn. Bhd. - Fullerton Lux Funds	11,083,250	0.40
23.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (VCAM Equity FD)	11,000,000	0.39
24.	Maybank Nominees (Tempatan) Sdn. Bhd. - Etiqa Takaful Berhad (Family PRF EQ)	10,368,600	0.37
25.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN For JPMorgan Chase Bank, National Association (U.S.A.)	10,060,400	0.36
26.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (Affin-HWG)	9,693,000	0.35
27.	Maybank Nominees (Tempatan) Sdn. Bhd. - Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)	9,000,000	0.32
28.	Tokio Marine Life Insurance Malaysia Bhd. - As Beneficial Owner (PF)	8,800,000	0.31
29.	HSBC Nominees (Asing) Sdn. Bhd. - BBH and Co Boston For Vanguard Emerging Markets Stock Index Fund	8,716,200	0.31
30.	ABB Nominee (Tempatan) Sdn. Bhd. - Pledged Securities Account For Dato' Chang Khim Wah	8,590,000	0.31
	Total	2,358,777,458	84.34

Statistics on Shareholdings
Substantial Shareholders As At 17 January 2017

	No. of Ordinary Shares held			
Name	**Direct**	**%**	**Indirect**	**%**
Sinarmas Harta Sdn. Bhd.	906,135,139	32.4	-	-
Eco World Development Holdings Sdn. Bhd.	432,865,439	15.48	-	-
Liew Tian Xiong	502,768,330	17.98	-	-
Employees Provident Fund Board	187,415,200	6.70	-	-
Tan Sri Abdul Rashid Bin Abdul Manaf*	-	-	432,865,439	15.48
Dato' Leong Kok Wah^	-	-	1,339,000,578	47.88
Syabas Tropikal Sdn. Bhd.#	-	-	906,135,139	32.4

Notes:
* Deemed interested by virtue of his interest in Eco World Development Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 **("the Act")**.
^ Deemed interested by virtue of his interest in Eco World Development Holdings Sdn. Bhd. and Syabas Tropikal Sdn. Bhd. pursuant to Section 8 of the Act.
# Deemed interested by virtue of its interest in Sinarmas Harta Sdn. Bhd. pursuant to Section 8 of the Act.

Statistics on Shareholdings
Directors' Shareholdings As At 17 January 2017

	No. of Ordinary Shares held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Abdul Rashid Bin Abdul Manaf*	-	-	432,865,439	15.48
Tan Sri Dato' Sri Liew Kee Sin^	-	-	20,000,000	0.72
Dato' Leong Kok Wah#	-	-	1,339,000,578	47.88
Dato' Chang Khim Wah	8,650,000	0.31	-	-
Dato' Voon Tin Yow	14,065,600	0.50	-	-
Datuk Heah Kok Boon	1,609,300	0.06	-	-
Liew Tian Xiong	502,768,330	17.98	-	-
Tan Sri Lee Lam Thye	2,000,000	0.07	-	-
Tang Kin Kheong	-	-	-	-
Dato' Idrose Bin Mohamed	-	-	-	-
Dato' Haji Obet Bin Tawil	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-

Notes:
* Deemed interested by virtue of his interest in Eco World Development Holdings Sdn. Bhd. pursuant to Section 8 of the Act.
^ Deemed interested by virtue of his spouse's interest in the Company pursuant to Section 221 of the Act.
# Deemed interested by virtue of his interest in Eco World Development Holdings Sdn. Bhd. and Syabas Tropikal Sdn. Bhd. pursuant to Section 8 of the Act.

Statistics on Warrant Holdings As At 17 January 2017

No. of warrants issued	:	525,392,340
Exercise price of warrants	:	RM2.08
Expiry date	:	26 March 2022

Distibution of warrant holders as at 17 January 2017

Size of warrant holdings	No. of warrant holders	%	No. of Warrants	%
Less than 100	582	11.49	41,909	0.01
100 - 1,000	1,004	19.82	690,982	0.13
1,001 - 10,000	2,434	48.06	10,341,936	1.97
10,001 - 100,000	903	17.83	28,098,367	5.35
100,001 to less than 5% of issued warrants	139	2.74	51,647,843	9.83
5% and above of issued warrants	3	0.06	434,571,303	82.71
Total	5,065	100.00	525,392,340	100.00

Statistics on Warrant Holdings
Thirty (30) Largest Warrant Holders As At 17 January 2017

No.	Name of Warrant Holders	No. of Warrants	%
1.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - Eco World Development Holdings Sdn. Bhd.	202,177,451	38.48
2.	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account - AmBank (M) Berhad For Sinarmas Harta Sdn. Bhd.	161,369,371	30.71
3.	Liew Tian Xiong	71,024,481	13.52
4.	Nik Sazlina Binti Mohd Zain	6,450,000	1.23
5.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Loong Ching Hong (E-KLC)	1,590,000	0.30
6.	Tan Ley Khoon	1,589,100	0.30
7.	Aun Chia Hong	1,500,000	0.29
8.	Voon Tin Yow	1,336,000	0.25
9.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Su Suit Chai (E-PKG)	1,302,000	0.25
10.	ABB Nominee (Tempatan) Sdn. Bhd. - Pledged Securities Account For Dato' Chang Khim Wah	1,224,000	0.23
11.	Tokio Marine Life Insurance Malaysia Bhd. - As Beneficial Owner (PF)	1,200,000	0.23
12.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lim Heng Lai (E-KLC)	1,192,200	0.23
13.	HLIB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Gan Ber Koon	1,175,000	0.22
14.	Ang Kai Chan	1,000,000	0.19
15.	Tay Koo Hui	924,400	0.18

Statistics on Warrant Holdings
Thirty (30) Largest Warrant Holders As At 17 January 2017

No.	Name of Warrant Holders (Continued)	No. of Warrants	%
16.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Tan Siow Yee	900,000	0.17
17.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Yap Chee Yong	800,000	0.15
18.	Lim Gaik Bway @ Lim Chiew Ah	747,700	0.14
19.	Ang Kai Chan	613,500	0.12
20.	Ong Kek Seng	612,000	0.12
21.	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt AN For Citibank N.A Singapore (UBP SG1)	570,080	0.11
22.	Kueh Hoon Huat	523,200	0.10
23.	Wong Wai Lee	498,600	0.09
24.	Wong Yon Yam	496,560	0.09
25.	Abdul Shukor Bin Abu Bakar	495,000	0.09
26.	Tan Cheng Yong	492,000	0.09
27.	Koh Lye Siang	485,500	0.09
28.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Chong Sew Yen	476,300	0.09
29.	Teow Leong Seng	459,000	0.09
30.	HSBC Nominees (Asing) Sdn. Bhd. - BBH and Co Boston For Vanguard Global EX-U.S. Real Estate Index Fund	450,320	0.09
	Total	463,673,763	88.25

Statistics on Warrant Holdings
Directors' Warrant Holdings As At 17 January 2017

	No. of Warrants held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Abdul Rashid Bin Abdul Manaf*	-	-	202,177,451	38.48
Tan Sri Dato' Sri Liew Kee Sin	-	-	-	-
Dato' Leong Kok Wah^	-	-	363,546,822	69.20
Dato' Chang Khim Wah	1,224,000	0.23	-	-
Dato' Voon Tin Yow	1,652,480	0.31	-	-
Datuk Heah Kok Boon	181,440	0.03	-	-
Liew Tian Xiong	71,024,481	13.52	-	-
Tan Sri Lee Lam Thye	-	-	-	-
Tang Kin Kheong	-	-	-	-
Dato' Idrose Bin Mohamed	-	-	-	-
Dato' Haji Obet Bin Tawil	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-

Notes:
* Deemed interested by virtue of his interest in Eco World Development Holdings Sdn. Bhd. pursuant to Section 8 of the Act.
^ Deemed interested by virtue of his interest in Eco World Development Holdings Sdn. Bhd. and Syabas Tropikal Sdn. Bhd. pursuant to Section 8 of the Act.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Forty-Third Annual General Meeting **("43rd AGM")** of Eco World Development Group Berhad will be held at EcoWorld Gallery @ Eco Majestic, No. 1, Lingkaran Eco Majestic, Eco Majestic, 43500 Semenyih, Selangor Darul Ehsan, Malaysia on Thursday, 16 March 2017 at 11.45 a.m. for the following purposes:

AGENDA

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 31 October 2016 together with the Auditors' Report thereon. *(Please refer to Explanatory Note 1)*

2. To approve the payment of Directors' Fees for the financial year ended 31 October 2016. (Resolution 1)

3. To reelect the following Directors who are retiring by rotation in accordance with Article 80 of the Articles of Association of the Company:

   (a) Tan Sri Abdul Rashid bin Abdul Manaf (Resolution 2)
   (b) Dato' Chang Khim Wah (Resolution 3)
   (c) Tang Kin Kheong (Resolution 4)
   (d) Liew Tian Xiong (Resolution 5)

4. To reappoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 6)

AS SPECIAL BUSINESSES

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:

5. **Ordinary Resolution 1**
   - Authority to issue and allot shares

   THAT subject always to the Companies Act, 2016 **("the Act")**, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental/ regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Section 75 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company. (Resolution 7) *(Please refer to Explanatory Note 2)*

Notice of Annual General Meeting

6. **Ordinary Resolution 2**
-Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad **("Listing Requirements")**, approval be and is hereby given to the Company and its subsidiaries **("EW Berhad Group")** to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature of the EW Berhad Group with specified classes of Related Parties (as defined in the Listing Requirements and as specified in Section 2.3.1 of the Company's Circular dated 21 February 2017) which are necessary for the day to day operations and are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the EW Berhad 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 minority shareholders of the Company and that such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company **("AGM")** at which time it will lapse, unless by a resolution passed at the meeting, 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 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 in a general meeting,

whichever is the earlier,

AND THAT the Board of Directors of the Company be and is 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 power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

(Resolution 8)
(Please refer to Explanatory Note 3)

7. To transact any other business of which due notice has been given.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Mak Chooi Peng (MAICSA 7017931)
Company Secretaries

Kuala Lumpur
21 February 2017

EXPLANATORY NOTES :-

1. *<u>Item 1 of the Agenda – Receipt of Report and Audited Financial Statements</u>*

   Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval from the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. *<u>Item 5 of the Agenda - Authority to issue shares pursuant to Section 75 of the Act</u>*

   The above Resolution 7 is for the purpose of seeking a renewal of the general mandate to empower the Directors of the Company pursuant to Section 75 of the Act, from the date of the above Meeting, to issue and allot ordinary shares from the unissued share capital of the Company at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied at general meeting, will expire at the next AGM of the Company.

   The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding future investment(s), project(s), working capital and/or acquisition(s).

   As at the date of this Notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Section 75 of the Act as granted at the Forty-Second AGM of the Company held on 24 March 2016.

   *The Company had issued 432,426,527 new ordinary shares pursuant to a Private Placement at an issue price of RM1.30 per ordinary share **("Placement Exercise")** which was approved by its shareholders at the Extraordinary General Meeting **("EGM")** held on 12 October 2016. Details of the total proceeds raised from the Placement Exercise and its utilisation are disclosed in this Annual Report.*

3. *<u>Item 6 of the Agenda - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature</u>*

   The proposed adoption of Resolution 8 is to renew the Shareholders' Mandate granted by the shareholders of the Company at the AGM on 24 March 2016. The proposed renewal of the Shareholders' Mandate will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature to facilitate transactions entered into in the normal course of business of the Company and its subsidiary companies which are transacted from time to time with the related parties, provided that they are carried out on an arm's length basis and on normal commercial terms and not prejudicial to the shareholders on terms not more favorable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Further information on the proposed Resolution 8 is set out in the Circular to Shareholders dated 21 February 2017.

Notice of Annual General Meeting

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 March 2017 shall be eligible to attend, speak and vote at the 43rd AGM.*

2. *A member entitled to attend and vote at the 43rd AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but does not need to be a member of the Company. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at the 43rd AGM shall have the same rights as the member to speak at the 43rd AGM. Notwithstanding this, a member entitled to attend and vote at the 43rd AGM is entitled to appoint any person as his proxy to attend and vote instead of the member at the 43rd AGM. There shall be no restriction as to the qualifications of the proxy.*

3. *In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*

4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account* ***("Omnibus Account")****, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. Where an exempt authorised nominee appoints more than one (1) proxy to attend and vote at the 43rd AGM, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing of the proxies, failing which, the appointment shall be invalid.*

5. *Where a member of the Company is an authorised nominee as defined under Securities Industry (Central Depositories) Act, 1991, it may be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an authorised nominee appoints two (2) proxies to attend and vote at the 43rd AGM, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing of the proxies, failing which, the appointment shall be invalid.*

6. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time for holding the 43rd AGM or at any adjournment thereof.*

ECO WORLD DEVELOPMENT GROUP BERHAD
(Company No. 17777-V)
(Incorporated in Malaysia)

CDS Account No.	No. of Shares Held	Contact No.

FORM OF PROXY

I/We, ______________________________ NRIC / Passport / Company No. ____________________
(NAME IN FULL AND IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

being a member/members of **ECO WORLD DEVELOPMENT GROUP BERHAD ("Company")**, hereby appoint ____________________
(NAME IN FULL AND IN BLOCK LETTERS)

______________________________ NRIC / Passport No. ____________________ (Proportion: %)
(NAME IN FULL AND IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

and/or failing him/her, ______________________________ NRIC / Passport No. ____________________ (Proportion: %)
(NAME IN FULL AND IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Forty-Third Annual General Meeting **("43rd AGM")** of the Company to be held at EcoWorld Gallery @ Eco Majestic, No. 1, Lingkaran Eco Majestic, Eco Majestic, 43500 Semenyih, Selangor Darul Ehsan, Malaysia on Thursday, 16 March 2017 at 11.45 a.m. or at any adjournment thereof for/against the resolutions to be proposed thereat.

No.	Ordinary Resolutions	For	Against
1.	Approval of Directors' Fees		
2.	Reelection of Tan Sri Abdul Rashid bin Abdul Manaf		
3.	Reelection of Dato' Chang Khim Wah		
4.	Reelection of Tang Kin Kheong		
5.	Reelection of Liew Tian Xiong		
6.	Reappointment of Messrs. Baker Tilly Monteiro Heng as Auditors of the Company		
7.	Authority to issue and allot shares		
8.	Proposed Shareholders' Mandate		

(Please indicate your vote by marking (X) in the space provided above on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote or abstain from voting as he/she thinks fit.)

As witness my/our hand(s) this __________ day of ____________________ , 2017

....
Signature of Member/Common Seal

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Fold this flap for sealing

Then fold here

Affix Stamp

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

1st fold here

Eco World Development Group Berhad (17777-V)

No. 60, Setia Avenue, No. 2, Jalan Setia Prima S U13/S, Setia Alam, Seksyen U13
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