ECOWORLD

CREATING TOMORROW & BEYOND

ANNUAL REPORT **2019**

VISION

The brand is about the pursuit of better, greater ways to complete people's living experience. We want to be thought leaders and innovators – a non-traditional business with positive economic, social and environmental impact. We push boundaries in our vision of Creating Tomorrow & Beyond.

MISSION

- Create world-class eco-living by providing products and services that continue to exceed expectations
- Generate and initiate ideas that disrupt the status quo and inspire people
- Continuously raise the bar of excellence, through borderless teamwork across EcoWorld
- Unleash, support and grow everyone's potential in Team EcoWorld
- Commit 2x2x5x5 = 100% energy, focus & passion in everything we do

Go paperless to help our environment. Instantly access an online copy of this Annual Report through your mobile device by scanning this QR code.

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Printed on environmentally friendly paper

CORPORATE INFORMATION

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

Executive Director, 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

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
Low Mei Ling

AUDIT COMMITTEE

Tang Kin Kheong (Chairman)

Dato' Idrose Bin Mohamed

Dato' Noor Farida Binti Mohd Ariffin

Low Mei Ling

REMUNERATION COMMITTEE

Dato' Noor Farida Binti Mohd Ariffin (Chairperson)

Dato' Idrose Bin Mohamed

Tang Kin Kheong

NOMINATION COMMITTEE

Dato' Idrose Bin Mohamed (Chairman)

Tang Kin Kheong

Dato' Noor Farida Binti Mohd Ariffin

Dato' Haji Obet Bin Tawil

WHISTLEBLOWING COMMITTEE

Dato' Voon Tin Yow (Chairman)

Dato' Idrose Bin Mohamed

Low Mei Ling

RISK MANAGEMENT COMMITTEE

Dato' Voon Tin Yow (Chairman)

Dato' Sundarajoo A/L Somu

Datuk Hoe Mee Ling

Dato' Soo Chan Fai

Lim Eng Tiong

Ong Yew Leng

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC No.: 201908002648) (MAICSA 0777689)

Tan Ley Theng
(SSM PC No.: 201908001685) (MAICSA 7030358)

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2084 9000
Fax : 03-2094 9940, 03-2095 0292

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
(197701005827 (36869-T))
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2084 9000
Fax : 03-2094 9940, 03-2095 0292

AUDITORS

Baker Tilly Monteiro Heng PLT
(LLP0019411-LCA & AF 0117)
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)

WEBSITE

www.ecoworld.my

Eco Horizon, Penang

CORPORATE STRUCTURE

ECO WORLD DEVELOPMENT GROUP BERHAD (197401000725 (17777-V))

- **100%**
  - **Eco Botanic Sdn. Bhd.** (201301037050 (1066879-M))
  - **Eco Business Park 1 Sdn. Bhd.** (201401011962 (1088039-M))
  - **Eco Business Park 2 Sdn. Bhd.** (201401002507 (1078581-H))
  - **Eco Grandeur Sdn. Bhd.** (201501021490 (1146818-W))
    - **50%** **Eco Ardence Sdn. Bhd.** (199701012416 (427912-X))
  - **Eco Macalister Development Sdn. Bhd.** (201301034541 (1064369-M))
  - **Eco Meadows Sdn. Bhd.** (201401011951 (1088028-X))
  - **Eco Sanctuary Sdn. Bhd.** (201401000413 (1076483-V))
  - **Eco Sky Sdn. Bhd.** (201401003011 (1079085-X))
  - **Eco Summer Sdn. Bhd.** (201401000315 (1076385-V))
  - **Eco Terraces Sdn. Bhd.** (201401000161 (1076231-P))
- **60%**
  - **Eco Horizon Sdn. Bhd.** (201401006910 (1082988-W))
  - **Paragon Pinnacle Sdn. Bhd.** (201401022036 (1098122-T))
    - **40%** **Eco World PowerChina Business Park Sdn. Bhd.** (201901020647 (1329976-K))
- **40%**
  - **BBCC Development Sdn. Bhd.** (201501003696 (1129028-T))
- **20%**
  - **Kale Life Sdn. Bhd.** (201801044082 (1306114-X))^^
- **12%**
  - **MFBBCC Retail Mall Sdn. Bhd.** (201601018896 (1189832-W))
- **2%**
  - **Eco Majestic Development Sdn. Bhd.** (201401003012 (1079086-W))

- **Eco World Capital (International) Sdn. Bhd.** (201601003766 (1174692-P))
  - 27% **Eco World International Berhad** (201301030020 (1059850-A))
- **Eco World Capital (L) Ltd** (LL12390)
- **Eco World Capital Assets Berhad** (201601018863 (1189799-V))
- **Eco World Development (S) Pte. Ltd.** (201417197R)
- **Eco World Development Management (BBCC) Sdn. Bhd.** (201401020547 (1096633-W))
- **Eco World Digital Services Sdn. Bhd.** (201401013249 (1089333-D))
  (formerly known as Pingat Stabil Sdn. Bhd.)
- **Eco World IBS Sdn. Bhd.** (201401010983 (1087059-U))
- **Eco World Project Management Sdn. Bhd.** (201201005078 (978603-W))
  - 100% **Eco World DM Services Sdn. Bhd.** (201401019982 (1096068-V))
- **Eco World Property Services (Eco Central) Sdn. Bhd.** (201501027328 (1152652-W))
- **Eco World Property Services (Eco North) Sdn. Bhd.** (201401021689 (1097775-M))
- **Eco World Property Services (Eco South) Sdn. Bhd.** (201401011941 (1088018-V))
- **Eco World Trading Sdn. Bhd.** (201401010069 (1086148-X))
- **Eco World Ukay Sdn. Bhd.** (201401000319 (1076389-M))
- **EF Development Sdn. Bhd.** (201401011942 (1088019-D))
- **Focal Aims Land Sdn. Bhd.** (199401033752 (319435-X))
- **Focal Aims Properties Sdn. Bhd.** (199801014972 (471101-H))
  - 100% **Eco Tropics Development Sdn. Bhd.** (199401030842 (316524-U))
    - 100%
      - **Focal Aims Development Sdn. Bhd.** (199701002174 (417670-H))**
      - **Focal Aims Realty Sdn. Bhd.** (199001011446 (203016-P))
      - **Focal Aims Resort (M) Sdn. Bhd.** (199801017407 (473536-V))**
- **Hara Kecil Sdn. Bhd.** (201501010259 (1135594-U))
- **Jasa Hektar Sdn. Bhd.** (201401022034 (1098120-M))
- **Melia Spring Sdn. Bhd.** (201401019246 (1095333-H))
- **Meridian Insight Sdn. Bhd.** (201401014927 (1091013-W))
- **Rentas Prestasi Sdn. Bhd.** (201401021079 (1097165-X))
  - 98%

**	*In the process of striking off*
^^	*In the process of winding up*

FINANCIAL HIGHLIGHTS

GROUP FIVE – YEAR FINANCIAL HIGHLIGHTS

Year Ended	31 October 2019	31 October 2018 Restated #	31 October 2017	31 October 2016	31 October 2015
		← As per respective year's audited financial statements →			
Financial Results (RM'000)					
Revenue	**2,462,325**	1,984,925	2,936,562 *	2,546,437	1,712,061
Profit before tax	**265,975**	131,961	282,613	193,182	73,918
Profit attributable to owners of the Company	**203,422**	93,491	209,650	129,281	43,952
Financial Position (RM'000)					
Total cash and bank balances	**600,539**	510,297	433,824	573,467	517,176
Total assets	**10,688,454**	10,670,902	9,850,261	8,841,977	6,936,803
Total borrowings	**3,779,715**	3,831,602	3,479,571	2,861,903	1,700,345
Total net tangible assets	**4,538,016**	4,327,585	4,264,034	3,786,702	3,156,875
Share capital	**3,614,865**	3,614,865	3,614,865 ^	1,374,846	1,182,132
Equity attributable to owners of the Company	**4,538,016**	4,327,585	4,264,034	3,786,702	3,156,875
Financial Ratios					
Basic earnings per share (sen)	**6.91**	3.18	7.25	5.43	2.64
Net assets per share attributable to owners of the Company (RM)	**1.54**	1.47	1.45	1.38	1.34
Return on equity (%)	**4.48**	2.16	4.92	3.41	1.39
Net gearing ratio (times)	**0.70**	0.77	0.71	0.60	0.37
Share price - High (RM)	**1.13**	1.56	1.72	1.51	2.09
- Low (RM)	**0.63**	0.98	1.30	1.20	1.20

Included effects from first time adoption of the Malaysian Financial Reporting Standards ("MFRSs")

* Reclassification of certain fees charged by the Group to its joint-ventures from other operating income to revenue, to conform with the current year's presentation

^ Included effects from adoption of Companies Act 2016 - transition to no-par value regime

GROUP 2019 SUMMARY

Period Ended	3 months ended 31 October 2019	3 months ended 31 July 2019	3 months ended 30 April 2019	3 months ended 31 January 2019
(RM'000)				
Revenue	**906,543**	**521,371**	**543,181**	**491,230**
Profit before tax	**104,436**	**65,342**	**55,956**	**40,241**
Profit attributable to owners of the Company	**81,457**	**50,476**	**41,172**	**30,317**
Paid-up capital	**3,614,865**	**3,614,865**	**3,614,865**	**3,614,865**
Equity attributable to owners of the Company	**4,538,016**	**4,407,730**	**4,400,126**	**4,361,078**
Total assets	**10,688,454**	**10,668,223**	**10,599,641**	**10,702,315**
Total net tangible assets	**4,538,016**	**4,407,730**	**4,400,126**	**4,361,078**
Basic earnings per share (sen)	**2.77**	**1.71**	**1.40**	**1.03**
Net assets per share attributable to owners of the Company (RM)	**1.54**	**1.50**	**1.49**	**1.48**

CHAIRMAN'S STATEMENT

TAN SRI DATO' SRI LIEW KEE SIN
Non-Independent Non-Executive Chairman

Dear Shareholders,

I am very pleased to report that EcoWorld Group has powered through the challenges of 2019 to deliver our best profits to-date since we commenced operations.

GROUP PERFORMANCE AND PROSPECTS

The record profit achieved by both Eco World Development Group Berhad ("**EcoWorld Malaysia**") and Eco World International Berhad ("**EcoWorld International**") for the financial year ("**FY**") 2019 demonstrates that the EcoWorld Group is on the right track to perform and deliver even better results in the years ahead.

For FY2019, EcoWorld Malaysia achieved RM2.7 billion in sales. This is despite a four month industry-wide lull from November 2018 to February 2019 as buyers took a wait and see approach pending the official launch of the National Home Ownership Campaign on 1 March 2019. EcoWorld International recorded RM1.1 billion in sales due to heightened concerns surrounding Brexit in the United Kingdom ("**UK**") which dampened sentiment for much of the year.

On a cumulative basis from FY2014 to FY2019, EcoWorld Brand sales from projects in Malaysia, UK and Australia have reached RM31.1 billion which is a remarkable result for a brand that is only six years old. Further, as at 31 October 2019, EcoWorld Malaysia's effective stake in the future revenue of its subsidiaries and joint-ventures ("**JV**") remains high at RM5.2 billion. This gives the Group good earnings visibility for the next two to three years.

For FY2020, results will be underpinned by locked-in sales and steady construction progress on EcoWorld Malaysia's 18 ongoing projects. The sizeable handover of properties by EcoWorld International, namely Wardian London as well as the last block of London City Island in the UK and West Village and Yarra One in Australia, are also expected to contribute strongly towards EcoWorld Malaysia's profits via our 27% equity stake.

Eco Ardence, Klang Valley

To ensure healthy levels of future revenue going forward, EcoWorld Malaysia and EcoWorld International intend to maintain the two year sales targets earlier announced, of RM6 billion each, to be achieved over FY2019 and FY2020. This will help sustain earnings growth momentum and contribute towards both companies' aims to be in a position to declare their first dividend in FY2020.

DELIVERING RESULTS ON JOINT-VENTURES

We embarked on our partnership-for-growth strategy three years ago, and in 2019, two of EcoWorld Malaysia's JVs, Eco Grandeur and Eco Ardence, achieved their first handover of over 2,200 residential homes. This momentous occasion enabled us to fulfil our promises on timely delivery not only to our purchasers but also our JV partners – the Employees Provident Fund Board and Cascara Sdn. Bhd.

On a combined basis, all four Malaysian JVs, namely Eco Grandeur, Eco Horizon, Eco Ardence and Bukit Bintang City Centre ("**BBCC**") recorded RM1.6 billion in revenue for FY2019 of which EcoWorld Malaysia's effective share amounted to RM827.2 million.

A special handover event - Twilight Walk was organised for Eco Grandeur purchasers in the Klang Valley

CHAIRMAN'S STATEMENT

EcoWorld For Generations offers products to suit the needs of every generation

We would also like to welcome a new JV partner, PowerChina Group, which is a Fortune 500 China state-owned construction conglomerate. In June 2019, an agreement was entered into with the PowerChina Group to jointly develop 117 acres of industrial land situated in Eco Business Park V into an industrial project with medium to large-sized individual lots for light industrial players. This exciting new partnership will enable EcoWorld Malaysia to further broaden and deepen our industrial network and linkages particularly with industrialists from China who are seeking to expand their businesses within the ASEAN region.

Overseas, EcoWorld International crossed a major milestone in FY2019 when it handed over the 1,000th private residential unit to its purchaser. The timely completions of Block A05 of Embassy Gardens and Block E of London City Island in the fourth quarter of FY2019 contributed strongly to EcoWorld International's RM190.3 million profit after tax ("**PAT**") for FY2019. The EcoWorld London JV with Willmott-Dixon also established an ideal platform to expand the EcoWorld brand name in UK. Through this JV, EcoWorld International has been able to chart significant progress in its goal to become a truly local UK developer with the capabilities of providing mid-mainstream private homes for local residents as well as highly investible Built-to-Rent ("**BtR**") residential assets for global institutional investors.

LIFE@ECOWORLD

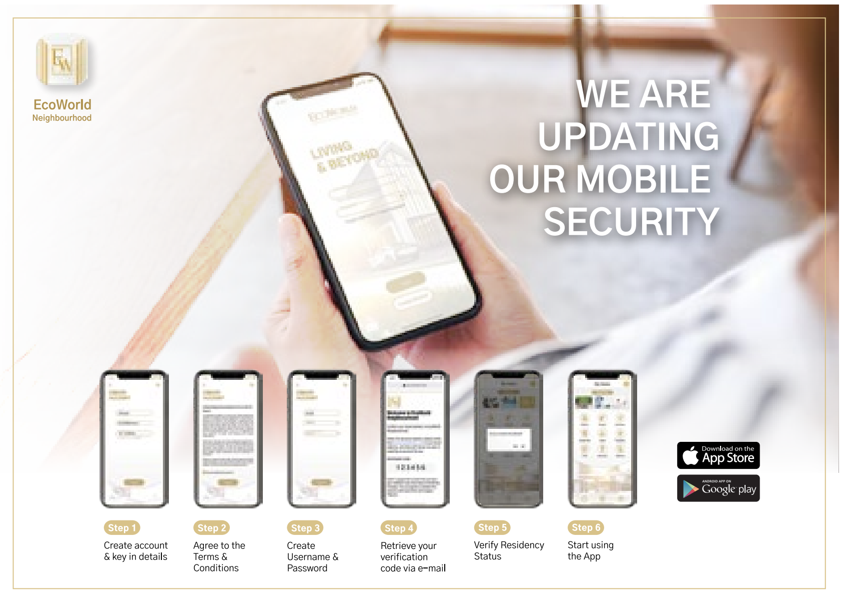
At EcoWorld, we do not just build properties, we aim to provide homes which inspire every generation. Since 2016, EcoWorld Malaysia's projects have delivered more than 16,400 properties across 14 projects in the Klang Valley, Iskandar Malaysia and Penang. In FY2019 alone, more than 5,700 residential homes, commercial units and industrial factories were handed over.

Beyond masterplanning and delivery of physical assets, infrastructure and amenities, we place great emphasis on placemaking where the process starts at least one to two years ahead of the delivery of the first phase. Community spaces such as the Labs Series, LifeSpace, lush townparks and zen lakes are carefully designed, curated and nurtured to showcase **Life@ EcoWorld**. These initiatives to enhance the liveability of every project have resulted in high occupancy rates as young and old seek out living spaces which match their varied lifestyle needs at different stages of their lives.

ECOWORLD FOR GENERATIONS

Moving into FY2020, we have introduced **EcoWorld For Generations** to communicate our ability to offer a product to suit the needs of every generation, both from a demographic and psychographic (i.e. based on shared interests, lifestyles, passions) standpoint. This is more than just a campaign – it is a fundamental ethos embraced throughout the Group which encapsulates our aspiration to always stay relevant and be there for our customers in every season of life.

EcoWorld For Generations is therefore a natural follow up to Life@EcoWorld, anchored by our ongoing efforts to make living and working at every EcoWorld project a wonderful experience for our purchasers, residents, tenants, business owners as well as the wider community around us.



The EcoWorld Neighbourhood App

DIGITALISATION

We are happy to report that our decision to venture into digitalisation of our business via EcoWorld X has started bearing fruit. Our efforts began with the EcoWorld Neighbourhood App which was launched in 2018. The users for our Neighbourhood App have since increased to 4,000 as at December 2019, which has enabled us to better connect with and actively engage our customers.

EcoWorld X also employs data analytics extensively. The property market is increasingly competitive and customer-dictated. One of the key ways to continue thriving in such an environment is having the right data and insight to identify needs and spot future trends to ensure we are able to offer products that people actually want and aspire to own.

In our efforts to improve work efficiency, EcoWorld X spearheaded robotic process automation (“**RPA**”) to eliminate repetitive and tedious backroom tasks. This has freed up staff to undertake higher value work and focus on serving the customer – it also reduces the use of paper – a small initiative towards being a greener organisation. As we deploy RPA across the organisation, it will enable EcoWorld Group to further streamline our operations and reduce operating costs.

TEAM ECOWORLD

Team EcoWorld continued to challenge themselves to be more innovative, creative and agile to overcome trying times. This resulted in campaigns such as the Home Ownership Programme with EcoWorld (“**HOPE**”) which was launched in January 2019 with two options, Help2Own and Stay2Own, to assist purchasers to own their home of choice. The engaging campaign contributed substantially towards the marked improvement in sales following the official launch of the National Home Ownership Campaign (“**NHOC**”) in March 2019. Average monthly sales increased fivefold from RM57 million a month, between the period of November 2018 to February 2019, to RM300 million a month, between March to October 2019.

In addition, through the Design Innovation Challenge - an internal six month challenge where staff competed to present innovative ideas for implementation by the Group-game-changing concepts such as **Design2Own** and **Ergo Homes** were birthed.

Design2Own, which has been rolled out for our recent launches of Regent Garden, Rose and Mellowood (Phase 2), allows purchasers to customise the internal layout of homes to suit their specific needs. This not only increases choice and flexibility, it also reduces the need for renovation, which saves costs for our purchasers, and benefits the environment. On the product design front, Ergo Homes, introduced at Eco Forest, is a brand-new concept which changes terrace living in a meaningful way. Every unit of these compact and functional homes feels like a corner unit with efficient space planning and communal zones to promote interaction.

CHAIRMAN'S STATEMENT

#AnakAnakMalaysia Walk 2019 at Eco Ardence, Klang Valley

We also continued to invest in honing the skills, talents and leadership capabilities of Team EcoWorld with more than 67,000 hours of training provided to the employees throughout 2019. Based on our firm conviction that they are the future of EcoWorld, 50 high potential staff from across the Group were selected to participate in our flagship EcoWorld Leadership Development Programme ("**EWLDP**"). Through the EWLDP, senior management team members actively engage with, mentor and groom potential successors for greater responsibilities. As part of the programme, participants are required to work in teams to complete a business challenge and present their solutions and ideas on identified areas of concerns and opportunities related to the Group's business. They are also required to conceptualise, plan and execute a social programme that will benefit the community. This emphasis on corporate social responsibilities ("**CSR**") is a core ethos of the EcoWorld Group and we aim to equip our future leaders not only with the necessary leadership skills and business acumen but to remind them to always practise empathy and give back to society through CSR.

PARTNERSHIPS-FOR-GOOD

Our commitment as an organisation to contribute positively towards the national discourse continued through our 5th collaboration with the Star Media Group Berhad to organise the **#AnakAnakMalaysia** Campaign. This year's theme, **#BetterMeBetterMalaysia** encourages Malaysians to be the change we want to see and better versions of ourselves for a better Malaysia.

It was a big celebration of love for the nation on Merdeka Day at Eco Ardence when we were honoured by the presence of His Majesty, KDYMM Seri Paduka Baginda Yang di-Pertuan Agong Al-Sultan Abdullah Ri-ayatuddin Al-Mustafa Billah Shah, at the #AnakAnakMalaysia Walk 2019 alongside 10,000 Malaysians. Other unity walks were also held in Eco Spring in Iskandar Malaysia and Eco Terraces in Penang on the same day as an expression of patriotism and solidarity.

EcoWorld also had the opportunity to collaborate with National Geographic to learn from this leading media organisation on environmental matters and to showcase our efforts in harmonising the built and natural environments within our overall master plan for long-term sustainability. In this regard, as part of the Group's green agenda, we focus on three key areas:

- **Protecting the environment from damaging practices** by constantly reviewing the way we build and evaluating how it affects the planet. With this in mind, in all our developments, we endeavour to build based on the natural terrain and topography, identify and tag trees for replanting and reuse construction materials to the extent possible for pathways, paving and aesthetic structures;

- **Encouraging individuals and families to adopt green habits** by conducting educational programmes to promote recycling and green living, transforming unsightly back lanes into back-lane gardens planted with edible greens, installing solar water heaters and rain water harvesting systems;
- **Creating advocates for the future** by having employees become green ambassadors through our Green Stewardship programme which encourages EcoWorld staff to lead eco-friendly activities within our developments to further cultivate green mindsets amongst our residents.

INDUSTRY RECOGNITION

In FY2019, EcoWorld was again named as one of the Top 10 Developers in the country in The Edge Malaysia's Top Property Developers' Awards and BCI Asia's Top 10 Developers 2019. This is a commendable result for a young property group and testament that we are on the right track in our quest to deliver world-class developments.

I am particularly pleased that apart from being included as one of Kincentric's (formerly known as AON) Best Employers in Malaysia for the fifth year running, we also won a special award in 2019 - Commitment to Engaging Leadership. This award was given to recognise EcoWorld's effort in building leaders, developing people and mentoring the next generation as we strive to offer the best environment and opportunities for our people to grow and build their careers with us.

EcoWorld green ambassadors

NOTE OF APPRECIATION

To Team EcoWorld, I would like to say how proud I am that you have risen to the occasion time and again to excel and exceed our customers' expectations. Your creativity and willingness to push hard, continuously evolve, adapt and change have made FY2019 a great year for EcoWorld Malaysia at a time when the property sector is facing the strongest headwinds.

On behalf of the Board, I also wish to express our sincere gratitude to our shareholders, customers, business partners, associates and bankers. Your contributions have helped us to overcome market turbulence and strengthen our foundations for sustained growth in the years ahead.

Although challenges undoubtedly remain, I am confident that we have the right strategies in place for a better FY2020. Team EcoWorld remains as determined and committed as ever to drive performance and deliver results – with continued support from all our stakeholders, we will do our utmost to ensure that FY2020 will be another exciting and successful year. Certainly for EcoWorld, the best is yet to come!

TAN SRI DATO' SRI LIEW KEE SIN
Non-Independent Non-Executive Chairman

PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

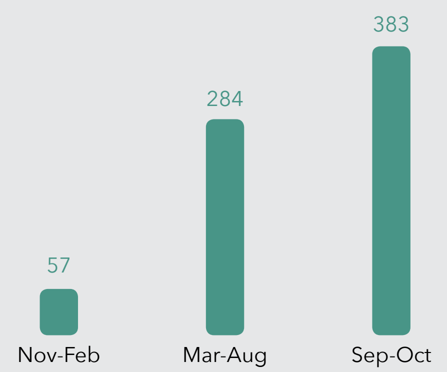
DATO' CHANG KHIM WAH
President & Chief Executive Officer

FY2019 has been a challenging but rewarding year for EcoWorld Malaysia.

We announced a two-year sales target of RM6 billion for FY2019 & FY2020 with the expectation that there would be minimal buying interest until the NHOC, which was first announced by the Finance Minister in November 2018, was officially launched.

On this note, I am pleased to report that EcoWorld Malaysia recorded RM2.7 billion sales in FY2019. Despite a delay in the official launch of the NHOC to 1 March 2019, we managed to achieve RM2.5 billion sales over just eight months from March to October 2019. Sales momentum picked up noticeably over the course of 2019 with the highest monthly average of RM383.4 million recorded in the final two months of the financial year.

Average Sales Per Month
RM'mil



Period	Sales Value (RM'million)
Nov 2018 - Feb 2019	229.9
Mar 2019 - Aug 2019	1,705.1
Sep 2019 - Oct 2019	766.8
Total FY2019	**2,701.8**

Region	Sales Value		No. of Units	
	RM'million	%	Sold	%
Eco Central	1,810.0	67	1,871	63
Eco South	747.9	28	959	32
Eco North	143.9	5	160	5
Total FY2019	**2,701.8**		**2,990**	

Sales across all three regions performed relatively well despite no new project launches during the year. Our increasingly established portfolio of projects with our distinctive EcoWorld DNA, steadfast commitment to value creation and customer service, continued to draw in genuine homeowners from all over the Klang Valley, Iskandar Malaysia and Penang.

FINANCIAL REVIEW

EcoWorld Malaysia recorded revenue and gross profit of RM2.5 billion and RM469.7 million respectively for FY2019, representing a year-on-year increase of 24% and 12% respectively from FY2018. This is due to higher percentages of completion and higher sales secured by ongoing projects of the Group's subsidiaries such as Eco Majestic, Eco Forest, Eco Sanctuary and Eco Sky in the Klang Valley, Eco Botanic, Eco Spring, Eco Summer, Eco Business Park I, Eco Business Park II, Eco Tropics and Eco Business Park III in Iskandar Malaysia and Eco Meadows in Penang.

The Group's PAT increased significantly from RM93.5 million to RM203.4 million, with share of results of JVs growing exponentially from RM25.7 million a year ago to RM144.3 million in FY2019.

London City Island, UK

Revenues recorded by the Group's Malaysian JVs increased substantially as a result of stronger sales as well as greater progress of works achieved by Eco Grandeur, Eco Business Park V, Eco Horizon, Eco Ardence and BBCC. Eco Grandeur and Eco Ardence also handed over their first phase of residential homes in October 2019. This enabled the Group to recognise profits of RM85.1 million as our share of results of Malaysian JVs in FY2019.

Outside Malaysia, EcoWorld International recorded stellar results in FY2019 following completion and commencement of handover of properties to customers at Embassy Gardens, London City Island, Kensal Rise, Millbrook Park and Aberfeldy Village in London. EcoWorld London's two BtR developments in the UK also achieved "golden brick" in the third and fourth quarters of FY2019 which enabled revenue and profit recognition to commence on its sales of apartments to an institutional investor.

In terms of expenses, the Group's selling and marketing expenses increased only slightly by 2.5% from RM49.3 million in FY2018 to RM50.5 million in FY2019. Our active use of digital marketing alongside both traditional and social media channels continued to be effective in enabling us to engage more directly with customers whilst reaching a broader audience.

Administrative expenses recorded a larger increase of 17% from RM211.1 million in the previous year to RM246.9 million in the current year. This was mainly to support the higher level of activities undertaken by the Group's Malaysian JVs which enabled substantially higher share of profits to be recorded in FY2019. The higher depreciation charge following completion of the Sanctuary Mall in January 2019 also contributed to the overall increase in Administrative expenses.

PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

The EcoWorld Residence Club at Eco Sanctuary, Klang Valley

Our efforts to strengthen our balance sheet are also showing good progress. Total borrowings reduced by RM51.8 million as the Group continued to steadily repay loans and project financing as scheduled and via redemption from sales proceeds. Meanwhile deposits and cash balances increased from RM510.3 million as at the end of the last financial year to RM600.5 million as at 31 October 2019. This is largely attributable to process improvements implemented during the year which have succeeded in shortening the billings and collection cycle.

The strong results achieved enabled earnings per share to more than double from 3.18 sen for FY2018 to 6.91 sen for FY2019. This caused shareholders' funds to grow from RM4.3 billion in 31 October 2018 to RM4.5 billion as at 31 October 2019.

With the reduction in total borrowings, improvement in cash position together with the increase in shareholder's funds, EcoWorld Malaysia's net gearing reduced from 0.77 times as at 31 October 2018 to 0.70 times as at 31 October 2019.

Whilst no dividends were declared or paid in FY2019 as the majority of the Group's projects, particularly those undertaken by our joint-ventures, were still in the growth stage, we are taking concrete steps to be able to declare our maiden dividends to shareholders for FY2020.

REVIEW OF OPERATIONS

FY2019 saw the largest number of completions and handover of properties sold by EcoWorld Malaysia to-date. A total of 5,763 units comprising 3,367 landed homes, 1,844 apartments, 429 commercial and 123 industrial units were handed over during the year.

Since FY2016 more than 16,400 properties have been delivered to customers with high occupancy rates achieved. This has resulted in vibrant EcoWorld communities being established throughout the Klang Valley, Iskandar Malaysia and Penang.

For projects handed over more than three years ago, the occupancy rate of certain residential parcels and at our first business park have exceeded 90%. This is the direct result of consistent efforts by our leasing support team to proactively seek out and aggressively pursue suitable businesses to be matched as tenants with purchasers of our commercial units. Consequently, we have successfully accelerated commercial activity within our townships which has benefited not just our own customers but also the surrounding community.

In FY2019, several new phases were launched at various projects to expand our product offerings and build on the success of the initial phases. These include:

- Cora at Eco Ardence featuring semi-Ds and bungalows;
- Regent Gardens at Eco Grandeur, offering an exciting opportunity for customers to design their dream home;
- Hazelton at Eco Forest, featuring the new Ergo Homes design, emphasising efficient space planning and communal living;
- A new phase of Mellowood homes at Eco Majestic; and
- Rosé at Eco Spring, a new Garden Home series, inspired by the strong reception these products have received in the Klang Valley.

In June 2019, our JV, Paragon Pinnacle Sdn. Bhd. inked a JV and land sale agreement with PowerChina Group to develop Phase 2 of Eco Business Park V. The JV with PowerChina will help us to further broaden and deepen our network of local and international industrialists who may be keen to operate at our Eco Business Parks whilst providing a platform for mutual learning between the parties.

Our early investment in the digital space has not only increased our market reach – it has yielded much greater intelligence on customer requirements and aspirations. This enabled us to plan more effective campaigns that truly resonate with our target customer base as well as introduce new products and services which they really need and want.

#SENANGjer campaign visual for Eco Meadows, Penang

Ergo Homes at Eco Forest, Klang Valley

Among the campaigns and initiatives unveiled by EcoWorld Malaysia in FY2019 are:

- **HOPE** (Home Ownership Programme with EcoWorld) which provides a comprehensive home ownership solution offering two methods for purchasers to start their home ownership journey. These are:

  i) outright purchase via EcoWorld's Help2Own financial assistance programme.

  ii) rent first and own later via EcoWorld's customised Stay2Own programme developed in partnership with Maybank HouzKEY.

- **Life@EcoWorld** encompassing the Group's ongoing efforts to provide a wide range of holistic services and amenities which have been carefully curated to suit the lifestyles of the specific customer base at our various projects. From maternity care, education, entertainment, sporting activities, mass market to bespoke retail, F&B, wellness and aged care, our townships are now able to cater to the needs and aspirations of every generation.

- **#SENANGjer** campaign to communicate to young Malaysians, especially Bumiputra purchasers, on the benefits and ease of owning an EcoWorld property. This is in light of the attractive packages offered by the Group in conjunction with the HOPE Campaign launched at the start of the year coupled with the various incentives available under the Government's NHOC.

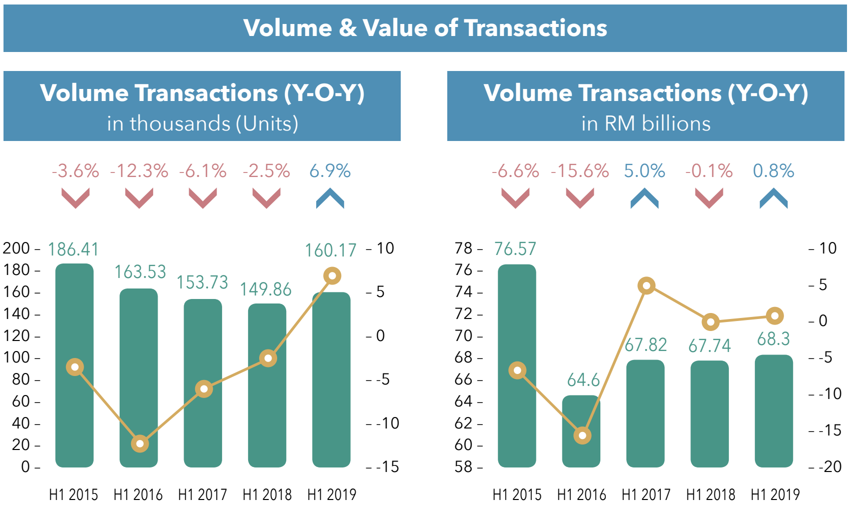
- On the product front, **Ergo Homes** @ Eco Forest provided an innovative new take on terrace living offering customisable internal spaces, communal and private gardens at an affordable price point.

- EcoWorld also introduced our in-house **Design2Own** app to empower customers to co-create the internal layout of their dream home thereby increasing options available to cater to a wider target audience.

PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

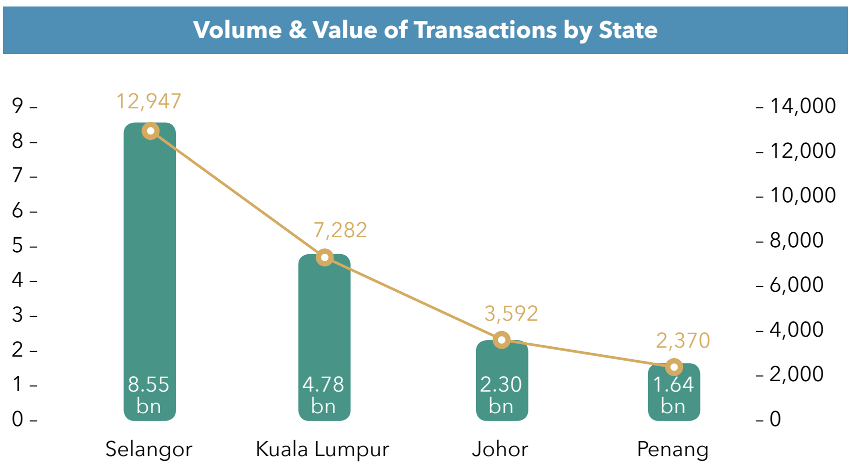
MARKET BACKDROP

The above results have been achieved amidst a property market which has been in the doldrums for half a decade. Market conditions for our business remained challenging throughout FY2019. Whilst volume of transactions increased by 6.9% in the first half of 2019 (H1 2019) after four consecutive periods of decline, the value of transactions recorded negligible increase at only 0.8%.



Source: Property Market Report, First Half 2019, Valuation and Property Services Department, Ministry of Finance Malaysia

The NHOC which ended on 31 December 2019, managed to clear approximately RM23.2 billion[1] worth of houses, surpassing the initial target of RM17 billion. Houses priced between RM300,000 and RM599,999 recorded the most take-up, with 17,217 units (54.8%) transacted, followed by houses that were priced between RM600,000 and RM999,999, with 10,970 units (34.92%) sold.



Property related lending has not eased as many buyers were either unable to obtain housing loans or did not manage to secure the required margin of finance in order to be able to purchase their desired home. The recent moderation in loan growth is an expected outcome of a deliberate and measured policy strategy to manage risks from high household indebtedness and speculative activities in the residential property segment. On average, banks approved roughly three out of four housing loan applications received however nearly half of the loans approved (42%) were granted to first time homeowners.

Eco Terraces, Penang

Note:

[1] Sales recorded in November 2019

Eco Botanic City at Eco Botanic, Iskandar Malaysia

OUTLOOK AND PLANS FOR 2020

Despite the tough market conditions, we are gratified that our efforts over the years to build up the EcoWorld brand and deliver outstanding products as well as service quality have not gone unrecognised. The fact that we were able to record sales of RM2.7 billion for FY2019, largely achieved over only eight months, is particularly encouraging. This sets us on a good path towards achieving the RM6 billion combined two-year sales target we have set for FY2019 and FY2020.

Furthermore, our high effective future revenue of RM5.2 billion as at 31 October 2019 provides clear earnings visibility going forward into FY2020 to FY2021. As we work towards achieving the balance sales target in FY2020, barring any unforeseen circumstances, this will grow the Group's core development earnings at a steady clip in FY2020.

To broaden our market reach, we will soon be introducing a new range of homes priced from RM300,000 to RM450,000 to take advantage of the excellent infrastructure and lifestyle amenities already in place at our projects. This new brand will provide a greater element of choice to customers to decide how they want to live to further extend and broaden the Group's market appeal thereby setting us on a strong and sustainable growth path in the years ahead.

In line with our plans to launch this new brand, in December 2019, we acquired 200 acres of land situated right next to Eco Botanic ("**New Land**") to be developed into a mixed residential and commercial township with a focus on products suited to first time homeowners and the M40 target group.

The New Land's strategic location immediately adjacent to Eco Botanic makes it a particularly compelling acquisition for the Group. Eco Botanic is the first development launched under the EcoWorld brand. Within a relatively short period of only six years, the project has achieved sales of RM1.9 billion. Eco Botanic City, situated at the heart of the township, is today a hive of human activity. A wide variety of local and international businesses from fashion & retail, food & beverage, education, edutainment, wellness and many others have commenced operations here - this has transformed the precinct into the most sought-after commercial address in Iskandar Puteri.

The proposed development of the New Land therefore enables the Group to ride on Eco Botanic's success to expand our product offerings, reach out to a wider targeted buyer segment and extend the development life of this successful township.

With a solid foundation of 18 thriving ongoing projects coupled with the right products and strategies in place, we are therefore confident that EcoWorld Malaysia is well positioned to be able to deliver sustainable growth to our shareholders in FY2020 and the years to come.

EcoWorld Malaysia is wholeheartedly committed to sustainability and work to continuously grow our impact on people, planet and profits. Find out more about our journey by:

- Going to page 24 of this Annual Report for the executive summary of EcoWorld Malaysia's Sustainability Report 2019
- Reading the full Sustainability Report on our corporate website at www.ecoworld.my

PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF OPERATIONS

20
projects

RM**87.5** billion
gross development value

RM**68.5** billion
remaining gross development value

RM**19.1** billion
sales from FY2014 to FY2019

Over
23,000
units launched

Close to
16,400
units delivered

8,126.4
acres of total landbank

4,453.6
acres of total undeveloped landbank

RM**5.2** billion
in future revenue

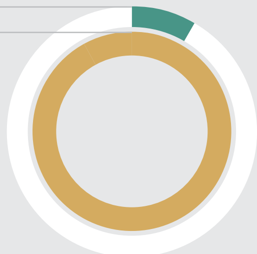
ECOWORLD PROJECTS

KLANG VALLEY

- Eco Sky
- Eco Majestic
- Eco Forest
- Eco Sanctuary
- Bukit Bintang City Centre
- Eco Grandeur
- Eco Business Park V
- Eco Ardence

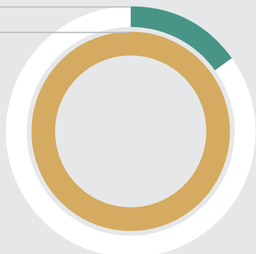
Units launched

1,185
13,864



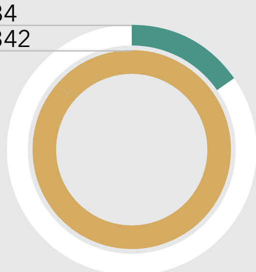
Units sold

1,871
12,261



Sales value (RM'000)

1,809,984
11,740,342



● FY2019 ● FY2014 - FY2019

Total landbank

4,735.3 acres

Remaining landbank

2,611.2 acres

PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

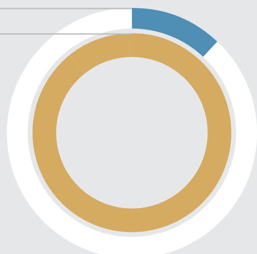
ISKANDAR MALAYSIA

- Eco Botanic
- Eco Spring & Eco Summer
- Eco Tropics
- Eco Business Park I
- Eco Business Park II
- Eco Business Park III

Eco Spring

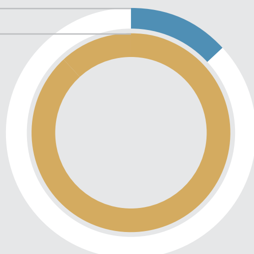
Units launched

941
7,809



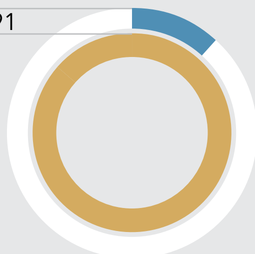
Units sold

959
7,211



Sales value (RM'000)

747,871
6,308,291



● FY2019 ● FY2014 - FY2019

Total landbank

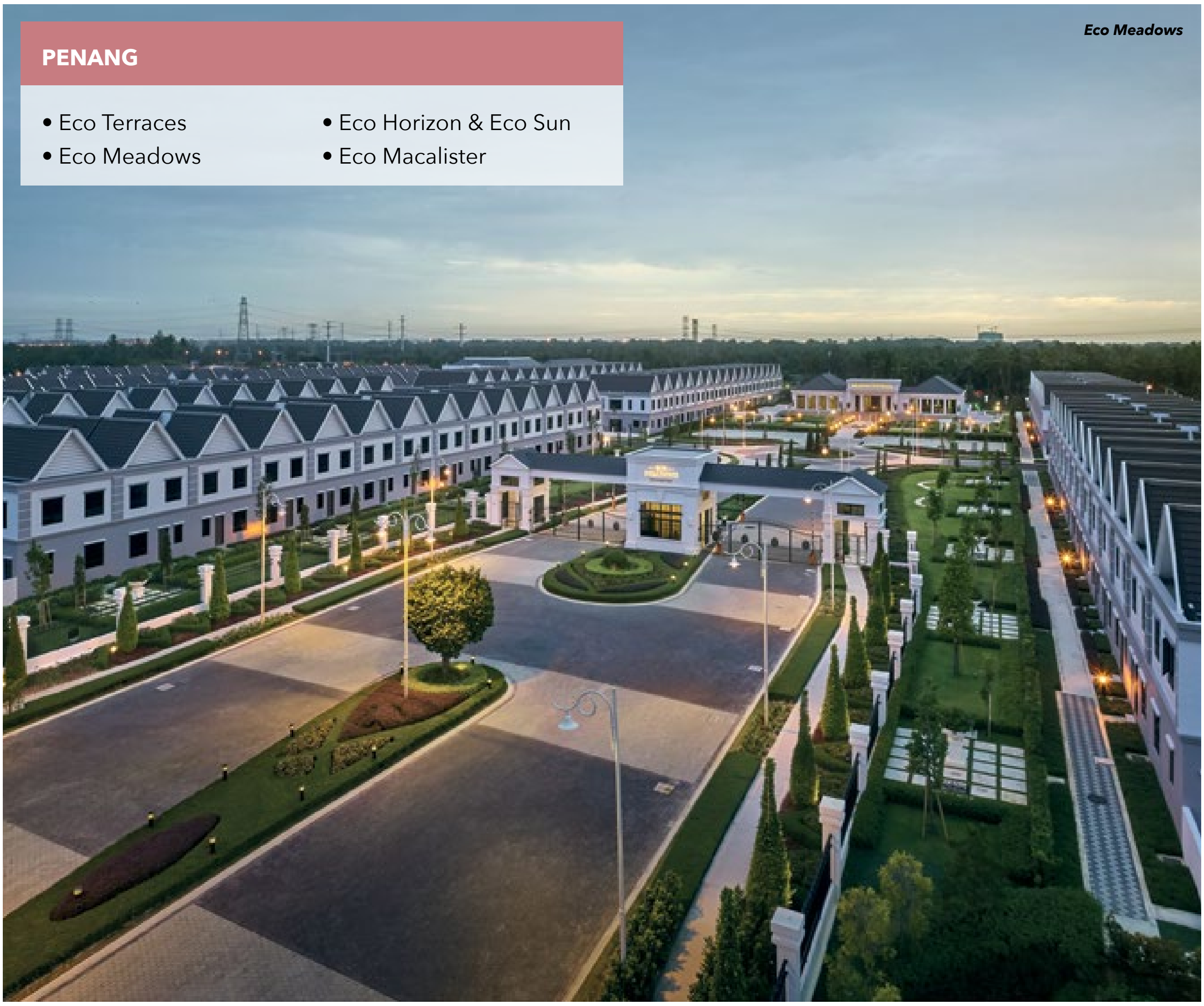
2,926.1 acres

Remaining landbank

1,514.2 acres

PENANG

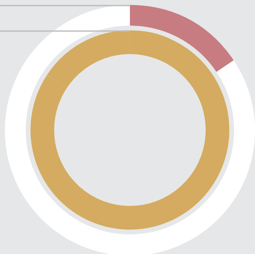
- Eco Terraces
- Eco Meadows
- Eco Horizon & Eco Sun
- Eco Macalister



Eco Meadows

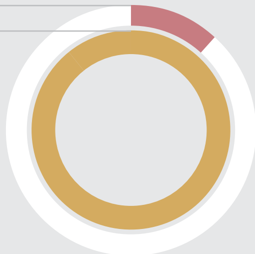
Units launched

284
1,820



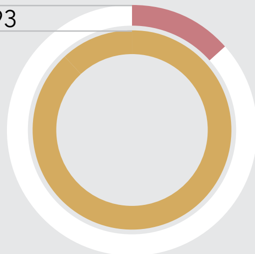
Units sold

160
1,349



Sales value (RM'000)

143,923
1,072,593



● FY2019 ● FY2014 - FY2019

Total landbank

465.0 acres

Remaining landbank

328.2 acres

SUSTAINABILITY STATEMENT

We are proud to present our third sustainability statement on our efforts towards simultaneously achieving business profitability and contributing to the community within the areas in which we operate whilst effectively managing our environmental footprint.

Over the past three years we have been taking steps to progressively improve our sustainability performance. As we expand data collection on our social, environmental, and economic performance as well as establish performance measures, our disclosures too become more in-depth.

The scope of reporting this year covers EcoWorld Malaysia headquarters in Setia Alam, Selangor, and our development projects, Eco Botanic in Johor (our most mature township) and Eco Grandeur in Selangor (our largest township to date) for the period of 1 November 2018 to 31 October 2019, unless otherwise specified. We have opted to showcase our activities at these particular development projects for a more in-depth presentation of information regarding our sustainability performance.

Prepared with reference to the Global Reporting Initiative ("**GRI**") Standards, this statement is to be read jointly with the full Sustainability Report made available on our corporate website www.ecoworld.my.

Our highlights for this year include the introduction of key performance indicators to track the progress of our sustainability efforts, obtaining feedback from internal and external stakeholders via surveys on our material sustainability matters and receiving recognition on our supply chain management practices and education initiatives in the Sustainable Business Awards Malaysia 2019.

EcoWorld Malaysia would like to thank all stakeholders for their contribution and support. It is our vision to make sustainability central in all that we do and to deliver shared value to our stakeholders.

SUSTAINABILITY HIGHLIGHTS

SUSTAINABILITY ROADMAP

This year we disclose our sustainability journey towards improving our sustainability performance and commitment year-on-year, as presented on the next page, in our three-year roadmap.

2018

- Standalone Sustainability Report and Sustainability Statement
- Scope: All project sites in the Klang Valley, Iskandar Malaysia and Penang and headquarters
- Conducting materiality assessment using stakeholder weightage approach which identified 12 material sustainability matters
- Mapping material sustainability matters to 6 United Nations Sustainable Development Goals ("**UN SDGs**")
- Establishing Sustainability Policy and Guidelines
- Introduction of the Green Realisation Plan
- Reporting in line with GRI Standards – Core Option and Sector Specific Disclosures

2019

- Standalone Sustainability Report and Sustainability Statement
- Scope: In-depth study of Eco Botanic (Iskandar Malaysia), Eco Grandeur (Klang Valley) and headquarters
- Maintaining material sustainability matters
- Strengthening the sustainability performance of the Group and commitment to the 6 UN SDGs
- Introducing sustainability key performance indicators
- Continuous monitoring of the performance of the Green Realisation Plan
- Reporting in line with GRI Standards – Core Option and Sector Specific Disclosures

2020

- Standalone Sustainability Report and Sustainability Statement
- Scope: To be determined
- Conducting re-assessment on materiality
- Strengthening the sustainability performance of the Group and commitment to the 6 UN SDGs and extending to other UN SDGs
- Monitoring of key performance indicator achievements
- Continuous monitoring of the performance of the Green Realisation Plan
- Reporting in line with GRI Standards – Core Option and Sector Specific Disclosures

MEASURING SUSTAINABILITY

In FY2019, we set eight key performance indicators ("**KPIs**") to track our ecological and social performance. The KPIs established represent four out of our 12 material sustainability matters that we use to measure sustainability progress and to identify areas for improvement. Over time, we intend to expand our KPIs to encompass the rest of our material sustainability matters.

We successfully achieved six out of 8 KPIs this year in relation to open space allocation, planting of edible trees and shrubs, staff attrition rate, the People's Heartbeat Survey, staff attending training and hours spent on Corporate Social Responsibility activities. We plan to enhance efforts to achieve all KPIs.

The Urban Park at Eco Spring, Iskandar Malaysia

SUSTAINABILITY STATEMENT

Key Performance Indicator	Target	Achievement
Green Design, Energy and Habitat Conversation		
Green Building Certification	Obtain a minimum 'Certified' rating from any Green Building Certification body for all existing and new development projects	In Progress Eco Grandeur obtained Provisional Building and Construction Authority ("BCA") Green Mark certification in April 2019
Accessibility for Electric Vehicle ("**EV**")	Install at least one EV charging station at every EcoWorld Malaysia sales gallery or clubhouse	In Progress **72%** of sales galleries and clubhouses installed at least one EV charging station
Provisioning of open-air spaces and natural environment	Provide at least 15% of total development area for open spaces	Average of **24%** of total development area is allocated for open spaces
Growing of valuable and quality foliage	Plant an average of 20% edible fruit trees of overall tree quantities and an average of 30% edible shrubs of overall shrub quantities across all developments	Average of **23.2%** edible fruit trees of overall tree quantities and average of **30.5%** edible shrubs of overall shrub quantities across all developments
Talent Attraction and Retention		
Employee Turnover	Staff Attrition Rate at 12%	Achieved **10.8%** staff attrition rate
Employee Satisfaction	People Heartbeat Survey Overall Engagement Score at 85%	Kincentric Best Employers Result (External survey): **93%** People Heartbeat Survey On-the-Go and Online Score (Internal survey): **89%**
Training and Development		
Opportunities for Employee Training	81.6% of staff attending training	**99.3 %** of staff attended training
Community Development		
Contributing to the local community	6 hours of CSR activities per employee (applicable to employees attached to the Group and Business Units' support units)	**9 hours** per employee

KPI achieved

AWARDS AND ACCOLADES

Organised by Global Initiatives (a regional advocate of Sustainability headquartered in Singapore), the Sustainable Business Awards for Malaysia was introduced for the first time in 2018 with winners of the inaugural Sustainable Business Awards 2018 announced in January 2019.

For 2018, EcoWorld Malaysia was named winner in the Supply Chain Management category for our efforts in working closely with contractors to ensure compliance to quality and environmental standards through regular engagement, audits as well as providing paid training.

In the 2019 cycle of the Sustainable Business Awards, EcoWorld Malaysia was awarded Special Recognition in the Supply Chain Management category for our collaborative efforts with our contractors and suppliers. In the same award ceremony, we were also awarded for Best Flagship Initiative for the Eco World Foundation's Students Aid Programme which helps approximately 3,000 students from all over Malaysia annually, providing counselling, home visits and career guidance in addition to financial assistance.

EcoWorld Malaysia Executive Director Liew Tian Xiong receiving the Sustainable Business Awards Malaysia 2018 trophy for Supply Chain Management from Minister of Science, Technology, Environment and Climate Change YB Yeo Bee Yin

SUSTAINABLE BUSINESS AWARDS MALAYSIA 2019

Special Recognition in **Supply Chain Management** category

Best Flagship Initiative in **Community** category

OUR COMMITMENT TO SUSTAINABILITY

In January 2016, 193 UN member states (including Malaysia) adopted Agenda 2030 and its 17 SDGs as a common goal towards sustainable development. As a leading property developer and in line with Malaysia's sustainability roadmap, we have adopted six of the goals that are most relevant to our business operations.

SUSTAINABILITY STATEMENT

3 GOOD HEALTH AND WELL-BEING	**Ensuring Healthy Living and Well-Being**	We organise wellness programmes for our resident community and the public. Our projects are well connected with bicycle lanes, pedestrian walkways and herb gardens to encourage healthy living.
4 QUALITY EDUCATION	**Providing the Opportunity for Inclusive and Quality Education**	We implement long-term programmes (e.g. the Eco World Foundation's Students Aid Programme) to improve access to education for disadvantaged children. These programmes involve providing financial support and addressing the students' key educational needs.
5 GENDER EQUALITY	**Encouraging Gender Equality and Empowerment**	We encourage women into the workforce and our corporate culture discourages any discrimination on the basis of gender. In fact, 43% of our senior management comprises women who are well qualified for the job.
8 DECENT WORK AND ECONOMIC GROWTH	**Ensuring Full and Productive Employment**	We provide fair remuneration to our employees and create an environment conducive to their professional growth and strength development.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Building Reliable and Resilient Infrastructure to Achieve Economic Growth and Overcome Environmental Challenges**	We invest in innovative projects that address the needs of the community, going beyond our resident community, to improve the convenience of living and using facilities made available in the Company's developments such as grocers and eateries.
11 SUSTAINABLE CITIES AND COMMUNITIES	**Making Cities and Human Settlements Inclusive, Safe, Resilient and Sustainable**	We embed green designs and green features into our projects to reduce the impact of the built environment on the natural environment. Our projects are gated and guarded and equipped with excellent security features, with patrolling by our Polis Bantuan team in addition to the presence of trained guards.

To signify our commitment to Sustainability, EcoWorld Malaysia has established a Quality, Environment, Health, Safety and Sustainability Policy that guides us in implementing and maintaining best management practices to address economic, environmental and social ("**EES**") impacts and ultimately build sustainable communities. The policy is available for viewing on our corporate website.

SUSTAINABILITY GOVERNANCE

Our robust governance structure is built on a three-tier structure comprising the Board of Directors at the apex and supported by the Sustainability Committee led by the Chief Executive Officer ("**CEO**"). Comprising members of senior management, the Sustainability Committee is supported by three councils each representing the EES aspects of our business.

Roles and Responsibilities

Board of Directors
- Oversees the progress of the Company's sustainability initiatives
- Reviews and approves sustainability strategies, policies and initiatives
- Endorses the proposed sustainability initiatives and material sustainability matters related to the Group

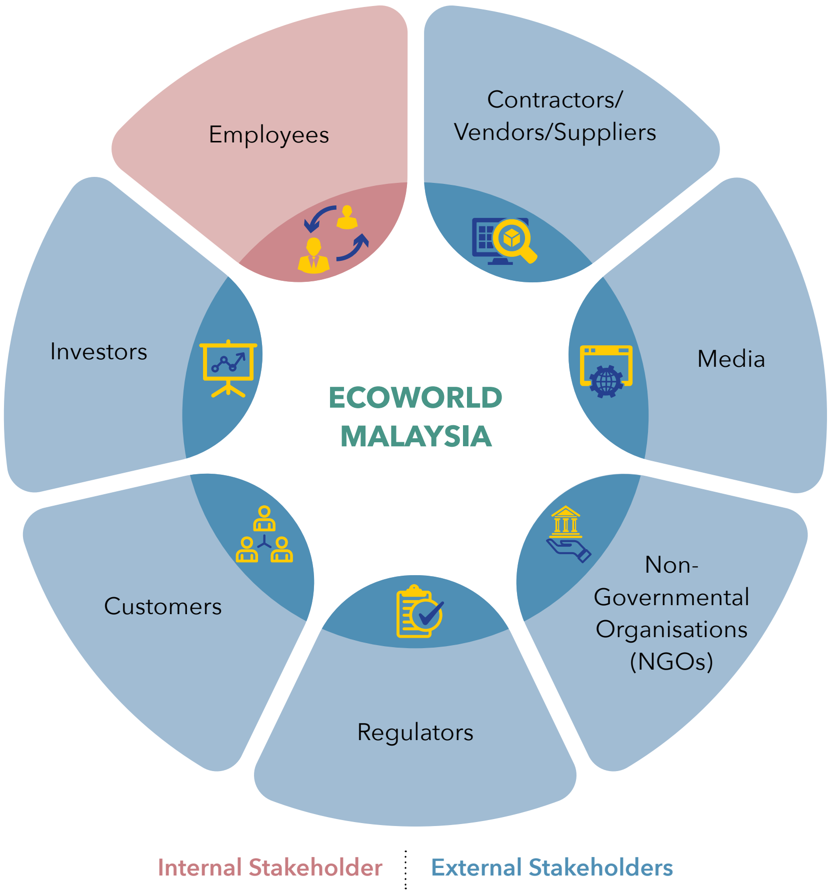
Sustainability Committee
- Develops sustainability policies and oversees the implementation of sustainability-related strategies and initiatives
- Reports sustainability plans and progress to the Board on a half-yearly basis
- Reviews and approves sustainability internal guidelines

Economic, Green and Social Councils
- Report to the Sustainability Committee on the progress the Group's sustainability efforts
- Develop sustainability-related guidance documents for internal use
- Collect and monitor data to evaluate the Group's sustainability progress

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

We encourage regular, open, and constructive dialogue with our central stakeholder groups which we feel is of paramount importance in terms of our business success. This helps us develop trusting relationships, understand opposing positions, recognise trends and deepen partnerships.



Our stakeholder groups are mapped according to their areas of interest, methods of engagement and frequency of engagement in the following table.

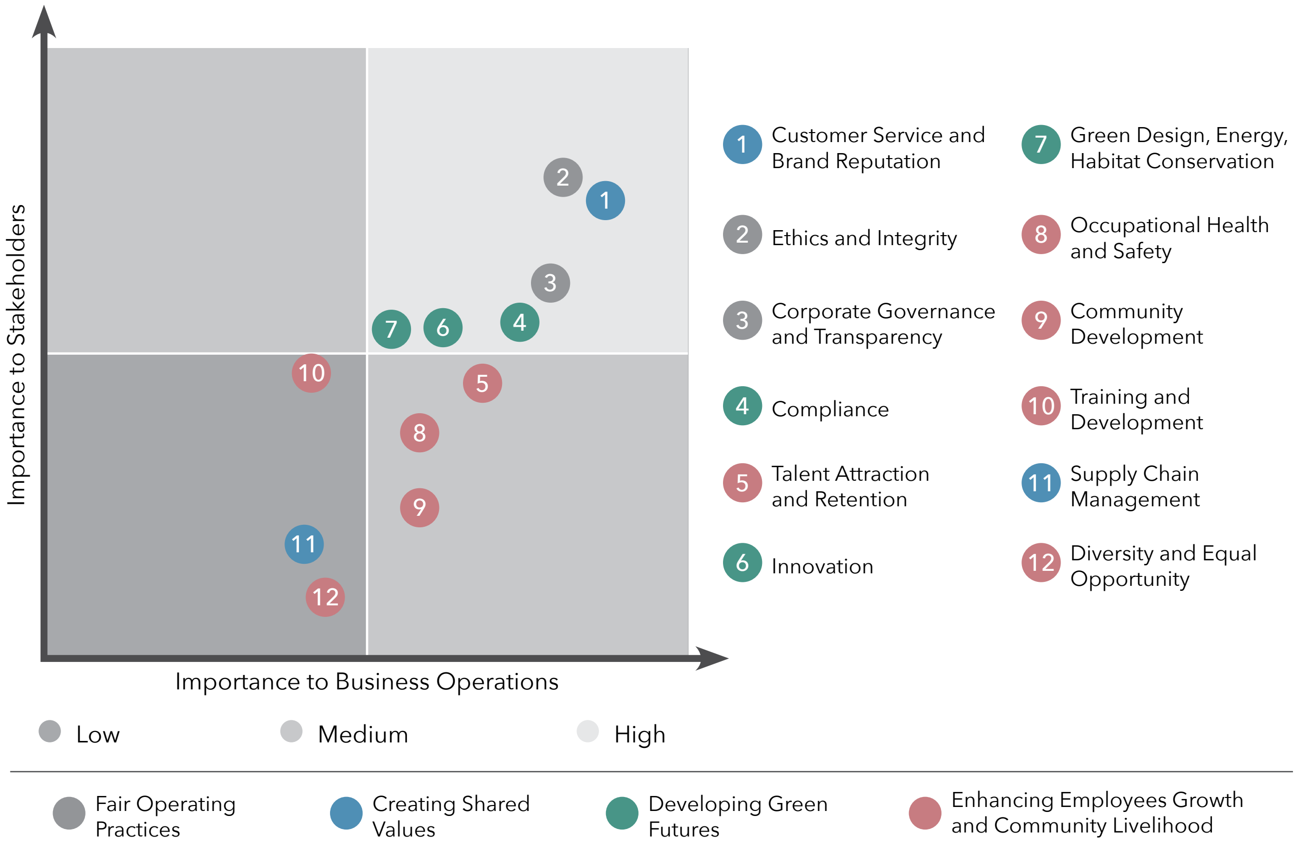
Areas of Interest	Methods of Engagement	Frequency
Employees		
• Corporate direction and growth plans • Job security • Remuneration and benefits • Career development and training opportunities • Workplace health and safety • Labour and human rights • Work-life balance • Employee volunteerism	• Management meetings with employees • Employee events such as family day, annual dinner, etc. • Annual Salary Benchmark Survey • People's Heartbeat Survey • Internal Service Survey • Chairman 360° • CEO Town Hall Meeting • Let's Green Possible initiatives • EcoWorld Sports Club activities • Virgin Pulse Walking Challenge • Leadership, soft skills, technical and non-technical training programmes	• As and when required • Annually • Annually • Quarterly • Twice a year • Annually • Quarterly • Throughout the year • Throughout the year • Annually • Throughout the year

Areas of Interest	Methods of Engagement	Frequency
Investors		
• Growth trajectory • Acquisitions and expansions • Market diversification • Risk management • Corporate governance • EES indicators • Climate change strategies • Sustainability performance and tracking • Reporting standards	• Annual general meeting • Annual report • Quarterly results announcement • Press conference • Analyst, Banker and Fund Manager Briefings • Meetings with Bankers, Analysts and Fund Managers	• Annually • Annually • Quarterly • As and when required • Twice a year • Throughout the year
Customers		
• Pricing • Quality and workmanship • Energy conservation • Design and features • Product safety • Defects rectification • Customer service and experience • Resource efficiency and utility savings	• Corporate & Brand Campaign • Corporate Website/Social media channels • Advertisement and marketing promotions • Customer Satisfaction Survey • EcoWorld Residence Club & LifeSpace activities	• Throughout the year • Throughout the year • Throughout the year • Throughout the year • Throughout the year
Regulators		
• Compliance • Security issues • Waste management • Public nuisance issues • Labour practices	• Compliance with regulatory requirements • Site inspections	• As and when required • As and when required
Contractors/Vendors/Suppliers		
• Legal compliance • Payment schedule • Pricing of services • Product quality and inventory/ supply commitment	• Contract negotiation • Supplier audit and evaluation • Vendor registration	• As and when required • Twice a year • As and when required
Media		
• Company reputation • Advocating green consumerism and lifestyles	• Interviews and engagement sessions • Press releases • Press conferences	• As and when required • As and when required • As and when required
Non-Governmental Organisations (NGOs)		
Environmental and social issues in relation to business operations	• Donations and Financial Aid • Contributions to environmental and social enhancement • Sustainability and related programmes	• As and when required • As and when required • As and when required

SUSTAINABILITY STATEMENT

OUR PRIORITY AREAS

Understanding our EES priority areas is key to implementing sustainability strategies and initiatives that yield outcomes aligned with our sustainability roadmap. We identified these priority areas or material sustainability matters that are relevant to our business and stakeholders by conducting materiality assessments in 2017 and 2018. The weighted-ranking process resulted in the selection of 12 material sustainability matters that best represent our priority areas, and our materiality matrix.



For FY2019, we maintained the 12 material sustainability matters identified in 2017 as they remain relevant to our business operations and stakeholders. This year, we took a step forward in improving our materiality assessment process by engaging key stakeholders. We distributed survey forms to a representative number of stakeholders to gauge their feedback on the selection of material sustainability matters as well as materiality matrix.

Based on the survey results, we verified that the identified material sustainability matters are indeed important to our stakeholders.

More than 80% of survey respondents agree that the identified material sustainability matters are important and meet their expectations

97% of survey respondents agree with the ranking of the material sustainability matters

As a Group, we can now make informed decisions and plan our strategy to ensure that sustainability areas of interest highlighted by stakeholders are addressed. These areas include product quality, business diversification, dialogue with top management, application of technology in design and construction methodology, and succession planning. Moving forward, we are committed to ensuring our stakeholders' expectations in these areas are addressed.

The material sustainability matters as described in this statement are categorised into four focus areas.

Focus Areas	Material Matters	Relevant GRI/G4 Sector Disclosures Indicators	Relevant Stakeholders
Fair Operating Practices Implements ethical and transparent business dealings for sustainable business operations	- Ethics and Integrity - Corporate Governance and Transparency	102: General Disclosures	Investors, Employees
Creating Shared Values Delivers products and services that meet or exceed customer expectations to strengthen brand reputation	- Customer Service and Brand Reputation - Supply Chain Management	102: General Disclosures 204: Procurement Practices	Employees, Customers, Contractors, Vendors, Suppliers
Developing Green Futures Minimises environmental degradation and drives green design and innovation for the betterment of the environment	- Compliance - Innovation - Green Design, Energy and Habitat Conservation	302: Energy 304: Biodiversity 305: Emissions 306: Effluents and Waste 307: Compliance G4 Aspect: Product and Service Labeling	Regulators, Employees, Investors, Customers, Media
Enhancing Employees Growth and Community Livelihood Builds and enhances relationships with employees and local communities and contribute to the best of our ability	- Diversity and Equal Opportunity - Talent Attraction and Retention - Training and Development - Occupational Health and Safety - Community Development	401: Employment 403: Occupational Health and Safety 413: Local Communities	Employees, Regulators, NGOs, Media

SUSTAINABILITY STATEMENT

FAIR OPERATING PRACTICES

ETHICS AND INTEGRITY

We have laid out a strict Code of Conduct and Business Ethics that outlines the professional behaviour we expect of our employees and business partners. With honesty and integrity as its cornerstone, the Code emphasises ethical, fair and impartial practices while defining behaviour that is deemed unacceptable in the workplace such as bullying, harassment, threatening and discriminatory behaviour as well as corruption.

How we communicate the Code of Conduct and Business Ethics

- **Induction programme**
- **EcoWorld Linked (employee portal)**

We have adopted a strict anti-corruption stance within the organisation and established a Whistle-blowing policy to provide employees and other stakeholders an avenue to report any knowledge of incidents of misconduct or unlawful behaviour within the Company. The policy ensures confidentiality for those filing the reports who can voice their concerns without fear of reprisal.

To reinforce the expectations and procedures of the Code of Conduct and Business Ethics and Whistle-blowing Policy, we have implemented compulsory e-assessments for all employees. We are also in the midst of developing an Anti-Bribery Policy which will be shared via the corporate website.

CORPORATE GOVERNANCE AND TRANSPARENCY

EcoWorld Malaysia is committed to ensuring compliance with the Malaysian Code on Corporate Governance 2017 ("**MCCG**"), Bursa Malaysia Securities Berhad Main Market Listing Requirements ("**MMLR**") and the Companies Act 2016 by embedding corporate governance practices into our business activities.

Members of the Board of Directors are responsible for ensuring the Group practises corporate governance in terms of transparency, accountability, sustainability and integrity in boardroom activities as outlined in the Board Charter and Corporate Governance Reports which are available on our corporate website.

The Group's website communicates information on the Group's activities, products and updates on business operations to promote transparency with shareholders and stakeholders. The Investor Relations section in the corporate website includes information such as quarterly reports, annual reports, sustainability reports, corporate governance reports, press releases and Bursa Malaysia announcements.

CREATING SHARED VALUES

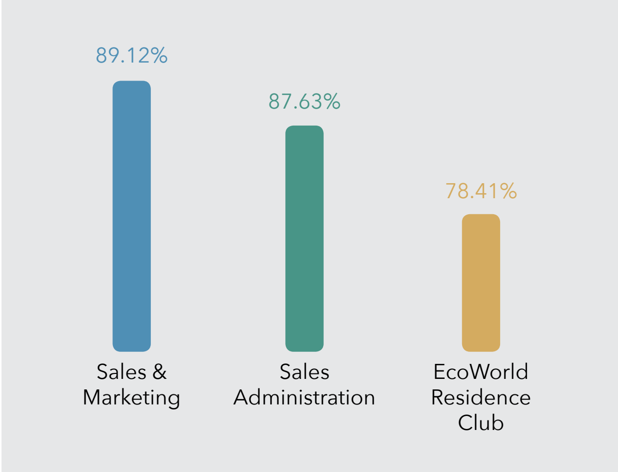
CUSTOMER SERVICE AND BRAND REPUTATION

Customers are at the heart of any business and customer satisfaction is therefore imperative to the sustainability of the Company. Through active engagement with customers, we are able to track levels of satisfaction and monitor feedback from customers in order to improve our future products and developments.

We conduct regular customer satisfaction surveys and the responses are then consolidated, analysed and compiled into a report to gauge satisfaction on the various areas of service identified and action plans are drawn up if necessary.

This year, our average customer satisfaction score is at 85%. As our brand reputation relies heavily on customer satisfaction, we aim to further improve service levels in all aspects going forward.

Customer Satisfaction Survey by Department



Recognition on QLASSIC

The Quality Assessment System in Construction ("QLASSIC") is an assessment conducted by the Construction Industry Development Board with the aim of enhancing quality control in construction works to benchmark the quality of workmanship. Our Eco Botanic project received the QLASSIC certificate with a score of 78% in September 2018.

SUPPLY CHAIN MANAGEMENT

EcoWorld Malaysia is committed to working with contractors who are committed to quality, health and safety standards. We communicate the importance of integrity to our main contractors as it is a value that we embody in our daily operations. Given the importance of quality, health and safety, our contractors' construction practices are monitored to ensure adherence to regulations and safety standards.

Our building materials are sourced from local suppliers to support the local community in the supply chain and help stimulate the growth of the local economy as well as reduce carbon emissions from transportation. All our main contractors and building materials suppliers are local.

The Group is in the midst of developing a procurement policy which is expected to be completed next year in the hopes of further strengthening our efforts to embed sustainability practices in our supply chain management.

SUSTAINABILITY STATEMENT

DEVELOPING GREEN FUTURES

GREEN REALISATION PLAN

This year, we continued with the implementation of the initiatives under the four-thrust strategy of the Green Realisation Plan. The plan, developed and administered by the EcoWorld Green Council, is outlined below:

Green Planning and Design

To incorporate green in EcoWorld master plans, building architecture and design, and sustainable transport and connectivity

Green Landscape

To incorporate green practices in soft and hard landscaping in all EcoWorld developments

Green Construction

To promote sustainable construction practices in terms of building material and resource selection, construction site management and practices, and construction methodologies

Green Image, Awareness and Engagement

To project an image and branding that is consistent with EcoWorld's vision and mission via promotion of environmental awareness, education and engagement amongst our employees, customers, stakeholders and the public

GREEN DESIGN

In April 2019, Eco Grandeur obtained Provisional Building and Construction Authority ("**BCA**") Green Mark for District (Version 2.1) certification. A Singapore initiative to promote sustainable built environments, BCA Green Mark certification is awarded to townships with sustainable features and systems integrated into the design and construction. We are committed to ensuring our current and future development projects are resource and energy-efficient to reduce our environmental footprint.

GREEN FEATURES IN ECO GRANDEUR - AVENHAM GARDEN AND GRAHAM GARDEN PRECINCTS

01 Public and green spaces

- Edible garden in the park
- Universal design features for pedestrian walkways
- Detailed cycling and jogging path
- Low energy street lighting

02 Efficient use of energy and resources

- Passive design via North/South orientation of buildings
  - Reduces use of air conditioning
- Recycled water source for landscaping
  - Reduces usage of clean tap water
- Close proximity to local amenities
  - Reduces carbon footprint

03 Attentive towards nature concerns

Design and fabrication stage

- Use of certified eco-friendly products
  - Such as paint, waterproofing, ceiling plasterboard and interlocking paver
- Minimal earthwork cut and fill during construction
  - Conserves existing ground condition

Completed stage

- Provision of recycling station
- Provision of 3-compartment sink
  - Approved and recommended by most health departments, for washing, rinsing and sanitising dishes

At Eco Botanic, 29% of the development has been designated as open spaces with sustainable landscape design emphasising the reintroduction and propagation of indigenous trees and plants to create better shade and provide habitats for animals in a harmonious ecosystem. As a Group, we have allocated an average of 24% of total development for open spaces, which is beyond the local authorities' requirements of 10%.

Eco Botanic, Iskandar Malaysia

SUSTAINABILITY STATEMENT

GREEN FEATURES IN ECO BOTANIC

01 Energy and water savings

- Rain water harvesting
- Solar water heater
- LED lightings
- For street light, compound light and bollard light

02 Durable and protective materials

- 10% tinted glass for doors and windows to block damaging sun rays
- Low VOC paint to minimise inhalation of toxic chemicals
- Clay roof tiles for longevity; resistance to fire, weather and insect damage; and cooling effect
- Open space allocation is more than authority requirement
- Phase 1 features are:
  - Water efficient fittings (Two ticks rating)
  - Providing fan at all habitable spaces
- Provision of additional point for inverter-type air-conditioning unit

03 Outdoor activities and green landscape

- Fresh air from planting of native trees as carbon sinks
- Parks and ponds within 400m walking distance
- Children's playground made from recycled items
- Edible garden
- Bicycle lane covering the commercial perimeter with proper signages

04 Green amenities

- EV charging bay at clubhouse
- Centralised recycling and composting chambers
- Free shuttle bus service (for residents) to-and-fro Eco Botanic City and surrounding areas including nearby supermarkets/ hypermarkets, EduCity and the Gelang Patah bus interchange

Other than green features that we introduced in our developments, we also look into the design of our products from the aspect of accessibility and safety for the differently-abled. We are developing the EcoWorld Universal Design Guidelines on designing homes and environments that are friendly for the elderly and disabled persons, which is expected to be completed in 2020.

INNOVATIVE SOLUTIONS

We encourage innovative solutions to integrate into our designs and products for long-term operational efficiency. Our efforts to introduce innovative approaches to enhance quality of products, minimise operating cost and keep our environmental footprint to the minimum are reflected in the automation of our systems and digitisation of work processes.

Automation of construction checklist and processes
An automated work flow which eliminates human error and increases productivity and timeliness

Design Innovation Challenge
A 6-month internal competition to generate ideas on innovative residential and commercial designs conducted in 3 stages

Digitisation of sales, sales administration and EcoWorld Residence Club processes
Use of computerised technology to streamline manual tasks to improve sales performance and customer satisfaction

We use prefabricated construction materials at selected sites to promote consistency and quality in production. This eliminates negative environmental and social impact as it reduces human error, workplace incidents and labour intensity, requires less materials, and generates less waste.

EcoWorld Residence Club ("**EWRC**"), the Group's service team that provides Property Care Services and Common Area Support Services utilises automated systems in our marketing actions, tasks and general workflow. EWRC also strategically utilises social media platforms to connect with customers and create localised marketing activities which significantly improves our economic savings and lowers environmental impact due to the reduced demand for raw resources like printed paper, posters and transportation fuel.

We conducted an internal 6-month Design Innovation Challenge aimed at generating creative and pioneering ideas that would ultimately enhance our environmental performance and achieve our green design and innovation goal in creating properties and facilities that are sustainable.

HABITAT CONSERVATION

As an environmentally-conscientious Group, we strive to conserve the natural habitat of the areas we develop. During the land clearing phase, we try to relocate mature trees and transplant them in the later phase of development to form part of the landscape architecture. To date, we have transplanted 407 trees within Eco Botanic in addition to the planting and propagation of 2,353 native trees to encourage ecological restoration.

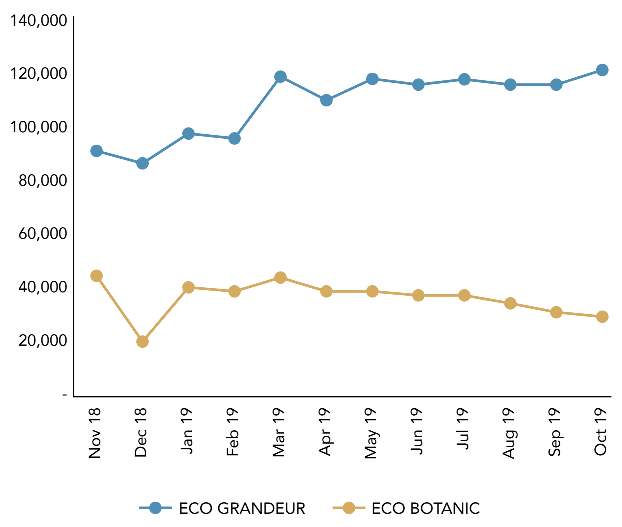
Eco Grandeur, which at 1,400 acres is EcoWorld's largest township to date, pays tribute to the dragonfly as they were spotted in abundance in the area. The development's Dragonfly Lake and the scenic park also serve as the new home of many transplanted trees.

ENERGY MANAGEMENT

The free shuttle bus service we provide in Eco Botanic City effectively reduces the community's collective greenhouse gas ("**GHG**") emissions. For FY2019, the monthly average number of passengers was 4,356 with a daily average of 145 passengers. We project an almost 50% reduction in carbon footprint from vehicles with the use of the shuttle bus service.

This year, we continue to report our energy consumption at Eco Grandeur and Eco Botanic to maintain transparency in sustainability performance and disclosures.

Electricity Consumption (kWh)



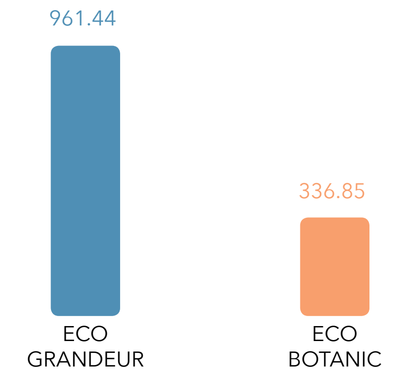
SUSTAINABILITY STATEMENT

GREENHOUSE GAS EMISSIONS

For this year, we further strengthened our sustainability disclosures to include our carbon footprint in the form for GHG emissions. We focused on carbon emissions generated from Scope 2 which is indirect emission from electricity consumption at Eco Grandeur and Eco Botanic as a start.

The Group continuously reinforces employees' awareness on reducing our carbon footprint by frequently communicating educational information on carbon footprint reduction via weekly Let's GREEN Possible e-posters.

GHG Emission (Scope 2) (tonne CO_2 equivalent)



WASTE RECYCLING

As a Group, we do our part in terms of ensuring recyclable waste generated from all EcoWorld offices are disposed by a licensed recycling contractor. From August 2018 to July 2019, we embarked on a Group-wide Recycling Initiative, where our employees recycled 36 categories of waste in all EcoWorld offices nationwide. Employees also brought recyclable waste from home for recycling.

Total Recyclables Collected (August 2018 to July 2019)	Total Proceeds Donated to Eco World Foundation	Total CO_2 Emission Diverted
26,442 kg	RM3,208.44	7,562.88 kg

ENVIRONMENTAL COMPLIANCE

At EcoWorld Malaysia, we manage pollution in the form of waste generation, air emissions, noise pollution and water discharge by adhering to legal requirements and guidelines issued by the authorities. We actively promote compliance with regulatory requirements for environmental protection, adopt best industry practices and where applicable, international guidelines in the field of environmental protection.

Specific regulations under the Environmental Quality Act 1974 (and its Amendments) that are relevant to our operations include the Environmental Quality (Scheduled Wastes) Regulations 2005; Environmental Quality (Industrial Effluent) Regulations 2009; Environmental Quality (Sewage) Regulations 2009; Environmental Quality (Clean Air) Regulations 2014; Water Services Industry Act 2006 (Act 655); Solid Waste and Public Cleansing Management Act 2007; as well as the Street, Drainage and Building Act, 1974.

We monitor sustainability in our quarterly risk management review by the Risk Management Committee including environmental matters.

ENHANCING EMPLOYEE GROWTH AND COMMUNITY LIVELIHOOD

DIVERSITY AND EQUAL OPPORTUNITY

We want to build teams that reflect the communities we serve as diversity of thought inspires greater innovation and productivity. We strictly adhere to the Malaysian Employment Act 1955 and comply with the requirements of the Minimum Wages Order, 2016. For the reporting year, we are pleased to report that there were no breaches to these regulations.

Equal opportunities are given to potential candidates to be a part of our Company and we do not practise discrimination in gender, age, race, religion, culture or nationality. We strongly believe that diversity in the workplace is a good indicator of a healthy working environment.

Key Highlights

94% employees aged below 50 years

57%:43% ratio of male to female employees

98% local senior management

43% women in senior management positions

16% women on Board of Directors

TALENT ATTRACTION AND RETENTION

Ecoworld Malaysia strives to attract the best candidates and be an employer of choice. We place great value in creating a culture of learning, promoting diversity, and fostering equality.

Our turnover rate for FY2019 is an exemplary 10.8% which is even lower than the previous year. It is also lower than the general turnover rate in the property development industry and is below the targeted attrition rate of 12%. The Group benefits from this low turnover rate in terms of productivity and cost savings from the recruitment processes.

We work hard at maintaining our competitive advantage in the property development sector by creating a positive and empowering work environment in which employees feel valued for the work they do and the impact they make.

FY2019 attrition rate of

10.8%

lower than in FY2018

Graduates and mentors of EcoWorld Leadership Development Programme 2019/2020

SUSTAINABILITY STATEMENT

TRAINING AND DEVELOPMENT

We continuously guide the developmental progress of our employees by providing relevant training, which subsequently benefits our business growth. Our training framework is designed for all employment levels and programmes encompass Sales & Marketing, Technical, Health, Safety & Environment, Green & Sustainability, Health & Wellness, Language, Finance and Information Technology.

Total training hours	Average training hours per employee	Average training hours for male employees	Average training hours for female employees
67,536	47	47	46

Average training hours by employment category	Management	Executive	Non-Executive
	47	45	50

EMPLOYEE ENGAGEMENT

We believe in engaging our employees not only in terms of work but also in the arts, culture and sports. The EcoWorld Choir and EcoWorld Symphony Drummers have performed at Company events and are a symbol of pride for EcoWorld. The members of our in-house choir and percussion ensemble are EcoWorld employees from various departments and regions who have undergone Company-sponsored intensive training in the fundamentals of music by professionals from the local performing arts scene.

The EcoWorld Annual Dinner is an iconic feature of the EcoWorld culture where groups of employees compete in performance and dress competitions. The performers are given rigorous training by local professional choreographers and theatre professionals hired to mould them into bona fide entertainers.

The EcoWorld Sports Club offers an attractive range of sporting activities and social gatherings for its members across all three regions. Employees are encouraged to participate in these extracurricular activities as they build confidence and oftentimes bring out latent talents in employees as well as boost the collaborative spirit.

OCCUPATIONAL HEALTH AND SAFETY

Safety and health considerations are of key priority to the Company as we acknowledge that construction sites are prone to hazardous situations and dangerous activities. We encourage responsibility towards safety and health at all levels of employees, especially workers at our construction sites, to prevent accidents and ill health in the workplace. To this end, we established the EcoWorld Health, Safety and Environment Management Standard which aims to manage safety and health aspects at construction sites. We are proud to declare that we have recorded zero work-related injuries for both Eco Botanic and Eco Grandeur as shown below:

	Eco Botanic	Eco Grandeur
Total number of hours worked	1,019,890	4,134,743
Work-related injuries	Zero	Zero

Details of our health and safety initiatives can be found in the full Sustainability Report.

Engagement Programme on Health and Wellness

EcoWorld understands the importance of health and wellness of our employees, and therefore we introduced the Pink Possible Campaign – a comprehensive framework of employee wellness initiatives and long-term practices that covers healthy bodies, minds and living. Under the Pink Possible umbrella, we conducted a series of mental health awareness programmes to reduce and end stigma associated with mental issues.

A curated group of 44 employees in leadership positions attended a 12-week series of Para Counselling workshops which covered counselling, coaching and mentoring topics. The participants, ranging from top management to middle management, were certified as para counsellors and coaches in order to become "mental first-aiders" for employees in need.

We also launched the Incrementality Campaign which is aimed at encouraging employees to strengthen relationships with their loved ones and cultivate self-care habits by making small, consistent and incremental efforts to cultivate a mentality of self-love and togetherness. The campaign comprises three stages as below.

Reflect

- Self-reflection to live a positive life and discover a greater connection to oneself

Reunite

- Spending quality time with family to create lasting memories and bonding with loved ones

Reconnect

- Reaching out to old friends and rebuilding real connections and conversations

CARING FOR THE SICK AND ELDERLY

EcoWorld is in collaboration with Aged Care Group to create a holistic living environment with integrated health and wellness services at care hubs for residents. The Group has introduced multi-generational wellness services known as the Care Hub at Eco Terraces located in Penang and Eco Sanctuary in Kota Kemuning, Selangor. This is to address the challenges of an ageing population such as deteriorating health, special care needs and lack of proper shelter. Services provided at the Care Hub are shown on the right:

24-hours nurse-on-call service and monthly doctor consultation

Medication Management including medication review and update and medication timing optimisation

Care Administration such as assistance with hospital discharge planning and tailor-made care plan

Personalised Care Services such as home nursing service, post-hospitalisation care and hospice services

SUSTAINABILITY STATEMENT

COMMUNITY DEVELOPMENT

Eco World Foundation

Students Aid Programme

The Eco World Foundation is a platform for the Group to give back to the community via corporate social responsibility efforts for children of all ages. The main focus of the Foundation is the Students Aid Programme which provides financial assistance to underprivileged students from primary up to tertiary levels of education. The Foundation currently funds approximately 2,600 students in selected primary schools, 300 students in selected high schools and 42 students in tertiary education, 24 of whom have graduated.

The Eco World Foundation also provides donations to schools to promote a conducive learning environment for children (including special needs children). Since its inception, the Foundation has spent RM752,000 on replacing school furniture which also includes canteen tables, benches and other equipment.

Education Awareness for Orang Asli

This year, the Eco World Foundation has again collaborated with *Persatuan Kebajikan Suara Kanak-kanak Malaysia* (**SUKA Society**) to develop teaching tools for the core subjects of Bahasa Malaysia, English and Mathematics for preschool children from the *Orang Asli* community. A total of 42 staff were involved in preparing 150 handmade teaching tools for 10 *Orang Asli* preschools in the remote villages of Rompin, Pahang and Gua Musang, Kelantan.

The Foundation also contributed RM125,700 in FY2019 for SUKA Society's Empower2Teach programme which was utilised to sponsor teachers' allowances, training fees, school materials and other education costs for 10 *Orang Asli* preschools.

Health and Well-being

Eco World Foundation has embraced the opportunity to offer its support to The Befrienders, the only organisation in Malaysia advocating for suicide-prevention and providing emotional support for emotionally and mentally drained Malaysians regardless of age, race and religion. Donations of RM50,000 were made through make-over of the The Befrienders KL premises to create a more conducive environment for the staff, volunteers and visitors, especially during counselling sessions.

The Foundation also collaborated with the Tun Hussein Onn National Eye Hospital ("**THONEH**") and the THONEH Foundation for 2 years in a row to sponsor eye check-ups and spectacles for 161 underprivileged students in five Klang Valley schools. The Foundation's contribution of RM20,000 covered the cost of conducting check-ups and providing free spectacles for the children.

EcoWorld Leadership Development Programme

The EcoWorld Leadership Development Programme is a customised programme for identified potential successors. One of the assignments required to be completed by participants is the planning and execution of CSR activities that can impact the local community to actively encourage EcoWorld's employees' commitment on volunteerism and emphasise the need to care for less privileged members of society. Further details of the CSR activities conducted are in the full Sustainability Report.

Conservation Efforts

This year the Eco World Foundation partnered with the Malaysian Nature Society ("**MNS**") on nature conservation efforts including river restoration activities at Federal Hill in Kuala Lumpur, gotong royong at an MNS nursery and mangrove seedling planting at the Kuala Selangor Nature Park with the help of volunteers from EcoWorld.

EcoWorld volunteers also participated in beach clean-up activities organised by a non-profit organisation at Pantai Batu Laut and Pantai Remis in Kuala Selangor to inculcate the habit of responsible waste management and to enhance knowledge on coastal and ocean ecosystems which are affected by irresponsible littering at coastal areas. Two groups comprising a total of 37 employees collected trash from coastal areas and weighed them to keep track of the amount of trash collected. A total of 1,529.1 kg of waste was collected and categorised as below:

Plastic bottles	Glass bottles	Metal tins	Plastic straws	Cigarette butts	Non-recyclable waste
216.3 kg	57.6 kg	23.3 kg	2.9 kg	2.0 kg	1,227.0 kg

The #AnakAnakMalaysia Walk 2019 in Eco Spring, Iskandar Malaysia

#AnakAnakMalaysia Campaign

EcoWorld in collaboration with Star Media Group Berhad has organised the #AnakAnakMalaysia Campaign for five consecutive years to celebrate Malaysia's diversity and promote unity in conjunction with National Day and Malaysia Day. This year, the #AnakAnakMalaysia Walk in Eco Ardence was graced by His Majesty KDYMM The Yang di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah. Thousands of Malaysians including prominent local figures participated in the walks in Eco Ardence, Eco Spring in Johor and Eco Terraces in Penang.

CONCLUSION

As a leading property developer in Malaysia, EcoWorld Malaysia aims to set a benchmark for sustainable business practices. Year-on-year, we endeavour to enhance and integrate sustainable initiatives into our daily business operations, leveraging the positive impacts of sustainability to achieve greater business growth.

BOARD OF DIRECTORS

FROM LEFT TO RIGHT

1. **LOW MEI LING**
   Independent Non-Executive Director
2. **DATO' NOOR FARIDA BINTI MOHD ARIFFIN**
   Independent Non-Executive Director
3. **DATO' VOON TIN YOW**
   Executive Director
4. **TAN SRI DATO' SRI LIEW KEE SIN**
   Non-Independent Non-Executive Chairman
5. **TAN SRI ABDUL RASHID BIN ABDUL MANAF**
   Founder & Non-Independent Non-Executive Director
6. **DATO' LEONG KOK WAH**
   Non-Independent Non-Executive Deputy Chairman

7. **DATO' HAJI OBET BIN TAWIL**
Independent Non-Executive Director

8. **DATO' IDROSE BIN MOHAMED**
Independent Non-Executive Director

9. **DATO' CHANG KHIM WAH**
Executive Director, President & Chief Executive Officer

10. **LIEW TIAN XIONG**
Executive Director

11. **TANG KIN KHEONG**
Senior Independent Non-Executive Director

12. **DATUK HEAH KOK BOON**
Executive Director & Chief Financial Officer

BOARD OF DIRECTORS' PROFILE

TAN SRI ABDUL RASHID BIN ABDUL MANAF

Founder & Non-Independent Non-Executive Director

GENDER Male | **AGE** 73

- Barrister-at-Law (Middle Temple London)

Tan Sri Abdul Rashid Bin Abdul Manaf was appointed to the Board of EcoWorld Malaysia 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 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 started his career in 1970 in the Malaysian Judicial and Legal Service and served as Magistrate, President of the Sessions Court in Klang and Senior Federal Counsel for the Income Tax Department. He left Government Service in 1977.

Tan Sri Abdul Rashid was formerly the Chairman of the Board of S P Setia Berhad ("**S P Setia**") from 1997 until 2012.

Currently, he is the Group Chairman of Cahya Mata Sarawak Berhad and Chairman of Salcon 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

GENDER Male | **AGE** 61

- Bachelor of Economics Degree (Business Administration), University of Malaya
- Honorary doctorate of Entrepreneurship, INTI International University
- Honorary doctorate of Philosophy in Entrepreneurship, MAHSA University
- Doctor of the University, Heriot-Watt University Malaysia

Tan Sri Dato' Sri Liew Kee Sin was appointed as a Non-Independent Non-Executive Director of EcoWorld Malaysia on 5 May 2014. He was re-designated as the Chairman of the Board 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, 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 was recognised as the UK-Malaysia Business Personality of the Year by the British Malaysian Chamber of Commerce at its inaugural Business Excellence Awards 2018.

He is the Executive Vice Chairman of EcoWorld International. Tan Sri Liew is a substantial shareholder of the Company and the father of Mr. 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

GENDER Male | **AGE** 66

- 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 Kok Wah was appointed as the Non-Independent Non-Executive Deputy Chairman of EcoWorld Malaysia on 29 November 2013.

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 was formerly a Director of S P Setia. He is currently an Executive Director of Salcon Berhad and sits on the Board of various companies in Malaysia including MUI Continental 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' CHANG KHIM WAH

Executive Director, President & Chief Executive Officer

GENDER Male | **AGE** 55

- 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 & CEO of EcoWorld Malaysia, was appointed as an Executive Director on 7 October 2013 and was re-designated to his current position on 12 December 2013.

Dato' Chang has 30 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.

He was previously a Director of 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 Malaysia 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

GENDER Male | **AGE** 62

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

Dato' Voon Tin Yow was appointed as an Executive Director of EcoWorld Malaysia on 20 March 2015.

Dato' Voon has 35 years of working experience in the construction and property development industry, which includes 3 years in construction site management and 32 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 and held the post of Chief Operating Officer from 1996 to 2014. He was also previously the Acting President and CEO 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.

He is a Non-Independent Non-Executive Director of EcoWorld International.

Dato' Voon was appointed as a member of the Whistleblowing Committee of the Company on 16 March 2017 and re-designated as the Chairman on 2 May 2019.

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.

DATUK HEAH KOK BOON

Executive Director & Chief Financial Officer

GENDER
Male

AGE
52

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

Datuk Heah Kok Boon was appointed as an Executive Director and Chief Financial Officer of EcoWorld Malaysia on 28 November 2013.

Datuk Heah has garnered more than 30 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 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 has been involved in the various corporate exercises to grow EcoWorld Malaysia from a property company with GDV of RM1 billion to the present GDV of over RM80 billion. In year 2017, he had successfully completed the listing of EcoWorld International on the Main Market of Bursa Malaysia Securities 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.

BOARD OF DIRECTORS' PROFILE

LIEW TIAN XIONG

Executive Director

GENDER Male | **AGE** 28

- Bachelor of Commerce (University of Melbourne, Australia)

Mr. Liew Tian Xiong 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).

Mr. Liew was appointed as an Executive Director of EcoWorld Malaysia on 29 November 2013. He was previously attached with EcoWorld Malaysia's Group Corporate Finance and Group Branding departments. He is currently the joint Divisional General Manager ("**DGM**") in charge of the development of Eco Ardence project. Mr. Liew is also the DGM of EcoWorld X, which is EcoWorld Malaysia's digital innovation arm tasked with developing technology and applications to better meet the needs and lifestyle aspirations of EcoWorld communities.

He is a substantial shareholder of the Company and the son of Tan Sri Dato' Sri Liew Kee Sin, who is the Non-Independent Non-Executive Chairman and a 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.

TANG KIN KHEONG

Senior Independent Non-Executive Director

GENDER Male | **AGE** 64

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

Mr. Tang Kin Kheong was appointed to the Board of EcoWorld Malaysia 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. In 2019, Mr. Tang ceased practicing as a public accountant to concentrate on litigation support and business advisory services.

Mr. Tang had been a practicing accountant for 28 years. He is a member of the Malaysian Institute of Accountants and was a licensed auditor until 2019. He worked with public listed companies and owner managed businesses, in the areas of auditing, accounting, litigation support and business advisory services.

Mr. Tang is the Chairman of the Audit Committee of the Company. He is also a member of the Remuneration Committee and the Nomination Committee of the Company.

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

Independent Non-Executive Director

GENDER **Male** | **AGE** **63**

- Bachelor Degree in Civil Engineering (UITM)

Dato' Idrose Bin Mohamed was appointed as the Independent Non-Executive Director of EcoWorld Malaysia on 29 November 2013.

Dato' Idrose is a civil engineer who has served both the government as well as the private sector. He was 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 CEO, amongst them PLUS Expressways Berhad, Pos Malaysia Berhad and Prasarana Malaysia Berhad.

Dato' Idrose has over 40 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 is the Chairman of the Nomination Committee of the Company. He is also a member of the Audit Committee, Remuneration Committee and Whistleblowing Committee of the Company.

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' HAJI OBET BIN TAWIL

Independent Non-Executive Director

GENDER	AGE
Male	65

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

Dato' Haji Obet Bin Tawil was appointed as the Independent Non-Executive Director of EcoWorld Malaysia on 21 August 2014.

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.

He 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 SHH Resources Holdings Berhad.

Dato' Haji Obet is a member of the Nomination Committee of the Company.

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

Independent Non-Executive Director

GENDER **Female** | **AGE** **73**

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

Dato' Noor Farida Binti Mohd Ariffin was appointed as an Independent Non-Executive Director of EcoWorld Malaysia on 20 March 2015.

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 (OPCW) 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 re-appointed 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 from 18 June 2009 until 26 March 2015. Currently she is the Chairman of Pembangunan Sumber Manusia Berhad.

In September 2019, Dato' Noor was appointed as a member of the Permanent Court of Arbitration which is based at the Peace Palace in The Hague, the Netherlands. She will, however, continue to be resident in Malaysia.

Dato' Noor is the Chairperson of the Remuneration Committee of the Company. She is also a member of the Audit Committee and the Nomination Committee of the Company.

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.

LOW MEI LING

Independent Non-Executive Director

GENDER	AGE
Female	58

- Master of Business Administration (MBA) in Finance (CASS Business School, City, University of London)
- Bachelor of Science (Hons) in Banking & International Finance (CASS Business School, City, University of London)

Madam Low Mei Ling was appointed as an Independent Non-Executive Director of EcoWorld Malaysia on 29 March 2018.

Madam Low was one of the early Malaysians to be involved in equity research. Her career started in 1985 as Investment Analyst with Jardine Fleming, which is now part of JP Morgan. She became the General Manager and Head of Kuala Lumpur office in 1987. Thereafter, in 1989, she was appointed as Director of Jardine Fleming Broking, Hong Kong and she was also made the Research Head of Singapore and Malaysia markets for the group.

In 1991, Madam Low joined SBB Securities Sdn. Bhd. as the CEO to spearhead Southern Bank's diversification into stockbroking. Within a short span of five years, she transformed a small Ipoh broking company into a profitable full-fledged broking house with a good mix of local and foreign business.

Prior to opting for early retirement in 2005, Madam Low joined Mayban Securities Sdn. Bhd. in 1996 as the General Manager before she moved on to help with the start-up of Affin Securities Sdn. Bhd. in 1997, where she assumed the twin roles of Research Advisor & Senior General Manager, Institutional Sales. Throughout her 20-year tenure in the stockbroking industry, Madam Low was well-regarded as one of the leading analysts among institutional investors.

Madam Low is a member of the Audit Committee and the Whistleblowing Committee of the Company.

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

DATO' SUNDARAJOO A/L SOMU

Deputy President and Deputy Chief Executive Officer

GENDER	AGE
Male	57

- Master of Business Administration from Nottingham Trent University, United Kingdom

Dato' Sundarajoo A/L Somu was appointed as Chief Operating Officer ("**COO**") of Eco World Development Sdn. Bhd. ("**EWD**") on 1 August 2012. Following the completion of a corporate exercise undertaken between EWD and EcoWorld Malaysia, he became the COO of EcoWorld Malaysia in February 2015. He was then promoted as the Deputy President and Deputy Chief Executive Officer on 1 January 2019.

Prior to joining EcoWorld Malaysia, Dato' Rajoo was a Divisional General Manager of 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 over 31 years.

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.

DATUK HOE MEE LING

Divisional General Manager

GENDER	AGE
Female	49

- 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 of the development of Eco Botanic in Iskandar Malaysia, the Group's Eco Business Park projects and EcoWorld's Singapore office.

Datuk Hoe has 24 years of experience in the property industry. She started her career with IOI Properties Berhad and prior to joining EcoWorld Malaysia, she was the Divisional General Manager for the Southern Property Division of S P Setia, spearheading its township developments, business park projects and overseeing the group's offices in both Singapore and Jakarta. Her involvement in various projects in Iskandar Malaysia have been recognised several times by the FIABCI Malaysia and International Chapters. While in S P Setia, the Setia Eco Gardens project won both FIABCI Malaysia and FIABCI Prix d' Excellence Awards in 2009 and 2012. In EcoWorld, Eco Business Park I won both the FIABCI Malaysia and FIABCI Prix d' Excellence Awards in 2017.

She was formerly the Chairman of the Real Estate & Housing Developers' Association Malaysia (REHDA) for the state of Johor and a National Council Member from 2014-2016 and 2018-2020. She is also on the National Committee for FIABCI Malaysia for 2018-2020. Datuk Hoe has also been actively involved in community work to aid the needy beginning with the S P Setia Foundation and now with the Eco World Foundation for more than 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.

PROFILE OF KEY SENIOR MANAGEMENT

LOW THIAM CHIN

Divisional General Manager

GENDER	AGE
Male	51

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

Mr. Low Thiam Chin was designated as the CEO of Bukit Bintang City Centre ("**BBCC**") on 1 August 2017.

Mr. Low has 23 years of experience in accounting and finance within the property development industry with the first 9 years attached to the property division of IJM Corporation Berhad, before joining 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 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 EcoWorld Malaysia, he was the General Manager of S P Setia in charge of business development.

In 2012, he joined EWD to head the Finance, Business Development and Management Information System departments. Following the completion of a corporate exercise undertaken between EWD and EcoWorld Malaysia 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. He was later promoted to be the Deputy CEO of the BBCC project on 1 July 2016 to oversee its planning and implementation.

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.

HO KWEE HONG

Divisional General Manager

GENDER Female | **AGE** 44

- Bachelor and Master of Civil Engineering from University Putra Malaysia

Ms. Ho Kwee Hong was appointed as a Divisional General Manager, Eco Central of EcoWorld Malaysia on 1 July 2016, in charge of the development of Eco Sanctuary, Eco Grandeur, Eco Business Park V and Eco Ardence projects.

Ms. Ho is a qualified engineer who has more than 19 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 EcoWorld Malaysia, she was with 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.

PROFILE OF KEY SENIOR MANAGEMENT

PHAN YAN CHAN

Divisional General Manager

GENDER	AGE
Male	50

- Chartered Accountant of Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants, United Kingdom

Mr. Phan Yan Chan was appointed as a Divisional General Manager for the Southern Division of EcoWorld Malaysia on 1 May 2013, in charge of the development of Eco Spring, Eco Summer and Eco Tropics projects.

He has more than 28 years of experience in property development industry. Prior to joining EcoWorld Malaysia, he was the Divisional General Manager of S P Setia in charge of projects in Johor Bahru, namely Setia Indah, Setia Tropika and Setia Eco Cascadia with a combined GDV 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 EcoWorld Malaysia'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.

YAP YOKE CHING

Divisional General Manager

GENDER	AGE
Female	46

- Bachelor Degree in Business Administration from RMIT University, Melbourne

Ms. Yap Yoke Ching was appointed as a Divisional General Manager, Eco Central of EcoWorld Malaysia on 1 July 2016, in charge of the development of Eco Majestic, Eco Sky and Eco Forest projects.

Prior to joining EcoWorld Malaysia, she was the Deputy General Manager of 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.

PROFILE OF KEY SENIOR MANAGEMENT

CHAN SOO HOW

Divisional General Manager

GENDER	AGE
Male	52

- Bachelor Degree in Engineering from University of Leeds, United Kingdom

Mr. Chan Soo How was appointed as a Divisional General Manager, Eco North of EcoWorld Malaysia on 1 July 2018, in charge of the development of Eco Meadows, Eco Horizon, Eco Sun and Eco Terraces projects.

Prior to joining Project Planning and Development Department of EcoWorld Malaysia in 2015, he was the Senior Manager (Infrastructure) of S P Setia in charge of KL Eco City project.

Mr. Chan is a professional engineer registered under The Board of Engineers Malaysia and is a member of The Institution of Engineers, Malaysia in the field of civil engineering. He has 28 years of experience in civil engineering, planning and design; construction and project management for implementation stage; and site management through involvement in numerous development projects namely KL Eco City, Tun Razak Exchange, Southkey Megamall, Sunway Iskandar and Alam Impian.

Mr. Chan 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**the Board**”) of Eco World Development Group Berhad (“**the Company**”) is committed to conducting business responsibly and to achieving a high standard of corporate governance. This is essential to our reputation and for the continuing support of our shareholders, customers, employees and other stakeholders. The Board has a governance framework in place which is guided by the Malaysian Code on Corporate Governance (“**the MCCG**”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) (“**the MMLR**”) and the Corporate Governance Guide.

This Corporate Governance Overview Statement (“**CG Statement**”) provides shareholders and investors with an overview of how the Company and its subsidiaries (“**the Group**”) has applied the 3 key Principles set out in the MCCG during the financial year ended 31 October 2019 (“**FY2019**”) as well as key focus areas and future priorities in relation to corporate governance:

i. Board leadership and effectiveness;
ii. Effective audit and risk management; and
iii. Integrity in corporate reporting and meaningful relationship with stakeholders.

In general, the Group has complied with all material aspects of the principles set out in the MCCG throughout FY2019 to achieve the intended outcome. Details of the application are summarised as below:

	Total	Applied	Departure	Not Applicable	Not Adopted
Recommended practices	32	27	4	1	0
Step-up practices	4	1	0	0	3

The following are the 4 recommended practices which the Company has not applied:

- Practice 4.1 – The Board comprises a majority of independent directors.
- Practice 4.5 – The Board must have at least 30% women directors.
- Practice 11.2 – Adoption of integrated reporting based on a globally recognised framework.
- Practice 12.3 – Leveraging on technology to facilitate voting in absentia and remote shareholders’ participation at general meetings.

This CG Statement is supported by the Corporate Governance Report (“**the CG Report**”), set out in the format prescribed by Paragraph 15.25(2) of the MMLR, which is available on the Company’s website at www.ecoworld.my, as well as the website of Bursa Malaysia Securities. The CG Report provides the details on how the Group has applied each of the Practices set out in the MCCG during FY2019 as well as explanations for the departures from the abovementioned practices.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Clear Roles and Responsibilities

The Board is collectively responsible for the proper stewardship and overall performance of the Group’s business, and for ensuring the long-term success of the Group and the delivery of sustainable value to stakeholders. To this end, the Board sets goals, policies and targets within a framework of prudent and effective controls which enables risk to be assessed and managed. Apart from this, the Board also ensures the necessary resources and capabilities are in place to deliver its strategic aims and objectives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The following are the Board's principal roles and responsibilities in discharging its leadership function and fiduciary duties towards meeting the goals and objectives of the Group:

- Reviewing and adopting a strategic plan;
- Monitoring the conduct of business;
- Reviewing the adequacy and integrity of the management information and internal control systems and identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- Reviewing and adopting a strategic plan which supports long-term value creation and business sustainability;
- Succession planning; and
- Ensuring effective communication with stakeholders.

During FY2019, in addition to routine matters, the Board looked into the Group's digitalisation initiatives and sustainability reporting matters, reviewed policy and procedures for whistleblowing, adopted a new remuneration structure for Non-Executive Directors and assessed the impact of corporate liabilities under the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

Looking ahead to FY2020, the priorities of the Board will be in the following areas:

- Group's digitisation implementation.
- Brand enhancement.
- Implementation of the anti-bribery and anti-corruption policy.

In discharging its duties, the Board is guided by its Board Charter ("**Board Charter**") which outlines the duties and responsibilities of the Board, the President/Chief Executive Officer ("**President & CEO**") and Management.

The Chairman provides leadership to the Board while the President & CEO is responsible for the overall day-to-day business operations of the Group and for overseeing the implementation of strategies directed by the Board.

The roles of Chairman and President & CEO are held by separate persons and this facilitates a clear segregation of roles and responsibilities between them and a balance of power and authority as intended in the Board Charter. Management is responsible for managing the day-to-day running of the Group's business activities in accordance with the direction of and as delegated by the Board. Management meets regularly to discuss and resolve operational issues. The President & CEO and Management remain accountable to the Board for the authority that is delegated and for the performance of the Group.

The Board Charter which is available on the Company's website at www.ecoworld.my sets out processes and procedures for convening Board meetings. Matters specifically reserved for the Board and those delegated to board committees are clearly defined in the Board Charter. The Board Charter is reviewed as and when required to be aligned with the practices recommended in the MCCG, provisions in the MMLR as well as current practices. The Board Charter was last reviewed and updated on 6 February 2020.

The Board is assisted by four board committees, namely the Audit Committee ("**the AC**"), the Nomination Committee ("**the NC**"), the Remuneration Committee ("**the RC**") and the Whistleblowing Committee ("**the WC**") (collectively referred to as "**the Board Committees**"), which operate within their own Board-approved terms of reference ("**TOR(s)**"). The Board approved the TOR for the WC on 19 September 2019.

TORs of the Board Committees are reviewed and updated regularly to ensure that the latest requirements of the MCCG and the MMLR are incorporated. The Board Committees are tasked with assisting the Board to oversee and manage different aspects of the Group's governance and compliance. The Board is briefed at its meetings on matters deliberated by the Board Committees.

The Board has appointed Mr. Tang Kin Kheong as the Senior Independent Director to coordinate the activities of the Independent Directors. Any queries or concerns relating to the Group may also be conveyed and directed to him via email at kin-kheong.tang@ecoworld.my.

The Board is supported by suitably qualified and competent Company Secretaries. Every Director has ready and unrestricted access to the advice and services of the Company Secretaries to ensure effective functioning of the Board and its Board Committees, adherence to Board policies and procedures at all times as well as compliance with regulations and governance practices.

Board Meetings

The Board meets at least 5 times a year, with additional meetings convened as and when necessary for special matters. Board meetings for each financial year are scheduled before the end of the preceding financial year to ensure sufficient time is given to the Directors to plan their schedules and enable them to attend the meetings.

A total of 6 Board meetings were held during FY2019. The Directors' attendance was as follows:

Directors	Attendance
Tan Sri Abdul Rashid Bin Abdul Manaf	5/6
Tan Sri Dato' Sri Liew Kee Sin	6/6
Dato' Leong Kok Wah	6/6
Dato' Chang Khim Wah	6/6
Dato' Voon Tin Yow	6/6
Datuk Heah Kok Boon	6/6
Liew Tian Xiong	6/6
Tang Kin Kheong	6/6
Dato' Idrose Bin Mohamed	6/6
Dato' Haji Obet Bin Tawil	5/6
Dato' Noor Farida Binti Mohd Ariffin	6/6
Low Mei Ling	6/6

All Board members are supplied with information in a timely manner in advance of Board meetings. The meeting agenda is set and board papers are circulated prior to scheduled Board meetings via emails or physical copies. Minutes of Board meetings are circulated in a timely manner for comments. Action items identified during Board meetings are highlighted for follow-up by Management.

To be in line with good corporate governance practices, the Board revised the timeframe for the circulation of minutes in December 2019. The revision was incorporated by way of amendment to the Board Charter.

Time Commitment

Directors are expected to give sufficient time and attention to carry out their responsibilities. All Directors exceeded the minimum 50% attendance requirement in respect of Board meetings held in FY2019 as stipulated under Paragraph 15.05 of the MMLR. This reflects Board members' commitment and dedication in fulfilling their duties and responsibilities. Additionally, in between Board meetings, the Directors also approve various matters requiring the sanction of the Board by way of circular resolutions.

Directors' Training and Development

Arrangements are made for Senior Management to meet with newly appointed Directors, if any, to provide them with an understanding of the Group's history, culture, business, strategies and financial position. All the Directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Malaysia Securities.

The Directors undergo 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. During FY2019, the Directors attended training programmes and seminars to keep abreast of changes in law, regulations, business environment, risk management practices, general economic and industry developments. The training programmes and seminars in which the Directors attended during FY2019 are set out in the CG Report which is available on the Company's website at www.ecoworld.my.

Code of Conduct and Ethics

The Board has established and implemented policies to guide Directors, employees and stakeholders that engenders integrity, transparency and fairness. This is to actively nurture and establish a strong corporate culture which promotes commitment to performance with integrity throughout the Group.

The Directors' Code of Conduct and Ethics and the Code of Conduct and Business Ethics (for employees) are available on the Company's website at www.ecoworld.my. These codes are reviewed as and when required.

Whistleblowing

The Board has implemented a Whistleblowing Policy to enable employees and members of the public to bring to the attention of the WC any alleged improper conduct committed or about to be committed within the Group. In FY2019, procedures to be followed to deal with complaints received were formalised.

The WC is responsibile for assisting the Board to protect the interests of the Company and stakeholders by investigating complaints of alleged misconduct received on an independent and confidential basis, and to take any other necessary actions.

The WC comprises 2 Independent Directors and 1 Executive Director:

Composition of the WC
Dato' Voon Tin Yow Chairman, Executive Director *(Re-designated as Chairman on 2 May 2019)*
Dato' Idrose Bin Mohamed Member, Independent Director
Low Mei Ling Member, Independent Director

The Whistleblowing Policy and the TOR of the WC are available on the Company's website at www.ecoworld.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. BOARD COMPOSITION

The NC assists the Board to oversee the selection of candidates for proposed Board appointments and the assessment of the performance of the Board, Board Committees and individual Directors. The NC consists exclusively of Independent Directors.

The Company has not been able to apply Practices 4.1 and 4.5 of the MCCG as the Board is of the view that application of both these Practices will require some time. Further details are set out in the NC Report on page 76 of the Annual Report.

The composition, authority, duties and responsibilities of the NC and the work carried out to discharge its duties for FY2019 are set out in the NC Report on pages 76 to 77 of this Annual Report.

III. REMUNERATION

The RC, which consists exclusively of Independent Directors, assists the Board on matters relating to the development, establishment, review and revision, and implementation of policies and procedures on remuneration for Directors and Senior Management personnel in the C-Suite Category.

The composition, authority, duties and responsibilities of the RC and the work carried out to discharge its duties for FY2019 are set out in the RC Report on page 78 of this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The AC consists exclusively of Independent Directors. The authority, duties and responsibilities of the AC and the summary of work carried out to discharge its duties for FY2019 are set out in the AC Report on pages 72 to 75 of this Annual Report.

On 12 December 2018, the TOR of the AC was updated to better align them with the best practices recommended in the MCCG.

Assessment of Suitability, Objectivity and Independence of the External Auditors

The AC annually assesses the audit quality, suitability, objectivity, effectiveness and independence of the external auditors. The AC also ensures that any provision of non-audit services by the external auditors are not in conflict with their role as auditors.

On 19 September 2019, the Board adopted the External Auditors Assessment Policy which sets out the guidelines and procedures to be observed by the AC when performing its annual assessment of the external auditors. This policy is available on the Company's website at www.ecoworld.my.

The Company also has a policy requiring any former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC. This policy is included in the TOR of the AC which is available on the Company's website at www.ecoworld.my.

At a meeting held on 11 December 2019, the AC assessed the performance, competency, independence, technical capabilities and resource sufficiency of the external auditors. Based on the assessment, the AC was satisfied with the independence and performance of the external auditors and recommended to the Board to put forth a proposal for the re-appointment of the external auditors at the forthcoming Annual General Meeting of the Company ("**AGM**").

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has established a risk management framework that outlines the Group's risk management system, defines Management's responsibilities and sets out the risk appetite and risk tolerance of the Group. Details of the framework are set out in the Statement of Risk Management and Internal Control on pages 81 to 87 of this Annual Report.

The Board has delegated the overall responsibility for reviewing and monitoring the adequacy and integrity of the Group's risk management and internal control framework to the AC. The AC is supported by the Risk Management Committee ("**the RMC**") and Group Corporate Governance ("**GCG**").

The RMC assists the AC to identify, assess, mitigate and monitor critical risks highlighted by business units and implement risk management policies and strategies approved by the Board. GCG, which undertakes the internal audit function, assists the AC to review, evaluate and monitor the effectiveness of the Group's governance, risk management and internal control processes.

The RMC comprises the following members:

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

The Board reviewed the effectiveness of the Group's risk management and internal controls during FY2019 and confirm that there was an ongoing process for identifying, evaluating and managing the significant risks faced by the Group during FY2019.

The Statement on Risk Management and Internal Control as set out in pages 81 to 87 of this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

The function of the internal auditors and the work carried out to discharge its duties for FY2019 are set out in the AC Report on page 75 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

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

The Board is committed to ensure that the shareholders and other stakeholders are well informed of major developments within the Group. Clear, relevant, comprehensive business, operational and financial information is disseminated to them on a timely basis and is readily accessible by all stakeholders.

The Company communicates with shareholders, other stakeholders and the public through various channels including annual reports, press releases, press conferences, timely announcements and disclosures made to Bursa Malaysia Securities and in the Company's website at www.ecoworld.my, at shareholders' general meetings, analysts and media briefings, roadshows and investor conferences.

The Company will leverage on technology to broaden its channel of dissemination of information and to enhance the quality of engagement with the shareholders.

The Company aims to adopt integrated reporting based on the globally recognised framework in future in stages.

II. CONDUCT OF GENERAL MEETINGS

The Board views shareholders' general meetings as an ideal opportunity to communicate with shareholders.

The Company adopts the practice of giving at least 28 days notice for its AGM. This has been practised since the 44th AGM held in financial year 2018. The Board had also embedded the 28-day notice period into its Board Charter.

The additional notice period allows shareholders more time to make the necessary arrangements to attend the AGM, scrutinise the Annual Report, consider the resolutions to be tabled and prepare questions to be raised at the AGM.

All Directors and the external auditors are expected to attend all shareholders' meetings to take questions raised by shareholders.

Voting, whether in person or by proxy, on all resolutions are conducted by way of poll in accordance with Paragraph 8.29A of the MMLR. An independent scrutineer is appointed to observe the polling process and to tabulate the polling results.

The Company has not adopted, but will continue to explore, the practice of using technology to enable voting in absentia and remote shareholder participation at shareholders' meetings.

This CG Statement incorporating the AC Report, NC Report and RC Report, together with the CG Report, were approved by the Board on 6 February 2020.

AUDIT COMMITTEE REPORT

The Audit Committee ("**the AC**") comprises 4 Independent Directors.

Composition of the AC
Tang Kin Kheong Chairman, Senior Independent Director
Dato' Idrose Bin Mohamed Member, Independent Director
Dato' Noor Farida Binti Mohd Ariffin Member, Independent Director
Madam Low Mei Ling Member, Independent Director

Meetings

The AC held 6 meetings during financial year ended 31 October 2019 ("**FY2019**"). The attendance of each AC member was as follows:

Name of Members	Attendance
Tang Kin Kheong	6/6
Dato' Idrose Bin Mohamed	6/6
Dato' Noor Farida Binti Mohd Ariffin	6/6
Madam Low Mei Ling	6/6

The President & Chief Executive Officer, Deputy President & Deputy Chief Executive Officer, Chief Financial Officer, Executive Directors, Group Financial Controller and the Senior Manager of Group Corporate Governance ("**GCG**") are invited to attend AC meetings.

The external auditors are also invited to attend the AC meetings to present their audit plan and audit findings, and to assist the AC in its review of the unaudited quarterly financial reports and year-end financial statements. For avoidance of doubt, the assistance provided by the external auditors do not constitute a review of the unaudited quarterly financial reports.

The AC Chairman engages on a continuous basis with Senior Management, the external and internal auditors to keep abreast of matters affecting the Company and its subsidiaries ("**the Group**"). Where significant issues are noted, the AC Chairman communicates and confers with the other members, either through emails or in meetings.

Authority, duties and responsibilities of the AC

The AC is governed by its terms of reference ("**TOR**"), which is available on the Company's website at www.ecoworld.my.

Summary of work

The AC carried out the following work in discharging its functions and duties for FY2019, which are in line with its responsibilities as set out in its TOR:

1. Financial statements

(a) Reviewed the unaudited quarterly financial reports and year-end financial statements before they were presented to the Board of Directors ("**the Board**") for approval.

(b) In its review of the quarterly financial reports and year-end financial statements, discussed with Management and the external auditors on 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:

- the impact on the Group's accounting policies arising from the adoption of Malaysian Financial Reporting Standards ("**MFRS**") 1, 9 and 15 with effect from FY2019 onwards;
- the implication of the accounting treatment for affordable housing on the financial statements; and
- significant auditing and financial reporting matters, material audit adjustments, material fluctuations in balances, significant judgment and estimates made by Management.

(c) Discussed the implication of International Financial Reporting Interpretations Committee's (IFRIC) Agenda Decision on MFRS 123 (which is mandated to be applied by the Group latest by FY2021) on the Group's financial results and position. Advised Management to carry out an impact analysis on the effects of complying with the Agenda Decision and to assess the need to supplement or revise existing loan covenants with financial institutions.

2. Matters relating to external audit

(a) Reviewed the external auditors' audit plan for FY2019.

(b) Reviewed the external auditors' audit report and the significant audit findings underlying their report. The audit findings were presented once upon the completion of the interim audit and once upon the completion of the final audit.

(c) Noted that the external auditors did not report any actual, suspected or alleged fraud affecting the Group, and also there were no non-compliances except for those non-compliances as reported by the Whistleblowing Committee which were subsequently resolved.

(d) Met with the external auditors without the presence of Management twice, on 18 September 2019 and 11 December 2019, in order to provide the external auditors with 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' suitability, objectivity and independence, taking into consideration their technical competencies, audit quality and manpower resource sufficiency to perform the audit of the Group. Also reviewed the reasonableness of the audit fees charged against the size and complexity of the Group.

(f) After carrying out an evaluation of the performance and independence of the external auditors, recommended to the Board to propose to shareholders the re-appointment of the external auditors at the Annual General Meeting of the Company.

(g) Reviewed the External Auditors Assessment Policy before they were presented to the Board for approval.

3. Matters relating to internal audit

(a) Reviewed and approved the annual internal audit plan for FY2019 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 internal audit reports issued by the internal auditors and took note of their observations, recommendations and Management's responses thereto.

During the AC 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 the current system of internal control to address the issues.

Reported significant matters to the Board.

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

(d) Reviewed the results of a Quality Assurance and Improvement Programme on GCG and deliberated on the areas of improvement for GCG.

(e) Met with GCG without the presence of Management twice, on 18 September 2019 and 11 December 2019, in order to provide GCG with an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference.

(f) Evaluated the performance of the internal audit department during the FY2019 as well as their capability and competency to serve the Group in terms of technical competencies and manpower resource sufficiency.

AUDIT COMMITTEE REPORT

4. Matters relating to risk management and internal control

(a) At the first and third quarterly AC meetings, reviewed and discussed with the Head of Group Management Information System ("**Group MIS**") the EcoWorld Cyber Security Assessment 2018 – 2019 Final Report, as well as the results of the first and second phase of security penetration tests carried out on the Group's IT infrastructure by an external cyber security firm in FY2019.

IT security penetration tests are carried out twice a year.

(b) At the second and fourth quarterly AC meetings, reviewed and discussed with the Chairman of the Risk Management Committee ("**RMC**") the reports on the Group's risk profile and the mitigation controls implemented to manage identified risks.

Matters reviewed and discussed include:-

- A Disaster Recovery Plan presented to the RMC by Group MIS in May 2019. It was formalised and approved by the Deputy President and Deputy Chief Executive Officer in May 2019.
- A corruption risk assessment exercise carried out by an external law firm to identify, analyse, assess and prioritise corruption risks within the operations of the Group in order to evaluate the suitability and effectiveness of the Group's existing controls and to establish or improve on its processes, systems and controls. This included drafting and formalising an anti-corruption policy for adoption by the Group.

5. Matters relating to related party transactions

(a) On a quarterly basis, took note of all related party transactions ("**RPTs**") reported by the internal auditors following their review to satisfy themselves whether those transactions were:

- on terms not more favourable than those generally available to the public; and
- in respect of RPTs of a recurring and trading nature, in accordance with the mandate approved by shareholders.

(b) Reviewed and deliberated on all proposed RPTs to be entered into by the Group to ensure that the proposed transactions to be entered into were in the best interest of the Group, fair, reasonable and on normal commercial terms, and not detrimental to the interests of the minority shareholders of the Company.

6. Other matters

(a) Reviewed the appointment of the external auditors or their affiliated firms to provide any non-audit services to the Group to ensure that their independence and objectivity as external auditors would not be impaired by the performance of such non-audit services.

(b) Reviewed the revised TOR of the AC before presentation to the Board for approval.

(c) Issued this AC Report.

(d) Reviewed and recommended the Statement on Risk Management and Internal Control, Corporate Governance Report ("**CG Report**"), Corporate Governance Overview Statement incorporating the AC Report, the Nomination Committee ("**NC**") Report and the Remuneration Committee Report as well as Additional Compliance Information to the Board for approval and inclusion in the 2019 Annual Report.

Evaluation of the AC

For the financial year under review, an evaluation was carried out on the term of office, competency and performance of the AC. The assessment was carried out by all the Directors instead of by the NC as, at the time of the assessment, 3 out of the 4 members of the NC were also members of the AC.

AC members' training

The details of training programmes and seminars attended by each AC member during FY2019 are set out in the CG Report which is available on the Company's website at www.ecoworld.my.

Internal audit function

The internal audit function is performed in-house by GCG. GCG reports directly to the AC on the adequacy and effectiveness of the risk management and internal control systems. Every GCG team member has confirmed that they are free from any relationship or conflict of interest that could impair their objectivity and independence as internal auditors.

The AC reviews annually the adequacy of the scope, function, competency and resources of GCG to ensure that it is able to fully discharge its responsibilities. Details of the resources and the qualifications of the Senior Manager of GCG are set out in the CG Report which is available on the Company's website at www.ecoworld.my.

GCG adopts the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing laid down in its International Professional Practices Framework. GCG conducts its internal audits in accordance with an annual internal audit plan developed based on a risk-based approach. The internal audit plan requires the prior approval of the AC.

During FY2019, the AC carried out its annual evaluation of the work of GCG and was satisfied with the overall performance of GCG.

The work carried out by GCG for the FY2019 included the following :

- Reviewed and tested the system of internal control on key operating processes based on the approved internal audit annual plan using a risk-based approach, and progressively issuing detailed internal audit reports to the AC.

  During FY2019, 21 internal audit reports covering 37 processes were issued. These included the audits of 11 business units across the Northern, Southern and Klang Valley regions as well as 6 support units.

  These internal audit reports together with follow-up reports were tabled at the quarterly AC meetings for deliberation.
- Conducted 18 follow-up audits to ascertain the implementation status of previously issued audit recommendations.
- Ascertained the extent of compliance with established Group policies, procedures and statutory requirements.
- Performed an investigative audit following allegations of mismanagement and improper acts reported to the Whistleblowing Committee.
- Reviewed recurring RPTs on a quarterly basis in accordance with the guidelines set out in the Circular to Shareholders for recurrent RPTs of a revenue or trading nature.

The total cost incurred in maintaining the internal audit function for FY2019 was RM1.27 million (FY2018: RM1.19 million).

NOMINATION COMMITTEE REPORT

The Nomination Committee ("**the NC**") comprises 4 Independent Directors.

Composition of the NC
Dato' Idrose Bin Mohamed Chairman, Independent Director
Tang Kin Kheong Member, Senior Independent Director
Dato' Noor Farida Binti Mohd Ariffin Member, Independent Director
Dato' Haji Obet Bin Tawil Member, Independent Director

Meeting

The NC held one meeting during the financial year ended 31 October 2019 ("**FY2019**").

Authority, Duties and Responsibilities of the NC

The NC assists the Board of Directors ("**the Board**") to ensure that the Board comprises Directors with the appropriate mix of skills and experience, and a proper balance between Independent Directors and Non-independent Directors exists.

The NC is governed by its terms of reference ("**TOR**") which is available on the Company's website at www.ecoworld.my.

Summary of Work

The NC carried out the following work in discharging its duties for FY2019:

1. Retirement and Re-election

- Nominated for re-election the Directors who will be retiring at the forthcoming Annual General Meeting of the Company ("**AGM**") and recommended to the Board that a resolution for their re-election be tabled at the forthcoming AGM.

2. Annual Performance Assessment

- Reviewed and updated the evaluation forms to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**the MMLR**") and the Malaysian Code on Corporate Governance ("**the MCCG**") prior to undertaking the evaluation process.
- Reviewed and assessed the mix of skills, expertise, composition, size and experience required by the Board.
- Reviewed and assessed the effectiveness of each individual Director by undertaking an evaluation process involving self-assessment by individual Directors.
- Reviewed and assessed the effectiveness of the Board and board committees.
- Reviewed and assessed the independence of the Independent Directors based on the criteria set out in the MMLR.
- Reviewed and assessed the term of office, competency and performance of the Audit Committee and its members as a whole.
- Reviewed and assessed the competency and performance of the Company Secretaries.

3. Other Matters

- Reviewed the proposal to re-designate Dato' Voon Tin Yow as Chairman of the Whistleblowing Committee.

Board composition

The Board

The Board consists of 12 Directors of whom 5 are Independent Directors. There are 2 women Directors amongst the 12 Directors.

The Company has not been able to apply Practice 4.1 of the MCCG which requires a majority of the Directors to be Independent Directors. It has also not been able to apply Practice 4.5 which requires at least 30% of the Directors to be women.

The Board recognises the rationale underlying Practice 4.1 and Practice 4.5, but finds them difficult to apply within a short period of time. This is because of the difficulty in finding suitable candidates for appointment as Independent Directors who are also women without increasing the Board size to more than 12. The Board considers 12 to be the optimum Board size.

The Board through the NC, will continuously search for suitably qualified Independent Directors, preferably women, to join the Board to eventually be able to apply Practice 4.1 and Practice 4.5.

Further details on the departure from Practice 4.1 and Practice 4.5 are set out in the Corporate Governance Report ("**the CG Report**") which is available on the Company's website at www.ecoworld.my.

Independent Directors

Ordinarily, the tenure of an Independent Director shall not exceed a cumulative term of 9 years. However, if the Board wishes to retain an Independent Director who has served beyond the 9-year tenure, shareholders' approval is required subject to prior assessment by the NC and valid justification.

If the Board wishes to retain an Independent Director after the 12th year, the Board must justify and seek annual shareholders' approval through a two-tier voting process.

An Independent Director may continue to serve on the Board subject to him/her being re-designated as Non-Independent Director.

As at the date of this NC Report, none of the Independent Directors have served more than 9 years.

Board Diversity

The Board recognises diversity as an essential element to strengthen the composition of the Board as well as Senior Management. Further details on the application of Practice 4.4 of the MCCG is set out in the CG Report which is available on the Company's website at www.ecoworld.my.

The Board has adopted a Board Diversity Policy which sets out the approach to maintain a Board comprising talented and dedicated Directors with a diverse mix of skills, expertise, experience, gender and age as well as the requisite independence, as required, for the effective functioning of the Board. Further details on the Board Diversity Policy is available on the Company's website at www.ecoworld.my.

Criteria for Assessment and Recruitment

Selection of candidates for appointment as Directors may be recommended by Directors, Senior Management, major shareholders or independent sources. The NC assesses the suitability of the candidates before recommending the candidates to the Board for appointment.

In evaluating the suitability of candidates, the NC considers, inter-alia, their background, knowledge, integrity, competency, experience, commitment (including time commitment) and potential contribution to the Company and its subsidiaries ("**the Group**"), and additionally in the case of candidates proposed for appointment as Independent 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.

Board evaluation

During FY2019, the NC undertook a formal and objective evaluation of the performance of Board, board committees and individual Directors. The Board and board committees were assessed as a whole, while Directors were assessed individually. In respect of Independent Directors, their independence was also assessed.

The Board reviewed the evaluation results during its meeting held on 6 February 2020 and concluded that it was generally satisfied with the overall effectiveness of the Board and board committees, the contribution and performance of each Director, the current size, composition as well as the mix of skill sets of the Board and the independence of its Independent Directors.

The Board will adopt the practice under the MCCG to appoint independent experts periodically to facilitate objective and candid board evaluations.

The details of the processes and criteria used in the evaluation are set out in the CG Report which is available on the Company's website at www.ecoworld.my.

REMUNERATION COMMITTEE REPORT

The Remuneration Committee ("**RC**") comprises 3 Independent Directors.

Composition of the RC
Dato' Noor Farida Binti Mohd Ariffin Chairperson, Independent Director
Dato' Idrose Bin Mohamed Member, Independent Director
Tang Kin Kheong Member, Senior Independent Director

Meeting

The RC held one meeting during the financial year ended 31 October 2019 ("**FY2019**") that was attended by all members.

Authority, Duties and Responsibilities of the RC

The role of the RC is to evaluate, deliberate and recommend to the Board of Directors ("**the Board**") a remuneration policy for Directors and Senior Management personnel in the C-Suite Category ("**C-Suite Management Personnel**") that is fairly guided by market norms and industry practice which allows the Company and its subsidiaries ("**the Group**") to attract and retain talented individuals to steer the Group to achieve its long-term goals and enhance shareholders' value.

The RC is governed by its terms of reference ("**TOR**"), which is available on the Company's website at www.ecoworld.my.

Summary of Work

The RC performed the following work in discharging its duties for FY2019:

- Reviewed and discussed the new remuneration structure for Non-Executive Directors before presenting to the Board for approval.
- Reviewed the annual salary increment of employees of the Group and Executive Directors before presenting to the Board for approval.
- Reviewed and discussed the bonus payment to eligible employees of the Group, Executive Directors and C-Suite Management Personnel before presenting to the Board for approval.
- Reviewed the remuneration of Non-Executive Directors before recommending to the Board to propose to the shareholders for approval.

Remuneration Policy and Procedures for Directors and C-Suite Management Personnel

The Directors' Remuneration Policy and the Remuneration Policy for C-Suite Management Personnel are available on the Company's website at www.ecoworld.my.

The remuneration packages for both Executive Directors and C-Suite Management Personnel have been fixed to reflect the demands of the Group's operations as well as the talent pool. The remuneration packages are structured to link rewards to corporate and individual achievements comprising both fixed and variable elements. The remuneration packages reflect the scale and complexity of both the business and the role, and have to be competitive with the market. Executive Directors are not involved in deciding their own remuneration.

The remuneration packages of Non-Executive Directors which comprise a fixed fee, meeting allowances and benefits are not linked to financial results. During FY2019, the RC appointed an external consultant to review the remuneration structure of Non-Executive Directors. On 2 May 2019, the Board approved the new remuneration structure for Non-Executive Directors which better reflect the responsibilities, experience required and time demanded of the Non-Executive Directors in discharging their duties and responsibilities. The remuneration payable to Non-Executive Directors is subject to shareholders' approval at the Annual General Meeting of the Company ("**the AGM**") and Directors who are also shareholders will abstain from voting at the AGM to approve their own remuneration.

Remuneration of Directors and Top Five Senior Management Personnel

The detailed disclosure of Directors' remuneration and the disclosure of top five Senior Management personnel's remuneration (in bands of RM50,000) for FY2019 are disclosed in the Corporate Governance Report which is available on the Company's website at www.ecoworld.my.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

There were no proceeds raised from any corporate proposal during the financial year ended 31 October 2019.

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 the financial year ended 31 October 2019 are as follows:

	Group (RM)	Company (RM)
Audit Fees	529,462	115,000
Non-audit Fees	232,300	185,000*
Total	**761,762**	**300,000**

* Mainly consists of agreed-upon procedures engagement in relation to the impact assessment from the implementation of MFRSs framework, MFRS 9 and MFRS 15 of the Group.

Recurrent Related Party Transactions of Revenue or Trading Nature

The details of the recurrent related party transactions are disclosed under Note 36 of the financial statements in this Annual Report.

Material Contracts

Save as disclosed under Note 36 of the financial statements in this Annual Report, 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 year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors is pleased to present the **Statement on Risk Management and Internal Control** for the financial year ended 31 October 2019, issued in compliance with Paragraph 15.26(b) of the **Main Market Listing Requirements** of Bursa Malaysia Securities Berhad, Principle B of the **Malaysian Code on Corporate Governance 2017**, with guidance from the **Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.**

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets, in addition to setting the tone at the top and a culture towards effective risk management and internal control. The Board performs quarterly reviews to assess the adequacy and effectiveness of the risk management and internal control systems.

In acknowledging that having a sound risk management and internal control system is imperative, the Board has established a governance structure that ensures effective oversight of risks and internal controls within the Group at all levels. It is assisted by the **Audit Committee**, which is empowered by its terms of reference, to ensure independent oversight of internal control and risk management.

Due to inherent limitations in any system of internal control and risk management, the Board recognises that such systems are designed to manage rather than to eliminate all the risks that may hinder the Group from achieving its business objectives, and as such, can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. The Board remains responsible for the governance of risk and for all the actions of the Board Committees with regard to the execution of delegated oversight responsibilities.

MANAGEMENT RESPONSIBILITY

Management is responsible for implementing the Group's policies and procedures on risk and internal control to identify, evaluate, measure, monitor and report risks as well as the effectiveness of the internal control systems, taking appropriate and timely remedial actions as required. Its roles include:

- Identifying and evaluating the risks relevant to the achievement of the business objectives and strategies of the Group;
- Formulating relevant policies and procedures to manage these risks in accordance with the Group's strategic vision and overall risk appetite;
- Designing, implementing and monitoring the effective implementation of risk management and internal control systems;
- Implementing the policies approved by the Board;
- Implementing the remedial actions to address the compliance deficiencies as directed by the Board; and
- Reporting in a timely manner to the Board any changes to risks and the corrective actions taken.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

Risk Management Framework

The Group has in place an **Enterprise Risk Management ("ERM") Framework** which outlines the Group's risks and the on-going process for identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the financial year under review up to the date of approval of this Statement of Risk Management and Internal Control. The framework also categorises the risks in relation to strategic, operational, financial and compliance matters based on the Group business objectives. The framework is incorporated into the risk management policy and guideline document that has been approved by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management practice is benchmarked against **ISO31000:2018, Risk Management – Guidelines** and is designed to embed ERM into key activities, initiatives and processes of the Group. The risk management framework that the Group adopts consists of five elements as reflected below:

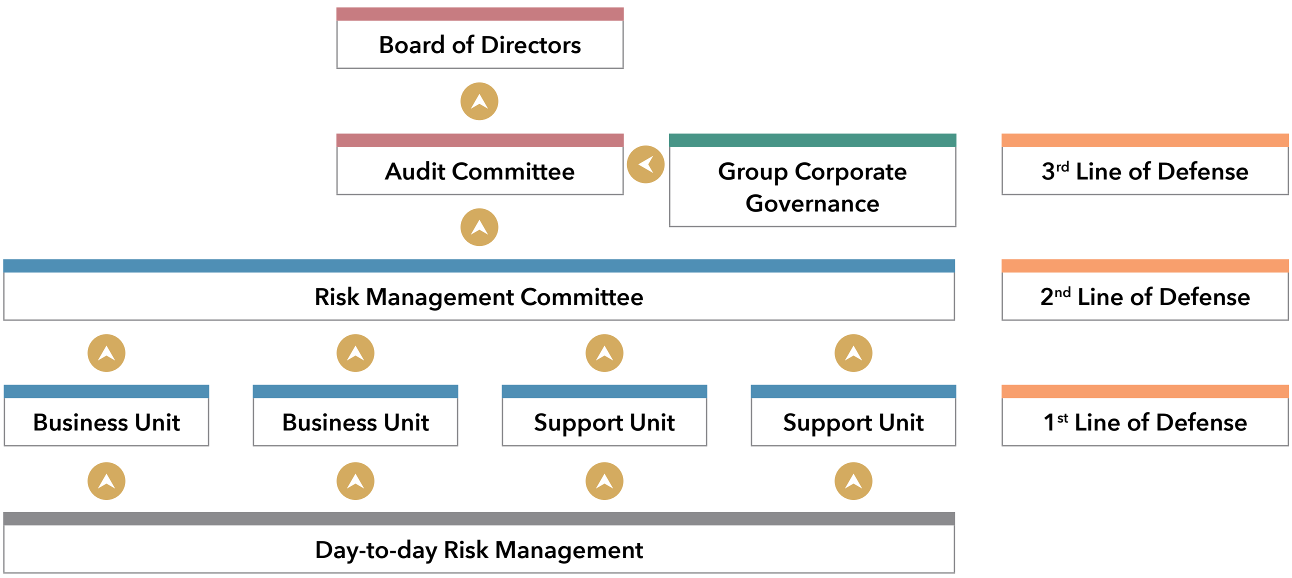
Framework Element	Description
Risk governance	Establish an approach in developing, supporting and embedding the risk strategy and accountabilities
Risk assessment	Identify, assess and categorise risks across our Group
Risk quantification and aggregation	Measure, analyse and consolidate risks
Risk monitoring and reporting	Report, monitor and conduct activities to provide insight on risk management strengths and weaknesses
Risk and control optimisation	Use risk and control information to improve performance

This is a structured and disciplined approach aligning the strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks an organisation faces as it seeks to create value.

The Board provides full support to implement the risk management framework with an appropriate organisational structure and ensures that roles, responsibilities and accountabilities are clearly defined and communicated at all levels. This will enable risk information to be communicated through a clear and defined reporting structure.

The risk organisational structure of the Group as illustrated in Diagram 1 is established for effective risk management.

Diagram 1



Risk Management Oversight

The **Risk Management Committee** has been established to oversee risk management matters within the Group. The Risk Management Committee comprises senior management from all business units as well as relevant Head Office support units and is chaired by an Executive Director who reports to the Audit Committee on behalf of the Risk Management Committee. The Risk Management Committee meets on a quarterly basis and the aggregated Group's risk position as well as any significant risk issues are reported to the Audit Committee. 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.

The day-to-day risk management resides with the respective business units and support units, where action plans are developed and implemented to manage risks.

Risk Management Process

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

All key risks identified are captured in a risk template and reviewed by the heads of business units and support units. The risk template includes detailed assessments of the risks as well as the corresponding mitigating controls implemented or to be implemented to deal with the risks.

All the risks are consolidated and presented for deliberation during the quarterly Risk Management Committee meeting. The activities of the Risk Management Committee and all its key findings are then presented to the Audit Committee for update and to ensure its continued application and relevance. The significant risk management matters reported to the Audit Committee forms part of the Audit Committee's quarterly briefing to the Board.

Risk Appetite and Tolerance

The Board, through the Risk Management Committee, establishes the risk parameters for the Group and the joint ventures. The risk parameters are defined based on the Group's risk appetite, which can be expressed in terms of how much variability of return (i.e. risk) the Group is prepared to accept in order to achieve a desired level of result (i.e. return). The objective of this exercise is to determine how much risk our Group is willing to undertake to achieve its objectives. The defined risk parameters, both financial and non-financial, are reviewed by Management and the Risk Management Committee at least once a year to ensure changes in circumstances or risk appetite are fairly reflected in the risk parameters.

KEY RISKS

The Group's financial performance and operations are influenced by a vast range of risk factors. The Group aims to mitigate the exposure through appropriate risk management strategies and internal controls. Principally, the key risks of the Group are as follows:

1) Acquisition of unsuitable land

Currently, the Group has land banks for residential, commercial and industrial development in the Klang Valley, Penang and Johor and will continue to acquire strategic land, if any, for future project development. As land acquisitions are capital intensive, the acquisition of unsuitable land – e.g. land with hidden adverse topography or encumbrances, or land which are over-priced due to over-optimistic commercial projections - may lead to erosion of profit margin, or even losses for the project.

To manage this risk, the Group conducts feasibility studies and market surveys prior to each acquisition, which cover matters such as site accessibility, land condition, topography of the area and statutory requirements (e.g. conditions of land use). The feasibility studies are complemented by analysis of property trends, historical cost data and screened information from local agencies and neighbouring residents. Apart from that, experienced consultants are engaged at the inception stage to perform due diligence including land searches to reduce the risk and safeguard the interest of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2) Liquidity

The Group is dependent on a combination of equity and borrowings, both short and long-term, to fund its operations. The funding is required to meet land acquisition costs, development costs, administrative costs, overhead costs and financing costs incurred at the Group's various projects. Funding is also required for the Group's investments in its joint venture companies.

As a fast-growing group, the Group may be adversely affected by a shortfall in anticipated cash flows.

The Group proactively manages this risk by strengthening its treasury function to closely monitor its cash flow requirements and to ensure adequate financial facilities are available to support the Group's current and future needs. The Group maintains a close relationship with key bankers on a continuous basis to be aware of their lending appetite and regularly explores new funding opportunities in the capital market. The Group also closely monitors the repayment or maturity profiles of borrowings, as well as ensures that all financial covenants are complied with.

The Group constantly monitors its gearing ratio to ensure that it is within an acceptable level for a fast growing Group.

3) Weak market sentiment

The Group's performance is dependent on the performance of the property market in which the Group operates. The demand for properties at the three regions that the Group operates in - the Klang Valley, Penang and Johor - could be affected by weaknesses in the domestic and international economic environment, changes in Government policies, tightening of bank lending policies and oversupply of properties in relation to market demand.

During the financial year, the Group continued to face challenges of a subdued and soft property market due to political instability as well as global market slowdown.

The Group constantly assesses its risk exposure and seeks to optimise the balance between opportunities and risks. This includes entering into joint ventures with suitable partners to gain accelerated and more extensive access to the target markets, particularly in the Klang Valley.

As part of its sales and marketing strategy, the Group constantly seeks to enhance its image and brand name to reinforce brand loyalty by emphasising on the quality standards of its products as well as the various after-sales services provided beyond the completion of the development projects.

The Group also adopts customised sales and marketing strategies for each of its projects with regular review of sales and marketing strategies to suit changing market conditions. These include continuous reviews of the selling price, design, unit mix and size of all its products to ensure that they are value-optimised, competitive and attractive. In response to changing economic conditions and market demands, the Group continues to carve out innovative marketing strategies such as Stay2own and Help2own campaigns under the Home Ownership Programme with EcoWorld ("HOPE") to assist buyers to own their dream homes while enhancing the competitive advantage of the Group's developments. Design2own is another breakthrough by the Group where the purchasers are given the options to choose their preferred layout for their dream house.

4) Increasing cost of construction

The ability of the Group to achieve the desired profitability is directly affected by the cost of construction. A major component of cost of construction is building materials such as steel bars, bricks, cement and steel reinforcement mesh. These components are subject to price fluctuations.

The Group has established a trading arm to source for supplies of these building materials at competitive prices by consolidating the purchase requirements of all its projects in order to enjoy bulk discounts.

Another significant component of cost of construction is contractors' costs. An increase in contractors' tender prices may affect the Group's profitability. Generally over the years, tender prices have been on an increasing trend.

The Group has mitigated such risks through effective and transparent open tenders for awarding jobs to contractors with good track record. In-depth cost estimates for each project prior to tender ensures the Group gets the best pricing. After awarding, the contracts division and business units stay vigilant over subsequent cost increases and exercise strict scrutiny over each cost surge via variation orders. Furthermore, actual construction costs are closely monitored and tracked against project budgets. Value management and re-engineering are carried out in the event cost overruns.

5) Non-performing contractors

The selection of competent contractors and the monitoring of their performance during the construction stage is a critical process to ensure quality, cost efficiency and timely delivery of projects. Poor performance of contractors may lead to quality issues, cost overruns and project delays.

Selection of contractors is through a robust selection process where contractors are evaluated against the Group's criteria such as a good track record of quality and on-time delivery as well as the financial capability to complete the contract to be awarded. Extensive due diligence is performed before awarding the contracts by way of tender exercise.

During construction, the Group closely monitors the contractors' performance in terms of timelines and quality of work performed.

6) Lack of interest of investors

The projects with large commercial content like shop-lots, shop-offices and commercial land of the Group require on-going securing of investors by way of sale or lease. This is to ensure a healthy occupancy rate for long term sustainability, apart from creating commercial values to the projects.

The Group has an experienced design and planning team working closely with external consultants in the planning of master plan with the right product mix, after taking into consideration of the market research and intelligence on the surrounding area.

A leasing team comprising experienced personnel was formed to proactively source for tenants through match-making service. This value-adding services not only help purchasers to source for tenants for their units, it also helps the Group to determine the quality of tenants occupying the commercial area.

INTERNAL CONTROL

The key elements of the internal control system established by the Board to provide effective governance and oversight of internal control include:

Integrity and Ethical Values

The Group is committed to upholding a strong culture of integrity and ethical values, as emphasised in the **Code of Conduct and Business Ethics for Directors and Employees ("the Code")**. The Code, which applies to all Directors and employees, was first issued on 2 May 2014 and last updated on 15 June 2019. All employees are required to acknowledge that they have read and understood the Code upon commencement of employment.

The Code is reviewed by **Group Talent Management** and evaluated by the Risk Management Committee for the Chief Executive Officer's approval. It is updated as and when necessary to ensure that it remains current and relevant in addressing any ethical issues that may arise within the organisation.

Organisation Structure

The Group has a clear organisational structure which formally defines the lines of reporting, as well as the accountabilities and responsibilities of the respective functions within the Group. In addition, the Board of Directors and its various Board Committees are all governed by clearly defined terms of reference.

Limits of Authority

The Group has a clear limits of authority which defines the approving limits that have been assigned and delegated to each approving authority within the Group. The limits of authority will continue to be reviewed periodically and updated in line with changes in the organisation.

Policies and Procedures

Elements of internal control have been embedded and documented in the form of policies and operating procedures which are continually reviewed and updated to reflect changes in the business environment. Accountability and responsibility for key processes have been established in the standard operating procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Talent Management

Robust recruitment strategies are in place to attract skilled and competent persons to join the Group. On-the-job and classroom training programmes are made available to all employees to ensure that they are adequately trained and competent in carrying out their duties and responsibilities.

Established guidelines are also in place for recruitment, talent development programmes and performance appraisal to maintain high competency and capability levels.

The Eco World Leadership Development Programme ("EWLDP") is a continuous effort to identify and nurture emerging leaders and employees with high potential, as well as to enhance the leadership skills of existing leaders. This will ensure that the Group has a robust leadership pool to meet future challenges and for succession planning.

Financial Budgeting

Annual budgets are prepared in advance for the following financial year and the budgets are subject to review by Senior Management prior to tabling to the Board for approval. Actual performance is reviewed against the budget with detailed explanations provided for material variances.

Performance Review

Quarterly senior management meetings are held to discuss the Group's financial performance, business development, operational and corporate issues. Additionally, comprehensive information on financial performance, achievement of key performance indicators and progress of key projects are communicated by Senior Management to the Board on a quarterly basis.

Investor Relations

Briefings are conducted twice a year upon the communication of the Group's financial performance externally to fund managers, investment analysts and bankers who are then given the opportunity to seek further clarification from Senior Management.

Information Technology Management

Comprehensive management information systems exist throughout the Group. Relevant data is captured, compiled, analysed and reported. These systems enable Management to make decisions in an accurate and timely manner towards meeting the business objectives.

The Group has built a team of IT professionals to establish a set of IT security policies and procedures based on the relevant data security standards and industry recommended practices. In addition, independent external assessments are conducted on a half-yearly basis to ensure that the systems are robust, effective and continuously improved to enhance the Group's cyber resilience. The Group is proactively monitoring and implementing layers of new controls to protect its critical business systems against the ever-evolving cyber threat landscape and challenges. Briefings and roadshows are conducted to enhance staff awareness particularly on cyber security.

Whistleblowing Policy

The Group has put in place a whistleblowing policy which allows, supports and encourages its employees and third parties to report and disclose any improper or illegal activities within the Group. The Group is committed to investigate any suspected misconduct or breach reported, as well as to protect those who come forward to report such activities, by establishing a Whistleblowing Committee comprising independent directors and an executive director.

Anti-Bribery and Anti-Corruption Policy

The Group adopts a zero-tolerance approach to bribery and corruption in all its forms. It is committed to conducting business free from any acts of bribery or corruption in upholding high standards of ethics and integrity. The Group has established an anti-bribery and anti-corruption policy which prohibits all forms of bribery and corruption practices.

Board Committees

The Board has established several board committees to assist in discharging its duties. These include the Audit Committee, Nomination Committee, Remuneration Committee and Whistleblowing Committee. These Board Committees have been delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective terms of reference.

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. The Group's interest is safeguarded through Board representation in the jointly-controlled entities.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and undertaken by **Group Corporate Governance ("GCG")**. GCG reports to the Audit Committee on the adequacy and effectiveness of the Group's governance, risk management and internal control systems.

A description of the activities of GCG during the financial year ended 31 October 2019 can be found in the Audit Committee Report included in this Annual Report.

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement of Risk Management and Internal Control as required by **Paragraph 15.23 of the Main Market Listing Requirements** of Bursa Malaysia Securities Berhad for the financial year ended 31 October 2019. Their review was performed under a limited assurance engagement in accordance with **Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control included in the Annual Report**, issued by the Malaysian Institute of Accountants. The external auditors are not required to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control, intended to be included in the annual report, is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is this Statement on Risk Management and Internal Control factually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the risk management and internal control system to safeguard shareholders' investments and the Group's assets.

In addition, the Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system are operating effectively, in all material respects.

The Board will continue to monitor all major risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement was approved by the Board of Directors on 6 February 2020.

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FINANCIAL STATEMENTS

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ADDITIONAL INFORMATION

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries, associates and joint ventures are disclosed in Notes 8, 9 and 10, respectively, to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, net of tax	203,422	4,352
Attributable to:		
Owners of the Company	203,422	4,352
Non-controlling interests	–	–
	203,422	4,352

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 dividends in respect of the financial year ended 31 October 2019.

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 financial statements of the Group and of the Company were prepared, 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 have satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets 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 which 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 method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTOR'S REPORT

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or 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 which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 2.2 to the financial statements; and

(ii) 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, no shares or debentures were issued by the Company.

FREE DETACHABLE WARRANTS 2015/2022

The salient terms of the Warrants 2015/2022 are disclosed in Note 18 to the financial statements.

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

DIRECTORS OF THE COMPANY

The directors in office during the financial year and during the period from the end of the financial year to the date of this 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*
Tang Kin Kheong
Dato' Idrose bin Mohamed
Dato' Haji Obet bin Tawil
Dato' Noor Farida binti Mohd Ariffin
Low Mei Ling

* *Directors of the Company and certain subsidiaries*

DIRECTOR'S REPORT

DIRECTORS OF SUBSIDIARIES

The following are directors of the subsidiaries (other than those who are also directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Sundarajoo A/L Somu
Dato' Soo Chan Fai
Datuk Hoe Mee Ling
Phan Yan Chan
Ho Kwee Hong
Yap Yoke Ching
Catherine Lim Siew Kia
Low Thiam Chin
Chan Soo How

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 ("the Act") in Malaysia, the interests of directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interest in the Company

	Number of ordinary shares			
	At 1 November 2018 '000	Bought '000	Sold '000	At 31 October 2019 '000
Direct interests:				
Tan Sri Dato' Sri Liew Kee Sin	–	276,988	–	**276,988**
Dato' Chang Khim Wah	8,650	–	–	**8,650**
Dato' Voon Tin Yow	14,066	–	–	**14,066**
Datuk Heah Kok Boon	1,609	–	–	**1,609**
Liew Tian Xiong	502,769	–	(276,988)	**225,781**
Deemed/Indirect interests:				
Tan Sri Abdul Rashid bin Abdul Manaf [@]	428,052	–	(215,000)	**213,052**
Tan Sri Dato' Sri Liew Kee Sin [^]	20,000	150,000	–	**170,000**
Dato' Leong Kok Wah [#]	1,397,971	–	(215,000)	**1,182,971**

DIRECTOR'S REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Interest in the Company (Continued)

	Number of Warrants 2015/2022			
	At 1 November 2018 '000	Bought '000	Sold '000	At 31 October 2019 '000
Direct interests:				
Dato' Chang Khim Wah	1,224	–	–	**1,224**
Dato' Voon Tin Yow	1,652	–	–	**1,652**
Datuk Heah Kok Boon	181	–	–	**181**
Liew Tian Xiong	71,024	–	–	**71,024**
Deemed/Indirect interests:				
Tan Sri Abdul Rashid bin Abdul Manaf @	202,177	–	–	**202,177**
Dato' Leong Kok Wah #	363,547	–	–	**363,547**

Notes:

@ *Deemed interest by virtue of his interest in Eco World Development Holdings Sdn. Bhd. pursuant to Section 8 of the Act.*

\# *Deemed interest by virtue of his interests in Eco World Development Holdings Sdn. Bhd. and Syabas Tropikal Sdn. Bhd. pursuant to Section 8 of the Act.*

^ *Deemed interest by virtue of his interest in Jernih Padu Sdn. Bhd. pursuant to Section 8 of the Act and indirect interest by virtue of his spouse's interest in the Company pursuant to Section 59(11)(c) of the Act.*

By virtue of his interests in ordinary shares of the Company and pursuant to Section 8 of the Act, Dato' Leong Kok Wah is deemed to have an interest in shares in the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year and save as disclosed in Note 36 to the financial statements, no director of the Company 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 the directors as disclosed in Note 30 to 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangement 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.

DIRECTOR'S REPORT

INDEMNITY FOR DIRECTORS AND OFFICERS

The directors and officers of the Company and its subsidiaries are covered by Directors and Officers Liability Insurance ("D&O Insurance") for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of D&O Insurance effected was RM20,000,000. The insurance premium for the D&O Insurance paid during the financial year amounted to RM28,000.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 8 to the financial statements.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year is disclosed in Note 42 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 28 to the financial statements.

INDEMNITY FOR AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Act.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATO' CHANG KHIM WAH
Director

DATUK HEAH KOK BOON
Director

Shah Alam
Date: 6 February 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 31 OCTOBER 2019

	Note	Group 31.10.2019 RM'000	Group 31.10.2018 Restated RM'000	Group 1.11.2017 Restated RM'000	Company 31.10.2019 RM'000	Company 31.10.2018 RM'000	Company 1.11.2017 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	5	**229,622**	250,112	227,942	**6**	67	156
Investment property	6	**19,510**	19,440	19,149	**-**	–	–
Inventories	7	**3,965,190**	3,885,580	3,909,811	**-**	–	–
Investment in subsidiaries	8	**-**	–	–	**3,541,317**	3,601,317	3,352,317
Investment in associates	9	**54,769**	57,018	12,127	**56,474**	56,438	12,728
Investment in joint ventures	10	**1,208,494**	1,097,977	1,152,471	**14,000**	14,000	14,000
Trade and other receivables	11	**872,270**	675,775	507,520	**1,235,276**	1,180,696	1,115,740
Deferred tax assets	12	**99,088**	107,347	81,894	**15**	14	6
Total non-current assets		**6,448,943**	6,093,249	5,910,914	**4,847,088**	4,852,532	4,494,947
Current assets							
Inventories	7	**2,660,006**	3,032,304	2,631,080	**-**	–	–
Contract assets	13	**68,545**	96,672	160,468	**-**	–	–
Current tax assets		**40,197**	49,037	46,999	**1,082**	981	3,350
Trade and other receivables	14	**856,507**	869,184	786,775	**158,364**	206,048	408,836
Other current assets	15	**13,717**	20,159	26,411	**-**	–	–
Cash and bank balances	16	**600,539**	510,297	433,824	**130,682**	59,571	91,645
Total current assets		**4,239,511**	4,577,653	4,085,557	**290,128**	266,600	503,831
TOTAL ASSETS		**10,688,454**	10,670,902	9,996,471	**5,137,216**	5,119,132	4,998,778

STATEMENTS OF FINANCIAL POSITION
AS AT 31 OCTOBER 2019

	Note	Group 31.10.2019 RM'000	Group 31.10.2018 Restated RM'000	Group 1.11.2017 Restated RM'000	Company 31.10.2019 RM'000	Company 31.10.2018 RM'000	Company 1.11.2017 RM'000
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	17	**3,614,865**	3,614,865	3,614,865	**3,614,865**	3,614,865	3,614,865
Warrant reserve	18	**194,395**	194,395	194,395	**194,395**	194,395	194,395
Foreign currency translation reserve		**(15,783)**	(23,335)	(801)	**-**	–	–
Cash flow hedge reserve		**(543)**	–	–	**-**	–	–
Retained earnings		**745,082**	541,660	448,169	**25,342**	20,990	16,193
TOTAL EQUITY		**4,538,016**	4,327,585	4,256,628	**3,834,602**	3,830,250	3,825,453
Non-current liabilities							
Loans and borrowings	19	**1,803,825**	1,925,831	2,202,608	**-**	–	101,625
Finance lease liabilities	20	**226**	307	–	**-**	–	–
Other payables	21	**-**	–	92,671	**-**	–	–
Deferred tax liabilities	12	**31,748**	22,908	44,846	**-**	–	–
Total non-current liabilities		**1,835,799**	1,949,046	2,340,125	**-**	–	101,625
Current liabilities							
Trade and other payables	22	**1,113,989**	1,328,733	1,462,644	**597,614**	482,257	486,700
Contract liabilities	13	**1,173,894**	1,114,118	609,738	**-**	–	–
Other current liabilities	23	**48,922**	36,861	31,333	**-**	–	–
Bank overdrafts	24	**26,330**	19,208	26,497	**-**	–	–
Loans and borrowings	19	**1,949,253**	1,886,180	1,250,466	**705,000**	806,625	585,000
Finance lease liabilities	20	**81**	76	–	**-**	–	–
Current tax liabilities		**2,170**	9,095	19,040	**-**	–	–
Total current liabilities		**4,314,639**	4,394,271	3,399,718	**1,302,614**	1,288,882	1,071,700
TOTAL LIABILITIES		**6,150,438**	6,343,317	5,739,843	**1,302,614**	1,288,882	1,173,325
TOTAL EQUITY AND LIABILITIES		**10,688,454**	10,670,902	9,996,471	**5,137,216**	5,119,132	4,998,778

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2019

	Note	Group 2019 RM'000	Group 2018 Restated RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	25	**2,462,325**	1,984,925	**60,000**	–
Cost of sales		**(1,992,654)**	(1,565,506)	**-**	–
Gross profit		**469,671**	419,419	**60,000**	–
Other income	26	**53,661**	45,863	**85,252**	88,977
Selling and marketing expenses		**(50,546)**	(49,323)	**-**	–
Administrative and other expenses		**(246,884)**	(211,116)	**(70,077)**	(12,149)
Operating profit		**225,902**	204,843	**75,175**	76,828
Finance costs	27	**(101,890)**	(99,731)	**(67,814)**	(66,342)
Share of results in joint ventures, net of tax		**144,264**	25,650	**-**	–
Share of results in associates, net of tax		**(2,301)**	1,199	**-**	–
Profit before tax	28	**265,975**	131,961	**7,361**	10,486
Income tax expense	31	**(62,553)**	(38,470)	**(3,009)**	(5,689)
Profit for the financial year		**203,422**	93,491	**4,352**	4,797
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences of translation of foreign operation		**(40)**	1,679	**-**	–
Share of other comprehensive income/(loss) of joint ventures		**7,049**	(24,213)	**-**	–
Total comprehensive income for the financial year		**210,431**	70,957	**4,352**	4,797
Profit attributable to:					
Owners of the Company		**203,422**	93,491	**4,352**	4,797
Non-controlling interests		**-**	–	**-**	–
		203,422	93,491	**4,352**	4,797
Total comprehensive income attributable to:					
Owners of the Company		**210,431**	70,957	**4,352**	4,797
Non-controlling interests		**-**	–	**-**	–
		210,431	70,957	**4,352**	4,797
Earnings per share (sen):					
– basic/diluted	32	**6.91**	3.18		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2019

Group	Share capital RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 31 October 2017						
– As previously reported	3,614,865	194,395	(541)	–	455,315	4,264,034
– Effect of transition to MFRSs						
– MFRS 15	–	–	(260)	–	(7,146)	(7,406)
Restated balance at 1 November 2017	3,614,865	194,395	(801)	–	448,169	4,256,628
Total comprehensive income/ (loss) for the financial year						
Profit for the financial year	–	–	–	–	93,491	93,491
Other comprehensive loss for the financial year	–	–	(22,534)	–	–	(22,534)
Total comprehensive income/(loss)	–	–	(22,534)	–	93,491	70,957
At 31 October 2018	3,614,865	194,395	(23,335)	–	541,660	4,327,585
At 31 October 2018						
– As previously reported	3,614,865	194,395	(22,216)	–	620,907	4,407,951
– Effect of transition to MFRSs						
– MFRS 15	–	–	(1,119)	–	(79,247)	(80,366)
Restated balance at 1 November 2018	3,614,865	194,395	(23,335)	–	541,660	4,327,585
Total comprehensive income/ (loss) for the financial year						
Profit for the financial year	–	–	–	–	203,422	203,422
Other comprehensive income/ (loss) for the financial year	–	–	7,552	(543)	–	7,009
Total comprehensive income/(loss)	–	–	7,552	(543)	203,422	210,431
At 31 October 2019	**3,614,865**	**194,395**	**(15,783)**	**(543)**	**745,082**	**4,538,016**
Company						
At 1 November 2017	3,614,865	194,395	–	–	16,193	3,825,453
Total comprehensive income for the financial year	–	–	–	–	4,797	4,797
At 31 October 2018	3,614,865	194,395	–	–	20,990	3,830,250
Total comprehensive income for the financial year	–	–	–	–	4,352	4,352
At 31 October 2019	**3,614,865**	**194,395**	**-**	**-**	**25,342**	**3,834,602**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2019

	Note	Group 2019 RM'000	Group 2018 Restated RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Profit before tax		**265,975**	131,961	**7,361**	10,486
Adjustments for:					
Depreciation of property, plant and equipment		**37,218**	28,247	**61**	89
Impairment of amounts due from subsidiaries		**-**	-	**3,409**	2,865
Impairment of investment in subsidiaries		**-**	-	**60,000**	3,582
Impairment of investment in an associate		**3**	-	**14**	-
Interest expense		**101,890**	99,731	**67,814**	66,342
Interest income		**(42,295)**	(32,748)	**(85,093)**	(88,859)
Dividend income		**-**	-	**(60,000)**	-
Impairment of property, plant and equipment		**2,457**	-	**-**	-
Property, plant and equipment written off		**9**	30	**-**	-
Loss/(Gain) on disposal of property, plant and equipment		**9**	(99)	**-**	-
Share of results in associates		**2,301**	(1,199)	**-**	-
Share of results in joint ventures		**(144,264)**	(25,650)	**-**	-
Unrealised (gain)/loss on foreign exchange		**(76)**	1,621	**-**	-
Operating profit/(loss) before changes in working capital		**223,227**	201,894	**(6,434)**	(5,495)
Changes in working capital:					
Inventories – property under development		**481,650**	(77,608)	**-**	-
Inventories – completed properties		**131,682**	8,832	**-**	-
Contract assets/liabilities		**87,903**	573,239	**-**	-
Receivables		**(41,024)**	(89,175)	**(10,000)**	8
Payables		**(119,164)**	(137,328)	**(393)**	(361)
Net cash generated from/(used in) operations		**764,274**	479,854	**(16,827)**	(5,848)
Interest paid		**(182,148)**	(173,618)	**-**	-
Interest received		**8,415**	8,902	**267**	218
Net income taxes paid		**(48,039)**	(98,301)	**(3,111)**	(3,328)
Net cash from/(used in) operating activities		**542,502**	216,837	**(19,671)**	(8,958)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2019

	Note	Group 2019 RM'000	Group 2018 Restated RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	**(19,243)**	(50,515)	**-**	–
Additions to investment property		**(70)**	(291)	**-**	–
Proceeds from disposal of property, plant and equipment		**59**	534	**-**	–
Payment for land acquisition liabilities		**(98,039)**	(98,039)	**-**	–
Subscription of shares in an associate		**(50)**	–	**(50)**	–
Additional investment in an associate		**-**	(43,710)	**-**	(43,710)
Additions to inventories – land held for property development		**(196,917)**	(183,867)	**-**	–
Development expenditure paid		**-**	(354)	**-**	–
Recovery of purchase consideration for acquisition of a joint venture		**-**	19,164	**-**	–
Interest received		**5,649**	3,326	**45,880**	68,165
Net advances to subsidiaries		**-**	–	**(17,023)**	(30,763)
Net advances to joint ventures		**(57,728)**	(97,576)	**(57,728)**	(97,576)
Placement of deposits and transfers to redemption accounts, debt service reserve and escrow accounts		**(69,622)**	(19,248)	**(14)**	(14)
Net cash used in investing activities		**(435,961)**	(470,576)	**(28,935)**	(103,898)
Cash flows from financing activities	(b)				
Drawdown of bank borrowings		**764,842**	859,550	**-**	120,000
Repayment of bank borrowings		**(824,259)**	(503,355)	**(101,625)**	–
Payment of finance lease liabilities		**(76)**	(37)	**-**	–
Advances from subsidiaries		**-**	–	**262,915**	15,120
Interest paid		**(33,563)**	(37,872)	**(41,587)**	(54,352)
Net cash (used in)/from financing activities		**(93,056)**	318,286	**119,703**	80,768
Net increase/(decrease) in cash and cash equivalents		**13,485**	64,547	**71,097**	(32,088)
Cash and cash equivalents at the beginning of the financial year		**372,675**	308,160	**59,131**	91,219
Effects of exchange rate changes on cash and cash equivalents		**13**	(32)	**-**	–
Cash and cash equivalents at the end of the financial year		**386,173**	372,675	**130,228**	59,131

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2019

		Group		Company	
		2019	2018 Restated	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents included in the statements of cash flows comprise the following amounts:					
Deposits with licensed banks	16	**221,973**	87,224	**129,985**	58,390
Cash in hand and at banks	16	**378,566**	423,073	**697**	1,181
Bank overdrafts	24	**(26,330)**	(19,208)	**-**	–
		574,209	491,089	**130,682**	59,571
Less: Cash and deposits maintained in debt service reserve accounts, redemption accounts and escrow accounts	16	**(181,041)**	(113,049)	**-**	–
Deposits pledged to banks as security for banking facilities	16	**(6,995)**	(5,365)	**(454)**	(440)
		386,173	372,675	**130,228**	59,131

(a) Purchase of property, plant and equipment:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	**19,243**	50,935	**-**	–
Financed by way of finance lease arrangements	**-**	(420)	**-**	–
Cash paid	**19,243**	50,515	**-**	–

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2019

(b) Reconciliation of liabilities arising from financing activities:

	1 November 2018 RM'000	Cash flows RM'000	Non-cash Transaction costs RM'000	31 October 2019 RM'000
Group				
Term loans	1,701,404	(479,129)	1,291	**1,223,566**
Bridging loans	322,487	(20,782)	301	**302,006**
Medium term notes	398,275	290,000	(764)	**687,511**
Revolving credits	1,389,845	150,494	(344)	**1,539,995**
Finance lease liabilities	383	(76)	–	**307**
	3,812,394	(59,493)	484	**3,753,385**
Company				
Term loans	101,625	(101,625)	–	**-**
Revolving credits	705,000	–	–	**705,000**
	806,625	(101,625)	–	**705,000**

	1 November 2017 RM'000	Cash flows RM'000	Non-cash Transaction costs/ Acquisition RM'000	31 October 2018 RM'000
Group				
Term loans	1,853,745	(156,464)	4,123	1,701,404
Bridging loans	333,541	(10,806)	(248)	322,487
Medium term notes	249,469	150,000	(1,194)	398,275
Revolving credits	1,016,319	373,465	61	1,389,845
Finance lease liabilities	–	(37)	420	383
	3,453,074	356,158	3,162	3,812,394
Company				
Term loans	101,625	–	–	101,625
Revolving credits	585,000	120,000	–	705,000
	686,625	120,000	–	806,625

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Eco World Development Group Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. It 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 principal activity of the Company is investment holding. The principal activities of its subsidiaries, associates and joint ventures are disclosed in Notes 8, 9 and 10, respectively, to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 February 2020.

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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

2.2 Explanation of transition to MFRSs and change in accounting policy

(a) Transition to MFRSs

The financial statements of the Group and of the Company for the financial year ended 31 October 2019 are the first set of financial statements prepared in accordance with MFRSs, including MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. For periods up to and including the financial year ended 31 October 2018, the Group and the Company had prepared their financial statements in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

In preparing these financial statements, the Group's and the Company's opening MFRSs statements of financial position were prepared as at 1 November 2017 (the date of transition to MFRSs). As such, all the comparative information in these financial statements have been restated in accordance with MFRSs except for MFRS 9, as described in Note 2.2 (a)(ii) below.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

Consequent to the adoption of MFRSs framework, the Group and the Company have also adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

New IC Int

IC Int 22	Foreign Currency Transactions and Advance Consideration

The transition to the MFRSs framework does not have any significant effect on the financial statements of the Group and of the Company except for those discussed below.

(i) Exemption for Business Combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

The Group has elected to apply MFRS 3 prospectively for acquisitions completed before the date of transition.

In addition, the Group has also applied the exemption for MFRS 10 Consolidated Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(ii) MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

The Group and the Company have opted to adopt the exemption from the requirement to restate the comparative information for MFRS 9 where the comparative information in the Group's and the Company's first MFRSs financial statements need not comply with MFRS 7 *Financial Instruments: Disclosures* or the completed version of MFRS 9, to the extent that the disclosures required by MFRS 7 relate to items within the scope of MFRS 9. The date of transition to MFRS 7 and MFRS 9 is the beginning of the first MFRSs reporting period (1 November 2018).

Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial instruments:

- Trade and other receivables, including refundable deposits and cash and bank balances previously classified as Loans and Receivables under FRS 139 as at 31 October 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

  Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 November 2018.

- Trade and other payables and loans and borrowings previously classified as Other Financial Liabilities under FRS 139 as at 31 October 2018 are classified and measured at amortised cost beginning 1 November 2018.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(ii) MFRS 9 Financial Instruments (Continued)

Classification and measurement (Continued)

In summary, upon the adoption of MFRS 9, the Group and the Company effected the following reclassifications as at 1 November 2018:

	Carrying amount as at 1 November 2018 RM'000	Measurement category MFRS 139	MFRS 9
Group			
Financial assets:			
Trade and other receivables^	1,523,891	Loans and receivables	Amortised cost
Cash and bank balances	510,297		
	2,034,188		
Financial liabilities:			
Trade and other payables*	1,328,625	Other financial liabilities	Amortised cost
Loans and borrowings	3,812,011		
Bank overdrafts	19,208		
	5,159,844		
Company			
Financial assets:			
Trade and other receivables	1,386,744	Loans and receivables	Amortised cost
Cash and bank balances	59,571		
	1,446,315		
Financial liabilities:			
Trade and other payables	482,257	Other financial liabilities	Amortised cost
Loans and borrowings	806,625		
	1,288,882		

^ *Exclude GST refundable.*

* *Exclude GST payable.*

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(iii) 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 contract with the 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.

The Group and the Company have applied MFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as permitted under the standard. The Group has also availed itself to the following practical expedients:

- to not apply the standard to contracts that were completed as at 1 November 2017 and those contracts that begin and end within the same annual reporting period;
- to not restate contracts that were modified before 1 November 2017; and
- to not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the comparative period.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(iii) MFRS 15 Revenue from Contracts with Customers (Continued)

The adoption of MFRS 15 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except as discussed below.

(a) Timing of recognition for the sales of properties

Prior to the adoption of MFRS 15, the Group's accounting policy was to recognise revenue from the sale of properties under development by reference to the stage of completion when the final outcome of the development activities can be reliably estimated.

Under MFRS 15, revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred. Control of the asset may transfer over time or at a point in time.

Under MFRS 15, the Group recognises revenue from property development over time if the Group's performance does not create an asset with alternative use to the Group and it has an enforceable right to payment for performance completed to date.

The measure of the progress towards complete satisfaction of the performance obligation is based on the Group's efforts or inputs to the satisfaction of the performance obligation. This is measured by reference to the development costs incurred to date relative to estimated total development costs.

(b) Determining the transaction price

In determining the transaction price under MFRS 15, the Group assesses the estimated transaction price after considering the effects of variable consideration such as discounts, constraining estimates of variable consideration and consideration payable to the customer.

(c) Accounting for incremental costs of obtaining a contract

The Group's previous accounting policy under the FRSs framework was to expense off incremental costs in obtaining a customer contract.

Under MFRS 15, these costs qualify to be recognised as an asset and to be amortised progressively over the period during which the property sold is transferred to the customer as long as the Group expects to recover these costs.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(a) Transition to MFRSs (Continued)

(iii) MFRS 15 Revenue from Contracts with Customers (Continued)

(d) Other adjustments

The adoption of MFRS 15 has resulted in adjustments to other items such as deferred taxes, investment in joint ventures, inventories, foreign currency translation reserve and retained earnings.

(e) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the consolidated statement of financial position to reflect the terminology used in MFRS 15:

(i) Accrued billings arising from property development contracts previously presented under other current assets, and arising from construction contracts previously presented as gross amount due from customers are now presented as Contract Assets.

(ii) Progress billings arising from property development contracts previously presented under other current liabilities are now presented as Contract Liabilities.

(f) Classification of land held for property development and property development costs

Upon the adoption of MFRS 15, land held for property development and property development costs are reclassified as inventories and measured at the lower of cost and net realisable value in accordance with MFRS 102 *Inventories*.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(b) (i) The effects of the transition to the MFRSs framework on the consolidated statement of financial position are as follows:

	Note	As previously reported (under FRSs) RM'000	Effect of MFRSs adjustments RM'000	As restated (under MFRSs) RM'000
Consolidated statement of financial position				
Group				
At 1 November 2017				
Inventories – land held for property development	7	3,900,199	9,612	3,909,811
Investment in joint ventures	10	1,139,208	13,263	1,152,471
Deferred tax assets	12	78,743	3,151	81,894
Inventories – property under development	7	2,431,575	174,798	2,606,373
Contract assets	13	–	160,468	160,468
Other current assets	15	234,611	(208,200)	26,411
Gross amount due from customers		6,882	(6,882)	–
Foreign currency translation reserve		541	260	801
Retained earnings		(455,315)	7,146	(448,169)
Deferred tax liabilities	12	(48,563)	3,717	(44,846)
Trade and other payables	22	(1,464,920)	2,276	(1,462,644)
Contract liabilities	13	–	(609,738)	(609,738)
Other current liabilities	23	(481,462)	450,129	(31,333)
At 31 October 2018				
Inventories – land held for property development	7	3,877,520	8,060	3,885,580
Investment in joint ventures	10	1,112,584	(14,607)	1,097,977
Deferred tax assets	12	96,676	10,671	107,347
Inventories – property under development	7	2,567,368	295,885	2,863,253
Inventories – completed properties	7	140,489	28,562	169,051
Contract assets	13	–	96,672	96,672
Other current assets	15	194,074	(173,915)	20,159
Gross amount due from customers		6,882	(6,882)	–
Foreign currency translation reserve		22,216	1,119	23,335
Retained earnings		(620,907)	79,247	(541,660)
Deferred tax liabilities	12	(32,435)	9,527	(22,908)
Trade and other payables	22	(1,328,546)	(187)	(1,328,733)
Contract liabilities	13	–	(1,114,118)	(1,114,118)
Other current liabilities	23	(816,827)	779,966	(36,861)

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(b) (ii) The effects of the transition to the MFRSs framework on the consolidated statement of comprehensive income are as follows:

	Note	As previously reported (under FRSs) RM'000	Effect of MFRSs adjustments RM'000	As restated (under MFRSs) RM'000
Consolidated statement of comprehensive income				
Group				
Financial year ended 31 October 2018				
Revenue	25	2,171,768	(186,843)	1,984,925
Cost of sales		(1,700,707)	135,201	(1,565,506)
Gross profit		471,061	(51,642)	419,419
Other income	26	45,863	–	45,863
Selling and marketing expenses		(49,235)	(88)	(49,323)
Administrative and other expenses		(207,238)	(3,878)	(211,116)
Finance costs	27	(99,731)	–	(99,731)
Share of results in joint ventures, net of tax		55,400	(29,750)	25,650
Share of results in an associate, net of tax		1,199	–	1,199
Profit before tax	28	217,319	(85,358)	131,961
Income tax expense	31	(51,727)	13,257	(38,470)
Profit for the financial year		165,592	(72,101)	93,491
Exchange differences of translation of foreign operation		1,679	–	1,679
Share of other comprehensive loss of joint ventures		(23,354)	(859)	(24,213)
Total comprehensive income		143,917	(72,960)	70,957

(b) (iii) There is no material impact on the consolidated statement of cash flows for the financial year ended 31 October 2018 on adoption of the MFRSs framework other than the reclassification arising from application of MFRS 15 as follows:

	As previously reported (under FRSs) RM'000	Effect of MFRSs adjustments RM'000	As restated (under MFRSs) RM'000
Consolidated statement of cash flows			
Group			
Financial year ended 31 October 2018			
Net cash from operating activities	222,588	(5,751)	216,837
Net cash used in investing activities	(476,327)	5,751	(470,576)

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Explanation of transition to MFRSs and change in accounting policy (Continued)

(b) (iv) Reconciliation of earnings per share

	2018 sen per share
Group	
Basic/Diluted earnings per share as reported under FRSs	5.62
Less: Effect of transition to MFRSs	(2.44)
Basic/Diluted earnings per share as reported under MFRSs	3.18

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2020*/ 1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Continued)		
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2021#
MFRS 132	Financial Instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

(a) The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that may be applicable to the Group and the Company are summarised below.

MFRS 16 Leases

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

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

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (Continued)

(a) The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that may be applicable to the Group and the Company are summarised below (Continued).

MFRS 16 Leases (Continued)

On initial adoption of MFRS 16, there will be a change in the accounting treatment for those leases, which the Group as a lessee currently accounts for as operating leases. The Group will be required to capitalise its rented premises on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities at the present value of future lease payments.

The Group and the Company plan to adopt this standard by applying the transitional provisions and include the required additional disclosures in their financial statements in the year of adoption. The Group will elect the practical expedient to not reassess whether all its subsisting contracts contain a lease or not at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 November 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings. As such, the borrowing cost incurred relating to the outstanding borrowing will be eligible for capitalisation by applying a capitalisation rate to the expenditures on other qualifying assets.

An entity applies these amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies the amendments. These amendments are currently not applied by the Group but may apply to future borrowing costs.

Amendments to MFRS 3 Business Combinations

These amendments are to help entities determine whether an acquired set of activities and assets is a business or not, and thus whether goodwill should be considered.

The amendments clarify the minimum requirements for a business, remove the need to assess whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. As such, the amendments will likely result in more acquisitions being accounted for as an asset acquisitions.

An entity applies these amendments to business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period in which the entity first applies the amendments. These amendments are currently not applied to the Group and not expected to impact the financial statements on the date of first application but may apply to future transactions.

(b) The financial effects of the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC that have been issued, but yet to be effective are currently still being assessed by the Group and the Company.

2. BASIS OF PREPARATION (CONTINUED)

2.4 IFRS Interpretations Committee ("IFRIC")'s Agenda Decision on IAS 23 Borrowing Costs ("Agenda Decision")

In March 2019, IFRIC concluded that inventory of unsold units under construction are not qualifying assets.

The Group is still assessing the impact of the Agenda Decision which has been mandated by MASB for application for annual periods beginning on or after 1 July 2020.

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 they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

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 Note 3 to the financial statements.

2.7 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs 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 and the Company to exercise judgement in the process of applying their accounting policies. Although these estimates and judgements are based on the Group's best knowledge of current events and actions, actual results may differ.

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

NOTES TO THE FINANCIAL STATEMENTS

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 of the Group and of the Company.

3.1 Basis of consolidation and economic entities

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates and joint ventures used in the preparation of the consolidated financial statements are prepared for the same financial year as the Company's. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combinations

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

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

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

For a new acquisition, 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. Any amount that relates to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that is not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; 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 (the choice of measurement basis is made on an acquisition-by-acquisition basis); 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 the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (Continued)

(a) Subsidiaries and business combinations (Continued)

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 the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have 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 of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary. Any gain or loss 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 fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership 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.

(b) Associates and joint ventures

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over financial and operating policies.

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangements have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, where decisions about the activities undertaken by the joint venture require unanimous consent of the parties sharing control.

Associates or joint ventures are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale).

Under the equity method, an investment in an associate or a joint venture is initially recognised at cost. Thereafter, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures, after adjustments to align its accounting policies with those of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (Continued)

(b) Associates and joint ventures (Continued)

Goodwill relating to an associate or joint venture is added to the carrying amount of the investment.

Any excess of the Group's share of the fair value of the associate's or joint venture's identifiable net assets over the cost of the investment is not deducted from the carrying amount of investment and is instead recognised as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

When the Group's share of losses exceeds its interest in an associate or a joint venture, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has a legal or constructive obligation or has made payments on behalf of the investee.

Should the associate or joint venture subsequently report profits, the Group only resumes the recognition of its share of such profits after it equals the share of losses previously not recognised.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at the end of each financial year whether there is any objective evidence that its investment in each associate and joint venture has been impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss. Any reversal of impairment is recognised in profit or loss to the extent that the recoverable amount of the investment subsequently increases.

Investments in associates or joint ventures are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in a former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9.

The difference between the carrying amount of an associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

When the Group reduces its ownership interest in an associate or a joint venture but continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (Continued)

(c) 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.

When the Group transacts with an associate or a joint venture, profits and losses resulting from these transactions are recognised in the Group's consolidated financial statements only to the extent of the interests in the associate or joint venture that are not related to the Group.

The unrealised profits on transactions between the Group and the associate or joint venture are eliminated. Unrealised losses are also eliminated, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions and operations

(a) 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 each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing reporting 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 hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation.

When 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 a net investment in a 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency transactions and operations (Continued)

(b) Translation of foreign operations

In the consolidated financial statements, assets and liabilities of foreign operations denominated in a functional currency other than the presentation currency are translated into the presentation currency at exchange rates prevailing at the reporting date. Income and expense items are translated at exchange rates ruling at the transaction dates.

Exchange differences arising on translation are recognised in other comprehensive income. If the foreign operation is not a wholly-owned subsidiary, the relevant share of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the realised cumulative foreign exchange translation reserve related to that foreign operation is reclassified to profit or loss.

For a partial disposal not involving loss of control of a subsidiary, the relevant share of the cumulative foreign exchange translation reserve is reattributed to non-controlling interests.

For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the realised cumulative foreign exchange translation reserve is reclassified to profit or loss.

3.3 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

As explained in Note 2.2 (a) (ii) above, upon the adoption of MFRS 9 on 1 November 2018, the Group availed itself of the exemption from retrospective application. Accordingly, financial instruments in the financial year ended 31 October 2018 as set out in the comparative financial statements continue to be disclosed and measured under FRS 139.

As a result, both the accounting policies under MFRS 9 and FRS 139 are disclosed below under Part A and Part B, respectively.

<u>Part A - Accounting policies applied from 1 November 2018 (under MFRS 9)</u>

(a) Initial recognition

Except for the trade receivables that do not contain a significant financing component, financial instruments are recognised initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs attributable to a financial asset or financial liability carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables that do not contain a significant financing component or where the Group expects the period between when the promised goods are transferred and when the customer pays will be one year or less are measured at the transaction price determined under MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Part A - Accounting policies applied from 1 November 2018 (under MFRS 9) (Continued)

(b) Subsequent measurement

The Group categorises financial instruments as follows:

(i) Financial assets

The Group's financial assets consists of debt instruments that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost.

Accordingly, the Group classifies its financial assets as financial assets measured at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

The policy for the recognition and measurement of impairment is in accordance with Note 3.10. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

(ii) Financial liabilities

The Group classifies its financial liabilities as financial liabilities measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the EIR amortisation process.

(c) 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 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 amount of the loss allowance determined using the general 3-stage approach as described in Note 3.10(a)(i) and the amount initially recognised, and where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Part A - Accounting policies applied from 1 November 2018 (under MFRS 9) (Continued)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or

(ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either:

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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 is discharged, cancelled or expired. On derecognition of a financial liability, 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.

(e) 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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Part B - Accounting policies applied until 31 October 2018 (under FRS 139)

(a) Initial recognition

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.

(b) Subsequent measurement

The Group categorises the financial instruments as follows:

(i) Financial assets

The Group's financial assets have fixed or determinable payments and are not quoted in an active market. Accordingly, they 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 3.10. Gains and losses are recognised in profit or loss through the amortisation process.

(ii) Financial liabilities

Same as in Note 3.3 Part A (b)(ii).

(c) Financial guarantee contracts

Same as in Note 3.3 Part A (c), except that 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.

(d) Derecognition

Same as in Note 3.3 Part A (d).

(e) Offsetting of financial instruments

Same as in Note 3.3 Part A (e).

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment and depreciation

(a) Recognition and measurement

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 3.10 to the financial statements.

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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

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

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

(b) 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 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.

(c) Depreciation

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

All other property, plant and equipment are depreciated on a straight-line basis by allocating their depreciable amounts over their remaining useful lives at the following rates:

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.

(d) 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 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 asset.

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.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

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.

3.6 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Inventories

Inventories comprising properties held for sale are valued at the lower of cost and net realisable value.

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

Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

Land held for property development will be reclassified to properties under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Property under development and completed properties

Property under development consists of the cost of land and 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.

The cost of unsold completed properties is determined on a specific identification basis.

3.8 Contract assets/liabilities

A contract asset is recognised for the excess of revenue recognised over progress billings and deposits or advances received from purchasers of properties.

When progress billings and deposits or advances received from purchasers of properties exceed revenue recognised, the Group recognises a contract liability for the difference.

The policy for the recognition and measurement of impairment losses on contract assets is in accordance with Note 3.10 to the financial statements.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise 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, debt service reserve, redemption accounts and escrow accounts pledged to secure banking facilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets

(a) Impairment of financial assets and contract assets

Part A - Accounting policies applied from 1 November 2018 (under MFRS 9)

Financial assets measured at amortised cost, contract assets and financial guarantee contracts are subject to the impairment requirement in MFRS 9 to account for expected credit losses. Expected credit loss ("ECL") is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group measures loss allowance as follows:

(i) General 3-stage approach for other receivables and cash and bank balances.

At each reporting date, the Group measures loss allowance at an amount equal to credit losses that result from default events that are possible within the next 12-months ("12-month ECL") if credit risk on a financial instrument has not increased significantly since initial recognition.

For other financial instruments, a loss allowance at an amount equal to credit losses over the remaining life of the exposure ("lifetime ECL") is required.

(ii) Simplified approach for trade receivables and contract assets.

The Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime ECL at each reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Generally, the Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default (or credit-impaired) when contractual payment of the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Nevertheless, in other cases, the Group may also consider internal and external information that indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Those information includes instances where:

- the counterparty is in significant financial difficulty;
- the counterparty is in breach of financial covenants;
- the lender of the counterparty having granted to the counterparty a concession that the lender would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Part A - Accounting policies applied from 1 November 2018 (under MFRS 9) (Continued)

Impairment losses (or reversal) are recognised in profit or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty no longer have assets or a source of income that could generate sufficient cash flows to repay the amount owing.

Part B - Accounting policies applied until 31 October 2018 (under FRS 139)

At the end of the financial year, all financial assets (except for investment in subsidiaries, associates and joint ventures) are assessed for 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.

Losses expected arising from future events, no matter how likely, are not recognised.

Objective evidence of impairment may include indications that the counterparties 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

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

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 amount of 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 are written off when there is no realistic prospect of future recovery and all collaterals have been realised. 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)

3.10 Impairment of assets (Continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period 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, 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").

The recoverable amount of an asset or 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 for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Current versus non-current classification

The Group classifies 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
- a cash or a cash equivalent which is not 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 classifies all other liabilities as non-current.

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

3.12 Share capital

Ordinary shares

Ordinary shares are equity instruments and are 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.

3.13 Employee benefits

(a) 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.

(b) Defined contribution plans

As required by law, the Group contributes to the Employees Provident Fund, the national defined contribution plan and the Central Provident Fund, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Provisions

Provisions are recognised when the Group 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.

3.15 Revenue and other income

(a) Revenue

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied based on each contract with a customer or on a combination of contracts with the same customer (or related parties of the customer). For practical expediency, the Group applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on each individual contracts (or performance obligations) within that portfolio.

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

Financing components

The Group has applied the practical expedient of not adjusting the promised amount of consideration for the effects of a significant financing components if the Group expects the period between the transfer of the promised goods or services to the customer and payment by the customer to be one year or less.

(i) Property development

The Group develops and sells residential and commercial properties.

Contracts with customers may include multiple distinct promises to customers and these are accounted for as separate performance obligations. Where the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus margins.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (Continued)

(a) Revenue (Continued)

Financing components (Continued)

(i) Property development (Continued)

Revenue from the sales of properties under development is recognised as and when the control of the property is transferred to the customer. Based on the terms of the contract and applicable laws, control is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, which in turn is determined by the proportion that property development costs incurred for work performed to date bear over the estimated total property development costs (an input method).

Revenue from the sale of completed properties is recognised at a point in time when control of the property is transferred to the customer and it is probable that the Group will collect the consideration to which it is entitled.

Based on the Group's customary business practice, the customers' legal fees are borne by the Group. Revenue is recognised net of customers' legal fees.

The Group determines that sales of properties under Help2Own scheme contain a significant financing component. Consequently, the amount of the promised consideration is adjusted for the time value of money and the related interest income is recognised using the effective interest method over the term of the deferment.

The Group also determines that its sales of properties under Stay2Own scheme includes a variable amount. Revenue from these sales is recognised only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(ii) Management fees

Management fees are recognised over time as services are rendered based on time elapsed.

(iii) Sales of other goods

Revenue from the sale of other goods is recognised at a point in time when control of the goods is transferred to the customer, being the time when the customer accepts the delivery of the goods.

Revenue is recognised based on the price specified in the contract, net of any discounts.

Sales are made with a credit term ranging from 30 to 60 days, which is consistent with market practice and therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts delivery of the goods.

Where consideration is collected from customer in advance for sale of good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of good to the customer.

(iv) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (Continued)

(b) Other income

(i) Interest income

Interest income is recognised using the effective interest method.

(ii) Rental income

Rental income, net of lease incentives granted, is recognised on a straight-line basis over the term of the lease.

3.16 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 the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred the borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Income earned on the temporary investment of borrowed funds pending disbursement for expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.17 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except when it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates that have been enacted or substantively enacted by the end of the financial year, adjusted for any over or under recognised current tax expense in respect of previous financial years.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (Continued)

(b) Deferred tax (Continued)

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 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.

(c) Goods and services tax ("GST") and sales and services tax ("SST")

GST in Malaysia was abolished and replaced by SST on 1 September 2018.

Revenue is stated net of any GST or SST collected.

GST or SST paid on goods and services purchased are recognised as part of the cost of purchase of such goods and services, unless the GST is recoverable from the tax authority, in which case the GST paid is recognised as a receivable.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 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 by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding for the effects of any dilutive potential ordinary shares.

3.19 Contingent liabilities and contingent assets

A contingent liability or contingent 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 and of the Company.

Additionally, contingent liabilities include a present obligation that arises from past events where:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

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

3.20 Fair value measurements

The fair value of an asset or a liability, except for share-based payments and lease transactions, is determined as the price that would be received from the sale of 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 assets, 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 is 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 and the Company 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.22 Contract acquisition costs

Contract acquisition costs are incremental costs of obtaining a contract with a customer. Contract acquisition costs are recognised as an asset when the Group expects that those costs are recoverable through property development revenue earned from the customer.

These costs are amortised on a systematic basis that is consistent with the transfer to the customer of the properties to which the asset relates.

The Group has applied the practical expedient to recognise contract acquisition costs as an expense when incurred for contracts with an amortisation period of one year or less.

Impairment loss is recognised in the profit or loss to the extent that the carrying amount of the contract acquisition costs asset exceeds the remaining consideration that the Group expects to receive for the specific contract that the costs relate to (after deducting additional costs required to be incurred in relation to the contracts).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4.1 Property development revenue (Note 7 and Note 25)

The Group recognises property development revenue in profit or loss based on the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear over the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue (including estimated variable consideration) and costs, as well as the recoverability of the development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events. In making the judgement, the Group relies on past experience and the work of specialists.

4.2 Capitalisation of borrowing costs in inventories – 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 the capitalisation of borrowing costs when it has incurred the 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 development continues on other phases, the Group ceases the capitalisation of the borrowing costs incurred on the completed phases.

Significant judgement is required to determine whether the activities meet the criteria of an active development that benefits future development phases.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.3 Impairment of investment in joint ventures (Note 10)

The Group assesses its investment in joint ventures at the end of the reporting period for any objective evidence that the investment may be impaired. For the purpose of assessing impairment, the Group determines its share of the present value of the estimated future cash flows expected to be generated by the joint venture. In estimating the present value of the estimated cash flows, the Group applies a suitable discount rate and make assumptions underlying the cash flow projections such as future sales of development properties and future costs of development.

4.4 Investment in associates (Note 9)

According to the contractual arrangements entered into with other shareholders of the associate, the Group has the power to participate in the financial and operating policy decisions, but not control or joint control over those policies.

Judgement is required to determine if the Group has the necessary significant influence to regard the associate as an associate and to account for its interest using the equity method.

4.5 Investment in joint ventures (Note 10)

According to the contractual arrangements entered into with the Group's joint venture partners, decisions about the relevant activities of the joint ventures require the unanimous consent of all the parties sharing control and the Group has rights to the net assets of the joint ventures.

Judgement is required to determine if the Group has the necessary joint control over the joint ventures to recognise them as joint venture arrangements and to account for its interest using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

Group 2019	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 2018	65,779	132,088	22,434	32,764	48,142	35,247	336,454
Additions	-	14,980	835	2,261	195	972	19,243
Disposals	-	-	(93)	(35)	(5)	-	(133)
Written off	-	-	-	(66)	-	-	(66)
Reclassification	-	34,956	-	-	9	(34,965)	-
Exchange differences	-	-	-	23	35	-	58
At 31 October 2019	65,779	182,024	23,176	34,947	48,376	1,254	355,556
Accumulated depreciation and impairment loss							
At 1 November 2018	-	21,064	13,259	24,258	27,761	-	86,342
Depreciation for the financial year	-	20,614	3,197	5,592	7,815	-	37,218
Disposals	-	-	(38)	(23)	(4)	-	(65)
Written off	-	-	-	(57)	-	-	(57)
Impairment loss	2,457	-	-	-	-	-	2,457
Exchange differences	-	-	-	20	19	-	39
At 31 October 2019	2,457	41,678	16,418	29,790	35,591	-	125,934
Carrying amount							
At 31 October 2019	63,322	140,346	6,758	5,157	12,785	1,254	229,622

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2018	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 2017	65,779	118,061	21,728	31,197	42,743	7,479	286,987
Additions	–	14,027	1,920	1,696	5,433	27,859	50,935
Disposals	–	–	(1,214)	(2)	(72)	–	(1,288)
Written off	–	–	–	(92)	(5)	–	(97)
Reclassification	–	–	–	–	91	(91)	–
Exchange differences	–	–	–	(35)	(48)	–	(83)
At 31 October 2018	65,779	132,088	22,434	32,764	48,142	35,247	336,454
Accumulated depreciation							
At 1 November 2017	–	12,282	10,410	17,846	18,507	–	59,045
Depreciation for the financial year	–	8,782	3,653	6,498	9,314	–	28,247
Disposals	–	–	(804)	(2)	(47)	–	(853)
Written off	–	–	–	(65)	(2)	–	(67)
Exchange differences	–	–	–	(19)	(11)	–	(30)
At 31 October 2018	–	21,064	13,259	24,258	27,761	–	86,342
Carrying amount							
At 1 November 2017	65,779	105,779	11,318	13,351	24,236	7,479	227,942
At 31 October 2018	65,779	111,024	9,175	8,506	20,381	35,247	250,112

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company **2019**	**Office equipment and fittings RM'000**	**Other assets* RM'000**	**Total RM'000**
Cost			
At 1 November 2018/31 October 2019	**195**	**300**	**495**
Accumulated depreciation			
At 1 November 2018	**170**	**258**	**428**
Depreciation for the financial year	**25**	**36**	**61**
At 31 October 2019	**195**	**294**	**489**
Carrying amount			
At 31 October 2019	**-**	**6**	**6**
2018			
Cost			
At 1 November 2017/31 October 2018	195	300	495
Accumulated depreciation			
At 1 November 2017	141	198	339
Depreciation for the financial year	29	60	89
At 31 October 2018	170	258	428
Carrying amount			
At 1 November 2017	54	102	156
At 31 October 2018	25	42	67

* *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.*

(a) Certain freehold land and buildings with a carrying amount of RM145,105,000 (31.10.2018: RM159,776,000; 1.11.2017: RM152,260,000) have been charged to secure banking facilities granted to the Group (Note 19).

(b) Assets held under finance lease arrangements

The carrying amount of assets under a finance lease arrangements are as follows:

		Group	
	31.10.2019 RM'000	**31.10.2018 RM'000**	**1.11.2017 RM'000**
Motor vehicles	**370**	457	-

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT PROPERTY

	Group 2019 RM'000	Group 2018 RM'000
At cost		
At 1 November 2018/2017	**19,440**	19,149
Additions	**70**	291
At 31 October	**19,510**	19,440
Represented by:		
Freehold land	**19,510**	19,440
Fair value	**52,000**	51,900

The fair value of the freehold land is categorised as Level 2 in the fair value hierarchy referred to, in Note 3.20. 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 the price per square foot of comparable land.

The fair value has been determined from a valuation performed by a registered independent valuer having appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The investment property had been charged to secure banking facilities granted to the Group (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

7. INVENTORIES

	Group 31.10.2019 RM'000	31.10.2018 Restated RM'000	1.11.2017 Restated RM'000
Non-current:			
At cost			
Land held for property development			
– freehold land	**2,423,545**	2,480,301	2,597,770
– leasehold land	**335,795**	335,795	342,183
– development costs	**1,205,850**	1,069,484	969,858
	3,965,190	3,885,580	3,909,811
Current:			
At cost			
Property under development			
– freehold land	**536,950**	667,652	858,512
– leasehold land	**63,300**	84,422	101,027
– development costs	**1,462,665**	2,111,179	1,646,834
Completed properties	**597,091**	169,051	24,707
	2,660,006	3,032,304	2,631,080
	6,625,196	6,917,884	6,540,891

(a) Included in land held for property development during the financial year are:

	Group 2019 RM'000	2018 RM'000
Borrowing costs	**48,388**	76,509

The entire land held for property development have been charged to secure banking facilities granted to the Group (Note 19).

(b) Included in property under development during the financial year are:

	Group 2019 RM'000	2018 RM'000
Borrowing costs	**76,767**	59,036

Certain property under development have been charged to secure banking facilities granted to the Group (Note 19).

(c) During the financial year, inventories recognised as cost of sales amounted to RM1,827,556,000 (2018: RM1,386,636,000).

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES

	Company		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
At cost			
Unquoted ordinary shares	**195,867**	195,867	195,867
Unquoted redeemable convertible preference shares	**3,443,963**	3,443,963	3,156,450
Less: Accumulated impairment losses	**(98,513)**	(38,513)	-
	3,541,317	3,601,317	3,352,317

Arising from an assessment of the underlying value of subsidiaries, the Company noted that the recoverable amounts of certain subsidiaries were lower than their carrying amount in view of recent operating losses. Accordingly, an impairment loss of RM60,000,000 (2018: RM3,582,000) was recognised in profit or loss.

Movements in accumulated impairment losses were as follows:

	Company	
	2019 RM'000	2018 RM'000
At 1 November 2018/2017	**38,513**	-
Recognised during the financial year	**60,000**	3,582
Reclassified as a consequence of applying amounts due from subsidiaries to subscribe for redeemable convertible preference shares (Note 11(b))	**-**	34,931
At 31 October	**98,513**	38,513

The subsidiaries, all incorporated in Malaysia unless otherwise stated, are as follows:

	Ownership Interest			
	31.10.2019 %	31.10.2018 %	1.11.2017 %	**Principal activities**
Focal Aims Land Sdn. Bhd.	**100**	100	100	Property development
Focal Aims Properties Sdn. Bhd. ("FAPSB")	**100**	100	100	Investment holding
Eco World Ukay Sdn. Bhd.	**100**	100	100	Project management, building and construction services
Eco Sanctuary Sdn. Bhd.	**100**	100	100	Property development and property investment holding
Eco Sky Sdn. Bhd.	**100**	100	100	Property development
Eco Majestic Development Sdn. Bhd.	**100+**	100+	100+	Property development and property investment holding
Eco Botanic Sdn. Bhd.	**100**	100	100	Property development
Eco Terraces Sdn. Bhd.	**100**	100	100	Property development
Eco Business Park 2 Sdn. Bhd.	**100**	100	100	Property development

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries, all incorporated in Malaysia unless otherwise stated, are as follows (Continued):

	Ownership Interest			
	31.10.2019 %	31.10.2018 %	1.11.2017 %	Principal activities
Eco Meadows Sdn. Bhd.	**100**	100	100	Property development
Eco Summer Sdn. Bhd.	**100**	100	100	Property development and property investment holding
Eco Business Park 1 Sdn. Bhd.	**100**	100	100	Property development
Eco World Property Services (Eco South) Sdn. Bhd.	**100**	100	100	Property management services
Eco World Digital Services Sdn. Bhd. (formerly known as Pingat Stabil Sdn. Bhd.)[#]	**100**	100	100	Investment holding
Rentas Prestasi Sdn. Bhd. ("RPSB")	**100**	100	100	Investment holding
Eco World Development Management (BBCC) Sdn. Bhd.	**100**	100	100	Property development project management
Eco World Trading Sdn. Bhd.	**100**	100	100	Traders or business of building materials
Eco World IBS Sdn. Bhd.	**100**	100	100	Traders and manufacturers of prefabricated and precast components
Eco World Development (S) Pte. Ltd.[^ @]	**100**	100	100	Promotion, marketing and other activities related to property management
Meridian Insight Sdn. Bhd.	**100**	100	100	Investment holding
EF Development Sdn. Bhd.	**100**	100	100	Investment holding
Eco Macalister Development Sdn. Bhd.	**100**	100	100	Property investment holding
Eco World Project Management Sdn. Bhd. ("EWPM")	**100**	100	100	Property development project management
Eco World Property Services (Eco Central) Sdn. Bhd.	**100**	100	100	Property management services
Melia Spring Sdn. Bhd.	**100**	100	100	Investment holding
Eco Grandeur Sdn. Bhd. ("EGSB")	**100**	100	100	Investment holding
Eco World Capital (International) Sdn. Bhd. ("EWCI")	**100**	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries, all incorporated in Malaysia unless otherwise stated, are as follows (Continued):

	Ownership Interest			
	31.10.2019 %	31.10.2018 %	1.11.2017 %	Principal activities
Eco World Capital (L) Ltd[@@]	**100**	100	100	Investment holding
Eco World Property Services (Eco North) Sdn. Bhd.	**100**	100	100	Property management services
Hara Kecil Sdn. Bhd.	**100**	100	100	Mobile applications development and consultation
Eco World Capital Assets Berhad	**100**	100	100	Issuer of notes under the Medium Term Note programme
Jasa Hektar Sdn. Bhd.	**100**	100	100	Property development
Held through FAPSB				
Eco Tropics Development Sdn. Bhd. ("ETSB")	**100**	100	100	Property development
Held through EWPM				
Eco World DM Services Sdn. Bhd.	**100**	100	100**	Provision of consultancy and property development project management services
Held through ETSB				
Focal Aims Realty Sdn. Bhd.	**100**	100	100	Project management and investment holding
Focal Aims Development Sdn. Bhd.[##]	**100**	100	100	Investment holding
Focal Aims Resort (M) Sdn. Bhd.[##]	**100**	100	100	Investment holding

\+ *98% held through RPSB and 2% held through the Company.*

\# *On 27 November 2019, the name of the company was changed from Pingat Stabil Sdn. Bhd. to Eco World Digital Services Sdn. Bhd.*

^ *Audited by Baker Tilly TFW LLP, an independent member firm of Baker Tilly International.*

@ *Incorporated in Singapore.*

@@ *Incorporated in Labuan.*

** *Held directly by the Company.*

\## *In the process of striking off.*

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENT IN ASSOCIATES

	Group			Company		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
At cost						
Unquoted ordinary shares	**410**	360	360	**410**	360	360
Unquoted redeemable preference shares	**56,078**	56,078	12,368	**56,078**	56,078	12,368
Share of post-acquisition results and reserves	**(1,716)**	598	(601)	**-**	-	-
Elimination of unrealised income	**-**	(18)	-	**-**	-	-
Less: Accumulated impairment losses	**(3)**	-	-	**(14)**	-	-
	54,769	57,018	12,127	**56,474**	56,438	12,728

Details of the associates, incorporated in Malaysia, are as follows:

	Ownership Interest				
	31.10.2019 %	31.10.2018 %	1.11.2017 %	Principal activities	Financial year end
MFBBCC Retail Mall Sdn. Bhd. ("MFBBCC") ^	**12**	12	12	Development and operation of retail mall	31 December #
Kale Life Sdn. Bhd. ("Kale Life") +	**20**	-	-	Provision of digital solution services	31 October

^ *Audited by an audit firm other than Baker Tilly Monteiro Heng PLT.*

\# *The equity accounted share of results is based on a full scope audit on the financial statements of the associate made up to the financial year end of the Group.*

\+ *Voluntary winding up commenced on 2 January 2020.*

The Company has significant influence in the associates by having representation on its board of directors to participate in decision-making over financial and operating policies.

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENT IN ASSOCIATES (CONTINUED)

(a) The following table illustrates the summarised financial information of the associates and reconciles the information to the carrying amount of the Group's interest in the associates as at 31 October 2019:

	MFBBCC RM'000	Kale Life RM'000	Total RM'000
31.10.2019			
Assets and liabilities			
Non-current assets	**819,833**	**2**	**819,835**
Current assets	**462,943**	**181**	**463,124**
Non-current liabilities	**(700,000)**	**-**	**(700,000)**
Current liabilities	**(126,671)**	**(2)**	**(126,673)**
Net assets	**456,105**	**181**	**456,286**
Results			
Loss for the financial year	**(19,083)**	**(54)**	**(19,137)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive loss	**(19,083)**	**(54)**	**(19,137)**
Reconciliation of net assets to carrying amount:			
Share of net assets at acquisition date, at book value	**56,438**	**50**	**56,488**
Less: Accumulated impairment losses	**-**	**(3)**	**(3)**
Cost of investment	**56,438**	**47**	**56,485**
Share of post-acquisition results and reserves:			
- Share of post-acquisition loss	**(1,705)**	**(11)**	**(1,716)**
Carrying amount in the statements of financial position	**54,733**	**36**	**54,769**
Group's share of results			
Group's share of loss	**(2,290)**	**(11)**	**(2,301)**
Group's share of other comprehensive income	**-**	**-**	**-**
Group's share of total comprehensive loss	**(2,290)**	**(11)**	**(2,301)**

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENT IN ASSOCIATES (CONTINUED)

(b) The following table illustrates the summarised financial information of the associate and reconciles the information to the carrying amount of the Group's interest in the associate as at 31 October 2018 and 1 November 2017:

	Group	
	31.10.2018 RM'000	1.11.2017 RM'000
Assets and liabilities		
Non-current assets	377,747	111,605
Current assets	856,448	177,151
Non-current liabilities	(700,000)	(153,624)
Current liabilities	(59,041)	(34,069)
Net assets	475,154	101,063
Results		
Proft/(Loss) for the financial year	9,991	(5,005)
Other comprehensive income	–	–
Total comprehensive income/(loss)	9,991	(5,005)
Reconciliation of net assets to carrying amount:		
Share of net assets at acquisition date, at book value/cost of investment	56,438	12,728
Share of post-acquisition results and reserves:		
- Share of post-acquisition profit/(loss)	598	(601)
- Elimination of unrealised income	(18)	–
Carrying amount in the statements of financial position	57,018	12,127
Group's share of results		
Group's share of profit/(loss)	1,199	(601)
Group's share of other comprehensive income	–	–
Group's share of total comprehensive income/(loss)	1,199	(601)

Significant restrictions

The associates cannot distribute their profit unless approvals are obtained from the respective shareholders.

Commitments

The commitments relating to the Group's and the Company's interest in the associate are as follows:

	Group			Company		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Commitment for ordinary share subscription in MFBBCC	**240**	240	240	**240**	240	240
Commitment for redeemable preference share subscription in MFBBCC	**27,922**	27,922	71,632	**27,922**	27,922	71,632
	28,162	28,162	71,872	**28,162**	28,162	71,872

Contingent liabilities

The Group is not required to share in the contingent liabilities, if any, of the associates.

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN JOINT VENTURES

	Group 31.10.2019 RM'000	Group 31.10.2018 Restated RM'000	Group 1.11.2017 Restated RM'000	Company 31.10.2019 RM'000	Company 31.10.2018 RM'000	Company 1.11.2017 RM'000
At cost						
In Malaysia						
Quoted shares and warrants	**777,600**	777,600	777,600	**-**	–	–
Unquoted shares	**382,894**	382,894	402,058	**14,000**	14,000	14,000
Share of post-acquisition results and reserves	**106,747**	(30,946)	(31,295)	**-**	–	–
Elimination of unrealised income	**(58,747)**	(34,686)	–	**-**	–	–
	1,208,494	1,094,862	1,148,363	**14,000**	14,000	14,000
Add: Amount recognised as obligation (Note 22)	**-**	3,115	4,108	**-**	–	–
	1,208,494	1,097,977	1,152,471	**14,000**	14,000	14,000
Market value						
Quoted shares and warrants	**506,736**	633,096	745,200	**-**	–	–

Details of the joint ventures, all incorporated in Malaysia, are as follows:

	Ownership Interest 31.10.2019 %	Ownership Interest 31.10.2018 %	Ownership Interest 1.11.2017 %	Principal activities	Financial year end
BBCC Development Sdn. Bhd. ("BBCC") ^	**40**	40	40	Property development and property investment holding	31 December #
Eco Horizon Sdn. Bhd. ("EHSB")	**60**	60	60	Property development and property investment holding	31 October
Paragon Pinnacle Sdn. Bhd. ("PPSB")	**60**	60	60	Property development and property investment holding	31 October
Held through EGSB					
Eco Ardence Sdn. Bhd. ("EASB")	**50**	50	50	Property development and property investment holding	31 October
Held through EWCI					
Eco World International Berhad ("EWI") ^	**27**	27	27	Investment holding	31 October

^ *Audited by an audit firm other than Baker Tilly Monteiro Heng PLT.*

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.

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The assets and liabilities of the Group's investment in joint ventures as at 31 October 2019 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2019 are as follows:

	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
31.10.2019						
Assets and liabilities						
Non-current assets	1,141,530	1,802,312	1,088,334	1,295,160	1,083,967	6,411,303
Current assets	828,584	734,093	214,872	500,670	3,573,266	5,851,485
Non-current liabilities	(1,050,586)	(1,524,342)	(1,186,966)	(713,822)	(1,358,700)	(5,834,416)
Current liabilities	(897,194)	(886,995)	(113,184)	(429,888)	(308,190)	(2,635,451)
Net assets	22,334	125,068	3,056	652,120	2,990,343	3,792,921
Included in assets and liabilities are:						
Cash and cash equivalents	38,870	196,372	31,231	142,594	419,620	828,687
Non-current financial liabilities (excluding trade and other payables)	(377,116)	(939,029)	(654,593)	(517,015)	(1,358,870)	(3,846,623)
Current financial liabilities (excluding trade and other payables)	(49,603)	(30,000)	(7,511)	(30,765)	(107,080)	(224,959)
Results						
Profit for the financial year	26,053	53,445	7,571	76,072	219,248	382,389
Other comprehensive income	-	-	-	-	26,107	26,107
Total comprehensive income	26,053	53,445	7,571	76,072	245,355	408,496
Included in total comprehensive income are:						
Revenue	201,820	567,999	134,493	649,946	1,780	1,556,038
Depreciation	(6,894)	(3,684)	(2,259)	(4,196)	(2,161)	(19,194)
Interest income	19,361	3,471	514	3,120	14,595	41,061
Interest expense	(6,992)	(2,484)	(557)	(272)	(57,780)	(68,085)
Income tax expense	(3,822)	(21,165)	(3,217)	(51,099)	(2,352)	(81,655)

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The assets and liabilities of the Group's investment in joint ventures as at 31 October 2019 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2019 are as follows (Continued):

	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
31.10.2019						
Reconciliation of net assets to carrying amount:						
Share of net assets/(liabilities) at acquisition date, at book value	**2,000**	**895**	**3,580**	**(71,133)**	**702,831**	**638,173**
Fair value adjustments	**-**	**91,384**	**199**	**355,969**	**(115,647)**	**331,905**
Goodwill	**-**	**-**	**-**	**-**	**190,416**	**190,416**
Cost of investment	**2,000**	**92,279**	**3,779**	**284,836**	**777,600**	**1,160,494**
Share of post-acquisition profit/(loss)	**6,934**	**22,847**	**(1,945)**	**49,118**	**48,365**	**125,319**
Share of other comprehensive loss	**-**	**-**	**-**	**-**	**(18,572)**	**(18,572)**
Elimination of unrealised income	**(8,934)**	**(40,085)**	**(1,834)**	**(7,894)**	**-**	**(58,747)**
Carrying amount in the statements of financial position	**-**	**75,041**	**-**	**326,060**	**807,393**	**1,208,494**
Group's share of results						
Group's share of profit	**10,421**	**32,067**	**4,543**	**38,036**	**59,197**	**144,264**
Group's share of other comprehensive income	**-**	**-**	**-**	**-**	**7,049**	**7,049**
Group's share of total comprehensive income	**10,421**	**32,067**	**4,543**	**38,036**	**66,246**	**151,313**

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The assets and liabilities of the Group's investment in joint ventures as at 31 October 2018 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2018 are as follows:

	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
31.10.2018						
Restated						
Assets and liabilities						
Non-current assets	881,246	1,476,664	1,012,551	1,291,610	2,721,321	7,383,392
Current assets	748,002	479,300	125,150	383,050	919,323	2,654,825
Non-current liabilities	(902,472)	(1,385,559)	(1,077,254)	(803,806)	(605,570)	(4,774,661)
Current liabilities	(728,885)	(465,306)	(64,232)	(283,310)	(290,090)	(1,831,823)
Net (liabilities)/assets	(2,109)	105,099	(3,785)	587,544	2,744,984	3,431,733
Included in assets and liabilities are:						
Cash and cash equivalents	10,880	162,014	3,935	67,816	427,597	672,242
Non-current financial liabilities (excluding trade and other payables)	(260,682)	(734,170)	(605,442)	(581,809)	(605,574)	(2,787,677)
Current financial liabilities (excluding trade and other payables)	–	(34,689)	–	(5,293)	(230,686)	(270,668)
Results						
Profit/(Loss) for the financial year	8,412	11,130	(5,397)	43,726	(11,178)	46,693
Other comprehensive loss	–	–	–	–	(89,678)	(89,678)
Total comprehensive income/(loss)	8,412	11,130	(5,397)	43,726	(100,856)	(42,985)
Included in total comprehensive income are:						
Revenue	100,907	403,511	40,699	304,307	–	849,424
Depreciation	(7,011)	(2,508)	(2,258)	(3,272)	(2,229)	(17,278)
Interest income	13,344	2,196	330	2,052	12,274	30,196
Interest expense	–	(1,523)	(396)	(276)	(8,810)	(11,005)
Income tax (expense)/credit	(766)	(6,436)	2,090	(12,370)	6,507	(10,975)

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The assets and liabilities of the Group's investment in joint ventures as at 31 October 2018 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2018 are as follows (Continued):

	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
31.10.2018						
Restated						
Reconciliation of net assets to carrying amount:						
Share of net assets/(liabilities) at acquisition date, at book value	2,000	895	3,580	(71,133)	702,831	638,173
Fair value adjustments	–	91,384	199	355,969	(115,647)	331,905
Goodwill	–	–	–	–	190,416	190,416
Cost of investment	2,000	92,279	3,779	284,836	777,600	1,160,494
Share of post-acquisition (loss)/profit	(2,844)	(1,001)	(6,050)	15,403	(10,833)	(5,325)
Share of other comprehensive loss	–	–	–	–	(25,621)	(25,621)
Elimination of unrealised income	–	(28,219)	–	(6,467)	–	(34,686)
	(844)	63,059	(2,271)	293,772	741,146	1,094,862
Add: Amount recognised as obligation (Note 22)*	844	–	2,271	–	–	3,115
Carrying amount in the statements of financial position	–	63,059	–	293,772	741,146	1,097,977
Group's share of results						
Group's share of profit/(loss)	3,365	6,678	(3,238)	21,863	(3,018)	25,650
Group's share of other comprehensive loss	–	–	–	–	(24,213)	(24,213)
Group's share of total comprehensive income/(loss)	3,365	6,678	(3,238)	21,863	(27,231)	1,437

* *The Group's share of BBCC's and EHSB's losses in excess of the cost of investment has been recognised as an obligation in the consolidated statement of financial position.*

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The assets and liabilities of the Group's investment in joint ventures as at 1 November 2017 and its revenue and results for the financial year since investing in the joint ventures up to 1 November 2017 are as follows:

	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
1.11.2017						
Restated						
Assets and liabilities						
Non-current assets	754,753	1,365,181	918,769	1,264,734	1,651,324	5,954,761
Current assets	551,059	233,024	100,591	269,903	1,356,989	2,511,566
Non-current liabilities	(782,895)	(949,925)	(977,385)	(799,523)	(48,716)	(3,558,444)
Current liabilities	(533,187)	(506,091)	(40,233)	(139,642)	(113,755)	(1,332,908)
Net (liabilities)/assets	(10,270)	142,189	1,742	595,472	2,845,842	3,574,975
Included in assets and liabilities are:						
Cash and cash equivalents	22,540	32,814	14,181	18,360	986,680	1,074,575
Non-current financial liabilities (excluding trade and other payables)	–	(485,180)	(603,994)	(562,885)	(48,684)	(1,700,743)
Current financial liabilities (excluding trade and other payables)	(35,000)	(30,000)	–	–	(79,913)	(144,913)
Reconciliation of net assets to carrying amount:						
Share of net assets/(liabilities) at acquisition date, at book value	2,000	895	3,580	(71,133)	702,831	638,173
Fair value adjustments	–	91,384	199	375,133	(115,647)	351,069
Goodwill	–	–	–	–	190,416	190,416
Cost of investment	2,000	92,279	3,779	304,000	777,600	1,179,658
Share of post-acquisition loss	(6,108)	(6,966)	(2,734)	(6,264)	(7,815)	(29,887)
Share of other comprehensive loss	–	–	–	–	(1,408)	(1,408)
	(4,108)	85,313	1,045	297,736	768,377	1,148,363
Add: Amount recognised as obligation (Note 22)*	4,108	–	–	–	–	4,108
Carrying amount in the statements of financial position	–	85,313	1,045	297,736	768,377	1,152,471

* *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.*

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

Review for impairment of EWI

As at 31 October 2019, the Group's quoted investment in a joint venture, EWI, was assessed for impairment as the market value (Level 1 in the fair value hierarchy) was less than its carrying amount. The recoverable amount of the investment was computed based on the Group's share of the estimated future cash flows expected to be generated by EWI, taking into consideration the expected revenue from sales of properties and development costs of the properties.

Based on the assessment, no impairment is recorded for the investment in the joint venture as the recoverable amount exceeded its carrying amount.

Significant restrictions

The joint ventures cannot distribute their profit unless approvals are obtained from the respective joint venture partners.

Commitments

The commitments relating to the Group's and the Company's interest in the joint ventures are as follows:

	Group			Company		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Commitment to fund development costs of joint ventures	**43,000**	80,000	152,375	**43,000**	80,000	152,375

Additionally, the Group has a contractual obligation to contribute funds proportionately to BBCC, EASB, PPSB and EHSB until their development projects are completed.

Contingent liabilities

The Group is not required to share in the contingent liabilities, if any, of the joint ventures.

11. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group			Company		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Trade receivables	**112,171**	24,552	–	**-**	–	–
Amounts due from subsidiaries	**-**	–	–	**499,488**	552,880	660,850
Amounts due from joint ventures	**760,099**	651,223	507,520	**735,788**	627,816	489,821
	872,270	675,775	507,520	**1,235,276**	1,180,696	1,150,671
Less: Accumulated impairment losses	**-**	–	–	**-**	–	(34,931)
Total trade and other receivables	**872,270**	675,775	507,520	**1,235,276**	1,180,696	1,115,740

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES – NON-CURRENT (CONTINUED)

(a) Trade receivables

The long term trade receivables are due from house buyers and which are to be settled based on instalment plans. These balances represent instalments due after 12 months. Therefore, these trade receivables are neither past due nor impaired.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries represent unsecured non-trade advances which are not expected to be settled within the next 12 months. These advances are expected to be settled in cash. These advances bear interest ranging from 4.61% to 7.22% (31.10.2018: 5.05% to 7.00%; 1.11.2017: 4.56% to 5.45%).

Movements in accumulated impairment losses in amounts due from subsidiaries are as follows:

	Company	
	2019 RM'000	2018 RM'000
At 1 November 2018/2017	**-**	34,931
Reclassified during the financial year (Note 8)	**-**	(34,931)
At 31 October	**-**	–

The above impairment losses that are individually determined at the reporting date relate to subsidiaries that have difficulty in repaying the advances.

(c) Amounts due from joint ventures

The amounts due from joint ventures represent unsecured non-trade advances which are not expected to be settled within the next 12 months. These advances are expected to be settled in cash. These advances bear interest ranging from 4.00% to 8.00% (31.10.2018: 4.25% to 8.00%; 1.11.2017: 4.00% to 8.00%).

12. DEFERRED TAX ASSETS/LIABILITIES

	Group		Company	
	2019 RM'000	2018 Restated RM'000	2019 RM'000	2018 RM'000
At 1 November 2018/2017	**84,439**	37,048	**14**	6
Recognised in profit or loss:				
– income tax expense (Note 31)	**(12,600)**	47,921	**1**	8
– share of results of joint ventures	**(4,494)**	(530)	**-**	–
- share of results of associates	**(5)**	–	**-**	–
At 31 October	**67,340**	84,439	**15**	14
Presented after appropriate offsetting as follows:				
Deferred tax assets	**99,088**	107,347	**15**	14
Deferred tax liabilities	**(31,748)**	(22,908)	**-**	–
	67,340	84,439	**15**	14

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	At 1 November 2017 Restated RM'000	Recognised in profit or loss RM'000	At 31 October 2018 Restated RM'000	Recognised in profit or loss RM'000	At 31 October 2019 RM'000
Group					
Property development	14,624	32,458	47,082	(36,069)	**11,013**
Difference between the carrying amounts of property, plant and equipment and their tax base	(2,118)	1,243	(875)	939	**64**
Unused tax losses and unabsorbed capital allowances	25,773	(5,268)	20,505	7,925	**28,430**
Unrealised income	7,299	9,900	17,199	8,516	**25,715**
Others	(8,530)	9,058	528	1,590	**2,118**
	37,048	47,391	84,439	(17,099)	**67,340**
Company					
Others	6	8	14	1	**15**

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		
	31.10.2019 RM'000	31.10.2018 Restated RM'000	1.11.2017 Restated RM'000
Property development	**7,344**	1,601	302
Difference between the carrying amounts of property, plant and equipment and their tax base	**859**	135	(234)
Unutilised tax losses	**93,058**	87,795	81,419
Unabsorbed capital allowances	**2,055**	2,556	2,073
Others	**13**	(874)	–
	103,329	91,213	83,560

The unutilised tax losses are available indefinitely for offset against future taxable profits of the subsidiaries except for the tax losses which will expire in the following financial years:

	Group 31.10.2019 RM'000
Year of assessments	
2025	**54,442**
2026	**1,632**

NOTES TO THE FINANCIAL STATEMENTS

13. CONTRACT ASSETS/LIABILITIES

The Group's contract assets and contract liabilities relating to the sale of properties as of each reporting period can be summarised as follows:

	Group		
	31.10.2019	31.10.2018 Restated	1.11.2017 Restated
	RM'000	RM'000	RM'000
Contract assets	**68,545**	96,672	160,468
Contract liabilities	**(1,173,894)**	(1,114,118)	(609,738)
	(1,105,349)	(1,017,446)	(449,270)

	Group	
	2019	2018 Restated
	RM'000	RM'000
At 1 November 2018/2017	**(1,017,446)**	(449,270)
Revenue recognised during the year	**2,272,193**	1,819,706
Progress billings during the year	**(2,360,096)**	(2,387,882)
At 31 October	**(1,105,349)**	(1,017,446)

The contract assets relate to the Group's rights to consideration for work completed on property development but not yet billed. Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This occurs when the Group issues progress billing to its customer. Payment is typically expected within 14 to 90 days.

The contract liabilities represent progress billings and deposits received for property development for which performance obligations have not been satisfied. Contract liabilities are recognised as revenue when performance obligations are satisfied.

14. TRADE AND OTHER RECEIVABLES - CURRENT

	Group			Company		
	31.10.2019	31.10.2018	1.11.2017	31.10.2019	31.10.2018	1.11.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables						
External parties	**740,624**	736,349	685,342	**-**	-	-
Joint ventures	**40,925**	56,289	20,353	**-**	-	-
	781,549	792,638	705,695	**-**	-	-
Other receivables						
External parties	**17,261**	13,970	12,587	**10,000**	-	-
GST refundable	**9,890**	21,068	25,848	**-**	-	-
Subsidiaries	**-**	-	-	**157,457**	211,732	411,647
Joint ventures	**12,982**	7,603	16,637	**-**	-	-
Deposits	**34,825**	33,905	26,008	**-**	-	8
	74,958	76,546	81,080	**167,457**	211,732	411,655
Less: Accumulated impairment losses	**-**	-	-	**(9,093)**	(5,684)	(2,819)
Total trade and other receivables	**856,507**	869,184	786,775	**158,364**	206,048	408,836

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES – CURRENT (CONTINUED)

(a) Trade receivables

The normal credit terms granted to house buyers range from 14 to 90 days (31.10.2018: 21 to 90 days; 1.11.2017: 21 to 90 days). Interest is charged on overdue accounts at 10% per annum (31.10.2018: 10%; 1.11.2017: 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.

Trade receivables comprise substantially amounts due from house buyers with end financing facilities. 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 non-trade advances which are repayable on demand and bear interest ranging from 4.93% to 5.40% (31.10.2018: 4.74% to 6.46%; 1.11.2017: 4.56% to 5.14%). These advances are expected to be settled in cash.

Arising from an assessment of the estimated cash flows of the subsidiaries, the Company noted that the recoverable values of certain amounts were lower than their carrying amounts. Accordingly, an impairment loss of RM3,409,000 (31.10.2018: Nil; 1.11.2017: RM2,819,000) was recognised in profit or loss.

Movements in accumulated impairment losses in amount due from subsidiaries are as follows:

	Company	
	2019	**2018**
	RM'000	**RM'000**
At 1 November 2018/2017	**5,684**	2,819
Recognised during the financial year	**3,409**	–
Reclassified during the financial year	**-**	2,865
At 31 October	**9,093**	5,684

As at 31 October 2019, the above impairment that are individually determined at the reporting date relate to subsidiaries that have difficulty in repaying the advances.

(c) Amounts due from joint ventures

The amounts due from joint ventures represent unsecured non-trade advances which are repayable on demand and is expected to be settled in cash.

(d) Deposits

Included in deposits are deposits paid to authorities in relation to the township developments, totalling RM26,660,000 (31.10.2018: RM26,394,000; 1.11.2017: RM20,055,000).

NOTES TO THE FINANCIAL STATEMENTS

15. OTHER CURRENT ASSETS

	Group		
	31.10.2019	31.10.2018 Restated	1.11.2017 Restated
	RM'000	RM'000	RM'000
Contract acquisition costs	**5,914**	8,987	10,415
Prepaid development expenditures	**354**	446	92
Prepayments	**7,449**	10,726	15,904
	13,717	20,159	26,411

Contract acquisition costs consist of commissions and fees paid to intermediaries to secure contracts with customers.

Contract acquisition costs are amortised in accordance with the pattern of transfer of goods or services under the contracts with customers.

In 2019, amortisation amounting to RM10,493,000 (2018: RM10,611,000) was recognised as part of selling and marketing expenses. There was no impairment loss in relation to the costs capitalised.

16. CASH AND BANK BALANCES

	Group			Company		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Cash in hand and at banks	**378,566**	423,073	314,436	**697**	1,181	14,100
Deposits with licensed banks	**221,973**	87,224	119,388	**129,985**	58,390	77,545
	600,539	510,297	433,824	**130,682**	59,571	91,645

Included in cash and bank balances are the following:

	Group			Company		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Cash held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966*	**81,938**	191,758	149,350	**-**	-	-
Cash and deposits maintained in debts service reserve accounts, redemption accounts and escrow accounts	**181,041**	113,049	97,939	**-**	-	-
Deposits pledged to banks as security for banking facilities	**6,995**	5,365	1,228	**454**	440	426

* *Restricted from general use*

The range of effective interest rates at the end of the financial year for deposits with licensed banks are as follows:

	Group			Company		
	31.10.2019 %	31.10.2018 %	1.11.2017 %	31.10.2019 %	31.10.2018 %	1.11.2017 %
Deposits with licensed banks	**1.90 - 3.30**	1.90 - 3.30	1.90 - 3.71	**2.95 - 3.05**	3.20 - 3.30	3.00 - 3.71

All deposits have maturity periods of less than 12 months (31.10.2018: less than 12 months; 1.11.2017: less than 12 months).

NOTES TO THE FINANCIAL STATEMENTS

17. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
Issued and fully paid up				
At the beginning/end the financial year	**2,944,369**	2,944,369	**3,614,865**	3,614,865

Efffective from 31 January 2017, the new Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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.

18. 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.

NOTES TO THE FINANCIAL STATEMENTS

19. LOANS AND BORROWINGS

	Group			Company		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Non-current						
Secured						
Revolving credits	**103,669**	70,455	15,000	**-**	-	-
Term loans	**831,199**	1,267,490	1,635,158	**-**	-	-
Bridging loans	**181,446**	189,611	201,356	**-**	-	-
Medium term note 1 ("MTN1")	**189,149**	148,695	-	**-**	-	-
Unsecured						
Term loans	**-**	-	101,625	**-**	-	101,625
Medium term note 2 ("MTN2")	**498,362**	249,580	249,469	**-**	-	-
	1,803,825	1,925,831	2,202,608	**-**	-	101,625
Current						
Secured						
Revolving credits	**666,546**	586,890	398,819	**-**	-	-
Term loans	**392,367**	332,289	116,962	**-**	-	-
Bridging loans	**120,560**	132,876	132,185	**-**	-	-
Unsecured						
Term loans	**-**	101,625	-	**-**	101,625	-
Revolving credits	**769,780**	732,500	602,500	**705,000**	705,000	585,000
	1,949,253	1,886,180	1,250,466	**705,000**	806,625	585,000
	3,753,078	3,812,011	3,453,074	**705,000**	806,625	686,625
Total loans and borrowings						
Revolving credits	**1,539,995**	1,389,845	1,016,319	**705,000**	705,000	585,000
Term loans	**1,223,566**	1,701,404	1,853,745	**-**	101,625	101,625
Bridging loans	**302,006**	322,487	333,541	**-**	-	-
Medium term notes	**687,511**	398,275	249,469	**-**	-	-
	3,753,078	3,812,011	3,453,074	**705,000**	806,625	686,625
Repayable						
- not later than one year	**1,949,253**	1,886,180	1,250,466	**705,000**	806,625	585,000
- later than one year and not later than five years	**1,685,000**	1,887,022	2,193,689	**-**	-	101,625
- later than five years	**118,825**	38,809	8,919	**-**	-	-
	3,753,078	3,812,011	3,453,074	**705,000**	806,625	686,625

NOTES TO THE FINANCIAL STATEMENTS

19. LOANS AND BORROWINGS (CONTINUED)

(a) Medium term notes ("MTNs")

(i) The MTN 1 programme comprises notes of up to RM250 million in nominal value with tenure of up to 7 years from the date of first issuance.

As at 31 October 2019, the nominal value of notes issued under the MTN 1 programme was RM190 million (2018: RM150 million) with tenure ranging from 3 to 6 1/4 years from the date of issuance.

(ii) The MTN 2 programme comprises notes up to RM500 million in nominal value with tenure of up to 15 years from the date of first issuance.

As at 31 October 2019, the nominal value of notes issued under the MTN 2 programme was RM500 million (2018: RM250 million), with a tenure of 5 years from the date of issuance.

(b) The loans and borrowings are secured by:

(i) legal charges over the Group's freehold land and buildings (Note 5), investment property (Note 6), inventories - land held for property development (Note 7) and inventories - property under development (Note 7);

(ii) a specific debenture over the fixed and floating assets of certain subsidiaries;

(iii) legal charges over the Group's cash and bank balances (Note 16);

(iv) corporate guarantee of the Company; and

(v) RM120 million (2018: RM100 million) MTNs in nominal value guaranteed by Danajamin Nasional Berhad.

(c) The range of effective interest rates at the end of the financial year are as follows:

	Group			Company		
	31.10.2019 %	**31.10.2018 %**	**1.11.2017 %**	**31.10.2019 %**	**31.10.2018 %**	**1.11.2017 %**
Revolving credits	**4.50 - 6.60**	4.86 - 6.52	4.60 - 5.47	**4.50 - 6.60**	4.86 - 6.52	4.60 - 5.35
Term loans	**4.44 - 7.22**	4.68 - 7.01	4.43 - 6.82	**-**	5.29	5.29
Bridging loans	**4.44 - 5.65**	4.43 - 5.87	4.43 - 5.45	**-**	-	-
Medium term notes	**6.10 - 6.90**	6.40 - 6.57	6.50	**-**	-	-

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCE LEASE LIABILITIES

Future minimum lease payments under finance leases together with the present value of minimum lease payments are as follows:

	Group		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Minimum lease payments:			
– not later than one year	**98**	98	–
– later than one year and not later than five years	**244**	341	–
– later than five years	**-**	–	–
	342	439	–
Less: Future finance charges	**(35)**	(56)	–
Present value of minimum lease payments	**307**	383	–
Present value of minimum lease payments:			
– not later than one year	**81**	76	–
– later than one year and not later than five years	**226**	307	–
– later than five years	**-**	–	–
	307	383	–
Less: Amount due within 12 months	**(81)**	(76)	–
Amount due after 12 months	**226**	307	–

The finance leases bear interest at 6.09%.

21. OTHER PAYABLES – NON-CURRENT

The other payables as at 1 November 2017 represent land acquisition liabilities payable under deferred terms. The amount was derived based on cash flows discounted at 5.21%.

NOTES TO THE FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES

	Group			Company		
	31.10.2019	31.10.2018 Restated	1.11.2017 Restated	31.10.2019	31.10.2018	1.11.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables						
External parties	**687,194**	773,193	866,369	**-**	-	-
Accruals	**248,865**	247,897	246,748	**-**	-	-
	936,059	1,021,090	1,113,117	**-**	-	-
Other payables						
Other payables	**60,465**	81,247	110,576	**282**	488	483
Payroll liabilities	**2,293**	2,748	2,295	**-**	-	-
Land acquisition liabilities	**-**	97,616	97,616	**-**	-	-
Deposits received	**5,254**	2,100	423	**-**	-	-
GST payable	**127**	108	1,471	**-**	-	-
Accruals	**109,791**	120,709	133,017	**3,095**	4,415	3,980
Obligations under joint arrangements (Note 10)	**-**	3,115	4,108	**-**	-	-
Subsidiaries	**-**	-	-	**594,237**	477,354	482,237
Joint ventures	**-**	-	21	**-**	-	-
	177,930	307,643	349,527	**597,614**	482,257	486,700
Total trade and other payables	**1,113,989**	1,328,733	1,462,644	**597,614**	482,257	486,700

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 90 days (31.10.2018: 14 to 90 days; 1.11.2017: 14 to 90 days).

(b) Amounts due to subsidiaries

The amounts due to subsidiaries represent unsecured non-trade advances which are repayable on demand and bear interest ranging from 5.21% to 6.30% (31.10.2018: 5.34% to 6.50%; 1.11.2017: 4.94% to 6.50%).

23. OTHER CURRENT LIABILITIES

	Group		
	31.10.2019	31.10.2018 Restated	1.11.2017 Restated
	RM'000	RM'000	RM'000
Other current liabilities			
Unrealised income on transactions with joint ventures	**48,922**	36,861	31,333

24. BANK OVERDRAFTS

The bank overdrafts are unsecured and bear interest ranging from 4.85% to 5.21% (31.10.2018: 5.10% to 5.36%; 1.11.2017: 4.85% to 5.11%).

NOTES TO THE FINANCIAL STATEMENTS

25. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers:				
Sale of properties	**2,272,193**	1,819,706	**-**	-
Sale of development management services	**97,550**	63,698	**-**	-
Sale of other goods	**92,582**	101,521	**-**	-
	2,462,325	1,984,925	**-**	-
Revenue from other source:				
Dividend income	**-**	-	**60,000**	-
	2,462,325	1,984,925	**60,000**	-

(a) Disaggregation of revenue

For the purpose of disclosure for disaggregation of revenue, revenue is disaggregated into primary geographical market and timing of revenue recognition (i.e. goods and services transferred at a point in time or transferred over time).

	Group	
	2019 RM'000	2018 Restated RM'000
Primary geographical markets:		
Klang Valley	**1,317,787**	1,075,939
Iskandar Malaysia	**1,009,123**	792,424
Penang	**135,415**	116,562
	2,462,325	1,984,925
Timing of revenue recognition:		
At a point in time	**755,597**	257,277
Over time	**1,706,728**	1,727,648
	2,462,325	1,984,925

(b) Transaction price allocated to remaining performance obligations

As of 31 October 2019, the aggregate amount of the transaction price allocated to remaining performance obligations is RM1,116,767,000. The Group will recognise this amount of revenue as performance obligations are satisfied, which is expected to occur over the next 3 years.

In accordance with the transitional provisions in paragraph D34 of MFRS 1, the Group has applied the practical expedient in paragraph C5(d) of MFRS 15 to not disclose the amount of the transaction price allocated to the remaining performance obligations for reporting periods presented before the beginning of the first MFRS reporting period.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and to not disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

26. OTHER INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income from:				
– subsidiaries	**-**	–	**31,179**	45,655
– joint ventures	**24,821**	20,238	**50,243**	40,419
– deposits	**5,649**	3,326	**3,404**	2,567
– overdue accounts	**1,205**	335	**-**	–
– others	**10,620**	8,849	**267**	218
Gain on disposal of property, plant and equipment	**-**	99	**-**	–
Rental income	**7,000**	2,587	**-**	–
Staff secondment fees	**1,205**	1,099	**-**	–
Sundry income	**3,161**	9,330	**159**	118
	53,661	45,863	**85,252**	88,977

27. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest paid and payable on:				
– term loans	**42,298**	53,366	**3,520**	5,376
– revolving credits	**42,000**	32,131	**36,932**	33,652
– medium term notes	**14,394**	11,561	**-**	–
– amount due to subsidiaries	**-**	–	**27,361**	27,264
– bank overdrafts	**1,632**	1,638	**-**	–
– others	**1,566**	1,035	**1**	50
	101,890	99,731	**67,814**	66,342

NOTES TO THE FINANCIAL STATEMENTS

28. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Auditors' remuneration				
– statutory audit				
– current year	**549**	470	**115**	87
– prior years	**22**	56	**18**	44
– other services	**209**	35	**185**	10
Impairment of amounts due from subsidiaries	**-**	–	**3,409**	2,865
Depreciation of property, plant and equipment	**37,218**	28,247	**61**	89
Loss/(Gain) on disposal of property, plant and equipment	**9**	(99)	**-**	–
Property, plant and equipment written off	**9**	30	**-**	–
Impairment of investment in subsidiaries	**-**	–	**60,000**	3,582
Impairment of investment in an associate	**3**	–	**14**	–
Impairment of property, plant and equipment	**2,457**	–	**-**	–
Rental expense on premise	**4,005**	1,437	**-**	–
Rental expense on office equipment	**1,185**	1,233	**-**	–
Realised loss on foreign exchange	**74**	14	**-**	–
Unrealised (gain)/loss on foreign exchange	**(76)**	1,621	**-**	–

29. EMPLOYEE BENEFITS EXPENSE

The details of employee benefits expense (including executive directors) are as follows:

	Group	
	2019 RM'000	2018 RM'000
Salaries and allowances	**179,816**	158,797
Defined contribution plan	**20,964**	18,391
Social security contributions	**1,116**	976
Staff welfare	**14,184**	12,926
	216,080	191,090
Recognised in:		
Cost of sales	**76,632**	75,944
Administrative and other expenses	**139,448**	115,146
	216,080	191,090

NOTES TO THE FINANCIAL STATEMENTS

30. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors during the financial year are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive directors				
Salaries, bonus and other emoluments	**13,809**	13,407	**-**	-
Defined contribution plan	**1,659**	1,571	**-**	-
Estimated monetary value of benefits-in-kind	**760**	732	**-**	-
	16,228	15,710	**-**	-
Non-executive directors				
Fees	**1,776**	2,199	**1,776**	2,199
Other emoluments	**180**	430	**180**	430
Estimated monetary value of benefits-in-kind	**3,088**	3,464	**3,088**	1,419
	5,044	6,093	**5,044**	4,048
Total directors' remuneration	**21,272**	21,803	**5,044**	4,048

31. INCOME TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 Restated RM'000	2019 RM'000	2018 RM'000
Current income tax				
– current year	**48,266**	85,371	**2,957**	4,417
– prior years	**1,687**	1,020	**53**	1,280
	49,953	86,391	**3,010**	5,697
Deferred tax (Note 12)				
– current year	**8,109**	(43,921)	**(1)**	(7)
– prior years	**4,491**	(4,000)	**-**	(1)
	12,600	(47,921)	**(1)**	(8)
	62,553	38,470	**3,009**	5,689

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018:24%) on the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31. INCOME TAX EXPENSE (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2019	2018 Restated	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax	**265,975**	131,961	**7,361**	10,486
Tax at Malaysian statutory income tax rate of 24%	**63,834**	31,671	**1,767**	2,517
Effect of different tax rate in other jurisdictions	**264**	2	**-**	–
Effect of share of results of:				
– joint ventures	**(34,623)**	(6,156)	**-**	–
– associates	**552**	(288)	**-**	–
Effect of tax incentives	**(1,240)**	(5,567)	**-**	–
Effects of:				
– non-taxable income	**(420)**	(157)	**(189)**	(157)
– non-deductible expenses	**25,100**	20,108	**1,378**	2,050
Deferred tax asset not recognised	**2,908**	1,837	**-**	–
(Over)/Under accrual in prior years	**6,178**	(2,980)	**53**	1,279
Income tax expense	**62,553**	38,470	**3,009**	5,689

32. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	2019	2018 Restated
	RM'000	RM'000
Profit attributable to owners of the Company	**203,422**	93,491
	'000	'000
Weighted average number of ordinary shares in issue	**2,944,369**	2,944,369
Basic earnings per ordinary share (sen)	**6.91**	3.18

NOTES TO THE FINANCIAL STATEMENTS

32. EARNINGS PER SHARE (CONTINUED)

Diluted earnings per ordinary share

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year 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.

	2019 RM'000	2018 Restated RM'000
Profit attributable to owners of the Company	**203,422**	93,491
	'000	**'000**
Weighted average number of ordinary shares for basic earnings per share	**2,944,369**	2,944,369
Effect of dilution from potential exercise of Warrants	#	#
Weighted average number of ordinary shares for diluted earnings per share	**2,944,369**	2,944,369
Diluted earnings per ordinary share (sen) *	**6.91**	3.18

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*

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

33. DIVIDENDS

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 October 2019.

34. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

The Group and the Company have made commitments for the following:

	Group			Company		
	31.10.2019	31.10.2018	1.11.2017	31.10.2019	31.10.2018	1.11.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Approved and contracted for:						
Acquisition of property, plant and equipment	**13,028**	17,877	40,213	**-**	–	–
Acquisition of a subsidiary	**-**	–	370	**-**	–	370
	13,028	17,877	40,583	**-**	–	370

(b) Operating lease commitments – as lessee

The Group has entered into non-cancellable operating lease arrangements for office premises and residential properties. The leases have tenures of one to five years, with option to renew.

Future minimum rentals payable under the non-cancellable operating lease at the reporting date are as follows:

	Group		
	31.10.2019	31.10.2018	1.11.2017
	RM'000	RM'000	RM'000
Not later than one year	**5,066**	1,483	1,493
Later than one year but not later than three years	**13,505**	1,119	1,928
	18,571	2,602	3,421

NOTES TO THE FINANCIAL STATEMENTS

35. CONTINGENT LIABILITIES

	Group			Company		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Guarantees provided in connection with the performance and discharge of obligations assumed by subsidiaries under and pursuant to the acquisition of development rights						
– secured *	**-**	–	–	**766,001**	1,017,652	1,159,312
– unsecured	**-**	–	–	**450,118**	552,878	699,912
Guarantees given to a bank for performance bonds granted to a joint venture	**-**	–	8,616	**-**	–	8,616

* *Secured by legal charges over the subsidiaries' freehold land and buildings (Note 5), investment property (Note 6), inventories – land held for property development (Note 7) and inventories – property under development (Note 7).*

36. RELATED PARTIES

(a) Identification of related parties

A party is considered to be 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 other entities.

Related parties of the Group include:

(i) Entities having significant influence over the Group;
(ii) Subsidiaries;
(iii) Associates;
(iv) Joint ventures;
(v) Entities in which directors have substantial financial interests; and
(vi) 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

36. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Transaction value				Balance outstanding					
	Group		Company		Group			Company		
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Transactions with subsidiaries										
Interest received and receivable	**-**	-	**31,179**	45,655	**-**	-	-	**53,439**	64,739	134,039
Interest payable	**-**	-	**27,361**	27,264	**-**	-	-	**43,177**	33,899	24,940
Transactions with joint ventures										
Advances given	**57,728**	97,576	**57,728**	97,576	**617,816**	560,087	464,966	**595,931**	538,202	440,626
Interest received and receivable	**51,148**	41,266	**50,243**	40,419	**142,316**	91,169	49,903	**139,857**	89,614	49,195
Development management fees received and receivable	**87,584**	56,290	**-**	-	**24,564**	35,979	12,190	**-**	-	-
Other resources fees received and receivable	**23,069**	20,275	**-**	-	**16,364**	16,086	8,039	**-**	-	-
Brand licensing fees received and receivable	**8,578**	4,391	**-**	-	**5,263**	1,863	555	**-**	-	-
Advisory fees received and receivable	**112**	116	**112**	116	**-**	-	-	**-**	-	-
Support service fees received and receivable	**115**	144	**-**	-	**25**	49	9	**-**	-	-
Commission received and receivable	**1,554**	827	**-**	-	**247**	707	127	**-**	-	-
Rental received and receivable	**527**	527	**-**	-	**755**	406	-	**-**	-	-
Sales of safety equipment	**149**	-	**-**	-	**86**	-	-	**-**	-	-
Property management appointment fees received and receivable	**212**	-	**-**	-	**224**	-	-	**-**	-	-
Purchase of furniture	**-**	38	**-**	-	**-**	-	-	**-**	-	-
Disposal of motor vehicle and office equipment	**51**	647	**-**	-	**-**	552	12	**-**	-	-

NOTES TO THE FINANCIAL STATEMENTS

36. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions and balances (Continued)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows (Continued):

	Transaction value				Balance outstanding					
	Group		Company		Group			Company		
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Transactions with directors, their immediate family members and companies in which they have an interest										
Sales of development properties to a company in which a director has interest	**-**	3,004	**-**	-	**27**	(20)	-	**-**	-	-
Sales of development properties to immediate family members of certain directors	**-**	-	**-**	-	**-**	-	212	**-**	-	-
Subscription of shares in a company in which a director has interest	**50**	-	**50**	-	**-**	-	-	**-**	-	-
Stay2Own rental received from directors of subsidiary companies	**57**	-	**-**	-	**-**	-	-	**-**	-	-
Sales of development properties to directors of subsidiary companies	**2,578**	-	**-**	-	**1,033**	314	79	**-**	-	-
Rental paid to Gito Gaya Sdn. Bhd. and Tanjung Inai Sdn. Bhd.[@#]	**258**	252	**-**	-	**22**	-	-	**-**	-	-

@ *Tan Sri Dato' Sri Liew Kee Sin ("Tan Sri Liew") and his spouse are the directors and shareholders of Gito Gaya Sdn. Bhd.*

\# *Liew Tian Xiong is deemed related as he is the immediate family member of Tan Sri Liew and his spouse.*

NOTES TO THE FINANCIAL STATEMENTS

36. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

The remuneration of the key management personnel, including directors, during the financial year were as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits	**26,518**	24,907	**180**	430
Defined contribution plan	**3,120**	2,842	**-**	-
Fees	**1,797**	2,215	**1,776**	2,199
Benefits-in-kind	**3,957**	4,254	**3,088**	1,419
	35,392	34,218	**5,044**	4,048

37. SEGMENT INFORMATION

Segment information 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

Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by category. The applicable categories are:

From 1 November 2018 (under MFRS 9)

(i) Amortised cost ("AC")

On or before 31 October 2018 (under FRS 139)

(i) Loans and receivables ("L&R")

(ii) Other financial liabilities ("FL")

	AC RM'000	Total RM'000
Group		
31.10.2019		
Financial assets		
Trade and other receivables ^	**1,718,887**	**1,718,887**
Cash and bank balances	**600,539**	**600,539**
	2,319,426	**2,319,426**
Financial liabilities		
Trade and other payables *	**1,113,862**	**1,113,862**
Loans and borrowings	**3,753,078**	**3,753,078**
Bank overdrafts	**26,330**	**26,330**
	4,893,270	**4,893,270**

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by category (Continued).

	L&R RM'000	FL RM'000	Total RM'000
Group			
31.10.2018			
Financial assets			
Trade and other receivables ^	1,523,891	–	1,523,891
Cash and bank balances	510,297	–	510,297
	2,034,188	–	2,034,188
Financial liabilities			
Trade and other payables *	–	1,328,625	1,328,625
Loans and borrowings	–	3,812,011	3,812,011
Bank overdrafts	–	19,208	19,208
	–	5,159,844	5,159,844
1.11.2017			
Financial assets			
Trade and other receivables ^	1,268,447	–	1,268,447
Cash and bank balances	433,824	–	433,824
	1,702,271	–	1,702,271
Financial liabilities			
Trade and other payables *	–	1,553,844	1,553,844
Loans and borrowings	–	3,453,074	3,453,074
Bank overdrafts	–	26,497	26,497
	–	5,033,415	5,033,415

* *Excluding GST payable.*

^ *Excluding GST refundable.*

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by category (Continued).

	AC RM'000	Total RM'000
Company		
31.10.2019		
Financial assets		
Trade and other receivables	**1,393,640**	**1,393,640**
Cash and bank balances	**130,682**	**130,682**
	1,524,322	**1,524,322**
Financial liabilities		
Trade and other payables	**597,614**	**597,614**
Loans and borrowings	**705,000**	**705,000**
	1,302,614	**1,302,614**

	L&R RM'000	FL RM'000	Total RM'000
Company			
31.10.2018			
Financial assets			
Trade and other receivables	1,386,744	–	1,386,744
Cash and bank balances	59,571	–	59,571
	1,446,315	–	1,446,315
Financial liabilities			
Trade and other payables	–	482,257	482,257
Loans and borrowings	–	806,625	806,625
	–	1,288,882	1,288,882
1.11.2017			
Financial assets			
Trade and other receivables	1,524,576	–	1,524,576
Cash and bank balances	91,645	–	91,645
	1,616,221	–	1,616,221
Financial liabilities			
Trade and other payables	–	486,700	486,700
Loans and borrowings	–	686,625	686,625
	–	1,173,325	1,173,325

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group and of the Company.

Financial risk management is carried out through risk review, internal control systems and adherence to the Group's and the Company's financial risk management policies. The Board regularly reviews these risks and approves the policies covering the management of these risks. The Group and the Company do not trade in derivative instruments.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables and financial guarantees) and from their investing activities, including deposits with banks and other financial instruments.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals for material contracts. If necessary, the Group may obtain collaterals from counter-parties as a means of mitigating losses in the event of default.

As at the end of the financial year, the Group's and the Company's maximum exposure to credit risk is represented by:

(a) the carrying amount of each class of financial assets recognised in the statements of financial position; and

(b) the corporate guarantees and undertakings provided by the Group and the Company to banks to secure:

- the borrowings of certain subsidiaries, joint ventures and the associate;
- the repayment by certain joint ventures of monies due, owing, unpaid or outstanding to the other joint venture partners.

The Group and the Company monitor the financial performance (including the timeliness of loan repayments) of the subsidiaries, joint ventures and associates on an on-going basis.

The maximum credit risk that the Group and the Company are exposed to, amounted to:

	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Group	**2,923,519**	2,553,645	1,951,496
Company	**5,240,654**	4,667,518	3,792,103

representing the maximum amount of the Group and of the Company could pay if the guarantees were called on.

Generally, the Group and the Company consider the financial guarantees to be of low credit risk as the guarantee are provided as credit enhancement to the subsidiaries', joint ventures' and associates' secured borrowings.

As at the reporting date, there was no loss allowance for impairment as determined by the Group and the Company for the financial guarantee.

The fair value of the above financial guarantees has not been recognised since the fair value on initial recognition was not material.

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Trade receivables and contract assets

As at the reporting date, the Group was not exposed to credit risk that is significantly concentrated on a single counterparty or groups of counterparties.

The Group applies the simplified approach to providing for expected credit losses ("ECL") prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on the number of days past due. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on economic conditions over the expected settlement period of the receivables and contract assets. The Group believes that changes in economic conditions over these periods would not materially impact the calculation of impairment of receivables and contract assets.

The information about credit risk exposure on the Group's trade receivables and contract assets as at 31 October 2019 are as follows:

	Gross carrying amount RM'000	Impairment losses RM'000	Net balance RM'000
Group			
31.10.2019			
Contract assets			
Current (not past due)	**68,545**	-	**68,545**
Non-current trade receivables			
Current (not past due)	**112,171**	-	**112,171**
Current trade receivables			
Current (not past due)	**623,974**	-	**623,974**
1 - 30 days past due	**53,128**	-	**53,128**
31 - 60 days past due	**43,737**	-	**43,737**
61 - 90 days past due	**18,258**	-	**18,258**
> 90 days past due	**42,452**	-	**42,452**
	962,265	-	**962,265**

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Comparative information under FRS 139 *Financial Instruments: Recognition and Measurement*

Ageing analysis of trade receivables

As at 31 October 2018 and 1 November 2017, the ageing analysis of the Group's trade receivables are as follows:

	Group	
	31.10.2018 RM'000	1.11.2017 RM'000
Neither past due nor impaired	545,754	404,628
Past due but not impaired		
1 to 30 days past due	72,193	88,070
31 to 60 days past due	58,906	45,685
61 to 90 days past due	32,837	35,566
91 to 120 days past due	26,671	36,059
More than 120 days past due	80,829	95,687
	271,436	301,067
	817,190	705,695

Financial assets that are past due and impaired

There are no trade receivables that are past due and impaired.

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents and refundable deposits), the Group and the Company minimise credit risk by dealing exclusively with counterparties with high credit rating.

At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon the initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Group and the Company provide advances to joint ventures and subsidiaries. The advances to joint ventures and subsidiaries are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the joint venture and subsidiary do not have sufficient liquid reserves when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the advances.

Other than the credit-impaired amount due from subsidiaries, the Group and the Company consider these financial assets to be of low credit risk, for which no material loss allowance is required.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatch in the maturities of financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements.

The Group and the Company use a set of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's treasury/finance department ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (Continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations are as follows:

		<------------------Contractual cash flows------------------>			
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	Total RM'000
Group					
31.10.2019					
Financial liabilities					
Trade and other payables*	**1,113,862**	**1,113,862**	**-**	**-**	**1,113,862**
Loans and borrowings	**3,753,078**	**2,070,032**	**1,881,232**	**127,957**	**4,079,221**
Bank overdrafts	**26,330**	**26,330**	**-**	**-**	**26,330**
Finance lease liabilities	**307**	**98**	**244**	**-**	**342**
	4,893,577	**3,210,322**	**1,881,476**	**127,957**	**5,219,755**
31.10.2018					
Financial liabilities					
Trade and other payables*	1,328,625	1,328,625	-	-	1,328,625
Loans and borrowings	3,812,011	2,021,209	2,091,539	43,493	4,156,241
Bank overdrafts	19,208	19,208	-	-	19,208
Finance lease liabilities	383	98	341	-	439
	5,160,227	3,369,140	2,091,880	43,493	5,504,513
1.11.2017					
Financial liabilities					
Trade and other payables*	1,553,844	1,461,173	98,039	-	1,559,212
Loans and borrowings	3,453,074	1,383,769	2,456,750	9,359	3,849,878
Bank overdrafts	26,497	26,497	-	-	26,497
	5,033,415	2,871,439	2,554,789	9,359	5,435,587

* *Excluding GST payable.*

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

The maturity analysis of the Group's and the Company's financial liabilities at the reporting date are based on contractual undiscounted repayment obligations are as follows (Continued):

	Carrying amount RM'000	<-----Contractual cash flows----- On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	Total -----> RM'000
Company					
31.10.2019					
Financial liabilities					
Trade and other payables	**597,614**	**597,614**	**-**	**-**	**597,614**
Loans and borrowings	**705,000**	**705,000**	**-**	**-**	**705,000**
	1,302,614	**1,302,614**	**-**	**-**	**1,302,614**
31.10.2018					
Financial liabilities					
Trade and other payables	482,257	482,257	-	-	482,257
Loans and borrowings	806,625	806,625	-	-	806,625
	1,288,882	1,288,882	-	-	1,288,882
1.11.2017					
Financial liabilities					
Trade and other payables	486,700	486,700	-	-	486,700
Loans and borrowings	686,625	590,376	105,209	-	695,585
	1,173,325	1,077,076	105,209	-	1,182,285

In respect of those undiscounted repayment obligations arising from corporate guarantees and undertakings provided by the Group and the Company as disclosed in Note 39(i), there was no indication as at reporting date that any subsidiary, joint venture or associate would default. In the event of a default by the subsidiaries, joint ventures or associate, the financial guarantees could be called on demand.

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings and bank overdrafts amounting to:

	Group			Company		
	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000	31.10.2019 RM'000	31.10.2018 RM'000	1.11.2017 RM'000
Floating interest rate:						
Loans and borrowings and bank overdrafts	**3,091,897**	3,331,319	3,128,477	**705,000**	705,000	585,000

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 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 higher/lower by:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest rate risk	**2,302**	2,469	**1,339**	1,340

The assumed movement in basis points for this interest rate sensitivity analysis is based on the currently observable market environment.

40. FAIR VALUE MEASUREMENT

The methods and assumptions used to determine the fair values of financial assets and liabilities are as follows:

(i) Cash and bank balances, receivables and payables

The carrying amounts of cash and bank balances, current receivables and payables are reasonable approximation of fair values due to their short term nature.

The fair value of land acquisition liabilities classified as non-current liabilities is estimated by discounting future cash flows using lending rates for similar types of arrangements.

(ii) Loans and borrowings (including bank overdrafts)

The carrying amounts of the current portion of loans and 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 whose carrying amounts are reasonable approximations of fair value are as follows:

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
31.10.2019	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
Fixed rate loans and borrowings	**687,511**	**697,284**	**-**	**-**
31.10.2018				
Financial liabilities				
Fixed rate loans and borrowings	398,275	397,755	–	–
1.11.2017				
Financial liabilities				
Fixed rate loans and borrowings	351,094	352,200	101,625	102,255
Land acquisition liabilities	92,671	92,671	–	–
	443,765	444,871	101,625	102,255

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as mentioned in Note 3.20, based on the lowest level input that is significant to the fair value measurement as a whole.

NOTES TO THE FINANCIAL STATEMENTS

40. FAIR VALUE MEASUREMENT (CONTINUED)

The following table provides the fair value measurement hierarchy of the Group's and the Company's liabilities that are not carried at fair value:

		Fair value of financial instruments not carried at fair value		
	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
31.10.2019				
Non-current				
Fixed rate loans and borrowings	**687,511**	**-**	**-**	**697,284**
31.10.2018				
Non-current				
Fixed rate loans and borrowings	398,275	–	–	397,755
1.11.2017				
Non-current				
Fixed rate loans and borrowings	351,094	–	–	352,200
Land acquisition liabilities	92,671	–	–	92,671
	443,765	–	–	444,871
Company				
1.11.2017				
Non-current				
Fixed rate loans and borrowings	101,625	–	–	102,255

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 2019 and 31 October 2018, there were no transfers within the fair value measurement hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

41. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management policy is to ensure that they maintain a healthy capital ratio in order to support their businesses, enable future development and maximise shareholders' value.

The Company reviews and manages the capital structure of each Group entity regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in their business operations. These initiatives may include equity capital raising exercises and adjustments to the amount of dividends distributed to shareholders.

The Group and the Company monitor capital using the net gearing ratio of the Group, which is net debt divided by total equity attributable to owners of the Company. Net debt comprises loans and borrowings, finance lease liabilities 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 levels.

At the end of the financial year, the gearing ratios for the Group were as follows:

	Group		
	31.10.2019	**31.10.2018**	**1.11.2017**
	RM'000	**RM'000**	**RM'000**
Loans and borrowings (Note 19)	**3,753,078**	3,812,011	3,453,074
Finance lease liabilities (Note 20)	**307**	383	–
Bank overdrafts	**26,330**	19,208	26,497
Less: Cash and bank balances (Note 16)	**(600,539)**	(510,297)	(433,824)
Net debt	**3,179,176**	3,321,305	3,045,747
Total equity attributable to owners of the Company	**4,538,016**	4,327,585	4,256,628
Net gearing ratio	**0.70**	0.77	0.72

The Company and certain subsidiaries are required to comply with debt equity ratios in respect of their term loans, bridging loans and revolving credit facilities.

42. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 15 December 2019, Melia Spring Sdn. Bhd. ("Melia Spring"), a wholly-owned subsidiary, entered into the following agreements:

(i) a conditional development agreement ("Development Agreement") with Permodalan Darul Ta'zim Sdn. Bhd. ("PDT") where PDT agreed to nominate Melia Spring to purchase a piece of freehold land ("the Land") from River Retreat Sdn. Bhd. ("RRSB") and for Melia Spring to develop the Land; and

(ii) a conditional sale and purchase agreement ("SPA") with RRSB for Melia Spring to acquire the Land from RRSB for a base land price of RM304,920,000.

The Development Agreement shall become unconditional on the date when the SPA becomes unconditional (i.e. when all conditions precedent in the SPA are fulfilled within the Approval Period of the SPA). In the event the SPA is terminated as a result of certain conditions precedent not being satisfied, the Development Agreement shall be deemed terminated.

STATEMENT BY DIRECTORS
(Pursuant to Section 251(2) of the Companies Act 2016)

We, DATO' CHANG KHIM WAH and DATUK HEAH KOK BOON, being two of the directors of ECO WORLD DEVELOPMENT GROUP BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 94 to 187 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2019 and of their financial performance and cash flows for the financial year then ended.

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

DATO' CHANG KHIM WAH
Director

DATUK HEAH KOK BOON
Director

Shah Alam
Date: 6 February 2020

STATUTORY DECLARATION
(Pursuant to Section 251(1) of the Companies Act 2016)

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 accompanying financial statements set out on pages 94 to 187 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 1960.

DATUK HEAH KOK BOON
(MIA: 9571)
Director

Subscribed and solemnly declared by the abovenamed at Shah Alam Selangor on 6 February 2020.

Before me,

SIRENDAR SINGH
B 458
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO WORLD DEVELOPMENT GROUP BERHAD

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Eco World Development Group Berhad, which comprise the statements of financial position as at 31 October 2019 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 187.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 October 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Revenue recognition for property development activities (Note 4.1, Note 7 and Note 25 to the financial statements)

The amount of revenue of the Group's property development activities is recognised over the period of contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of development costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant Group's judgement is required, in particular with regards to determining the progress towards satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue (including estimated variable consideration) and costs, as well as the recoverability of the development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO WORLD DEVELOPMENT GROUP BERHAD (Incorporated in Malaysia)

Key Audit Matters (Continued)

Our audit response:

Our audit procedures included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing or updating project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project managers;
- discussing with management and obtaining relevant correspondences in relation to delivery date of identified projects;
- assessing the reasonableness of computed progress towards complete satisfaction of performance obligation for identified projects against architect or consultant certificate; and
- checking the mathematical computation of revenue recognised for the projects during the financial year.

Capitalisation of borrowing costs (Note 4.2 and Note 7 to the financial statements)

Borrowing costs that are directly attributable to the development of the land held for development are capitalised as part of the cost of land held for property development. The capitalisation of borrowing costs made by the Group in respect of future phases is dependent on whether the activities constitutes active development that benefit those phases. We focus on this area because there is significant judgement involved in the basis adopted in the capitalisation of borrowing costs.

Our audit response:

Our audit procedures included, among others:

- assessing the infrastructure, technical and administrative works that were carried out on future phases and sighting to external evidence;
- reading loan agreements to obtain understanding of the purpose of loans;
- discussing with the management and obtaining the relevant approval for the development projects to corroborate the basis adopted by the Group; and
- checking the calculation of borrowing costs capitalised by verifying the inputs of the calculation such as interest rates and principal amounts.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO WORLD DEVELOPMENT GROUP BERHAD (Incorporated in Malaysia)

Key Audit Matters (Continued)

Investment in joint ventures (Note 4.3 and Note 10 to the financial statements)

The Group has significant investments in joint ventures, including Eco World International Berhad ("EWI"), a company listed on Bursa Malaysia Securities Berhad, in which the Group holds 27% equity interest. The Group accounts for its interest in the joint ventures using equity method. At the end of the financial year, the Group determines whether objective evidence of impairment exists for its investment in the joint ventures. As disclosed in Note 10 to the financial statements, the Group has performed an impairment assessment on its investment in EWI based on its share of the present value of the estimated future cash flows expected to be generated by the joint venture.

We focused on this area because the Group's determination of objective evidence and impairment assessment requires the exercise of significant judgement. Where impairment assessment was performed, the Group applied the discount rates in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales of development properties and future costs of development.

Our audit response:

Our audit procedures included, among others:

- assessing the appropriateness of the recoverable amount valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 Impairment of Assets;
- discussing with component auditors and reviewing their audit work papers in assessing the reasonableness of the key assumptions used in the preparation of the cash flow projections; and
- testing the mathematical accuracy of the impairment assessment.

Company

We have determined that there are no key audit matters in audit of the separate financial statements of the Company to be communicated in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO WORLD DEVELOPMENT GROUP BERHAD (Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO WORLD DEVELOPMENT GROUP BERHAD (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

1. As stated in Note 2 to the financial statements, Eco World Development Group Berhad adopted the Malaysian Financial Reporting Standards on 1 November 2018 with a transition date of 1 November 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 October 2018 and 1 November 2017, 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 ended 31 October 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 October 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 November 2018 do not contain misstatements that materially affect the financial position as at 31 October 2019 and the financial performance and cash flows for the financial year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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 PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Lee Kong Weng
No. 02967/07/2021 J
Chartered Accountant

Kuala Lumpur
Date: 6 February 2020

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP
AS AT 31 OCTOBER 2019

i) Details of the development properties held by the Group are as follows:

No	Location	Project Name	Description	Date of Acquisition	Land Area (sq. ft.)	Tenure	Net Book Value (RM'000)
1	Mukim Beranang, Daerah Hulu Langat, Selangor Darul Ehsan	Eco Majestic	Inventories	25-Apr-14	12,675,333	Freehold	1,096,934
2	Mukim Tanjong Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan	Eco Sanctuary	Inventories	19-Mar-14	6,415,696	Leasehold *Expiring: Year 2110*	889,393
3	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Eco Botanic	Inventories	25-Apr-14	3,098,699	Freehold	820,502
4	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Eco Summer & Eco Spring	Inventories	25-Apr-14	7,662,173	Freehold	776,672
5	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Eco Business Park 1	Inventories	25-Apr-14	10,842,214	Freehold	701,361
6	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Eco Business Park 2	Inventories	25-Apr-14	8,570,239	Freehold	644,206
7	Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim	Eco Tropics & Eco Business Park 3	Inventories	1994	24,925,737	Freehold	606,502
8	Mukim Beranang, Daerah Hulu Langat, Selangor Darul Ehsan	Eco Forest	Inventories	02-Jul-14	8,522,156	Freehold	410,840
9	Mukim 9 & 14, Daerah Seberang Perai Selatan, Pulau Pinang	Eco Meadows	Inventories	25-Apr-14	1,653,963	Freehold	206,995
10	Mukim 13, Daerah Utara-Timur, Pulau Pinang	Eco Terraces	Inventories	25-Apr-14	343,475	Freehold	185,171

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP AS AT 31 OCTOBER 2019

ii) Details of the development properties in Malaysia held by joint ventures of the Group are as follows:

No	Joint Ventures / Location	Project Name	Description	Date of Acquisition	Group's Effective Share	Land Area (sq. ft.)	Tenure	Net Book Value (RM'000) #
1	**Paragon Pinnacle Sdn Bhd** Mukim Ijok, Daerah Kuala Selangor, Selangor Darul Ehsan	Eco Grandeur & Eco Business Park 5	Inventories	22-Sep-15	60%	55,627,797	Leasehold *Expiring: Years 2098/ 2100/2101*	1,847,953
2	**BBCC Development Sdn Bhd** Section 56, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Bukit Bintang City Centre	Inventories	04-Feb-15	40%	271,990	Leasehold *Expiring: Year 2110*	1,358,321
3	**Eco Horizon Sdn Bhd** Mukim 13, Daerah Seberang Perai Selatan, Pulau Pinang	Eco Horizon & Eco Sun	Inventories	28-Jun-16	60%	13,696,303	Leasehold *Expiring: Year 2112*	1,126,598
4	**Eco Ardence Sdn Bhd** Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Eco Ardence	Inventories	06-May-06	50%	8,125,314	Freehold	544,279

 # These amounts represent 100% of the NBV of the properties held by the respective joint ventures

STATISTICS ON SECURITIES
AS AT 16 JANUARY 2020

Shareholdings

No. of shares issued	2,944,368,381
Class of shares	Ordinary Shares
Voting rights	One vote per ordinary share

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	110	0.56	1,841	0.00
100 - 1,000	2,733	13.92	1,823,977	0.06
1,001 - 10,000	11,685	59.53	59,700,637	2.03
10,001 - 100,000	4,548	23.17	134,103,172	4.56
100,001 to less than 5% of issued shares	547	2.79	1,332,683,110	45.26
5% and above of issued shares	5	0.03	1,416,055,644	48.09
Total	**19,628**	**100.00**	**2,944,368,381**	**100.00**

STATISTICS ON SECURITIES
AS AT 16 JANUARY 2020

Top Thirty (30) Largest Shareholders

No.	Name of Shareholders	No. of Shares	%
1	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Sinarmas Harta Sdn. Bhd.	439,083,876	14.91
2	Sinarmas Harta Sdn. Bhd.	387,835,139	13.17
3	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Liew Kee Sin	276,987,729	9.41
4	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	162,148,900	5.51
5	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Jernih Padu Sdn. Bhd.	150,000,000	5.09
6	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	135,013,900	4.59
7	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Eco World Development Holdings Sdn. Bhd.	125,000,000	4.25
8	ABB Nominee (Tempatan) Sdn. Bhd. - Pledged securities account for Liew Tian Xiong	120,000,000	4.08
9	Sigma Seleksi Sdn. Bhd.	83,892,700	2.85
10	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Sinarmas Harta Sdn. Bhd.	83,000,000	2.82
11	Maybank Investment Bank Berhad - IVT (10)	77,823,600	2.64
12	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Eco World Development Holdings Sdn. Bhd.	70,000,000	2.38
13	CIMB Group Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Liew Tian Xiong	66,780,601	2.27
14	Amsec Nominees (Tempatan) Sdn. Bhd. - Pledged securities account - Ambank (M) Berhad for Sinarmas Harta Sdn. Bhd.	60,000,000	2.04
15	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Liew Tian Xiong	39,000,000	1.32
16	Kumpulan Wang Persaraan (Diperbadankan)	34,450,600	1.17
17	Nik Sazlina Binti Mohd Zain	23,415,200	0.79
18	Citigroup Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	22,425,900	0.76
19	How Teng Teng	20,000,000	0.68
20	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Eco World Development Holdings Sdn. Bhd.	18,000,000	0.61
21	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (AM INV)	14,648,300	0.50

STATISTICS ON SECURITIES
AS AT 16 JANUARY 2020

Top Thirty (30) Largest Shareholders (Continued)

No.	Name of Shareholders	No. of Shares	%
22	Voon Tin Yow	13,010,000	0.44
23	Amanahraya Trustees Berhad - Amanah Saham Malaysia	11,308,200	0.38
24	Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	10,525,000	0.36
25	Pertubuhan Keselamatan Sosial	8,808,300	0.30
26	ABB Nominee (Tempatan) Sdn. Bhd. - Pledged securities account for Dato' Chang Khim Wah	8,590,000	0.29
27	Amanahraya Trustees Berhad - Amanah Saham Bumiputera 3 - Didik	8,256,900	0.28
28	Citigroup Nominees (Asing) Sdn. Bhd. - UBS AG	8,177,200	0.28
29	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Small Cap Series	6,506,700	0.22
30	Amanahraya Trustees Berhad - ASN Umbrella for ASN Equity 3	6,325,800	0.21
	Total	**2,491,014,545**	**84.60**

STATISTICS ON SECURITIES
AS AT 16 JANUARY 2020

Substantial Shareholders

Name	No. of Ordinary Shares held			
	Direct	%	Indirect	%
Sinarmas Harta Sdn. Bhd.	969,919,015	32.94	-	-
Tan Sri Dato' Sri Liew Kee Sin	276,987,729	9.41	170,000,000@	5.77
Liew Tian Xiong	225,780,601	7.67	-	-
Eco World Development Holdings Sdn. Bhd.	213,051,839	7.24	-	-
Employees Provident Fund Board	176,797,200	6.00	-	-
Jernih Padu Sdn. Bhd.	150,000,000	5.09	-	-
Puan Sri Datin Sri How Teng Teng	20,000,000	0.68	150,000,000+	5.09
Tan Sri Abdul Rashid Bin Abdul Manaf	-	-	213,051,839^	7.24
Dato' Leong Kok Wah	-	-	1,182,970,854*	40.18
Syabas Tropikal Sdn. Bhd.	-	-	969,919,015#	32.94

Notes:

@ *Deemed interest by virtue of his interest in Jernih Padu Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("**the Act**") and indirect interest by virtue of his spouse's interest in the Company.*

\+ *Deemed interest by virtue of her interest in Jernih Padu Sdn. Bhd. pursuant to Section 8 of the Act.*

^ *Deemed interest by virtue of his interest in Eco World Development Holdings Sdn. Bhd. pursuant to Section 8 of the Act.*

* *Deemed interest by virtue of his interests in Eco World Development Holdings Sdn. Bhd. and Syabas Tropikal Sdn. Bhd. pursuant to Section 8 of the Act.*

\# *Deemed interest by virtue of its interest in Sinarmas Harta Sdn. Bhd. pursuant to Section 8 of the Act.*

STATISTICS ON SECURITIES
AS AT 16 JANUARY 2020

Directors' Shareholdings

	No. of Ordinary Shares held			
Name	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf	-	-	213,051,839^	7.24
Tan Sri Dato' Sri Liew Kee Sin	276,987,729	9.41	170,000,000#	5.77
Dato' Leong Kok Wah	-	-	1,182,970,854*	40.18
Dato' Chang Khim Wah	8,650,000	0.29	-	-
Dato' Voon Tin Yow	14,065,600	0.48	-	-
Datuk Heah Kok Boon	1,609,300	0.05	-	-
Liew Tian Xiong	225,780,601	7.67	-	-
Tang Kin Kheong	-	-	-	-
Dato' Idrose Bin Mohamed	-	-	-	-
Dato' Haji Obet Bin Tawil	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-
Low Mei Ling	-	-	-	-

Notes:

^ *Deemed interest by virtue of his interest in Eco World Development Holdings Sdn. Bhd. pursuant to Section 8 of the Act.*

Deemed interest by virtue of his interest in Jernih Padu Sdn. Bhd. pursuant to Section 8 of the Act and indirect interest by virtue of his spouse's interest in the Company pursuant to Section 59(11)(c) of the Act.

* *Deemed interest by virtue of his interests in Eco World Development Holdings Sdn. Bhd. and Syabas Tropikal Sdn. Bhd. pursuant to Section 8 of the Act.*

STATISTICS ON SECURITIES AS AT 16 JANUARY 2020

Warrant Holdings

No. of warrants issued	525,392,340
Exercise price per warrant	RM2.08
Expiry date	26 March 2022

Distribution of Warrant Holders

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	541	12.79	35,950	0.01
100 - 1,000	820	19.39	550,061	0.10
1,001 - 10,000	1,917	45.33	8,198,150	1.56
10,001 - 100,000	814	19.25	27,553,396	5.24
100,001 to less than 5% of issued warrants	134	3.17	69,483,480	13.23
5% and above of issued warrants	3	0.07	419,571,303	79.86
Total	**4,229**	**100.00**	**525,392,340**	**100.00**

STATISTICS ON SECURITIES
AS AT 16 JANUARY 2020

Top Thirty (30) Largest Warrant Holders

No.	Name of Warrant Holders	No. of Warrants	%
1	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Eco World Development Holdings Sdn. Bhd.	202,177,451	38.48
2	Sinarmas Harta Sdn. Bhd.	161,369,371	30.71
3	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Liew Tian Xiong	56,024,481	10.66
4	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Liew Tian Xiong	15,000,000	2.85
5	Nik Sazlina Binti Mohd Zain	6,450,000	1.23
6	Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Loong Ching Hong	3,050,000	0.58
7	Ang Kai Chan	2,400,000	0.46
8	Maybank Securities Nominees (Asing) Sdn. Bhd. - Maybank Kim Eng Securities Pte. Ltd. for Chumpon Chantharakulpongsa @ Chan Teik Chuan	2,088,000	0.40
9	Wong Jee Shyong	1,546,700	0.29
10	Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lim Heng Lai	1,480,700	0.28
11	Looi Boon Fui	1,445,000	0.28
12	Khong Kar Yow	1,355,060	0.26
13	Voon Tin Yow	1,336,000	0.25
14	ABB Nominee (Tempatan) Sdn. Bhd. - Pledged securities account for Dato' Chang Khim Wah	1,224,000	0.23
15	Aun Chia Hong	1,100,000	0.21
16	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Sundarajoo A/L Somu	1,100,000	0.21
17	Ang Kai Chan	1,000,000	0.19
18	Koh Lye Siang	685,500	0.13
19	Lee Tong Seng	620,000	0.12
20	Ong Kek Seng	612,000	0.12
21	Yong Hong Liang	610,000	0.12

STATISTICS ON SECURITIES
AS AT 16 JANUARY 2020

Top Thirty (30) Largest Warrant Holders (Continued)

No.	Name of Warrant Holders	No. of Warrants	%
22	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Ooi Poh Kim	562,000	0.11
23	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Khoo Yap Hock Cheng	540,000	0.10
24	Maybank Nominees (Tempatan) Sdn. Bhd. - Ng Chee Boon	530,400	0.10
25	Low Chan Min	500,000	0.10
26	Tan Cheng Yong	492,000	0.09
27	Wong Yon Yam	470,060	0.09
28	Tan Bee Kheng	470,000	0.09
29	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Shi Leong Ming	470,000	0.09
30	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Yew Woon Fatt	460,000	0.09
	Total	**467,168,723**	**88.92**

STATISTICS ON SECURITIES AS AT 16 JANUARY 2020

Directors' Warrant Holdings

Name	No. of Warrants held			
	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	-	-
Tang Kin Kheong	-	-	-	-
Dato' Idrose Bin Mohamed	-	-	-	-
Dato' Haji Obet Bin Tawil	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-
Low Mei Ling	-	-	-	-

Notes:

^ *Deemed interest by virtue of his interest in Eco World Development Holdings Sdn. Bhd. pursuant to Section 8 of the Act.*

* *Deemed interest by virtue of his interests in Eco World Development Holdings Sdn. Bhd. and Syabas Tropikal Sdn. Bhd. pursuant to Section 8 of the Act.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Sixth Annual General Meeting ("**46th AGM**") of Eco World Development Group Berhad (Registration No. 197401000725 (17777-V)) ("**Company**") will be held at EcoWorld Gallery @ Eco Grandeur, Lot 6232, Persiaran Mokhtar Dahari, Eco Grandeur, 42300 Bandar Puncak Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 25 March 2020 at 3.00 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 October 2019 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*

2. To approve the payment of Directors' Fees amounting to RM1,776,000 for the financial year ended 31 October 2019. (Ordinary Resolution 1)

3. To approve the payment of Directors' Remuneration (excluding Directors' Fees) up to an amount of RM4,548,000 for the financial year ending 31 October 2020 and up to the date of the next Annual General Meeting of the Company ("**AGM**"). (Ordinary Resolution 2)

4. To re-elect the following Directors who are retiring by rotation in accordance with Article 126 of the Constitution of the Company and being eligible, have offered themselves for re-election:

   (i) Tan Sri Abdul Rashid Bin Abdul Manaf (Ordinary Resolution 3)
   (ii) Dato' Chang Khim Wah (Ordinary Resolution 4)
   (iii) Mr. Tang Kin Kheong (Ordinary Resolution 5)
   (iv) Mr. Liew Tian Xiong (Ordinary Resolution 6)

5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. (Ordinary Resolution 7)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without modifications:

6. **Authority to Issue and Allot Shares** (Ordinary Resolution 8)

   THAT subject always to the Companies Act 2016 ("**Act**"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") ("**MMLR**") 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 Sections 75(1) and 76(1) 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 AND THAT such authority shall continue in force until the conclusion of the next AGM.

NOTICE OF ANNUAL GENERAL MEETING

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** (Ordinary Resolution 9)

   THAT subject to the provisions of the MMLR, approval be and is hereby given to the Company and its subsidiaries ("**EcoWorld Malaysia 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 EcoWorld Malaysia Group with specified classes of Related Parties (as defined in the MMLR and as specified in Section 2.3 of the Company's circular to shareholders dated 25 February 2020 ("**Circular**")) which are necessary for the day-to-day operations and are in the ordinary course of business and are carried out at arms' length on normal commercial terms of the EcoWorld Malaysia 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 AGM at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

   (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the 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 meeting of members,

   whichever is the earlier,

   AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full 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 9.

8. To transact any other business of which due notice has been given.

By Order of the Board

Chua Siew Chuan (SSM PC No.: 201908002648) (MAICSA 0777689)
Tan Ley Theng (SSM PC No.: 201908001685) (MAICSA 7030358)
Company Secretaries

Kuala Lumpur
25 February 2020

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. *Item 1 of the Agenda – Receipt of Report and Audited Financial Statements*

   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. *Item 2 of the Agenda – Directors' Fees*

   *The Non-Executive Directors ("**NEDs**") are entitled to annual Directors' fees. The total amount of Directors' fees of RM1,776,000 is derived based on the following remuneration structure of the NEDs:*

No	Description	Chairman (RM)	Founder (RM)	Members (RM)
1.	Board of Directors ("**Board**")	272,000	208,000	160,000
2.	Audit Committee	64,000	N/A	32,000
3.	Nomination Committee	32,000	N/A	16,000
4.	Remuneration Committee	32,000	N/A	16,000
5.	Whistleblowing Committee	32,000	N/A	16,000

3. *Item 3 of the Agenda – Directors' Remuneration*

   Section 230(1) of the Act requires the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval will be sought at this AGM for the payment of benefits payable to NEDs for the financial year ending 31 October 2020 and up to the date of the next AGM.

   The estimated amount of Directors' Remuneration payable to the NEDs for the financial year ending 31 October 2020, amounting to RM548,000 comprises the following:

Directors' Remuneration	Amount (RM)
Meeting Allowance	248,000
Leave Passage	300,000
Total	548,000

   Based on the remuneration structure of the NEDs, the meeting allowance for Chairman and Members of the Board and board committees is RM2,000 per meeting.

   The proposed payment of Directors' Remuneration amounting to RM4,000,000 is the payment for security fees for the Non-Independent Non-Executive Directors for the period from the conclusion of the forthcoming AGM up to the date of the next AGM in year 2021.

   In the event that the proposed Directors' fees and benefits payable to NEDs are insufficient due to the enlarged size of the Board, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

NOTICE OF ANNUAL GENERAL MEETING

4. *Item 6 of the Agenda - Authority to Issue Shares pursuant to Sections 75(1) and 76(1) of the Act*

   The proposed Ordinary Resolution 8 is for the purpose of seeking renewal of the general mandate to empower the Directors of the Company pursuant to Sections 75(1) and 76(1) of the Act, from the date of the 46th AGM, to issue and allot ordinary shares 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.

   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 Sections 75(1) and 76(1) of the Act as granted at the Forty-Fifth AGM held on 27 March 2019 ("**45th AGM**").*

5. *Item 7 of the Agenda - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature*

   The proposed Ordinary Resolution 9, if passed, will enable EcoWorld Malaysia Group to enter into recurrent transactions involving interests of Related Parties, which are necessary for its day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. Please refer to the Circular for further information.

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 18 March 2020 shall be eligible to attend, speak and vote at the 46th AGM.*

2. *A member entitled to attend and vote at the 46th 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 46th AGM shall have the same rights as the member to participate, speak and vote at the 46th AGM. Notwithstanding this, a member entitled to attend and vote at the 46th AGM is entitled to appoint any person as his proxy to attend and vote instead of the member at the 46th 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 46th 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 shall not be entitled to appoint more than two (2) proxies to attend and vote at a meeting of members instead of him. Where an authorised nominee appoints two (2) proxies to attend and vote at the 46th 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 ("**Registered Office**") not less than 48 hours before the time for holding the 46th AGM or at any adjournment thereof, either by hand or post to the Registered Office or email to info@sshsb.com.my. In the case where the instrument appointing a proxy is delivered by email, the original instrument appointing a proxy shall also be deposited at the Registered Office, either by hand or post not less than 48 hours before the time for holding the 46th AGM or at any adjournment thereof.*

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ECOWORLD
CREATING TOMORROW & BEYOND

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

CDS Account No.	No. of Shares Held

FORM OF PROXY

I/We, ____
(NAME IN FULL AND IN BLOCK LETTERS)

NRIC/Passport/Company No. ______________________ Contact No. ______________

of ____
(FULL ADDRESS)

being a member/members of **ECO WORLD DEVELOPMENT GROUP BERHAD** ("**Company**"), hereby appoint:

Full Name (IN BLOCK LETTERS)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

or failing him/her,

Full Name (IN BLOCK LETTERS)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
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-Sixth Annual General Meeting ("**46th AGM**") of the Company to be held at EcoWorld Gallery @ Eco Grandeur, Lot 6232, Persiaran Mokhtar Dahari, Eco Grandeur, 42300 Bandar Puncak Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 25 March 2020 at 3.00 p.m. or at any adjournment thereof for/against the resolutions to be proposed thereat.

No	Ordinary Resolutions	For	Against
1.	Approval for the payment of Directors' Fees		
2.	Approval for the payment of Directors' Remuneration		
3.	Re-election of Tan Sri Abdul Rashid Bin Abdul Manaf		
4.	Re-election of Dato' Chang Khim Wah		
5.	Re-election of Mr. Tang Kin Kheong		
6.	Re-election of Mr. Liew Tian Xiong		
7.	Re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company		
8.	Authority to Issue and Allot Shares		
9.	Proposed Renewal of 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 _________________, 2020

____
Signature of Member/Common Seal

Fold this flap for sealing

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 18 March 2020 shall be eligible to attend, speak and vote at the 46th AGM.*
2. *A member entitled to attend and vote at the 46th 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 46th AGM shall have the same rights as the member to participate, speak and vote at the 46th AGM. Notwithstanding this, a member entitled to attend and vote at the 46th AGM is entitled to appoint any person as his proxy to attend and vote instead of the member at the 46th 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 46th 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 shall not be entitled to appoint more than two (2) proxies to attend and vote at a meeting of members instead of him. Where an authorised nominee appoints two (2) proxies to attend and vote at the 46th 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 ("**Registered Office**") not less than 48 hours before the time for holding the 46th AGM or at any adjournment thereof, either by hand or post to the Registered Office or email to info@sshsb.com.my. In the case where the instrument appointing a proxy is delivered by email, the original instrument appointing a proxy shall also be deposited at the Registered Office, either by hand or post not less than 48 hours before the time for holding the 46th AGM or at any adjournment thereof.*

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Affix Stamp

Securities Services (Holdings) Sdn. Bhd. (197701005827 (36869-T))
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

1st fold here

www.ecoworld.my

Eco World Development Group Berhad
(197401000725 (17777-V))

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