ECO WORLD DEVELOPMENT GROUP BERHAD
(Company No. 17777-V)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE FORTY-FOURTH ANNUAL GENERAL MEETING ("44TH AGM") OF THE COMPANY HELD AT ECO ARDENCE SALES GALLERY, PT 8, PERSIARAN SETIA ALAM, ECO ARDENCE, 40170 SHAH ALAM, SELANGOR DARUL EHSAN ON WEDNESDAY, 28 MARCH 2018 AT 3:00 P.M.

The following questions were raised during the 44th AGM of the Company, which were duly responded by the President & Chief Executive Officer and the Chief Financial Officer of the Company :-

Strategic and Financial Matters

Q1. As stated in the President's Management Discussion & Analysis on page 15 of the Annual Report, the Company had set a sales target of RM3.5 billion to be achieved by the Malaysian projects in 2018.

(i) Please provide a breakdown of the sales figure in respect of each property project in Malaysia for FY2018.

Based on the estimated sales target to be achieved for Malaysia projects on a regional basis, approximately 60% to 70% sales is expected to be contributed by Eco Central; 20% to 30% from Eco South and 10% by Eco North.

(ii) What would be the sales target for Eco World International Berhad ("EWI") in FY2018? Please provide a breakdown of the sales figure by property project.

The Board has noted the sales target for EWI was initially set at RM2.0 billion. However, the Board of EWI has recently revised the sales target upwards upon the completion of the Be Living Stage 1 Acquisitions, which involved a total of 6 new sites. EWI had announced at the Invest Malaysia Conference that they are targeting to achieve at least RM2.5 billion sales in FY2018 comprising contributions by EWI's existing and new Be Living projects in United Kingdom and the 2 ongoing projects in Australia.

Q2. The Group's gearing ratio has increased from 0.60 times in FY2016 to 0.71 times in FY2017.

(i) What is the Group's optimum gearing ratio?

As EcoWorld is still a young company, the optimum gearing ratio would be expected to be in a range of 0.75 to 0.95 times. The Company believes that this is an acceptable interim level for a fast growing property development company. Most of the Group's borrowings are taken at the project level supported by landbank which are being actively developed on which much value has been created.

Furthermore, given the strong sales achieved at all of the projects as at to-date, the loans taken have clear visibility as regards the repayment source, based on properties sold being progressively constructed and delivered to customers.

(ii) Please explain the measures the Group would take to maintain the gearing ratio at optimum level.

The Group's ability to quickly turnaround its projects, ongoing deliveries of sold units to customers and good track record in achieving strong sales will aid in maintaining its gearing at an optimum level as most of the project loans will be repaid via redemption from sales proceeds. The gearing level of the Company will trend down naturally as and when more projects reach maturity within the next 2 to 3 years with the bulk of the initial investments in infrastructure and amenities completed.

Q3. The Company has contractual obligations to contribute funds to Bukit Bintang City Centre ("BBCC"), Eco Ardence Sdn. Bhd. ("EASB"), and Eco Horizon Sdn. Bhd. ("EHSB") for the completion of the development projects.

(i) What would be the amount of contribution for each property project?

Total committed advances to Joint Ventures ("**JVs**") was RM593.0 million, whilst the balance of undrawn advances as at 31 October 2017 was RM152.0 million, as disclosed on page 141 of the Annual Report.

(ii) When will be the final disbursement for each property project?

Final disbursements for all JVs are expected to be within FY2018 and FY2019.

Q4. The Group's share of results of joint ventures (net of tax) was a loss of RM30.9 million in FY2017 which was higher than the loss of RM12.7 million in FY2016 as reported on page 95 of the Annual Report. The joint venture companies are BBCC, EHSB, EWI, Paragon Pinnacle Sdn. Bhd. ("PPSB") and EASB.

When would the Board expect BBCC, EHSB, EWI, PPSB and EASB to contribute positively to the Group?

BBCC, EHSB, PPSB and EASB are all Malaysian property development companies. Revenue and cost of sales ("**COS**") are recognized progressively, calculated based on the percentage of completion method. As such, the majority of these Malaysian JV companies are expected to contribute positively from FY2018 onwards.

EWI's revenue and COS are recognised based on the completion method. Nevertheless, the Board is also expecting EWI to contribute positively by FY2018 for units that have been handed over to its customers.

Q5. The Company recognised impaired losses of RM14.6 million arising from the assessment of the amount due from subsidiaries with the recoverable amount lower than the carrying amount as disclosed on page 142 of the Annual Report.

(i) Which subsidiaries were these impairment losses relating to?

The impairment losses were derived from the initial marketing and branding expenses incurred to set up the sales gallery and office for Eco World Development (S) Pte Ltd ("**EcoWorld Singapore**").

(ii) Is there a possibility that the impairment losses would be reversed in the future and if not, why?

EcoWorld Singapore was set up for marketing and branding purposes, particularly for the industrial park segment and Malaysians working in Singapore. Based on the present arrangement as a pure service centre, there is no possibility that the impairment losses will be reversed in the near future. However, going forward losses in administrative and operating expenses are expected to be minimal.

Q6. How confident is the Company to achieve the targeted sales of RM3.5 billion?

This is not the first time the Group has set a demanding target for itself. Over the past 4 years, Management has consistently delivered on the sales targets set notwithstanding external headwinds and uncertainties.

Therefore, whilst the FY2018 sales target of RM3.5 billion is challenging, Management will do its utmost to overcome all challenges to work towards achieving the target set.

Q7. Given the high level of inventories will affect the profit level of the Company, what are the measures taken by the Company to ensure the unsold properties kept under the inventories will not be held for a long period?

There are different ways to manage stocks at different locations as well as the selling price. The Company has always been mindful of the level of inventories and has various ongoing campaigns to ensure that stocks do not build up to undesired levels as properties launched approach their respective handover dates.

Q8. **The Management was requested to explain the effects of tax incentive and non-taxable income as stated on page 156 of the Annual Report.**

The amount of non-taxable income arose from the non-taxable gain resulted from the dilution of the Group's interest in Paragon Pinnacle Sdn. Bhd. from a wholly-owned subsidiary to a 60% owned JV company.

Q9. **Does the Company have any plans on increasing its landbank and what are the plans for the future growth?**

The Group did not acquire any new land in the past 2 years and it would be unlikely that there would be any new land acquisition in the near future. At present, the Company would be concentrating on launching new phases from the existing township projects.

The Group's projects are also at relatively early stages of development. As such, the Company can still afford to be selective on new acquisition of lands until such time the bulk of the Group's projects have entered the growth / matured stages of development.

Q10. **Is it possible for the Company to declare dividend in year 2019 or to establish a Dividend Reinvestment Scheme in future?**

The Management would consider the suggestion and recommend to the Board when appropriate.

Corporate Governance Matters

Q1. **The estimated amount of Directors' Remuneration (excluding Directors' Fees) for the financial period from 1 February 2017 up to 31 October 2017 amounted to RM683,000 while the Directors' Remuneration (excluding Directors' Fees) for the financial year ending 31 October 2018 was estimated at RM6,040,000. This amounts to an increase of 784.3%.**

Can the Board explain the much higher amount of Directors' Remuneration to be approved for the financial year ending 31 October 2018 with the breakdown of the amount?

The amount of Directors' Remuneration (excluding Directors' Fees) for the financial period from 1 February 2017 up to 31 October 2017 comprises only the meeting allowances and leave passage whereas the estimated Directors' Remuneration (excluding Directors' Fees) for the financial year ending 31 October 2018 includes the payment of security services for the 3 Non-Executive Directors ("**NEDs**") of the Company, namely Tan Sri Dato' Sri Liew Kee Sin, Tan Sri Abdul Rashid bin Abdul Manaf and Dato' Leong Kok Wah.

Previously, the security fees were borne by Eco World Project Management Sdn. Bhd., a wholly-owned subsidiary of the Company, as a benefit-in-kind for the 3 NEDs. However, with effect from FY2018, the Management has restructured all remuneration payable to the NEDs to be borne directly by the Company in order to provide greater transparency on the total remuneration, including all benefits-in-kind proposed to be paid to the NEDs of the Company. Hence, the security fees have been included as part of the total remuneration payable to the NEDs in FY2018 where shareholders' approval is to be sought at the 44th AGM.