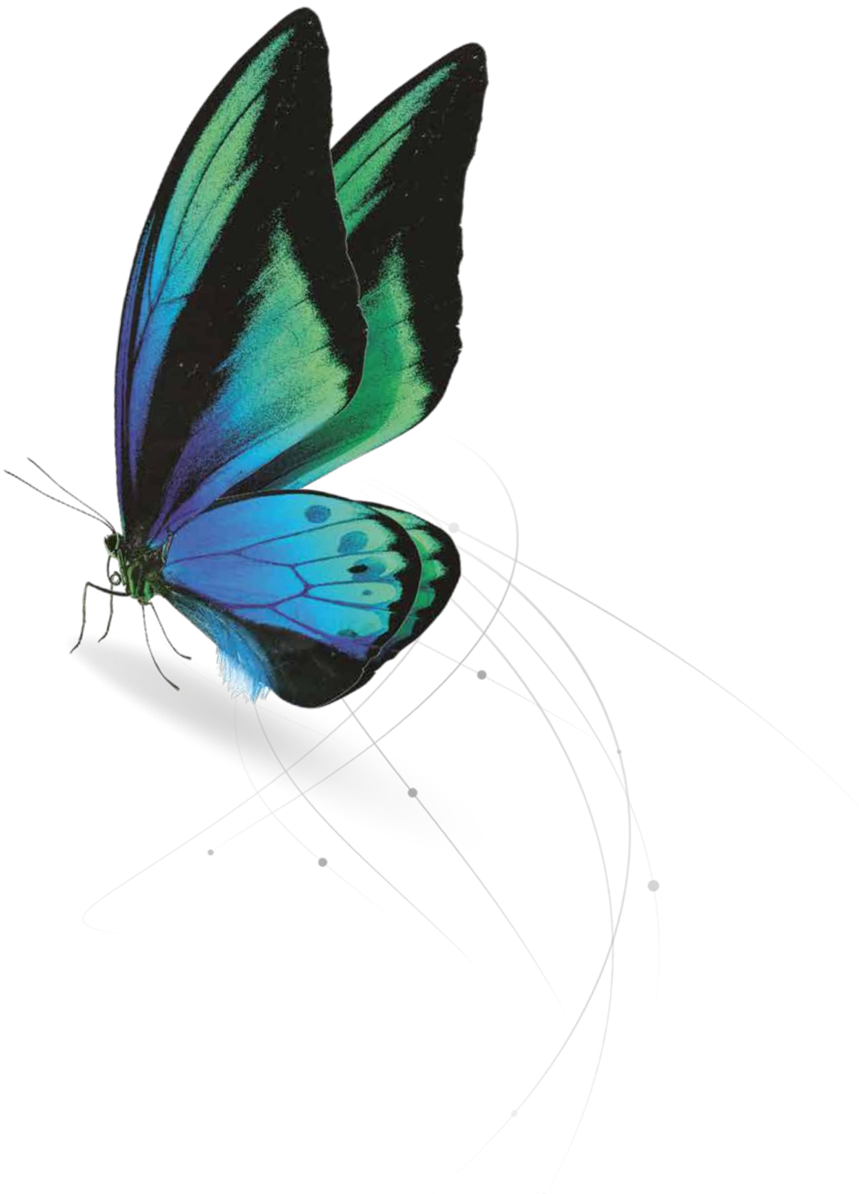
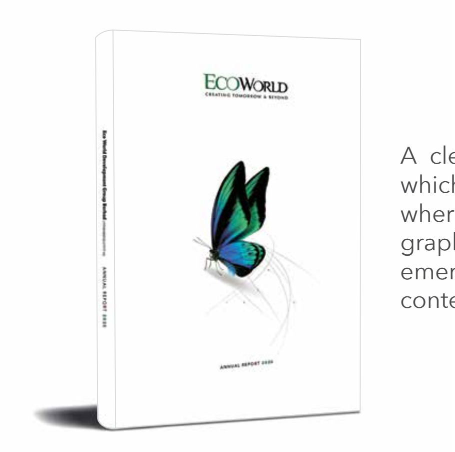
ECOWORLD

CREATING TOMORROW & BEYOND



ANNUAL REPORT **2020**



A clean and balanced cover concept featuring an elegantly resting butterfly, which symbolises the brand. The resting pose depicts a stable phase of growth wherein value is being derived from ongoing projects. Meanwhile, dynamic graphic lines surround the butterfly to reflect changing market needs and emerging opportunities. Perched at the heart of these changes, the butterfly's contemplative pose indicates the Company's focus on planning for the future.

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.

INSIDE THIS REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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 Director
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
Lim Hiah Eng (Mrs Lucy Chong)

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

Datuk Heah Kok Boon (Chairman)
Dato' Idrose Bin Mohamed
Low Mei Ling

RISK MANAGEMENT COMMITTEE

Datuk Heah Kok Boon (Chairman)
Dato' Seri Sundarajoo A/L Somu
Dato' Soo Chan Fai
Ho Kwee Hong
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 Ardence

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%** **Sejati Coast Sdn. Bhd.** (201901020647 (1329976-K))^
      (formerly known as Eco World PowerChina Business Park Sdn. Bhd.)
- **49%**
  - **Hara Kecil Property Management Sdn. Bhd.** (201501010259 (1135594-U))
    (formerly known as Hara Kecil Sdn. Bhd. and subsequently known as Eco World Property Management Services Sdn. Bhd.)
- **40%**
  - **BBCC Development Sdn. Bhd.** (201501003696 (1129028-T))
    - **49%** **MFBBCC Serviced Suites Sdn. Bhd.** (202001011803 (1368123-P))
- **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 Capital Services Berhad** (201401011942 (1088019-D))
  (formerly known as EF Development Sdn. Bhd.)
- **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))
- **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))
- **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 Realty Sdn. Bhd.** (199001011446 (203016-P))^
- **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 winding up

FINANCIAL HIGHLIGHTS

GROUP FIVE – YEAR FINANCIAL HIGHLIGHTS

Year Ended	31 October 2020	31 October 2019	31 October# 2018	31 October 2017	31 October 2016
			As per respective year's audited financial statements		
Financial Results (RM'000)					
Revenue	**1,996,681**	2,462,325	1,984,925	2,936,562 *	2,546,437
Profit before tax	**169,046**	265,975	131,961	282,613	193,182
Profit attributable to owners of the Company	**135,171**	203,422	93,491	209,650	129,281
Financial Position (RM'000)					
Total cash and bank balances	**456,437**	600,539	510,297	433,824	573,467
Total assets	**10,353,398**	10,688,454	10,670,902	9,850,261	8,841,977
Total borrowings	**3,316,632**	3,779,715	3,831,602	3,479,571	2,861,903
Total net tangible assets	**4,670,937**	4,538,016	4,327,585	4,264,034	3,786,702
Share capital	**3,614,865**	3,614,865	3,614,865	3,614,865 ^	1,374,846
Equity attributable to owners of the Company	**4,670,937**	4,538,016	4,327,585	4,264,034	3,786,702
Financial Ratios					
Basic earnings per share (sen)	**4.59**	6.91	3.18	7.25	5.43
Net assets per share attributable to owners of the Company (RM)	**1.59**	1.54	1.47	1.45	1.38
Return on equity (%)	**2.89**	4.48	2.16	4.92	3.41
Net gearing ratio (times)	**0.61**	0.70	0.77	0.71	0.60
Share price - High (RM)	**0.83**	1.13	1.56	1.72	1.51
- Low (RM)	**0.30**	0.63	0.98	1.30	1.20

\# Included effects from first time adoption of the Malaysian Financial Reporting Standards

* 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 2020 SUMMARY

Period Ended	3 months ended 31 October 2020	3 months ended 31 July 2020	3 months ended 30 April 2020	3 months ended 31 January 2020
(RM'000)				
Revenue	635,466	477,867	345,403	537,945
Profit before tax	73,974	24,353	30,367	40,352
Profit attributable to owners of the Company	66,458	13,805	21,393	33,515
Paid-up capital	3,614,865	3,614,865	3,614,865	3,614,865
Equity attributable to owners of the Company	4,670,937	4,628,771	4,586,391	4,562,740
Total assets	10,353,398	10,076,290	10,080,981	10,354,034
Total net tangible assets	4,670,937	4,628,771	4,586,391	4,562,740
Basic earnings per share (sen)	2.26	0.47	0.72	1.14
Net assets per share attributable to owners of the Company (RM)	1.59	1.57	1.56	1.55

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Eco World Development Group Berhad ("**EcoWorld Malaysia**"), I am pleased to present to you the Annual Report of EcoWorld Malaysia for the financial year ended 31 October 2020 ("**FY2020**").

2020 SALES

ECOWORLD MALAYSIA
RM2.3
BILLION

ECOWORLD INTERNATIONAL
RM1.4
BILLION

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

GROUP PERFORMANCE

FY2020 was a year like no other. The global market challenges and uncertainties arising from the COVID-19 pandemic upended the best laid plans of most businesses. We were certainly not spared, however, proactive steps taken to reduce and reset our cost structure coupled with Team EcoWorld's willingness to continually reinvent and relearn the way we do business, helped to counteract the impact of a soft property market and preserve cashflow and profits.

Against the backdrop of this highly challenging environment, we are pleased to have delivered RM2.3 billion sales in FY2020, which is 15% higher than the sales target of RM2 billion. EcoWorld International, our 27% owned joint-venture, achieved RM1.4 billion sales which was 25% higher than FY2019.

On a combined basis, the EcoWorld brand achieved RM3.7 billion sales in Malaysia, the United Kingdom and Australia. This is nearly the same level recorded in FY2019 which is a remarkable result given the extensive disruptions COVID-19 caused globally and in every market in which we operate. The good outcome demonstrates management's ability to swiftly adapt to new market realities and seize every opportunity presented before them to further broaden and deepen our brand's market share.

As a result, EcoWorld Malaysia was able to record revenue and profit after tax ("**PAT**") of RM2 billion and RM135.17 million respectively, thus enabling us to declare our maiden interim single tier dividend of 2 sen per ordinary share in FY2020. The dividend payout amounts to approximately RM58.89 million, which represents a distribution of approximately 44% of EcoWorld Malaysia's Group PAT.

#YOUBELONG – IDEAL PROPERTIES FOR EVERYONE

The ongoing COVID-19 pandemic has transformed the way we live. In times of great change such as what we are faced with today, innovation, understanding not just current but also future market trends and the agility to continually adapt our products to suit the times are important assets.

Homes have to be multifunctional with working and studying from home increasingly becoming the rule and not the exception. To cater to the multiplicity of needs under the new norm, our living spaces are designed to be flexible.

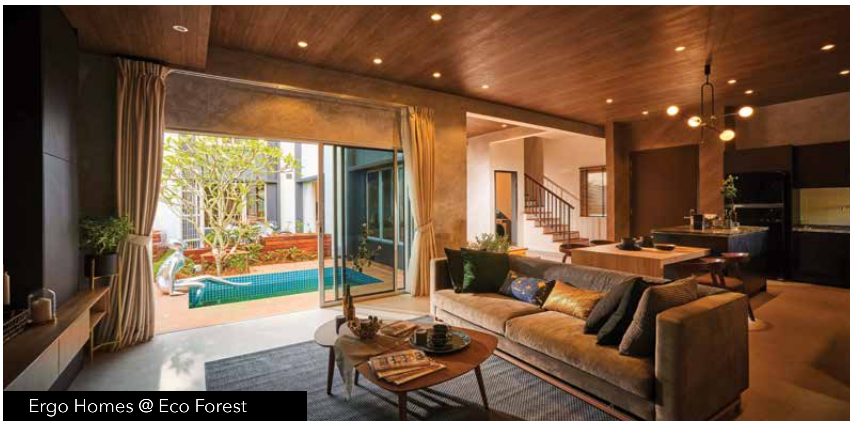
For example, ***ErgoHomes*** at ***Eco Forest***, situated close to Broga Hills, a popular hiking and recreational spot in Semenyih, Selangor, presents a fresh take on the terraced living concept. Every unit of these compact and functional homes feels like a corner unit with efficient space planning which can be reconfigured to adapt to the lifestyle of our homebuyers. Ample provision of communal zones help promote interaction between residents to build community. As health and well-being become a greater priority, the availability of artfully crafted recreational areas to commune with nature is increasingly a key criterion for homebuyers as they require spaces to unwind and relax in a safe environment.

We have also expanded the range of products that we have to cater to the M40 customer group – the bulk of our new launches comprise landed homes priced from RM500,000 – RM800,000 and serviced apartments starting below RM400,000. In September 2020 we launched ***Huni D' Eco Ardence*** and ***Se.Ruang D' Eco Sanctuary*** under our new ***duduk*** brand which contributed to the strong sales achieved in 4Q 2020. More than 1,000 units of the semi-furnished apartments priced from RM393,000 per unit were sold within 3 months from the initial launch.


Se.Ruang D' Eco Sanctuary show unit


Clubhouse facilities at Se.Ruang D' Eco Sanctuary

This positive reception augurs well for EcoWorld's aspiration to have products to suit the needs of every generation, both from a demographic and psychographic standpoint, with a wide variety of choices for customers to decide how they want to live.


Ergo Homes @ Eco Forest

The ongoing COVID-19 pandemic has transformed the way we live. Homes have to be multifunctional with working and studying from home increasingly becoming the rule and not the exception. To cater to the multiplicity of needs under the new norm, our living spaces are designed to be flexible.

DIGITALISATION

A push towards greater digital adoption is one of the main positives to come out of the COVID-19 pandemic. At EcoWorld, this move had already begun several years earlier and the pandemic further accelerated our digitalisation plan to support business continuity. Throughout the Movement Control Order ("**MCO**") period which began in March 2020, we were able to rely on the extensive social media presence we had built since 2016 to regularly engage and disseminate information to our prospective customers, as well as provide easily accessible channels for them to contact us.

CHAIRMAN'S STATEMENT

The increased willingness of almost every stakeholder group to connect with us digitally also enabled us to bring forward the launch of My EcoWorld Property, the Group's new online sales booking platform which was launched in November 2020. This platform will provide more flexibility to customers to purchase our properties wherever and whenever.

As we move into FY2021, we will continue to expand our digital ecosystem to deliver greater convenience for our customers, realise cost efficiencies and improve operational effectiveness by fully digitalising our customer facing, back-office and support processes.


Eco Grandeur

As we continuously raise our game in the property development industry, we ensure that our people are upskilled through exposure to a range of online and offline tools to remain dynamic and resilient in this competitive industry.

UPSKILLING TEAM ECOWORLD

I am glad that Team EcoWorld has adjusted to the new normal rapidly with the learning of new skills and improvement of existing skills. Sales are no longer confined to sales galleries, handovers of completed units can be conducted virtually – these are the new realities of our business. As we continuously raise our game in the property development industry, we ensure that our people are upskilled through exposure to a range of online and offline tools to remain dynamic and resilient in this competitive industry. For instance, to ensure that our sales team is equipped with the skills to engage and connect with potential buyers digitally, training and development programmes to enhance employees' soft skills were conducted online at regular periods throughout the year.

Apart from honing their work skills, the mental and emotional well-being of our team members are important to us. A para-counselling programme which was first organised in FY2019 to foster a healthy and caring work environment was conducted again in FY2020. This helped promote open and honest discussions about mental health and employees at every level were trained and equipped to step up to the role of para-counsellors to support their colleagues when needed.

During the year under review, we recorded a total of 30,710 training hours. We firmly believe that our commitment in prioritising the talent development of our employees and fostering a conducive work environment where they can enhance their knowledge, skills, competencies and experience, will provide us with a long-term competitive edge in the property development industry.

SUSTAINABILITY

Since our inaugural sustainability statement in 2017, the Group has achieved considerable progress in our sustainability journey. Throughout the years, we have progressively implemented initiatives that incorporate Environmental, Social and Governance ("**ESG**") considerations into our strategy to ensure that our projects address immediate and long-term concerns, embodying what it means to be sustainable.

We have continued to embed sustainability into our business strategy as well as in day-to-day operations of the Group. This year, we are pleased to report that EcoWorld Malaysia has met globally recognised standards to be qualified for inclusion into the FTSE4Good Bursa Malaysia ("**F4GBM**") Index since 21 December 2020. The F4GBM is a recognition given to qualified public companies listed on Bursa Malaysia Securities Berhad which have demonstrated strong ESG practices. The inclusion into the F4GBM Index is a notable achievement by EcoWorld Malaysia that recognises our strong commitment towards balancing profitability and sustainability.

RECORDED
30,710
Total of Employee Training Hours

OUTLOOK & PROSPECTS

The Group anticipates that business conditions will likely remain challenging in FY2021 with uncertainties continuing to cloud global and local markets.

Nevertheless, based on the strategic plans we have put in place in every geographic location to restrategise and refocus our efforts on key segments of the market that have proven depth and resilience, EcoWorld Malaysia aims to do better than FY2020. In this regard, we have set a sales target of RM2.875 billion for FY2021 which is 25% higher than the actual sales achieved in FY2020. By concentrating on the larger and more resilient M40/Gen-Y & Gen-Z customer groups and actively promoting our business parks to local and foreign industrialists, we believe that the target set will be attainable.

In addition, the substantial reduction in the Group's cost structure achieved in FY2020, as well as continued efficiency gains to be reaped from the reinvention of processes and ongoing digitalisation, will help sustain cashflow and profits. Barring unforeseen circumstances, these measures should place the Group on a path of steady growth in the years ahead.

EcoWorld Malaysia will also continue to build its dividend payment capabilities to reward shareholders after taking into consideration a number of factors including amongst others, the earnings, capital commitments, general financial conditions and levels of distributable reserves.

NOTE OF APPRECIATION

On behalf of the Board, I wish to express our heartfelt gratitude and appreciation to our customers, business associates, bankers and shareholders for your unwavering support. I would also like to take this opportunity to welcome a new member of the board, Madam Lim Hiah Eng (Mrs Lucy Chong) who on 20 May 2020 was appointed as an Independent and Non-Executive Director. I look forward to her insights and contributions to the Group as Mrs Lucy Chong brings with her over 40 years of experience in the fund management and stockbroking industry covering Malaysia and the ASEAN region.

To Team EcoWorld, your tireless efforts have helped us to overcome unprecedented market turbulence and strengthened our foundations for sustained growth in the years ahead. Thank you for standing together with us during this extremely challenging season. As we continue to push hard, innovate and deliver value to all our stakeholders, I am confident that FY2021 will mark the beginning of a better and brighter future for all.

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

Revenue
RM2
BILLION

and Profit After Tax ("**PAT**")
RM135.17
MILLION

Total Dividend Payout
RM58.89
MILLION

Approximately **44%** of EcoWorld Malaysia's Group PAT

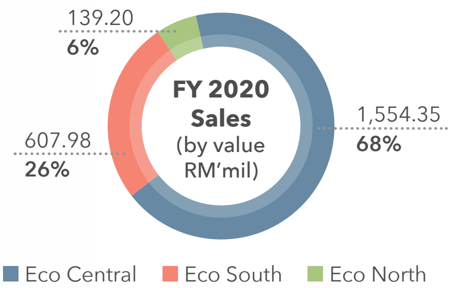

Eco Sanctuary

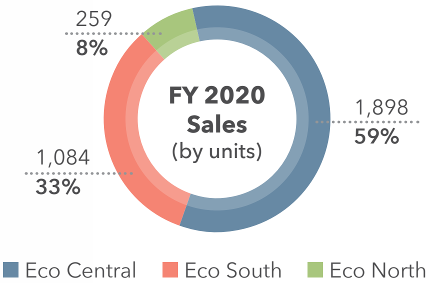
PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

DATO' CHANG KHIM WAH
President &
Chief Executive Officer

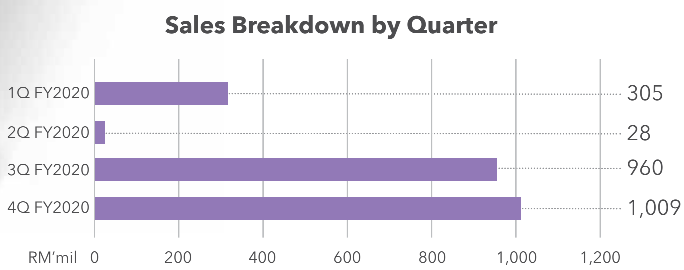
EcoWorld Malaysia achieved RM2.3 billion sales in FY2020, exceeding the sales target of RM2 billion by 15%.

The breakdown of sales achieved amidst a tough operating environment, especially during the first half of FY2020, is as follows: from Eco Central – RM1.55 billion, Eco South – RM607.98 million and Eco North - RM139.20 million.

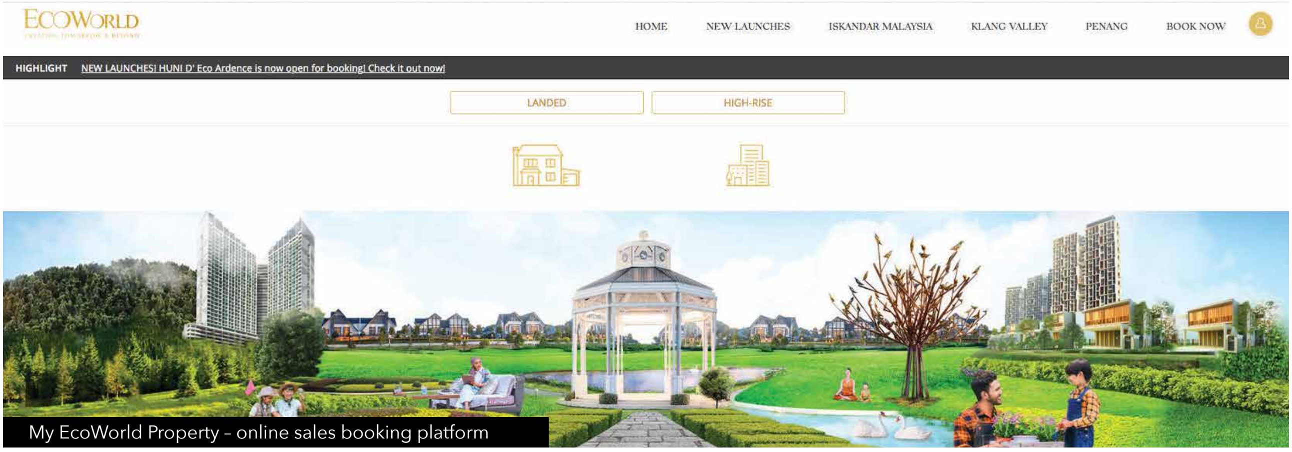




Resurgence in buying interest was experienced in 2H 2020 following the re-opening of our sales galleries in May 2020 and the announcement of the PENJANA stimulus plan in June 2020 which reintroduced the Home Ownership Campaign with stamp duty exemptions. In addition, the lowering of the Overnight Policy Rate to a historic low of 1.75% helped stimulate the economy. It also gave a boost to the property market as buyers and investors took advantage of lower interest rates for their mortgage financing.



This strong recovery in 2H 2020 was made possible through the swift execution of various strategies to mitigate the impact of the MCO.



My EcoWorld Property – online sales booking platform

DIGITAL MARKETING

As our sales galleries were temporarily closed from 18 March to 3 May 2020 due to the MCO, sales and marketing efforts shifted to digital platforms where social media channels and video conferencing solutions were utilised to engage with potential customers across the Group's projects in Klang Valley, Iskandar Malaysia and Penang.

Bookings and unit reservations conducted virtually produced very positive results which enabled the Group to secure RM975 million in sales up to 15 June 2020 from a low of only RM333 million as at 1H 2020. In addition, the Group was able to build up a bookings pipeline of RM600 million during the same period.

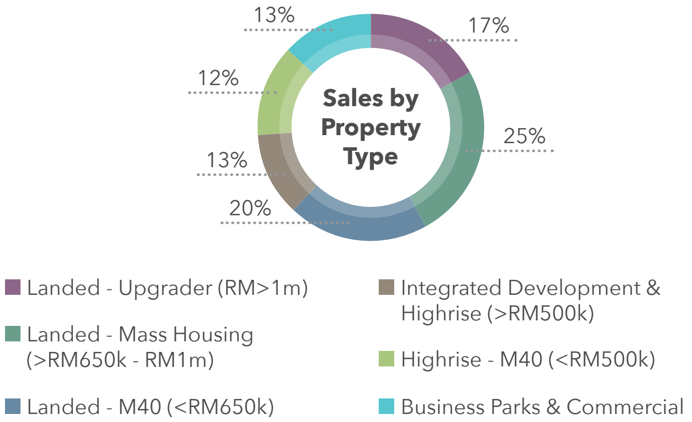
In November 2020 we launched My EcoWorld Property, our online sales booking platform. This will provide an additional convenient and hassle-free platform for customers to experience our products and ultimately purchase properties wherever and whenever. Going forward, we will further refine our strategies to incorporate even more digital marketing initiatives and virtual events, as purchasers are becoming increasingly comfortable to connect with us digitally to source their new homes.

PRODUCTS FOR EVERY MARKET

During the year under review we further expanded the variety of properties available under the EcoWorld brand which include landed homes, serviced apartments, shop offices, office suites and industrial units, all strategically located with well-established infrastructure and comprehensive amenities. These products are available at a wide range of price points to cater to every segment of the market.

Each project and every product is designed with the EcoWorld DNA in mind which encompasses the living and working environments created, design of individual units, project accessibility and presence of comprehensive amenities and services to cater to customers' lifestyle and business needs.

With regard to the residential component of our business, after being stuck at home for almost two months during the MCO, many came to realise how important it is to have a good home. This led to a greater appreciation for EcoWorld projects and properties and contributed to the positive sales results achieved in 2H 2020.



PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS


Bukit Bintang City Centre

In September 2020, we launched ***duduk***, a new brand under EcoWorld which offers what young urban dwellers want – easy entry into homeownership at an affordable price point that does not compromise their lifestyle choices.

duduk was inspired by the successful launch of apartments at the Group's flagship ***Eco Majestic*** township in Semenyih. By further improving the product offering, we were able to conceptualise a new brand of vertical townships situated within existing matured EcoWorld townships. Apart from enabling purchasers of the ***duduk*** apartments to benefit from the completed infrastructure, built environment and panoply of recreational and commercial offerings available, a growing population of young upwardly mobile residents will increase the vibrancy of the township thus helping accelerate value creation.

The first ***duduk*** units are available in either ***Eco Sanctuary*** located south of Kota Kemuning or ***Eco Ardence*** at Setia Alam. Named ***Se.Ruang D' Eco Sanctuary*** and ***Huni D' Eco Ardence***, the semi-furnished 1,000 sq ft apartments are priced below RM400,000. The overwhelming response led to more than 1,000 units sold within 3 months from launch, evidence that the Group is on the right track with its strategy to create more products suited for first time homeowners and the M40 target group.

In June 2020, BBCC Development Sdn Bhd signed an agreement with Mitsui Fudosan (Asia) Malaysia Sdn Bhd to form a joint-venture company - MFAM JVCo to purchase a serviced residence block in the BBCC development for RM242 million.

ATTRACTING FOREIGN INTEREST

The signing of an agreement in June 2020 between BBCC Development Sdn Bhd and Mitsui Fudosan (Asia) Malaysia Sdn Bhd to form a joint-venture company - MFAM JVCo to purchase a serviced residence block in Bukit Bintang City Centre ("**BBCC**") for RM242 million was an encouraging development. It signified not just the unwavering confidence of one of Japan's largest conglomerates in the BBCC project but also Malaysia's continued attractiveness as an emerging global destination for real estate investment.

BBCC has attracted a growing number of foreign investors over the years. Apart from Mitsui Fudosan's interests in both the mall and the serviced apartment block mentioned above, the Lucentia 1 & 2 serviced apartments are nearly sold out with a substantial number of foreign purchasers drawn to BBCC's unique value proposition as a Retail & Entertainment Hub as well as being a Transit Oriented Development ("**TOD**") in the city centre.

Upon the completion of the residential towers – Lucentia 1 & 2, the Strata Office tower – the Stride, as well as Phase 1 of BBCC's retail components in 2021, BBCC will feature the following attractions:

- The first **Mitsui Lalaport Shopping Park** in Southeast Asia
- The first **Zepp Hall Network Music Hall** by Sony

- The first **Artisan Mall, Malaysia Grand Bazaar (MGB)** in KL to showcase Malaysia's rich cultural and artistic heritage and products
- A new **Rooftop Garden** with a panoramic view of the KL city skyline
- A new **Gourmet Street** with al fresco dining offering an eclectic mix of local and international cuisine

The opening of the retail and entertainment components of BBCC augurs well for the introduction of its newest phase, ***SWNK Houze*** in FY2021 with a range of serviced apartments tailored to suit the needs of young urbanites and investors seeking to own their first residential property within the city centre.

INDUSTRIAL PARKS

There has been a rising demand for the Group's business park projects in 2H 2020 with sales increasing by 193% from Q3 2020 to Q4 2020. The sale of 16.32 acres of industrial land at ***Eco Business Park (EBP) V*** for RM53.3 million in August 2020 to Baosteel Can Making (Malaysia) Sdn Bhd contributed to the result achieved.

In addition to interest from foreign multinationals, demand from local industrialists also picked up. The big shift in consumer behaviour towards online purchasing arising from COVID-19 concerns and movement restrictions accelerated the growth of e-retailing businesses. Accordingly, in both the warehousing and logistics sectors, business owners and investors are actively looking at this strong asset class as a sound investment. This pattern looks set to continue with Savills Malaysia predicting that both industrial and logistics will continue to be the top performing property sectors in 2021.

EcoWorld Malaysia has approximately 1,760 acres dedicated to industrial and business park developments. Total Gross Development Value ("**GDV**") of our Eco Business Parks segment is RM9.5 billion from four projects located in Senai, Tebrau and Pasir Gudang in Iskandar Malaysia and Puncak Alam in Selangor.

RM2.1
BILLION
Cumulative Sales
of Business Parks,
as at 31 October 2020

As at 31 October 2020, we have achieved cumulative sales of RM2.1 billion from the sale of business parks alone. Over the years, we have built up a strong network of contacts with local and foreign industrialists and developed close working relationships with both Federal and State regulatory authorities involved in the promotion and approval of industrial developments in Iskandar Malaysia and Selangor.

Eco Business Park II

PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

In FY2021, we intend to further grow our share of industrial park market. We believe that once travel restrictions are relaxed, the efforts we have made to promote our industrial parks will bear fruit, supported by attractive incentives under PENJANA to attract foreign direct investment, particularly those in the manufacturing sector.

FINANCIAL REVIEW

EcoWorld Malaysia recorded revenue and gross profit of RM2 billion and RM267.5 million respectively for FY2020, representing a year-on-year decrease of 19% and 43% respectively from FY2019. Revenue in FY2020 was lower as recognition was hampered by the MCO which required:

- all of the Group's sales galleries to be closed from 18 March to 3 May 2020 which severely impacted the conversion of bookings into sales during the MCO period; and
- activities on construction sites to be ceased from 18 March until mid-June 2020, with work permitted to resume thereafter subject to stringent COVID-19 measures being put in place.

The lower gross profit of the Group in FY2020 was partially offset by higher share of results contributed by its Malaysian joint-ventures. Collectively, ***Eco Grandeur***, ***Eco Ardence***, ***Eco Horizon*** and ***BBCC*** recorded RM1,321 million in revenue of which the Group's effective share, based on its equity stakes in the respective joint-ventures, amounted to RM687.4 million. The higher contribution from the Malaysian JVs, notwithstanding the challenges of COVID-19, was mainly due to higher profit recognition by ***Eco Horizon*** and ***BBCC*** (both of which are expected to hand over their first phase launches in FY2021) and cost savings realised following handover of shop offices by ***Eco Ardence*** and ***Eco Grandeur***.

Share of results from EcoWorld International was lower in FY2020 when compared to FY2019 due to the lower number of sold units handed over to customers in FY2020 as a result of delays in work progress caused by temporary cessation/ reduced levels of site activity to combat COVID-19 in the United Kingdom and Australia.

Overall, the Group's profit before tax ("**PBT**") in FY2020 was lower than FY2019 mainly due to the write down in inventories totalling RM98.8 million in FY2020 following a detailed review of residual unsold stock within phases that have been handed over. If not for the write down, the Group's FY2020 PBT would have been RM267.9 million which is higher than FY2019 PBT of RM266 million.

Cost saving measures implemented, resulting in a substantial reduction of RM84.5 million in selling, marketing and administration expenses as compared to FY2019, along with lower finance costs, contributed to the PBT achieved.

Revenue
RM2
BILLION

Gross Profits
RM267.5
MILLION

Eco Ardence


Eco Botanic 2

Our efforts to strengthen our balance sheet are also showing good progress. Total borrowings reduced by RM466.0 million as the Group continued to steadily repay loans and project financing as scheduled and via redemption from sales proceeds. With the reduction in total borrowings and increase in shareholder's funds, EcoWorld Malaysia's net gearing reduced from 0.70 times as at 31 October 2019 to 0.61 times as at 31 October 2020.

Furthermore, future revenue remains strong at RM3.7 billion as at 31 October 2020, which is among the highest as compared to our peers. This will continue to provide both earnings visibility and cashflow certainty going forward.

The Board has declared a maiden interim dividend of 2 sen per ordinary share to its shareholders for FY2020.

Premised on the results achieved, the Board of Directors of EcoWorld Malaysia has declared a maiden interim dividend of 2 sen per ordinary share to its shareholders for FY2020.

OUTLOOK AND PLANS FOR 2021

Looking ahead, the Group will continue to focus on developing products targeted at the M40/Gen-Y and Gen-Z customer groups - this is the largest and most resilient segment making up more than 40% of Malaysia's population. Their presence within our townships will help drive sustained demand for housing in the future as they upgrade their homes and their capacity for property investment grows over time. Launches planned for FY2021 include:

- ***Eco Botanic II*** offering landed homes priced from RM500,000 to RM800,000 which are well within the affordability range of young M40 families.
- Co-Homes at ***Eco Grandeur*** in Ijok and ***Eco Horizon*** in Penang as well as smaller built-up garden homes at several projects in the Klang Valley and Iskandar Malaysia.
- ***SWNK Houze*** at ***BBCC*** which offers a wide range of serviced apartments from studio units, 1-bed, 2-beds, 2+1 beds, 3-beds as well as dual key units with a cool, urban-chic vibe to meet the needs of young urbanites and investors seeking to own a residential property in the city centre.

In FY2021, the Group intends to further grow our share of the industrial park market by focusing on the supply of customised industrial units to meet the demand of industrialists particularly those in the logistics and e-commerce sectors. The attractive tax and other incentives offered by the Malaysian Government under PENJANA and as announced in Budget 2021 to increase foreign direct investments as well as local private investments in key industries and service sectors are expected to help attract more businesses to set up their operations in Malaysia

FY2021 SALES TARGET

Based on the above, EcoWorld Malaysia targets to achieve sales of RM2.875 billion, which is 25% higher than the actual RM2.3 billion sales achieved in FY2020.

Barring unforeseen circumstances, the strategies and measures put in place should set the Group on a path of steady growth. Backed by 18 ongoing projects and our high effective future revenue of RM3.7 billion at 31 October 2020, EcoWorld Malaysia is well positioned to be able to deliver sustainable growth to our shareholders in FY2021 and the years to come.

PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF OPERATIONS

20
projects

RM86.9
billion
gross development value

RM66.0
billion
remaining gross development value

Over
28,000 units launched

RM20.9
billion
sales from FY2014 to FY2020

4,557.1
acres of total undeveloped landbank

Over
24,000
units sold

RM3.7
billion
in future revenue

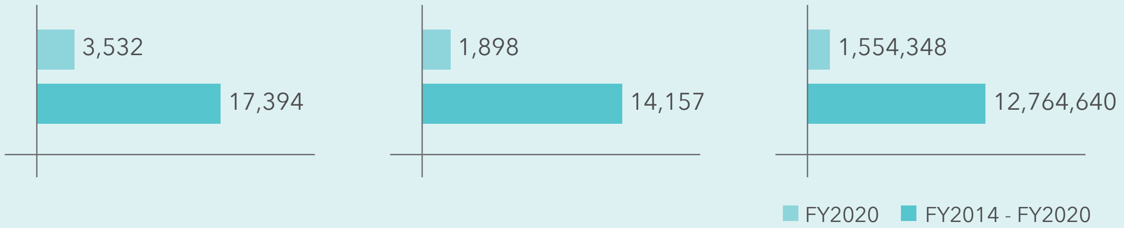
8,325.3
acres of total landbank

ECOWORLD MALAYSIA 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 **Units sold** **Sales value** (RM'000)



Total landbank
4,735.3 acres

Remaining landbank
2,523.6 acres

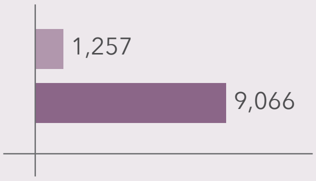

Eco Majestic

PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

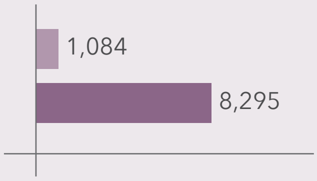
ISKANDAR MALAYSIA

- Eco Botanic
- Eco Botanic 2
- Eco Spring & Eco Summer
- Eco Tropics
- Eco Business Park I
- Eco Business Park II
- Eco Business Park III

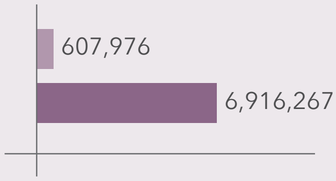
Units launched



Units sold



Sales value (RM'000)



FY2020 FY2014 - FY2020

Total landbank

3,126.1 acres

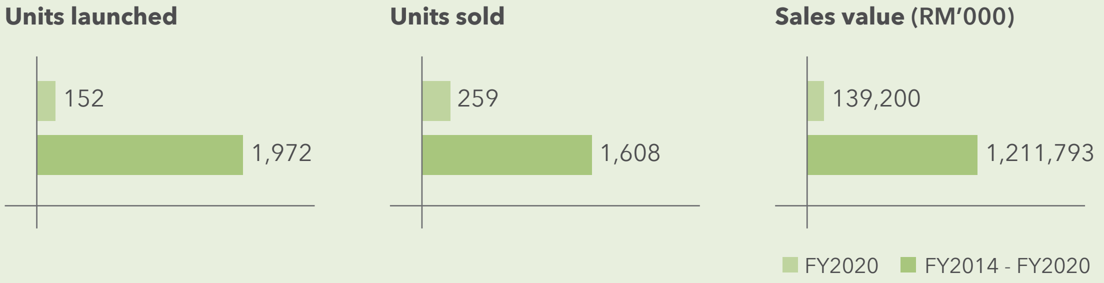
Remaining landbank

1,706.4 acres


Eco Tropics

PENANG

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



Total landbank
463.9 acres

Remaining landbank
327.1 acres

Eco Meadows

SUSTAINABILITY STATEMENT

We present EcoWorld Malaysia's fourth Sustainability Statement ("Statement") as a proud symbol of our commitment to maintaining a culture of sustainability throughout our value chain.

This statement summarises the key highlights of our efforts towards achieving sustainable development and is to be read jointly with our third standalone Sustainability Report ("**SR**"). The full report provides more comprehensive coverage on our Economic, Environmental and Social ("**EES**") initiatives for the reporting period from 1 November 2019 to 31 October 2020 and can be found on our corporate website www.ecoworld.my. Throughout this Sustainability Statement, we highlight the strides we have made towards achieving sustainable development, even as we face the challenges brought upon by the COVID-19 pandemic head-on.

Since our inaugural Statement in 2017, we have achieved considerable progress in the journey to sustainability. Our sustainability leadership in the form of the Sustainability Committee, spearheaded by the Board and chaired by our President & CEO, was established in 2017 to ensure we meet our commercial objectives and protect stakeholder interests while being responsible to the community and environment. The Sustainability Committee drives the Group's sustainability initiatives and reports progress on a half yearly basis to the Board for feedback and endorsement. The Committee is supported by the Economic Council, Green Council and Social Council whose main responsibilities are to assist in monitoring progress of the initiatives and achievement of key performance indicators ("**KPIs**"). Our commitment to Sustainability has received recognition in the form of our inclusion on the F4GBM Index in December 2020.

FTSE4Good

EcoWorld Malaysia included on FTSE4Good Bursa Malaysia Index in December 2020

"FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Eco World Development Group Berhad has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products."

REPORTING SCOPE AND BOUNDARY

Projects Under Review

This year, we continued disclosure on the sustainability initiatives and performance of the three locations we reported on in SR2019, namely EcoWorld Malaysia headquarters in Setia Alam, Selangor, Eco Botanic in Iskandar Malaysia, Johor and Eco Grandeur in Puncak Alam, Selangor. We have expanded our scope for FY2020 to include Eco Horizon in Batu Kawan, Penang


Eco Grandeur in Selangor


Eco Botanic in Johor


Eco Horizon in Penang

Reporting Framework

As in previous years, our SR has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and aligned with the reporting standards of the Global Reporting Initiative. In an effort to evolve our reporting practice, we have incorporated introductory elements of Integrated Reporting ("**IR**") in SR2020. Our disclosures are reported according to the **6 Capitals** (i.e. Financial, Manufactured, Human, Intellectual, Natural and Social & Relationship) as prescribed by the International Integrated Reporting Council framework and we have also introduced for the first time our Value Creation Model.

United Nations Sustainable Development Goals

In 2017, we adopted six United Nations Sustainable Development Goals ("UNSDGs") that reflect our contributions and sustainability initiatives and over the years have worked to improve our processes in support of these six goals:

In 2020, we adopted two new UNSDGs: UNSDG 13 Climate Action, and UNSDG 16 Peace, Justice and Strong Institutions to demonstrate our commitment to climate resilience and corporate governance.

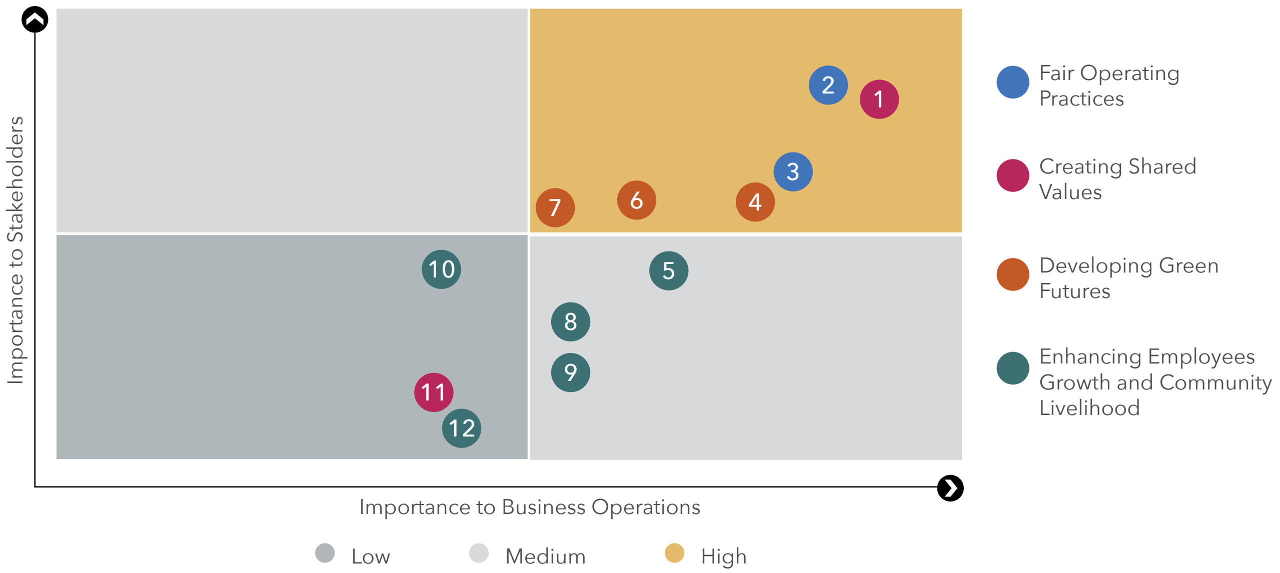
SUSTAINABILITY STATEMENT

OUR STAKEHOLDERS

We believe that keeping open lines of communication with our stakeholders is crucial in managing their expectations and interests. We seek opportunities to interact with our stakeholders through various platforms and have meaningful dialogue to address their concerns. With the restrictions on physical interaction this year due to the COVID-19 pandemic, our use of information and communications technology has become especially useful in staying connected and engaging with our seven major stakeholder groups.

MATERIAL SUSTAINABILITY MATTERS

The Group's 12 material sustainability matters identified in 2018 were validated by external stakeholders in 2019. This year, based on our interactions with stakeholders, we decided to maintain the 12 material sustainability matters as they remain very relevant to our operations. The matrix below illustrates the prioritisation of these matters:



1 Customer Service and Brand Reputation
2 Ethics and Integrity
3 Corporate Governance and Transparency
4 Compliance
5 Talent Attraction and Retention
6 Innovation
7 Green Design, Energy, Habitat Conservation
8 Occupational Health and Safety
9 Community Development
10 Training and Development
11 Supply Chain Management
12 Diversity and Equal Opportunity

In our effort to incorporate IR elements in SR2020, we consolidated the 12 material sustainability matters into 10 matters and mapped them against the Capitals as shown below:

Material Sustainability Matters (FY2020)	Material Sustainability Matters (FY2019)	Capitals	Relevant Stakeholders	UNSDGs
Fair Operating Practices				
1. Corporate Governance and Transparency	• Ethics and Integrity • Corporate Governance and Transparency	Human	• Employees • Investors • Regulators	8 Decent Work and Economic Growth 16 Peace, Justice and Strong Institutions
Creating Shared Value				
2. Customer Experience and Brand Reputation	• Customer Service and Brand Reputation	Social and Relationship	• Customers • Contractors/ Vendors/Suppliers • Regulators	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 16 Peace, Justice and Strong Institutions
3. Compliance	• Compliance			
4. Supply Chain Management	• Supply Chain Management			
Developing Green Futures				
5. Innovation	• Innovation	Intellectual	• Regulators • Employees • Investors • Customers • Media	3 Good Health and Well-Being 9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities 13 Climate Action
6. Green Design	• Green Design, Energy and Habitat Conservation	Manufactured		
7. Environmental Stewardship		Natural		
Enhancing Employees Growth and Community Livelihood				
8. Occupational Health and Safety	• Occupational Health and Safety	Human	• Employees • Regulators • NGOs • Media	3 Good Health and Well-Being 4 Quality Education 5 Gender Equality 8 Decent Work and Economic Growth
9. Talent Management	• Talent Attraction and Retention • Training and Development • Diversity and Equal Opportunity			
10. Community Development	• Community Development	Social and Relationship		

Note: All material sustainability matters directly and indirectly impact our Financial capital.

SUSTAINABILITY STATEMENT

SUSTAINABILITY KEY PERFORMANCE INDICATORS

The eight KPIs established in 2019 were reviewed by the Sustainability Committee and it was decided that six KPIs would be retained for reporting in 2020. We successfully achieved five out of the six KPIs for FY2020, while two were dropped for the reasons stated below.

Key Performance Indicator	Target	2019 Achievement Status	2020 Achievement Status
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	As there were no new projects, there are no updates to this KPI in 2020
Accessibility for Electric Vehicle (EV)	Install at least one electric vehicle charging station at every EcoWorld sales gallery or clubhouse	In progress **72**% of sales galleries and clubhouses installed at least one electric vehicle charging station	In progress **80%** * New EV charging station installed at Eco Palladium (Eco Spring)
Provisioning of open spaces and natural environment	Provide at least 15% of total development area for open spaces	Achieved: **24**% of development area	Achieved: **27**% of development area
Growing of valuable and quality foliage	Plant at least 20% edible fruit trees of the overall tree quantities and 30% edible shrubs of the overall shrub quantities in all developments	Achieved: **23.2**% edible fruit trees **30.5**% edible shrubs	Achieved: **23**% edible fruit trees **30**% edible shrubs
Employee turnover	Staff Attrition Rate at 12%	Achieved: **10.8**%	Achieved: **8.7**%
Employee satisfaction	People Heartbeat Survey Overall Engagement Score at 85%	Achieved: **89**%	Achieved: **88.6**%
Opportunities for employee training	81.6% of staff attending training	Achieved: **99.3**% staff attended training	Achieved: **99.3**% staff attended training
Contributing to the local community	6 hours of Corporate Social Responsibility (CSR) activities per employee (applicable to employees attached to the Group and business units' support units)	Achieved: **9** CSR hours per employee	KPI frozen as it is difficult to conduct social programmes involving physical interactions with the community due to the COVID-19 pandemic

FINANCIAL CAPITAL HIGHLIGHTS

FY2020 has been particularly challenging on businesses as the COVID-19 pandemic brought physical operations to a screeching halt for several months. In dealing with disruption on a scale never before seen, Team EcoWorld was swift in turning to the use of technology to market products and engage with customers through online platforms and digitalise processes for greater operational effectiveness and efficiency.

This year also saw the Group pivot its focus to further address the housing needs of the Middle 40% ("M40") income group with the launch of EcoWorld's new "***duduk***" brand and the introduction of an innovative new product known as "Co-Home". Both offer 1,000 sq ft homes with practical layouts priced below RM500,000 which are ideal for young first time homeowners, particularly those in the Gen-Y and Gen-Z age brackets.

Through these efforts, EcoWorld Malaysia exceeded its FY2020 sales target of RM2 billion by 15% with full-year sales amounting to RM2.3 billion. Collectively, sales in the second half of 2020 comprise 85% of total sales in FY2020. The successful execution of catch-up work plans at construction sites post MCO and Recovery MCO enabled progress billing to be raised and generated total revenue of RM2 billion.

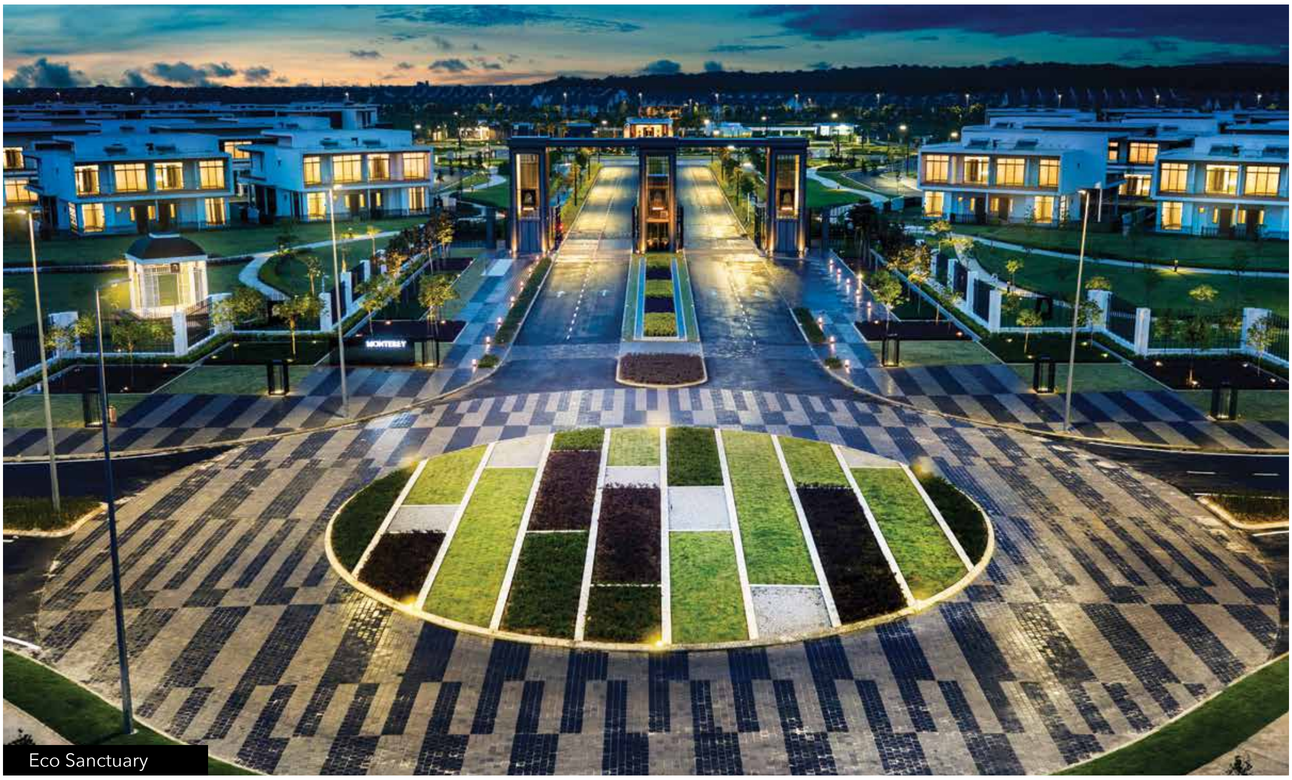
Gross Profit was lower than in FY2019 mainly due to closure of sales galleries during the MCO, the temporary cessation of site activities from mid-March to mid-June and the cumulative impact of inventories written down in the second half of 2020. However, the savings from automation of processes plus extensive cost control measures implemented Group-wide enabled us to record a Profit Before Tax (PBT) of RM169.0 million and Profit After Tax (PAT) of RM135.2 million in FY2020.

RM2.3
BILLION
in Sales

RM2.0
BILLION
in Revenue

RM169.0
MILLION
in PBT

RM135.2
MILLION
in PAT



Eco Sanctuary

SUSTAINABILITY STATEMENT

HUMAN CAPITAL HIGHLIGHTS

Corporate Governance and Transparency

In keeping with our commitment to upholding ethical behaviour and conduct, we introduced the Anti-Bribery and Anti-Corruption Policy ("**ABC Policy**") in March 2020 which applies to all Directors, employees and business partners who work for and with the EcoWorld Group. An Integrity Team was established under the purview of the Audit Committee to support the implementation of the ABC Policy. The Team is made up of members of senior management tasked with managing compliance matters relating to bribery and corruption. All employees were required to complete an ABC Policy e-learning course to demonstrate awareness and understanding of the Group's stance. The ABC Policy was also distributed to all business partners to provide confirmation that they have read, understood and will take measures to ensure compliance.

Anti-Bribery and **Anti-Corruption Policy** established in **March 2020**


Anti-Bribery and Anti-Corruption Policy

MESSAGE FROM THE CHAIRMAN

Eco World Development Group Berhad and its subsidiaries (collectively, "**EcoWorld**") adopt a zero-tolerance approach to bribery and corruption in all its forms.

EcoWorld is committed to complying with all applicable laws and regulations of the countries in which it operates and to applying high standards of conduct and integrity in our business activities whether in Malaysia or overseas. We are serious about building a culture of accountability, ensuring investor confidence and maintaining good corporate governance. This has become more important than ever given the seriousness of the harm caused by bribery and corrupt practices and the emergence of anti-bribery and anti-corruption legislations across the world.

Bribery and corruption are detrimental to business. It undermines the rule of law, tarnishes government's credibility, and curtails free and fair competition, affecting the economy at large. Our Malaysian laws impose strict fines and imprisonment to the offender as well as if it is a commercial organisation, its directors and persons related to its management of affairs. Failure to comply may also result in dismissal (if you are an employee), termination of contract and claim for damages (if you are a business partner) and EcoWorld may suffer business disruption, financial and reputational loss.

The Anti-Bribery and Anti-Corruption Policy ("**Policy**") (below) sets out EcoWorld's approach in combating bribery and corruption and where applicable, it should be read in conjunction with EcoWorld's other standard operating procedures and policies. If there is any conflict or inconsistency, the stricter provision shall prevail.

Having a clear and unambiguous understanding of the Policy is an important part of our risk management system and we expect all our officers, employees and business partners to conduct themselves in accordance with the Policy. If you are in doubt or have any queries about the scope and application of the Policy or our anti-bribery and anti-corruption framework, please contact our Integrity Team (integrityteam@ecoworld.my) immediately.

Thank you for your support and commitment.

Tan Sri Dato' Sri Liew Kee Sin

Chairman

Message from EcoWorld Malaysia Chairman on Anti-Bribery and Anti-Corruption Policy

Occupational Safety and Health

The COVID-19 pandemic has made an indelible mark on our daily lives and operations, as it has for all businesses around the world. We believe in the safety of Team EcoWorld and also in our responsibility to maintain the safety of our customers and the communities in which we operate. With this mindset, we formulated the EcoWorld eGuidebook, a set of internal standard operating procedures ("**SOPs**") that govern how we work in the 'new normal'. The guidebook was prepared in line with regulations issued by the Ministry of Health, Ministry of International Trade and Industry, Ministry of Works and the Construction Industry Development Board. Recommended practices such as physical distancing, wearing of face masks, and maintaining hygienic practices are all detailed in the EcoWorld eGuidebook which has been made available online for ease of reference.

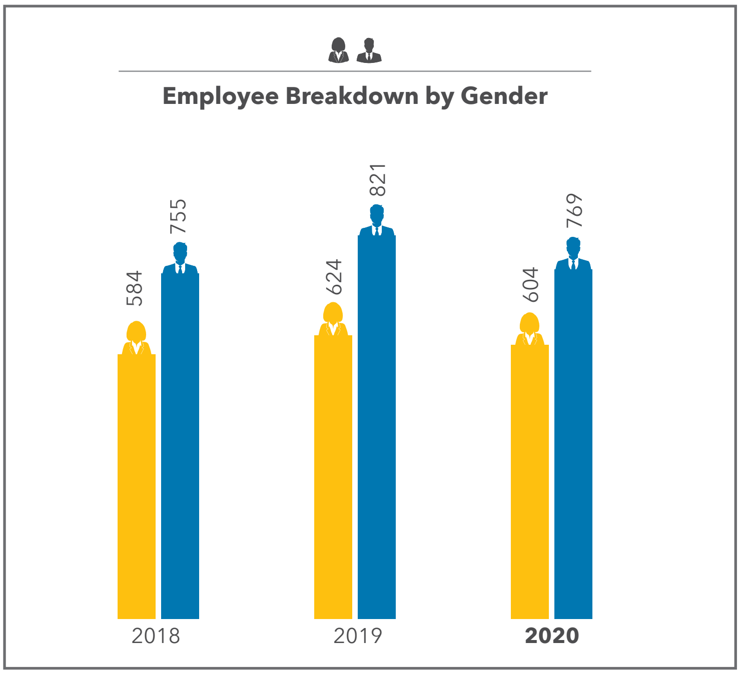
EcoWorld eGuidebook created to **Guide Implementation** of **COVID-19 SOPs**

ZERO safety incidents in over **15 million man-hours worked** at **3 sites**

As a result of our efforts to foster a safe work environment, we recorded zero reportable safety incidents in over 15 million man-hours worked at our sites in Eco Botanic, Eco Grandeur and Eco Horizon.

Talent Management

At EcoWorld, we promote diversity and treat our employees fairly, regardless of age, gender, race, religion and background. Our workforce has consistently consisted of approximately 44% women and 56% men over the last three years. EcoWorld Malaysia's employment and diversity policies and measures to support the working mother ensures that our work environment is a place where women can thrive. Women make up 45% of our Senior Management whereas 25% of the members on our Board of Directors are women.

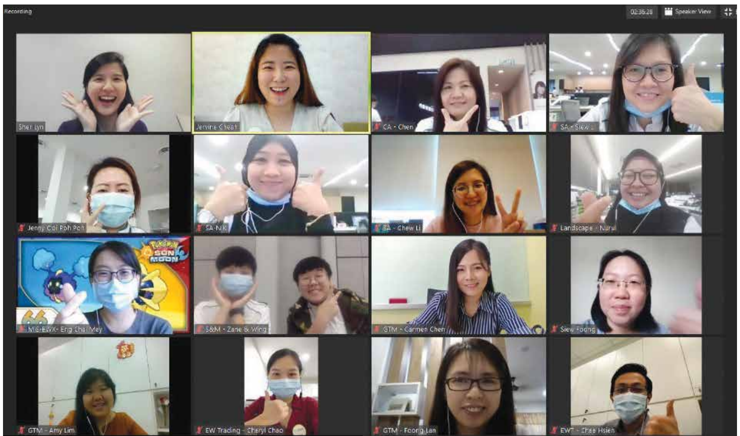


44%
Women in the Workforce

45%
Women in Senior Management

25%
Women representation on the Board

99.3%
of employees attended training


Online training is the 'new norm'

We also place great emphasis in training and developing our employees and despite the impediments to physical training brought about by the COVID-19 pandemic, we again chose to use online platforms to our benefit. Through delivering bite-sized online tutorials via Zoom and also utilising the LinkedIn Learning platform, we managed to chalk up 30,710 training hours with 99.3% of employees attending training during FY2020.

SUSTAINABILITY STATEMENT

MANUFACTURED CAPITAL HIGHLIGHTS

Green Design

EcoWorld Malaysia believes that incorporating green designs and green features in the design of our projects will help to reduce our environmental footprint. Embedded in our home designs are features that boost energy and water efficiency and we incorporate the use of certified environmentally friendly materials in building these homes. In our townships we provide amenities such as large open spaces, parks, edible gardens and facilities that encourage residents to enjoy recreational activities in nature.


Eco Majestic

Our SR details the green design and green features that can be found at Eco Botanic, Eco Grandeur and Eco Horizon.


Eco Grandeur

INTELLECTUAL CAPITAL HIGHLIGHTS

At EcoWorld, we encourage innovation in every form. Apart from integrating green solutions into our product designs and features, we also look into innovating the designs of our homes, injecting fresh ideas that will appeal to people from all walks of life. This year, we launched ErgoHomes at Eco Forest, a unique design concept based on the science of ergonomics. Ergohomes is a fresh new spin on terraced homes, providing a living space that is both practical and easily customisable to suit every individual's palate.

We also developed Design2Own, a design concept pioneered in Eco Grandeur and available in participating projects. The flexibility of this concept allows purchasers to customise the layouts of their homes to suit their lifestyle choices.

ErgoHomes @ Eco Forest


Eco Horizon

SUSTAINABILITY STATEMENT

NATURAL CAPITAL HIGHLIGHTS

Energy Management

As electricity is the main source of energy consumed at our offices, sales galleries and clubhouses, we monitored the consumption and noted a reduction of 32% compared to FY2019. We also noted a 36% reduction in GHG emissions resulting from our use of purchased electricity this year compared to FY2019. These positive results were due in part to our energy saving initiatives, but were mostly due to inactivity during the MCO and work-from-home arrangements.

Habitat Conservation

As property developers, we recognise our environmental footprint on the natural ecosystem. We are committed to doing what we can to green our developments so as to minimise our impact on nature. As of FY2020, we have allocated approximately 27% of our total development area for open and green spaces. Within these green spaces, we have planted 23% edible fruit trees of the overall tree quantities and 30% edible shrubs of the overall shrub quantities in all our developments.

27%
of total development area allocated for open spaces

23%
of overall tree quantities planted are edible fruit trees

30%
of overall shrub quantities planted are edible shrubs

Environmental Monitoring

Our projects are subject to regular environmental monitoring by external consultants for water quality, air quality, noise and vibration.

Waste Management

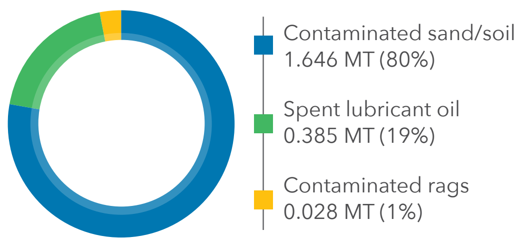
EcoWorld Malaysia has proper construction waste management systems in place to ensure waste is disposed at approved sites, minimising the risk of contaminating bodies of water. In this year's SR, we take stock of the waste amounts produced at our sites. Construction and domestic waste are sent to landfills while scrap metal is sent for recycling.

In FY2020, we recorded 2.064 metric tonnes ("**MT**") of scheduled waste, of which 1.646 MT (80%) was contaminated sand/soil, 0.385 MT (19%) was spent lubricant oil, 0.028 MT (1%) was contaminated rags and the remaining were contaminated containers. This waste is collected by licensed contractors and sent to approved facilities for treatment, prior to disposal.

Through our Group-wide Recycling Initiative introduced in August 2018, we continue to encourage employees to segregate and recycle waste from their homes and work areas. This year we collected 32,346 kg of recyclable waste which was then sold to an approved recycling company, and we donated the proceeds to the Eco World Foundation.

Recycling bins at Eco Ardence

Waste generated in MT



32,346 kg
recyclable waste collected

SOCIAL AND RELATIONSHIP CAPITAL HIGHLIGHTS

Customer Experience and Brand Reputation

In FY2020, we launched the EcoWorld For Generations campaign to communicate to the public about the adaptability of our property offerings, and how they are able to cater to the needs of every generation, not only in terms of age groups but in terms of lifestyles.

In the first quarter of the financial year, we conducted customer engagement events such as Christmas and Chinese New Year celebrations. However, once COVID-19 became a concern, we shelved plans for physical customer engagements and focused on engaging with the public via social media platforms instead.

Compliance

EcoWorld Malaysia maintains strict compliance with all relevant laws and regulations pertaining to our business, including environmental standards and guidelines. In FY2020, we recorded zero non-compliances with environmental laws and regulations.

Physical customer engagement events halted due to COVID-19 concerns

ZERO non-compliances with environmental laws and regulations

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

SUSTAINABILITY STATEMENT

Supply Chain Management

To further demonstrate our commitment to achieving sustainability, we put in place a Sustainable Procurement Policy that encourages our business partners to provide eco-friendly materials and goods. The policy has been circulated to all business partners and employees to ensure all our requirements are understood and to inculcate an awareness of sustainable options in our everyday dealings.

In the same way our suppliers have shown us their support over the years, we too have consistently contributed to the local economy by only hiring suppliers for building materials and main contractors from the local community.

Sustainable Procurement Policy established in May 2020

100%
LOCAL building materials suppliers and main contractors

Community Development

One of the ways in which EcoWorld Malaysia engages with local communities is via the Eco World Foundation's efforts, providing avenues to enable equal access to education for the underprivileged, carrying out conservation activities as well as making donations towards health causes. Due to the COVID-19 pandemic, the Foundation's community-facing activities have been limited but it continued to fund the education of nearly 3,000 children through the Foundation's main thrust, the Students Aid Programme ("**SAP**"). In addition, the Foundation has spent a cumulative value of RM885,000 to replace and upgrade school facilities and furniture to provide better learning environments. Thus far, the SAP has helped 75 students pursue tertiary education, of which 45 have already attained degrees and are in the workforce. Students who achieved exceptional results in the UPSR & PT3 exams in 2019 were rewarded for their efforts in the Foundation's Excellence Awards ceremonies held in the Klang Valley, Johor and Penang.

The Eco World Foundation extended its reach to the Orang Asli community through the 'Empower2Teach' programme with SUKA Society. The Foundation sponsored school materials and study sessions worth RM125,700 for Orang Asli pre-schoolers in Kelantan and Pahang.

The Eco World Foundation funded education for nearly 3,000 students

Sponsorship of RM125,700 to aid education of Orang Asli pre-schoolers

Eco World Foundation Excellence Awards ceremony in Johor


Eco World Foundation Dialogue with Parents

CONCLUSION

Although 2020 has brought on unprecedented challenges, we took them as an opportunity to rethink and redesign the way we work to make success a possibility in the 'new normal'. Facing adversity head-on, Team EcoWorld rose to the occasion and generated initiatives that have yielded positive results for the Group. With the support of our investors and stakeholders, we are confident that we will continue to make greater progress towards building a more sustainable future.

BOARD OF DIRECTORS' PROFILE

TAN SRI ABDUL RASHID BIN ABDUL MANAF
Founder & Non-Independent Non-Executive Director
Malaysian, Male, 74

Date of Appointment/Redesignation
- 29 November 2013 - Non-Independent Non-Executive Chairman
- 20 March 2015 - Re-designated as Founder & Non-Independent Non-Executive Director

Membership of Board Committee(s)
Nil

Academic/Professional Qualification/Membership(s)
Barrister-at-Law (Middle Temple London)

Other Present Directorship(s)
Listed Companies
- Group Chairman of Cahya Mata Sarawak Berhad
- Chairman of Salcon Berhad
- Chairman of Perak Corporation Berhad

Public Company
Nil

Skills and Experience
- Full-time businessman (2006-now)
- Chairman of the Board of S P Setia Berhad ("**S P Setia**") (1997-2012)
- Senior Partner of a legal firm in Kuala Lumpur before his retirement (1977-2006)
- Held the following positions in the Malaysian judicial and legal service (1970-1977):
  - Magistrate at Kuala Lumpur
  - President of the Sessions Court in Klang
  - Senior Federal Counsel for the Income Tax Department

TAN SRI DATO' SRI LIEW KEE SIN
Executive Chairman
Malaysian, Male, 62

Date of Appointment/Redesignation
- 5 May 2014 - Non-Independent Non-Executive Director
- 20 March 2015 - Re-designated as Non-Independent Non-Executive Chairman
- 1 April 2020 - Re-designated as Executive Chairman

Membership of Board Committee(s)
Nil

Academic/Professional Qualification/Membership(s)
- Bachelor of Economics Degree (Business Administration), University of Malaya
- Honorary doctorate of Entrepreneurship, INTI International University
- Honorary doctorate of Philosophy in Entrepreneurship, MAHSA University
- Honorary Doctor of University, Heriot-Watt University Malaysia

Other Present Directorship(s)
Listed Company
- Executive Vice Chairman of Eco World International Berhad

Public Company
Nil

Skills and Experience
- First Chairman of the Battersea Project Holding Company (2012-2015)
- 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 (2012)
- President & CEO/Group Managing Director of S P Setia (1996-2014)
- Set up own property development business (1990-1996)
- Joined a property development company (1986-1990)
- Worked at Asiavest Merchant Bankers (M) Berhad (1981-1985)

Awards
- UK-Malaysia Business Personality of the Year by the British Malaysian Chamber of Commerce - Business Excellence Awards 2018
- Malaysia Country Winner (2011) and Judge (2014 & 2015) at the Ernst & Young World Entrepreneur of the Year Awards
- Numerous corporate and industry awards for entrepreneurship, philanthropy and for showing exemplary leadership in building businesses and creating value

BOARD OF DIRECTORS' PROFILE

DATO' LEONG KOK WAH
Non-Independent Non-Executive Deputy Chairman
Malaysian, Male, 67

Date of Appointment
29 November 2013

Membership of Board Committee(s)
Nil

Academic/Professional Qualification/Membership(s)
- 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

Other Present Directorship(s)
Listed Company
- Salcon Berhad

Public Company
- MUI Continental Berhad

Skills and Experience
- Has vast experience in stockbroking, asset management and options and futures trading
- Held senior positions in the financial industry
- Director of various companies in Malaysia
- Director of S P Setia (2000-2013)

DATO' CHANG KHIM WAH
Executive Director, President & Chief Executive Officer
Malaysian, Male, 56

Date of Appointment/Redesignation
- 7 October 2013 - Executive Director
- 12 December 2013 - Re-designated as Executive Director, President & Chief Executive Officer

Membership of Board Committee(s)
Nil

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

Other Present Directorship(s)
Listed Company
- Eco World International Berhad

Public Companies
- Eco World Capital Assets Berhad
- Eco World Capital Services Berhad (formerly known as EF Development Sdn. Bhd.)

Skills and Experience
- Over 30 years of experience in the property development industry
- Director and Executive Vice President of S P Setia group of companies (southern and northern property divisions including its offices in Singapore and Indonesia) (2007-2013)
- Joined S P Setia in 1994 and promoted to be the General Manager of Property South in 2000
- Joined KTA-Tenaga Sdn. Bhd. as Civil Engineer, one of the biggest consultancy firms in Malaysia, specialising in dam designs and water supply systems (1991-1994)
- Consultant Engineer of Lyall & Macoun Consulting Engineers, in Australia (1989-1991)

Awards
- The Edge Malaysia Property Excellence Award - Outstanding Property CEO Award 2015

DATUK HEAH KOK BOON
Executive Director & Chief Financial Officer
Malaysian, Male, 53

Date of Appointment
28 November 2013

Membership of Board Committee(s)
- Chairman of Whistleblowing Committee

Academic/Professional Qualification/Membership(s)
- Bachelor of Commerce (majoring in Accounting and Commercial Law), University of Melbourne, Australia
- Chartered Accountant of Malaysian Institute of Accountants

Other Present Directorship(s)
Listed Company
Nil

Public Companies
- Eco World Capital Assets Berhad
- Eco World Capital Services Berhad (formerly known as EF Development Sdn. Bhd.)

Skills and Experience
- More than 30 years' experience in audit, corporate finance and corporate investment
- Non-Independent Non-Executive Director of Eco World International Berhad (2017)
- Completed the listing of Eco World International Berhad on the Main Market of Bursa Malaysia Securities Berhad (2017)
- Involved in various corporate exercises to grow EcoWorld Malaysia from a property company with GDV of RM1 billion to the present GDV of over RM80 billion (2013-now)
- Head of Corporate Affairs of S P Setia (2007-2013)
- Joined the Corporate Finance Department of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) with last position held as the Executive Vice President (1993-2007)
- Audit exposures under the audit department of KPMG (1989-1993)

LIEW TIAN XIONG
Executive Director
Malaysian, Male, 29

Date of Appointment
29 November 2013

Membership of Board Committee(s)
Nil

Academic/Professional Qualification/Membership(s)
- Bachelor of Commerce, University of Melbourne, Australia

Other Present Directorship(s)
Listed Company
Nil

Public Company
Nil

Skills and Experience
- Held various positions under EcoWorld Malaysia (2013-now):
  - Divisional General Manager of Digital Technology Services department (merger of Group Management Information System and EcoWorld X departments)
  - Divisional General Manager of EcoWorld X, the digital innovation arm of EcoWorld Malaysia for developing technology and applications to better meet the needs and lifestyle aspirations of EcoWorld communities
  - Joint Divisional General Manager, Eco Ardence project
  - Attached with Group Corporate Finance and Group Branding departments
- Attachment with Pheim Asset Management Sdn. Bhd. (2010 and 2011)
- Attachment with AmBank (M) Berhad (2010)

BOARD OF DIRECTORS' PROFILE

TANG KIN KHEONG
Senior Independent Non-Executive Director
Malaysian, Male, 65

Date of Appointment
29 November 2013

Membership of Board Committee(s)
- Chairman of Audit Committee
- Member of Remuneration Committee
- Member of Nomination Committee

Academic/Professional Qualification/Membership(s)
- Certified Public Accountant
- Member of the Malaysian Institute of Accountants

Other Present Directorship(s)
Listed Company
Nil

Public Company
Nil

Skills and Experience
- Practicing accountant for 28 years and a licensed auditor until 2019
- Worked with public listed companies and owner managed businesses, in the areas of auditing, accounting, litigation support and business advisory services
- Provide litigation support and business advisory services (2019-current)
- Sole practitioner (2014-2019)
- Malaysian Managing Partner of Mazars (2008-2013)
- Led the merger of the Kuala Lumpur office of Moores Rowland with Mazars (2008)
- Practicing accountant at Moores Rowland (1989-2008)
- Head of internal audit at Cold Storage (Malaysia) Berhad (1986-1989)
- Seconded to Turquand Youngs & Co's office in New Haven, Connecticut, USA (1983-1984)
- Completed 4-year articleship at Turquand Youngs & Co (an antecedent firm of Ernst & Young), followed by positions in audit. Left as Audit Manager (1976-1986)

DATO' IDROSE BIN MOHAMED
Independent Non-Executive Director
Malaysian, Male, 64

Date of Appointment
29 November 2013

Membership of Board Committee(s)
- Chairman of Nomination Committee
- Member of Audit Committee
- Member of Remuneration Committee
- Member of Whistleblowing Committee

Academic/Professional Qualification/Membership(s)
- Bachelor's Degree in Civil Engineering, UiTM

Other Present Directorship(s)
Listed Company
Nil

Public Company
Nil

Skills and Experience
- Over 40 years of extensive experience in planning, engineering, construction, project and infrastructure implementation as well as services and operations management
- Currently sits on the Board of several private limited companies
- Held the reins of several public listed and government linked companies as their Managing Director or CEO before his retirement (1996-2010) such as:
  - PLUS Expressways Berhad
  - Pos Malaysia Berhad
  - Prasarana Malaysia Berhad
- As Head of Engineering and Operations, thereafter the Managing Director of a private concession company, involved in the construction of a multi-billion ringgit expressway (1994-1996)
- Was in the government service and from 1983 onwards, was part of a team involved in the planning and implementation of the multi-billion ringgit North-South Expressway (1977-1994)

DATO' HAJI OBET BIN TAWIL
Independent Non-Executive Director
Malaysian, Male, 66

Date of Appointment
21 August 2014

Membership of Board Committee(s)
- Member of Nomination Committee

Academic/Professional Qualification/Membership(s)
- Bachelor of Economics Degree (Analytical Economics), Universiti Kebangsaan Malaysia

Other Present Directorship(s)
Listed Company
- SHH Resources Holdings Berhad

Public Company
Nil

Skills and Experience
- Was The State Secretary of Johor until his retirement (2011-2014)
- Former member of the Iskandar Regional Development Authority
- Held the directorships in the following companies (2011-2014):
  - Johor Corporation
  - Universiti Teknologi Malaysia
- Director of Johor Land and Mines Department (2006-2011)
- Served in the public sector in various government agencies (1979-2014) including Land offices of Mersing, Kluang and Muar

DATO' NOOR FARIDA BINTI MOHD ARIFFIN
Independent Non-Executive Director
Malaysian, Female, 74

Date of Appointment
20 March 2015

Membership of Board Committee(s)
- Chairperson of Remuneration Committee
- Member of Audit Committee
- Member of Nomination Committee

Academic/Professional Qualification/Membership(s)
- Barrister-at-Law (Gray's Inn), United Kingdom

Other Present Directorship(s)
Listed Company
Nil

Public Company
Nil

Skills and Experience
- Member of the Permanent Court of Arbitration, based at The Peace Palace in The Hague, The Netherlands (2019-current)
- Chairman of Pembangunan Sumber Manusia Berhad (2018-2020)
- Director of S P Setia (2009-2015)
- Held the following roles (2000-2007):
  - Ambassador of Malaysia to the Kingdom of the Netherlands
  - The Malaysian Co-Agent to the International Court of Justice for Pulau Ligitan and Pulau Sipadan Case against Indonesia; and Pulau Batu Puteh dispute between Malaysia and Singapore
  - The Malaysian Permanent Representative to the Organisation for the Prohibition of Chemical Weapons (OPCW), in The Hague
  - Chair of the 8th Conference of States Parties of the Chemical Weapons Convention ("**Convention**") and the Drafting Group on the Political Declaration at its First Review Conference of the Convention
- Held the following key positions in the public service spanning over 40 years (1971-2011) before her retirement:
  - Special Adviser on Maritime Issues to the Minister of Foreign Affairs Malaysia
  - 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)
  - Director of the Women and Development Programme, Human Resource and Development Group at the Commonwealth Secretariat in London
  - The Under-Secretary of the newly formed Territorial and Maritime Division of the Foreign Ministry
  - Head of the Legal Division of the Ministry (1993)
- Served in various capacities in the Malaysian judicial and legal service:
  - Magistrate, Senior Assistant Registrar in High Courts of Kuala Lumpur and Penang
  - Sessions Court judge
  - Legal Officer with the Economic Planning Unit of the Prime Minister's Department
  - Director of the Legal Aid Bureau

BOARD OF DIRECTORS' PROFILE

LOW MEI LING
Independent Non-Executive Director
Malaysian, Female, 59

Date of Appointment
29 March 2018

Membership of Board Committee(s)
- Member of Audit Committee
- Member of Whistleblowing Committee

Academic/Professional Qualification/Membership(s)
- 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

Other Present Directorship(s)
Listed Company
Nil

Public Company
Nil

Skills and Experience
- One of the pioneers in equity research
- One of the leading analysts among institutional investors in the stockbroking industry
- Assumed the twin roles of Research Advisor & Senior General Manager, Institutional Sales of Affin Securities Sdn. Bhd. prior to early retirement (1997-2004)
- General Manager, Institutional Sales of Mayban Securities Sdn. Bhd. (1996-1997)
- CEO of SBB Securities Sdn. Bhd., spearheaded Southern Bank's diversification into stockbroking (1991-1996)
- Held various positions under Jardine Fleming (now part of JP Morgan) (1985-1990):
  - Director of Jardine Fleming Broking, Hong Kong
  - Research Head of Singapore and Malaysia markets
  - General Manager and Head of Kuala Lumpur office
  - Research Manager
  - Investment Analyst

MRS LUCY CHONG
Independent Non-Executive Director
Malaysian, Female, 64

Date of Appointment
20 May 2020

Membership of Board Committee(s)
Nil

Academic/Professional Qualification/Membership(s)
- Bachelor Degree (Economics), First Class Honours, University of Malaya

Other Present Directorship(s)
Listed Company
Nil

Public Company
Nil

Skills and Experience
- A retired equities specialist with 40 years of solid experience in fund management and stockbroking, covering Malaysia and the ASEAN
- Held various positions in Maybank Group prior to her retirement:
  - Assumed the twin roles of Regional Co-Head of Institutional Equities and Regional Head of Corporate Access (2017-2019)
  - Regional Head of ASEAN Sales (2015-2017)
  - Headed Malaysia Institutional Sales team and appointed as the Regional Head of Corporate Access (2014-2019)
  - Co-Head of Maybank Investment Bank's Institutional Equities Team and led the team to become the top brokerage house in Malaysia and ranked no. 1 for Overall Brokerage, Sales Services and Corporate Access in Malaysia (2012-2014)
  - Head of a boutique team handling sales to institutional clients (1998-2012)
- Sales person at various stockbroking houses (1993-1998)
- Joined Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) as an Investment Executive with last position held as Head of Investment and Treasury Department (1979-1993) managing many government funds (ranked top 2 under her portfolio) such as:
  - Employees Provident Fund (EPF)
  - Lembaga Tabung Angkatan Tentera (LTAT)
  - Federal Land Development Authority (FELDA)

Awards
- Asiamoney - Best Sales Person for Malaysia for years 2012 to 2016

Notes:
(i) Tan Sri Dato' Sri Liew Kee Sin who is the Executive Chairman and substantial shareholder of the Company, is also the father of Mr Liew Tian Xiong, the Executive Director and substantial shareholder of the Company.
Save as disclosed above, none of the other Directors have any family relationship with any Director and/or major shareholder of the Company.
(ii) None of the Directors have any conflict of interest with the Company.
(iii) None of the Directors have been convicted of any offence within the past 5 years (other than traffic offences, if any), nor have been imposed any penalty or public sanction by the regulatory bodies during the financial year ended 31 October 2020.
(iv) The attendance of the Directors at Board Meetings held during the financial year ended 31 October 2020 is disclosed in the Corporate Governance Overview Statement.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' SERI SUNDARAJOO A/L SOMU

Deputy President and Deputy Chief Executive Officer

Malaysian, Male, 58

Date of Appointment
- 6 February 2015 - Chief Operating Officer ("**COO**")
- 1 January 2019 - Deputy President and Deputy Chief Executive Officer

Academic/Professional Qualification/Membership(s)
- Master of Business Administration from Nottingham Trent University, United Kingdom

Skills and Experience
- Involved in the Malaysian property industry for over 32 years
- COO of Eco World Development Sdn. Bhd. ("**EWD**") (2012-2015), a position held prior to the completion of a corporate exercise undertaken between EWD and EcoWorld Malaysia
- Divisional General Manager of S P Setia Group's Property Division (North), 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 (1990-2012)

LOW THIAM CHIN

Chief Executive Officer, Bukit Bintang City Centre

Malaysian, Male, 52

Date of Appointment
1 August 2017

Academic/Professional Qualification/Membership(s)
- Chartered Accountant of Malaysian Institute of Accountants
- Chartered Management Accountant of Chartered Institute of Management Accountants, United Kingdom

Skills and Experience
- 24 years of experience in accounting and finance within the property development industry
- Held various positions under EcoWorld Malaysia:
  - Deputy CEO of Bukit Bintang City Centre (2016-2017)
  - General Manager in charge of one of the Group's projects in the Klang Valley (2015-2016)
- Head of Finance, Business Development and Management Information System of EWD (2012-2015)
- Held several positions under S P Setia:
  - General Manager in charge of business development (2010-2012)
  - Group Accountant involved in numerous prominent projects namely Setia Alam (Shah Alam), Setia Eco Lakes (Vietnam), SetiaWalk (Puchong) and KL Eco City (next to Mid Valley) (2000-2010)
- Attached to property division of IJM Corporation Berhad (1991-2000)

PROFILE OF KEY SENIOR MANAGEMENT

HO KWEE HONG

Divisional General Manager, Eco Central

Malaysian, Female, 45

Date of Appointment
1 July 2016

Academic/Professional Qualification/Membership(s)
- Bachelor and Master of Civil Engineering from University Putra Malaysia

Skills and Experience
- A qualified engineer with more than 20 years of experience in consultancy, construction and property development industries
- Overseeing the development of Eco Sanctuary, Eco Grandeur, Eco Business Park V and Eco Ardence projects of EcoWorld Malaysia (2016-current)
- In 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 & service quality programme (2003-2016)
- Design Engineer in various mega infrastructure projects in Malaysia such as Kelantan River Flood Forecasting, Electrified Double Track and SMART Tunnel (2000-2003)

PHAN YAN CHAN

Divisional General Manager, Eco South

Malaysian, Male, 51

Date of Appointment
1 May 2013

Academic/Professional Qualification/Membership(s)
- Chartered Accountant of Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants, United Kingdom

Skills and Experience
- More than 29 years of experience in property development industry
- Overseeing the following in Eco South (2013-current):
  - Development of Eco Spring, Eco Summer and Eco Tropics projects
  - Development of Eco Botanic and Eco Business Park projects in Iskandar Malaysia
  - Formulation of sales and marketing strategies, overall project coordination, quality control and every aspect of property development in Johor Bahru
- 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 (2007-2013)

YAP YOKE CHING

Divisional General Manager, Eco Central

Malaysian, Female, 47

Date of Appointment
1 July 2016

Academic/Professional Qualification/Membership(s)
- Bachelor Degree in Business Administration from RMIT University, Melbourne, Australia

Skills and Experience
- Overseeing the development of Eco Majestic, Eco Sky and Eco Forest projects (2016-current)
- Held the following positions in S P Setia (2004-2012):
  - Deputy General Manager in charge of the Setia Alam project, an award winning township in the Klang Valley
  - Head of Sales and Marketing of numerous development projects, namely Pusat Bandar Puchong, Bukit Indah Johor, Setia Putrajaya, Setia Alam and Eco Lakes (Vietnam), which involved launching and managing of turnkey projects, opening of new markets, formulating sales strategy as well as marketing and branding of products

CHAN SOO HOW

Divisional General Manager, Eco North

Malaysian, Male, 53

Date of Appointment
1 July 2018

Academic/Professional Qualification/Membership(s)
- Bachelor Degree in Engineering from University of Leeds, United Kingdom
- Professional Engineer registered with the Board of Engineers, Malaysia
- Member of the Institution of Engineers, Malaysia

Skills and Experience
- 29 years of experience in civil engineering, planning and design; construction and project management for implementation stage; site management through involvement in numerous development projects, namely KL Eco City, Tun Razak Exchange, Southkey Megamall, Sunway Iskandar and Alam Impian
- In charged of the following in EcoWorld Malaysia:
  - Overseeing the development of Eco Meadows, Eco Horizon, Eco Sun and Eco Terraces projects (2018-current)
  - Project Planning and Development (2015-2018)
- Senior Manager (Infrastructure) of S P Setia in charge of KL Eco City project (2013-2015)

Notes:
(i) None of the Senior Management holds any directorship in any listed companies and public companies.
(ii) None of the Senior Management has any family relationship with any Director and/or major shareholders of the Company.
(iii) None of the Senior Management has any conflict of interest with the Company.
(iv) None of the Senior Management has been convicted of any offence within the past 5 years (other than traffic offences, if any), nor has been imposed any penalty or public sanction by the regulatory bodies during the financial year ended 31 October 2020.

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 ("**the MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") 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 2020 ("**FY2020**") 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 FY2020 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 departed from:

- Practice 4.1 – The Board comprises a majority of independent directors.
- Practice 4.5 – The Board must have at least 30% women directors.
- Practice 7.2 – The Board discloses on a named basis the top five Senior Management's remuneration in bands of RM50,000.
- Practice 11.2 – Adoption of integrated reporting based on a globally recognised framework.

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 FY2020 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.

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.

Key Focus Areas during FY2020

During FY2020, in addition to routine matters, the Board looked into the following areas:

- Monitoring the impact of the on-going pandemic, in particular the MCO, on the Group's business and discussing with Management the actions to be taken to lessen such impact.
- Enhancing the Group's digitalisation initiatives by expanding the capabilities and increasing the use of the digital platform to engage with prospective customers amid the COVID-19 outbreak, and the implementation of a paperless board portal.
- Enhancing the brand through the launch of the "Eco World For Generations" campaign.
- Formation of an Integrity Team to oversee compliance with the Anti-Bribery and Anti-Corruption Policy ("**ABC Policy**").
- Approval of a Performance Incentive Scheme for eligible employees to ensure long-term sustainability.

Future Priorities

Looking ahead to FY2021, the priorities of the Board will be in the following areas:

- To continue emphasis on digitisation.
- To emphasise on sustainability by building more affordable homes targeted at the M40 group.
- To continue with the cost rationalisation exercise.

In discharging its duties, the Board is guided by its Board Charter ("**Board Charter**") which outlines the duties and responsibilities of the Board, Board Committees, individual Directors, 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 serves as a structured guide for the Board on matters relating to the Board and sets out the 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, the relevant laws, regulations as well as current practices. The Board Charter was last reviewed and updated in February 2020 to incorporate the elements of the ABC Policy.

The Board is assisted by 4 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**").

The TOR 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 8 Board meetings were held during FY2020. The Directors' attendance was as follows:

Directors	Attendance
Tan Sri Abdul Rashid Bin Abdul Manaf	8/8
Tan Sri Dato' Sri Liew Kee Sin	8/8
Dato' Leong Kok Wah	8/8
Dato' Chang Khim Wah	8/8
Dato' Voon Tin Yow[1]	2/2
Datuk Heah Kok Boon	8/8
Liew Tian Xiong	8/8
Tang Kin Kheong	8/8
Dato' Idrose Bin Mohamed	8/8
Dato' Haji Obet Bin Tawil	8/8
Dato' Noor Farida Binti Mohd Ariffin	6/8
Low Mei Ling	8/8
Mrs Lucy Chong[2]	5/5

Notes:
[1] Resigned on 28 February 2020
[2] Appointed on 20 May 2020

All Board members are supplied with information on a timely manner in advance of Board meetings. The meeting agenda is set and board papers are circulated prior to scheduled Board meetings. In June 2020, the Board implemented a paperless board portal to enable Directors to access meeting materials on the go.

Minutes of Board meetings are circulated on a timely manner for comments. Action items 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. In FY2020, all the Directors attended more than the minimum of 50% of Board meetings held as stipulated under Paragraph 15.05 of the MMLR. 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 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 FY2020, the Directors attended training programmes and seminars to keep abreast of changes in law, regulations, the business environment, risk management practices, general economic and industry developments. The training programmes and seminars attended by each Director during FY2020 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.

On 12 December 2019, the Board approved the ABC Policy for adoption by the Group.

The Directors' Code of Conduct and Ethics, Code of Conduct and Business Ethics for employees and the ABC Policy are available on the Company's website at www.ecoworld.my. These codes as well as the ABC Policy are reviewed as and when required. The codes were last updated and amended during FY2020 to incorporate the elements of the ABC Policy.

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. The Whistleblowing Policy sets out the procedures for dealing with any complaints lodged by whistleblowers. On 26 March 2020, the Board approved a revised Whistleblowing Policy to reflect the changes required to align with the ABC Policy as well as changes in the composition of the WC.

The WC is responsible 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
Datuk Heah Kok Boon Chairman, Executive Director & Chief Financial Officer *(Appointed on 10 March 2020)*
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.

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 may not be easily implemented. Further details are set out in the NC Report on pages 53 to 54 of this Annual Report.

The composition, authority, duties and responsibilities of the NC and the work carried out to discharge its duties for FY2020 are set out in the NC Report on pages 53 to 54 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 of Directors and Senior Management personnel in the C-Suite Category.

The Company has, for FY2020, departed from Practice 7.2 of the MCCG which requires disclosure of the remuneration of the top 5 Senior Management personnel on a named basis in bands of RM50,000 as the Board is of the view that such information, if disclosed, raises personal security concerns on the part of the Senior Management personnel and could result in employee poaching by competitors.

The alternative form of disclosure is set out in the CG Report which is available on the Company's website at www.ecoworld.my.

The composition, authority, duties and responsibilities of the RC and the work carried out to discharge its duties for FY2020 are set out in the RC Report on page 55 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 FY2020 are set out in the AC Report on pages 50 to 52 of this Annual Report.

The TOR of the AC is available at the Company's website at www.ecoworld.my.

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.

The Board adopted an External Auditors Assessment Policy on 19 September 2019 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.

At a meeting held on 10 November 2020, 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 47th 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 and defines Management's responsibilities. The Group's risk appetite and risk tolerance are managed via limits to approving authority incorporated into the Group's policy and procedures manuals. Details of the framework are set out in the Statement of Risk Management and Internal Control on pages 58 to 64 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**"), Group Corporate Governance ("**GCG**") and the Integrity Team.

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 Integrity Team is responsible for the effective operation of the anti-corruption compliance programme.

The RMC comprises the following members:

Members	Executive Position
Datuk Heah Kok Boon (Chairman) *(Appointed on 26 March 2020)*	Executive Director and Chief Financial Officer
Dato' Seri Sundarajoo A/L Somu	Deputy President and Deputy Chief Executive Officer
Dato' Soo Chan Fai	Group Financial Controller
Lim Eng Tiong	Divisional General Manager, Group Contracts Division
Ong Yew Leng	General Manager, Digital Technology Services
Ho Kwee Hong *(Appointed on 26 March 2020)*	Divisional General Manager, Central Region

The Board via the AC performs quarterly reviews to assess the adequacy and effectiveness of the Group's risk management and internal control system based on quarterly reporting by GCG and half yearly reporting by RMC.

The risk management framework adopted by the Group is based on ISO 31000: 2018 Risk Management Guidelines. The elements of ISO 31000: 2018 have been incorporated into the Group's Risk Management Policy and Guidelines which was approved by the Board in June 2018. The on-going process for identifying, evaluating, managing, monitoring and communicating risks faced by the Group has been established and set out in the Risk Management Policy and Guidelines.

The Statement on Risk Management and Internal Control as set out in pages 58 to 64 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 FY2020 are set out in the AC Report on page 52 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.

Due to the MCO, the 46th AGM was postponed to 19 May 2020. The notice of the postponed 46th AGM was sent to shareholders via email for those with valid email addresses. Hard copies were sent to those without email addresses.

The Company will continue to 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. In an effort to gradually adopt integrated reporting, the Board had during its meeting held on 17 December 2020, endorsed its Sustainability Report 2020 which includes preliminary integrated concepts as detailed in the CG Report.

II. CONDUCT OF GENERAL MEETINGS

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

Since the 44th AGM, the Company has been giving at least 28 days-notice for its AGMs. The Board had embedded the 28-day notice period into its Board Charter.

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

In part due to the MCO, the Company has leveraged on technology to facilitate voting in absentia and remote participation by shareholders at shareholders' meetings. The Company's 46th AGM held on 19 May 2020 was the first fully virtual general meeting held by the Company. It was streamed live where eligible shareholders were able to log in to remotely participate in and vote at the meeting.

However, the cost to facilitate remote participation and voting in absentia by shareholders is higher than holding physical AGMs. Accordingly, the Company will continue to monitor developments in the market for more cost effective technology to enable voting in absentia and remote shareholder participation at shareholders' meetings.

This CG Overview Statement incorporating the AC Report, NC Report and RC Report, together with the CG Report, were approved by the Board of Directors on 4 February 2021.

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
Low Mei Ling Member, Independent Director

Meetings

The AC held 6 meetings during financial year ended 31 October 2020 ("**FY2020**"). 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	4/6
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. Other Senior Management personnel may also be invited to brief the AC on specific matters from time to time.

The external auditors are invited to attend 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 AC 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 FY2020, 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 financial statements of the adoption of Malaysian Financial Reporting Standard ("**MFRS**") 16 in FY2020;
- the impact on the Group's operations of the COVID-19 outbreak and the MCO imposed by the Government and the actions taken by Management to mitigate it; and
- the requirements of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad pertaining to the declaration of the maiden dividend.

(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).

2. Matters relating to external audit

(a) Reviewed the external auditors' audit plan for FY2020.

(b) Reviewed the external auditors' audit report and the significant auditing and financial reporting matters, audit differences, material fluctuations in balances, significant judgments and estimates made by Management.

The audit findings were presented once upon the completion of the interim field audit and once upon the completion of the final field audit.

(c) Noted that upon an enquiry by the external auditors, Management, the internal auditors and all AC members verbally confirmed that they were all not aware of any actual, suspected or alleged fraud affecting the Group or contravention of any laws or statutory regulations by the Group, except for those matters reported to the Whistleblowing Committee which have been subsequently resolved.

(d) Met with the external auditors without the presence of Management twice, on 11 December 2019 and 23 September 2020, 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) Obtained from the external auditors written representation of their professional independence as auditors.

(f) 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.

(g) After carrying out the 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.

3. Matters relating to internal audit

(a) Reviewed and approved the internal audit annual plan for FY2020 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) Approved the postponement of 6 assurance assignments initially approved in the Internal Audit Annual Plan 2020 due to the COVID-19 pandemic, and the secondment of manpower to temporarily assist other departments affected by the pandemic and the MCO.

(c) Reviewed and approved the Internal Audit Strategic Plan FY2021 – FY2023 to tactically align with the Group's strategies for the next 3 years.

(d) 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.

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

(f) Reviewed the results of a Quality Assurance and Improvement Programme (QAIP). This is an ongoing self-assessment by GCG with regards to its audit assignments based on the International Professional Practices Framework ("**IPPF**") Standards issued by the Institute of Internal Auditors ("**IIA**").

(g) Met with GCG without the presence of Management twice, on 11 December 2019 and 23 September 2020, 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.

(h) Evaluated the performance of the internal audit department during FY2020 as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency.

4. Matters relating to risk management and internal control

(a) At the second and fourth quarterly AC meetings, reviewed and discussed with the General Manager of Digital Technology Services (DTS) the results of security penetration tests carried out on the Group's IT infrastructure by an external cyber security firm in FY2020.

(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 the initiatives undertaken by Management to mitigate the impact of the COVID-19 pandemic and the MCO.

AUDIT COMMITTEE REPORT

(c) Reviewed a Corruption Risk Assessment Report prepared by an external legal counsel and reviewed and recommended the Anti-Bribery and Anti-Corruption Policy for adoption by the Board.

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 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) Issued this AC Report for inclusion into the Annual Report 2020.

(c) Reviewed and recommended the Statement on Risk Management and Internal Control, Corporate Governance Report, Corporate Governance Overview Statement incorporating the AC Report, the Nomination Committee Report and the Remuneration Committee Report as well as Additional Compliance Information to the Board for approval and inclusion in the 2020 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 Nomination Committee ("**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 FY2020 are set out in the Corporate Governance Report ("**CG Report**") which is available on the Company's website.

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.

GCG adopts the IIA's International Standards for the Professional Practice of Internal Auditing laid down in its IPPF. GCG conducts its internal audits in accordance with the approved annual internal audit plan (unless modified with approval of the AC) which was developed based on a risk-based approach.

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 FY2020 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.
- Conducted follow-up audits to ascertain the implementation status of previously issued audit recommendations.
- Performed an investigative audit following allegations of mismanagement and improper acts reported to the Whistleblowing Committee.
- Reviewed the impact of the COVID-19 pandemic on the Group and assessed the adequacy of the Group's existing business continuity practices.
- During FY2020, 10 reports arising from assurance assignments covering 25 processes were issued. These reports covered 3 support units and 7 business units across the Northern, Southern and Central regions.

  Additionally, 5 reports arising from 1 investigative assignment and 4 advisory assignments were issued.

  These reports together with follow-up reports were tabled at the quarterly AC meetings for deliberation.
- 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 FY2020 was RM0.88 million (FY2019: RM1.27 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 1 meeting during the financial year ended 31 October 2020 ("**FY2020**") that was attended by all members.

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 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 FY2020:

1. Composition of Board and Board Committees

- Reviewed the composition of the Whistleblowing Committee after the resignation of Dato' Voon Tin Yow and recommended to the Board the appointment of Datuk Heah Kok Boon to fill the vacancy.
- Reviewed the changes in the composition of women directors and independent directors.
- Reviewed the profile of Mrs Lucy Chong prior to her appointment as an Independent Director.

2. Retirement and Re-election

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

3. Annual Performance Assessment

- Reviewed and updated the evaluation forms to ensure the said forms are in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") ("**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.

4. Other Matters

- Reviewed and issued this NC Report for inclusion into the Annual Report 2020.

Board composition

The Board

The Board consists of 12 Directors of whom 6 are Independent Directors. There are 3 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 of MCCG which requires at least 30% of the Directors to be women.

During FY2020, the Board had appointed Mrs Lucy Chong as Independent Director to fill the vacancy following the resignation of Dato' Voon Tin Yow as Non-Independent Director. As a result, half the Board, but still not yet a majority, now comprises Independent Directors and women directors has increased from 16.7% to 25%.

NOMINATION COMMITTEE REPORT

The Board recognises the rationale underlying Practice 4.1 and Practice 4.5 of MCCG, and will continue to explore opportunities to comply with these practices while at the same time ensuring that upon making any new appointments, the Board as a whole would be an improved Board in all material respects. The Board considers its current size of 12 to be the optimum.

The Board through the NC, will continuously search for suitably qualified Independent Directors, preferably a woman, to join the Board to eventually be able to apply the recommendations under Practice 4.1 and Practice 4.5 of the MCCG.

Further details on the departure from Practice 4.1 and Practice 4.5 of the MCCG 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.

Mrs Lucy Chong who was appointed as an Independent Director during FY2020 has strengthened the profile of the Board and improved the Board's gender diversity and independence.

Board evaluation

During FY2020, 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 17 December 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 as well as the results from 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 ("**the 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 1 meeting during the financial year ended 31 October 2020 ("**FY2020**") 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, 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 FY2020:

- Reviewed and discussed a Performance Incentive Scheme for employees before presenting it to the Board for approval.
- Reviewed the remuneration for the Executive Chairman before recommending to the Board for approval.
- Reviewed the proposed payment of Directors' fees and remuneration of the Non-Executive Directors before recommending to the Board to propose to the shareholders for approval.
- Reviewed and issued this RC Report for inclusion into the Annual Report 2020.

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. The remuneration packages are structured to reflect the responsibilities, experience required and time demanded 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 ("**AGM**") and Directors who are also shareholders will abstain from voting at the AGM to approve their own remuneration.

The Company has implemented a group-wide cost rationalisation exercise during FY2020 amid the COVID-19 pandemic. In solidarity with the group's efforts, the Board had agreed to reduce their Directors' fees by 20% with effect from 1 May 2020 until further notice.

Remuneration of Directors and Top 5 Senior Management Personnel

The remuneration of Directors on a named basis for FY2020 are disclosed in the Corporate Governance Report ("**CG Report**") which is available on the Company's website at www.ecoworld.my.

As explained in the Corporate Governance Overview Statement, for FY2020, the Company has ceased to apply Practice 7.2 of the MCCG which requires disclosure of the remuneration of the top 5 Senior Management personnel on a named basis in bands of RM50,000.

The alternative form of disclosure is set out in the CG 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 2020.

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 2020 are as follows:

	Group (RM)	Company (RM)
Audit Fees	533,300	137,000
Non-audit Fees	45,300	5,000
Total	**578,600**	**142,000**

Recurrent Related Party Transactions of Revenue or Trading Nature

The details of the recurrent related party transactions are disclosed under Note 37 of the financial statements in this Annual Report.

Material Contracts

Save as disclosed under Note 37 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 2020, 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** 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 deficiencies and non-compliance with internal controls, and for taking appropriate and timely remedial actions as required. Its roles include:

- Implementing the policies approved by the Board;
- Designing, implementing and monitoring the effective implementation of risk management and internal control systems;
- 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;
- 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 such risks. The framework also categorises the risks according to strategic, operational, financial and compliance matters based on the Group's business objectives. The framework is incorporated into the risk management policy and guideline document that has been approved by the Board.

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 the Group faces as it seeks to create value.

The risk organisational structure of the Group is illustrated in Diagram 1 below.

Diagram 1

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Oversight

The Risk Management Committee oversees risk management matters within the Group. The Risk Management Committee comprises senior management from all business units and the relevant Head Office support units. It is chaired by the Executive Director cum Chief Financial Officer who reports to the Audit Committee on behalf of the Risk Management Committee. The Risk Management Committee meets on a quarterly basis and the Group's aggregated risk position and specific significant risk issues are reported to the Audit Committee on a half-yearly basis. Starting from FY2021, the quarterly Risk Management Committee meeting minutes will be shared with the Audit Committee on a quarterly basis. The Risk Management Committee is assisted by the Risk Coordinator, who acts as the 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 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 at least twice a year for update and to ensure its continued application and relevance. The significant risk management matters reported to the Audit Committee form 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 its 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, acquisition of unsuitable land, for example, 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 and eventual losses for the projects or even cash being tied up for a considerable period of time.

To manage this risk, the Group conducts thorough feasibility studies and market surveys prior to each acquisition to ensure acquiring the right land at the right price at the right time, which cover matters such as site accessibility, land condition, topography of the area and statutory requirements (e.g. conditions of land use) as well as business projections (e.g. cash flow projections, payback period and internal rate of return). 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.

2) Liquidity

Apart from cash generated from sales, 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.

The Group proactively manages liquidity 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 carries out continuous financial planning taking into consideration the contractual obligations and liquidity requirements e.g. the repayment or maturity profiles of borrowings, to ensure healthy cash flow whilst all financial covenants are complied with.

The Group constantly monitors its gearing ratio through effective credit utilisation to ensure that the leverage 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. 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.

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.

The Group will continue to focus on landed properties and affordable housing where demand is still resilient. More innovative and aggressive marketing strategies will be implemented to boost the sales of both completed properties and those under construction.

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 of cost overruns to bring down the overall costs.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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.

Active and inactive contractors are being evaluated every 5 and 3 years respectively, in relation to their financial performance, financial position and their work quality over the years, to ensure they remain capable of completing jobs and/or taking future jobs.

6) Lack of interest from investors

The Group's projects with large commercial content like shop-lots, shop-offices and commercial land need to attract the interest of investors by way of sale or lease. This is to ensure a healthy occupancy rate for sustainability and the creation of the projects' commercial value.

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

The Group also has a leasing team comprising experienced personnel to proactively source for tenants through a match-making service. This value-added service not only helps purchasers to source for tenants, but 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 was last updated on 27 March 2020. 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 are 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.

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.

Financial Budgeting

Annual budgets are prepared in advance for the following financial year and the budgets are subject to the 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, both physical and/or virtual, are conducted twice a year, following the release of the Group's interim financial statements, to fund managers, investment analysts and bankers who are given the opportunity to seek 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 business objectives.

The Group has built a team of IT professionals and established a set of IT security policies and procedures based on 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 proactively monitors and implements layers of new controls to protect its critical business systems against the ever-evolving cyber threat landscape and challenges. Regular educational emails, briefings and roadshows are conducted to enhance staff awareness particularly on cyber security.

The Group has also embarked in a digital transformation journey to transform services and businesses, through replacing non-digital processes and older digital technology with new digital technology, to improve process efficiency and to minimise the risks of human intervention via automation.

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 all forms of bribery and corruption. It is committed to conducting its business free from any acts of bribery and corruption by 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. It is mandatory for all employees to read and understand the policy and to take an online assessment test. All business partners including consultants and contractors are required to acknowledge and agree to comply with the Group's anti-bribery and anti-corruption policy.

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 are 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 in these entities is safeguarded through Board representation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 2020 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 2020. 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 1. the Statement on Risk Management and Internal Control intended to be included in the annual report has not been 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, and 2. the Statement on Risk Management and Internal Control is factually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the risk management and internal control system to safeguard shareholders' investment 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 4 February 2021.

FINANCIAL REPORT

05

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 2020.

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 activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, net of tax	135,171	71,214
Attributable to:		
Owners of the Company	135,171	71,214
Non-controlling interests	–	–
	135,171	71,214

DIVIDENDS

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

On 17 December 2020, the directors declared an interim single tier dividend of 2.0 sen per ordinary share amounting to RM58,887,368 in respect of the financial year ended 31 October 2020.

The financial statements for the current financial year do not reflect this interim dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2021.

The directors do not recommend the payment of any final dividend for the financial year ended 31 October 2020.

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.

DIRECTORS' REPORT

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.

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 and event of a material and unusual nature other than the write down of inventories and the COVID-19 outbreak disclosed in Notes 29 and 43 to the financial statements respectively; 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.

DIRECTORS' REPORT

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 19 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*	
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	
Lim Hiah Eng	(Appointed on 20 May 2020)
Dato' Voon Tin Yow*	(Resigned on 28 February 2020)

* *Also directors of certain subsidiaries*

DIRECTORS OF SUBSIDIARIES

The following persons (in addition to those who are also directors of the Company as indicated above) served as directors of certain subsidiaries during the financial year and during the period from the end of the financial year to the date of this report:

Dato' Seri Sundarajoo A/L Somu	
Dato' Soo Chan Fai	
Phan Yan Chan	
Ho Kwee Hong	
Yap Yoke Ching	
Catherine Lim Siew Kia	
Low Thiam Chin	
Chan Soo How	
Tan Yee Ling	(Appointed on 24 February 2020)
Ling Tien Heng	(Appointed on 2 March 2020)
Ngu Poi Shu	(Appointed on 2 March 2020)
Datuk Hoe Mee Ling	(Resigned on 2 March 2020)

DIRECTORS' REPORT

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 in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			
	At 1 November 2019 Unit '000	Bought Unit '000	Sold Unit '000	At 31 October 2020 Unit '000
Direct interests:				
Tan Sri Dato' Sri Liew Kee Sin	276,988	–	–	**276,988**
Dato' Chang Khim Wah	8,650	–	–	**8,650**
Datuk Heah Kok Boon	1,609	–	–	**1,609**
Liew Tian Xiong	225,781	–	(10,000)	**215,781**
Deemed/Indirect interests:				
Tan Sri Abdul Rashid bin Abdul Manaf @	213,052	77,823	(42,000)	**248,875**
Tan Sri Dato' Sri Liew Kee Sin^	170,000	–	(14,250)	**155,750**
Dato' Leong Kok Wah#	1,182,971	77,823	(42,000)	**1,218,794**

	Number of Warrants 2015/2022			
	At 1 November 2019 Unit '000	Bought Unit '000	Sold Unit '000	At 31 October 2020 Unit '000
Direct interests:				
Dato' Chang Khim Wah	1,224	–	–	**1,224**
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 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.

By virtue of his interests in ordinary shares in 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' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year and save as disclosed in Note 37 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 31 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.

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 DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event during and subsequent to the end of the financial year is disclosed in Note 43 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 29 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, 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: 4 February 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**184,953**	229,622	**-**	6
Investment property	6	**19,641**	19,510	**-**	-
Inventories	7	**4,243,824**	3,965,190	**-**	-
Investment in subsidiaries	8	**-**	-	**3,489,567**	3,541,317
Investment in associates	9	**58,242**	54,769	**61,274**	56,474
Investment in joint ventures	10	**1,305,460**	1,208,494	**14,000**	14,000
Trade and other receivables	11	**990,028**	872,270	**1,412,526**	1,235,276
Lease receivables	12	**3,739**	-	**-**	-
Deferred tax assets	13	**103,639**	99,088	**15**	15
Total non-current assets		**6,909,526**	6,448,943	**4,977,382**	4,847,088
Current assets					
Inventories	7	**2,037,889**	2,660,006	**-**	-
Contract assets	14	**56,506**	68,545	**-**	-
Current tax assets		**42,360**	40,197	**-**	1,082
Trade and other receivables	15	**834,413**	856,507	**169,014**	158,364
Lease receivables	12	**1,065**	-	**-**	-
Other current assets	16	**15,202**	13,717	**-**	-
Cash and bank balances	17	**456,437**	600,539	**93,709**	130,682
Total current assets		**3,443,872**	4,239,511	**262,723**	290,128
TOTAL ASSETS		**10,353,398**	10,688,454	**5,240,105**	5,137,216

STATEMENTS OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	**3,614,865**	3,614,865	**3,614,865**	3,614,865
Warrant reserve	19	**194,395**	194,395	**194,395**	194,395
Foreign currency translation reserve		**(18,487)**	(15,783)	**–**	–
Cash flow hedge reserve		**(89)**	(543)	**–**	–
Retained earnings		**880,253**	745,082	**96,556**	25,342
TOTAL EQUITY		**4,670,937**	4,538,016	**3,905,816**	3,834,602
Non-current liabilities					
Loans and borrowings	20	**1,266,000**	1,803,825	**–**	–
Lease/Finance lease liabilities	21	**12,314**	226	**–**	–
Other payables	22	**319,684**	–	**–**	–
Deferred tax liabilities	13	**40,982**	31,748	**–**	–
Total non-current liabilities		**1,638,980**	1,835,799	**–**	–
Current liabilities					
Trade and other payables	23	**996,839**	1,113,989	**628,926**	597,614
Contract liabilities	14	**945,799**	1,173,894	**–**	–
Other current liabilities	24	**45,356**	48,922	**–**	–
Bank overdrafts	25	**25,323**	26,330	**–**	–
Loans and borrowings	20	**2,025,084**	1,949,253	**705,000**	705,000
Lease/Finance lease liabilities	21	**3,905**	81	**–**	–
Current tax liabilities		**1,175**	2,170	**363**	–
Total current liabilities		**4,043,481**	4,314,639	**1,334,289**	1,302,614
TOTAL LIABILITIES		**5,682,461**	6,150,438	**1,334,289**	1,302,614
TOTAL EQUITY AND LIABILITIES		**10,353,398**	10,688,454	**5,240,105**	5,137,216

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	26	**1,996,681**	2,462,325	**114,000**	60,000
Cost of sales		**(1,729,211)**	(1,992,654)	**-**	-
Gross profit		**267,470**	469,671	**114,000**	60,000
Other income	27	**58,067**	53,661	**105,958**	85,252
Selling and marketing expenses		**(39,032)**	(50,546)	**-**	-
Administrative and other expenses		**(173,876)**	(246,884)	**(71,624)**	(70,077)
Operating profit		**112,629**	225,902	**148,334**	75,175
Finance costs	28	**(93,505)**	(101,890)	**(72,134)**	(67,814)
Share of results in joint ventures, net of tax		**151,252**	144,264	**-**	-
Share of results in associates, net of tax		**(1,330)**	(2,301)	**-**	-
Profit before tax	29	**169,046**	265,975	**76,200**	7,361
Income tax expense	32	**(33,875)**	(62,553)	**(4,986)**	(3,009)
Profit for the financial year		**135,171**	203,422	**71,214**	4,352
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences of translation of foreign operation		**38**	(40)	**-**	-
Share of other comprehensive (loss)/income of joint ventures		**(2,288)**	7,049	**-**	-
Total comprehensive income for the financial year		**132,921**	210,431	**71,214**	4,352
Profit attributable to:					
Owners of the Company		**135,171**	203,422	**71,214**	4,352
Non-controlling interests		**-**	-	**-**	-
		135,171	203,422	**71,214**	4,352
Total comprehensive income attributable to:					
Owners of the Company		**132,921**	210,431	**71,214**	4,352
Non-controlling interests		**-**	-	**-**	-
		132,921	210,431	**71,214**	4,352
Earnings per share (sen):					
- basic/diluted	33	**4.59**	6.91		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

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 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
Total comprehensive income/ (loss) for the financial year						
Profit for the financial year	–	–	–	–	135,171	135,171
Other comprehensive income/ (loss) for the financial year	–	–	(2,704)	454	–	(2,250)
Total comprehensive income/ (loss)	–	–	(2,704)	454	135,171	132,921
At 31 October 2020	**3,614,865**	**194,395**	**(18,487)**	**(89)**	**880,253**	**4,670,937**

Company	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 1 November 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
Total comprehensive income for the financial year	–	–	–	–	71,214	71,214
At 31 October 2020	**3,614,865**	**194,395**	**-**	**-**	**96,556**	**3,905,816**

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities					
Profit before tax		**169,046**	265,975	**76,200**	7,361
Adjustments for:					
Depreciation of property, plant and equipment		**25,827**	37,218	**6**	61
Development expenditure written off		**354**	–	**-**	–
Dividend income from subsidiaries		**-**	–	**(114,000)**	(60,000)
(Gain)/Loss on disposal of property, plant and equipment		**(5)**	9	**-**	–
Gain on deemed disposal of a subsidiary		**(26)**	–	**-**	–
Gain on derecognition of leases		**(26)**	–	**-**	–
Impairment of amounts due from subsidiaries		**-**	–	**2,448**	3,409
Impairment of investment in an associate		**-**	3	**-**	14
Impairment of investment in subsidiaries		**-**	–	**65,000**	60,000
Impairment of property, plant and equipment		**-**	2,457	**-**	–
Impairment of right-of-use assets		**6,018**	–	**-**	–
Interest expense		**93,505**	101,890	**72,134**	67,814
Interest income		**(44,324)**	(42,295)	**(92,802)**	(85,093)
Property, plant and equipment written off		**104**	9	**-**	–
Reversal of impairment of investment in a subsidiary		**-**	–	**(13,000)**	–
Share of results in joint ventures		**(151,252)**	(144,264)	**-**	–
Share of results in associates		**1,330**	2,301	**-**	–
Unrealised loss/(gain) on foreign exchange		**84**	(76)	**-**	–
Write down of inventories		**98,847**	–	**-**	–
Operating profit/(loss) before changes in working capital		**199,482**	223,227	**(4,014)**	(6,434)
Changes in working capital:					
Inventories - property under development		**483,722**	481,650	**-**	–
Inventories - completed properties		**314,362**	131,682	**-**	–
Contract assets/liabilities		**(216,056)**	87,903	**-**	–
Receivables		**42,703**	(41,024)	**10,000**	(10,000)
Payables		**(115,920)**	(119,164)	**8,983**	(393)
Net cash generated from/(used in) operations		**708,293**	764,274	**14,969**	(16,827)
Interest paid		**(159,512)**	(182,148)	**-**	–
Interest received		**5,385**	8,415	**43**	267
Net income taxes paid		**(35,655)**	(48,039)	**(3,541)**	(3,111)
Net cash from/(used in) operating activities		**518,511**	542,502	**11,471**	(19,671)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from investing activities					
Additions to investment property		**(131)**	(70)	**-**	-
Additions to inventories - land held for property development		**(139,759)**	(196,917)	**-**	-
Payment for land acquisition liabilities		**-**	(98,039)	**-**	-
Proceeds from disposal of property, plant and equipment		**50,042**	59	**-**	-
Purchase of property, plant and equipment		**(24,000)**	(19,243)	**-**	-
Subscription of shares in a subsidiary		**-**	-	**(250)**	-
Subscription of shares in an associate		**#**	(50)	**-**	(50)
Subscription of redeemable preference shares in an associate		**(4,800)**	-	**(4,800)**	-
Interest received from deposits		**4,430**	5,649	**2,219**	3,404
Interest received from a joint venture		**56,641**	-	**56,641**	-
Interest received from subsidiaries		**-**	-	**23,409**	42,476
Net advances to subsidiaries		**-**	-	**(14,868)**	(17,023)
Net advances to an associate		**-**	-	**(11)**	-
Net advances to joint ventures		**(110,000)**	(57,728)	**(110,000)**	(57,728)
Withdrawal/(Placement) of deposits and transfers to redemption accounts, debt service reserve and escrow accounts		**21,236**	(69,622)	**(12)**	(14)
Net cash used in investing activities		**(146,341)**	(435,961)	**(47,672)**	(28,935)
Cash flows from financing activities					
Drawdown of bank borrowings	(a)	**171,682**	764,842	**-**	-
Repayment of bank borrowings	(a)	**(637,677)**	(824,259)	**-**	(101,625)
Payment of lease/finance lease liabilities	(a)	**(2,198)**	(76)	**-**	-
Advances from subsidiaries		**-**	-	**31,882**	262,915
Interest paid		**(25,828)**	(33,563)	**(32,666)**	(41,587)
Net cash (used in)/from financing activities		**(494,021)**	(93,056)	**(784)**	119,703
Net (decrease)/increase in cash and cash equivalents		**(121,851)**	13,485	**(36,985)**	71,097
Cash and cash equivalents at the beginning of the financial year		**386,173**	372,675	**130,228**	59,131
Effects of exchange rate changes on cash and cash equivalents		**(8)**	13	**-**	-
Cash and cash equivalents at the end of the financial year		**264,314**	386,173	**93,243**	130,228

Represents RM47

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash and cash equivalents included in the statements of cash flows comprise the following amounts:					
Deposits with licensed banks	17	**202,303**	221,973	**93,071**	129,985
Cash in hand and at banks	17	**254,134**	378,566	**638**	697
Bank overdrafts	25	**(25,323)**	(26,330)	**-**	-
		431,114	574,209	**93,709**	130,682
Less: Cash and deposits maintained in debt service reserve accounts, redemption accounts and escrow accounts	17	**(158,955)**	(181,041)	**-**	-
Deposits pledged to banks as security for banking facilities	17	**(7,845)**	(6,995)	**(466)**	(454)
		264,314	386,173	**93,243**	130,228

(a) Reconciliation of liabilities arising from financing activities:

Group	1 November 2019 RM'000 Restated	Cash flows RM'000	Non-cash Transaction costs/ Remeasurement RM'000	31 October 2020 RM'000
Term loans	1,223,566	(356,706)	3,036	**869,896**
Bridging loans	302,006	(18,472)	(140)	**283,394**
Medium term notes	687,511	–	849	**688,360**
Revolving credits	1,539,995	(90,817)	256	**1,449,434**
Lease liabilities	18,660	(2,198)	(243)	**16,219**
	3,771,738	(468,193)	3,758	**3,307,303**
Company				
Revolving credits	705,000	–	–	**705,000**
	705,000	–	–	**705,000**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2020

(a) Reconciliation of liabilities arising from financing activities: (Continued)

Group	1 November 2018 RM'000	Cash flows RM'000	Non-cash Transaction costs RM'000	31 October 2019 RM'000
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

(b) Total cash outflows for lease

During the financial year, the Group had total cash outflows for leases of RM3,722,000.

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 and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal place of business of the Company is located at No. 60, Setia Avenue, No. 2, Jalan Setia Prima S U13/S, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan.

The 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 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 4 February 2021.

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 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRS</u>

MFRS 16	Leases

<u>Amendments/Improvements to MFRSs</u>

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

<u>New IC Int</u>

IC Int 23	Uncertainty over Income Tax Treatments

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies other than the initial application of MFRS 16.

MFRS 16 *Leases*

The Group has elected to apply MFRS 16 using the modified retrospective approach. Accordingly, the comparative information has not been restated and continued to be reported under MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease*.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 *Leases* (Continued)

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 November 2019.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application (i.e. 1 November 2019). The effects on the financial statements of the Group for the current financial year on initial application of this standard are as follows:

(i) **Classification and measurement**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group.

On adoption of MFRS 16, for all leases other than short-term and low value asset leases, the Group:

- recognises right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- separates lease payments into principal and interest portion (presented within financing activities and operating activities respectively) in the statements of cash flows.

Leases that were classified as operating leases under MFRS 117

For leases that were classified as operating leases under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

The underlying right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group also applied the following practical expedients wherein it:

(a) applied a single discount rate to a portfolio of leases with similar characteristics;

(b) applied the exemption from recognising right-of-use assets and liabilities for leases ending within 12 months of the date of initial application;

(c) excluded initial direct costs from the measurement of right-of-use assets at the date of initial application; and

(d) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 *Leases* (Continued)

(i) **Classification and measurement (Continued)**

Leases that were classified as operating leases under MFRS 117 (Continued)

For leases that were classified as finance lease under MFRS 117, the Group retained the existing carrying amounts of leased assets and finance lease liabilities under MFRS 117 as the carrying amounts of right-of-use assets and lease liabilities at the date of initial application of MFRS 16. The measurement requirements of MFRS 16 are applied after that date.

(ii) **Short-term lease and low value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of premises and office equipment that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new, such as office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The effects of adoption of MFRS 16 as at 1 November 2019 (increase/(decrease)) are as follows:

	Group Increase/ (Decrease) RM'000
Assets	
Non-current assets	
Property, plant and equipment	14,813
Lease receivables	3,151
Total non-current assets	17,964
Current assets	
Lease receivables	760
Total current assets	760
Total assets	18,724
Non-current liabilities	
Lease liabilities	14,690
Total non-current liabilities	14,690
Current liabilities	
Other payables	371
Lease liabilities	3,663
Total current liabilities	4,034
Total liabilities	18,724

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statements of financial position on 1 November 2019 is 5.32%.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

MFRS 16 *Leases* (Continued)

The lease liabilities as at 1 November 2019 can be reconciled to the operating lease commitments disclosed applying MFRS 117 as of 31 October 2019, as follows:

	Group RM'000
Assets	
Operating lease commitments as at 31 October 2019	18,571
Weighted average incremental borrowing rate as at 1 November 2019	5.32%
Discounted operating lease commitments as at 1 November 2019	17,546
Less:	
Commitments relating to short-term leases	(647)
Commitments relating to leases of low value assets	(877)
Commitments relating to Stay2Own programme commencing after 31 October 2019	(2,478)
Add:	
Commitments relating to lease previously classified as finance leases	307
Commitments relating to renewal periods not included in operating lease commitments as at 31 October 2019	4,809
Lease liabilities as at 1 November 2019	18,660

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/1 January 2023#
MFRS 3	Business Combinations	1 January 2020/1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/1 January 2021/ 1 January 2022^/1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 June 2020/ 1 January 2021/1 January 2022^

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Continued)		
MFRS 101	Presentation of Financial Statements	1 January 2020/1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2022/1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020/1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*
# *Amendments as to the consequence of MFRS 17 Insurance Contracts becoming effective*

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant amendments/improvements to MFRS that may be applicable to the Group and the Company are summarised below.

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 acquisition being accounted for as an asset acquisition.

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 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.

The initial application of the above applicable amendments/improvements to MFRS is not expected to have material impact to the current and prior years financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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 the Malaysian Accounting Standards Board 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 where assumptions and major sources of estimation uncertainty at the end of the reporting period that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, or areas involving judgements that have most effect on the amounts recognised in the financial statements are disclosed in Note 4 to the financial statements.

3. 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (Continued)

(a) Subsidiaries and business combinations (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (Continued)

(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.

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. 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.

(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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases

As explained in Note 2.2 above, the Group has elected to apply MFRS 16 using the modified retrospective approach. Accordingly, leases in the financial year ended 31 October 2019 as set out in the comparative financial statements continue to be disclosed and measured under MFRS 117.

As a result, the accounting policies under MFRS 16 and MFRS 117 are disclosed below under Part A and Part B, respectively.

Part A - Accounting policies applied from 1 November 2019 (under MFRS 16)

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee.

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimated cost to restore the underlying asset, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option in a lease agreement, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the lease. In addition, the right-of-use asset is reduced by any impairment losses, and adjusted for any remeasurement of the lease liabilities. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments include fixed lease payments, less any lease incentives and any exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if there is a change in the Group’s estimate of lease term, or when a lease contract is modified and the lease modification is not accounted for as a separate lease. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments associated with these leases on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

Part A - Accounting policies applied from 1 November 2019 (under MFRS 16) (Continued)

(b) Lessor accounting

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. In determining the classification of each lease, the Group assesses whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease. If not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.5(a), then it classifies the sub-lease as an operating lease.

If the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

Part B - Accounting policies applied until 31 October 2019 (under MFRS 117)

At inception of a contract, the Group assesses whether an arrangement is, or contains, a lease based on the substance of the arrangement. 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.

The Group also determines whether each lease is a finance lease or operating lease. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of assets

(a) Impairment of financial assets and contract assets

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

3. 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (Continued)

(a) Revenue (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (Continued)

(a) Revenue (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (Continued)

(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 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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).

3.23 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached condition will be complied with.

Where the grant relates to an asset, it is deducting the grant in arriving at the carrying amount of the asset and it is recognised in profit or loss on a systematic basis over the periods that the related asset, for which it is intended to compensate. Where the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

NOTES TO THE FINANCIAL STATEMENTS

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 statements include the following:

4.1 Write-down of inventories (Note 7)

Inventories are written down when events or changes in circumstances indicate that their carrying amounts may no longer be fully recoverable. The Group writes down its inventories based on an assessment of their realisable values after taking into account further costs to complete and additional discounts and other costs required to be incurred in order to sell the inventories. In arriving at realisable values, the Group analyses sales trends and prevailing economic conditions.

The economic uncertainties resulting from the COVID-19 pandemic have impacted and may continue to impact selling prices and the saleability of inventories. When future events differ from current expectations, the carrying amount of unsold inventories may have to be written down or written back in future financial periods.

4.2 Capitalisation of borrowing costs (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.

4.3 Impairment assessment of investments in subsidiaries (Note 8)

The Company assesses impairment of its investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Where such indication exists, the Company determines the recoverable amount based on present value of the estimated future cash flows expected to be generated by the subsidiary. In estimating the present value of the estimated cash flows, the Company applies a suitable discount rate and make assumptions underlying the cash flow projections such as expected revenue from sales of properties.

The economic uncertainties resulting from the COVID-19 pandemic have resulted in an even higher level of estimation uncertainty to the inputs and assumptions used in the calculation of value-in-use. Cash flows projected based on those inputs or assumptions may have a significant effect on the Company's financial positions and results if the actual cash flows are less than expected.

4.4 Classification of 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.

NOTES TO THE FINANCIAL STATEMENTS

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

4.5 Impairment assessment 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 as a result of one or more events that have occurred. Where there is objective evidence of 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.

The economic uncertainties resulting from the COVID-19 pandemic have resulted in an even higher level of estimation uncertainty to the inputs and assumptions used in the calculation of value-in-use. Cash flows projected based on those inputs or assumptions may have a significant effect on the Group's and the Company's financial positions and results if the actual cash flows are less than expected.

4.6 Classification of 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.

4.7 Recognition of property development revenue (Note 26)

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

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

The economic uncertainties resulting from the COVID-19 pandemic have resulted in an even higher level of estimation uncertainty to the inputs and assumptions used in the estimation of total property development costs and total property development revenue.

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

Group 2020	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	Right-of-use assets RM'000	Total RM'000
Cost								
At 31 October 2019								
- As previously reported	65,779	182,024	23,176	34,947	48,376	1,254	-	355,556
- Effect of adoption of MFRS 16	-	-	(544)	-	-	-	15,357	14,813
Adjusted balance at 1 November 2019	65,779	182,024	22,632	34,947	48,376	1,254	15,357	370,369
Additions	-	11,199	167	1,623	403	10,608	2,517	26,517
Disposal	(52,457)	-	(203)	(31)	(16)	-	-	(52,707)
Written off	-	-	-	(22)	(509)	-	-	(531)
Reclassification	(157)	1,520	-	-	(1,363)	-	-	-
Remeasurement of lease liabilities	-	-	-	-	-	-	(1,638)	(1,638)
Derecognition	-	-	-	-	-	-	(2,449)	(2,449)
Exchange differences	-	-	-	(13)	(19)	-	-	(32)
At 31 October 2020	13,165	194,743	22,596	36,504	46,872	11,862	13,787	339,529
Accumulated depreciation								
At 31 October 2019								
- As previously reported	-	41,678	16,418	29,790	35,591	-	-	123,477
- Effect of adoption of MFRS 16	-	-	(174)	-	-	-	174	-
Adjusted balance at 1 November 2019	-	41,678	16,244	29,790	35,591	-	174	123,477
Depreciation for the financial year	-	11,938	2,374	2,933	5,252	-	3,330	25,827
Disposals	-	-	(169)	(44)	-	-	-	(213)
Written off	-	-	-	(20)	(407)	-	-	(427)
Reclassification	-	-	-	(20)	20	-	-	-
Derecognition	-	-	-	-	-	-	(82)	(82)
Exchange differences	-	-	-	(12)	(12)	-	-	(24)
At 31 October 2020	-	53,616	18,449	32,627	40,444	-	3,422	148,558
Accumulated impairment								
At 31 October 2019								
- As previously reported	2,457	-	-	-	-	-	-	2,457
- Effect of adoption of MFRS 16	-	-	-	-	-	-	-	-
Adjusted balance at 1 November 2019	2,457	-	-	-	-	-	-	2,457
Impairment loss for the financial year	-	-	-	-	-	-	6,018	6,018
Disposal	(2,457)	-	-	-	-	-	-	(2,457)
At 31 October 2020	-	-	-	-	-	-	6,018	6,018
Carrying amount								
At 1 November 2019 (Adjusted)	63,322	140,346	6,388	5,157	12,785	1,254	15,183	244,435
At 31 October 2020	13,165	141,127	4,147	3,877	6,428	11,862	4,347	184,953

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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)

Company 2020	Office equipment and fittings RM'000	Other assets* RM'000	Total RM'000
Cost			
At 1 November 2019/31 October 2020	**195**	**300**	**495**
Accumulated depreciation			
At 1 November 2019	**195**	**294**	**489**
Depreciation for the financial year	**-**	**6**	**6**
At 31 October 2020	**195**	**300**	**495**
Carrying amount			
At 31 October 2020	**-**	**-**	**-**
2019			
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

* *Other assets comprise office renovation, site office equipment and communication equipment.*

^ *Capital work-in-progress comprises building under construction and computer software systems in the process of being implemented.*

(a) Certain freehold land and buildings with a carrying amount of RM90,663,000 (2019: RM145,105,000) have been charged to secure banking facilities granted to the Group (Note 20).

(b) Assets held under finance lease arrangements

The carrying amount of assets under finance lease arrangements in accordance with MFRS 117 amounted to RM370,000 as at 31 October 2019.

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets

Information about leases for which the Group is a lessee is presented below:

Group	Signboards RM'000	Motor vehicles RM'000	Buildings RM'000	Total RM'000
Cost				
As at 31 October 2019	-	-	-	-
Effect of adoption of MFRS 16	**1,418**	**544**	**13,395**	**15,357**
Adjusted balance at 1 November 2019	**1,418**	**544**	**13,395**	**15,357**
Addition	-	-	**2,517**	**2,517**
Remeasurement of lease liabilities	-	-	**(1,638)**	**(1,638)**
Derecognition	-	-	**(2,449)**	**(2,449)**
At 31 October 2020	**1,418**	**544**	**11,825**	**13,787**
Accumulated depreciation and impairment loss				
As at 31 October 2019	-	-	-	-
Effect of adoption of MFRS 16	-	**174**	-	**174**
Adjusted balance at 1 November 2019	-	**174**	-	**174**
Depreciation for the financial year	**170**	**87**	**3,073**	**3,330**
Impairment loss	-	-	**6,018**	**6,018**
Derecognition	-	-	**(82)**	**(82)**
At 31 October 2020	**170**	**261**	**9,009**	**9,440**
Carrying amount				
At 1 November 2019 (adjusted)	**1,418**	**370**	**13,395**	**15,183**
At 31 October 2020	**1,248**	**283**	**2,816**	**4,347**

Included in right-of-use assets are:

(i) Residential properties leased by the Group that are yet to subleased to employees under the Group's Home Ownership Programme. A full impairment of RM6,018,000 has been recognised as part of administrative and other expenses in profit or loss; and

(ii) Leases of signboards and premises for staff accommodation, office and operational use.

These leases have remaining lease terms ranging from 1 year to 10 years, including the option to extend.

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 35(b).

6. INVESTMENT PROPERTY

	Group 2020 RM'000	Group 2019 RM'000
At cost		
At 1 November 2019/2018	**19,510**	19,440
Additions	**131**	70
At 31 October	**19,641**	19,510
Represented by:		
Freehold land	**19,641**	19,510
Fair value	**52,000**	52,000

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT PROPERTY (CONTINUED)

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 20).

7. INVENTORIES

	Group 2020 RM'000	2019 RM'000
Non-current:		
Land held for property development		
- freehold land	**2,701,681**	2,423,545
- leasehold land	**292,440**	335,795
- development costs	**1,249,703**	1,205,850
	4,243,824	3,965,190
Current:		
Property under development		
- freehold land	**330,356**	536,950
- leasehold land	**71,419**	63,300
- development costs	**909,727**	1,462,665
Completed properties	**726,387**	597,091
	2,037,889	2,660,006
	6,281,713	6,625,196

(a) Included in land held for property development during the financial year are:

	Group 2020 RM'000	2019 RM'000
Borrowing costs	**53,351**	48,388

Certain land held for property development have been charged to secure banking facilities granted to the Group (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

7. INVENTORIES (CONTINUED)

(b) Included in property under development during the financial year are:

	Group 2020 RM'000	Group 2019 RM'000
Borrowing costs	**44,660**	76,767

Certain property under development have been charged to secure banking facilities granted to the Group (Note 20).

(c) During the financial year, inventories recognised as cost of sales amounted to RM1,609,520,000 (2019: RM1,827,556,000).

(d) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year representing write-down of inventories was RM98,847,000 (2019: RM Nil).

8. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000
At cost		
Unquoted ordinary shares	**196,117**	195,867
Unquoted redeemable convertible preference shares	**3,443,963**	3,443,963
Less: Accumulated impairment losses	**(150,513)**	(98,513)
	3,489,567	3,541,317

During the financial year, Hara Kecil Property Management Sdn. Bhd. (formerly known as Hara Kecil Sdn. Bhd. and subsequently known as Eco World Property Management Services Sdn. Bhd.) ("HKPM"), a wholly-owned subsidiary of the Company, issued a total of 98 units of ordinary shares, which were partially subscribed by a third party. Consequently, HKPM became an associate of the Company and recorded a gain on deemed disposal of a subsidiary of RM26,000 (2019: RM Nil) in profit or loss.

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. The recoverable amount of the investment was computed based on the Company's estimated future cash flows expected to be generated by the subsidiary taking into consideration the expected revenue from sales of properties.

Accordingly, an impairment loss of RM65,000,000 (2019: RM60,000,000) was recognised in profit or loss which was included in administrative and other expenses, whilst RM13,000,000 (2019: RM Nil) was written back which was included in other income during the financial year.

Movements in accumulated impairment losses were as follows:

	Company 2020 RM'000	Company 2019 RM'000
At 1 November 2019/2018	**98,513**	38,513
Recognised during the financial year	**65,000**	60,000
Write back during the financial year	**(13,000)**	–
At 31 October	**150,513**	98,513

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) The subsidiaries, all incorporated in Malaysia unless otherwise stated, are as follows:

	Ownership Interest 2020 %	2019 %	Principal activities
Focal Aims Land Sdn. Bhd.	**100**	100	Property development
Focal Aims Properties Sdn. Bhd. ("FAPSB")	**100**	100	Investment holding
Eco World Ukay Sdn. Bhd.	**100**	100	Project management, building and construction services
Eco Sanctuary Sdn. Bhd.	**100**	100	Property development and property investment holding
Eco Sky Sdn. Bhd.	**100**	100	Property development
Eco Majestic Development Sdn. Bhd.	**100+**	100+	Property development and property investment holding
Eco Botanic Sdn. Bhd.	**100**	100	Property development
Eco Terraces Sdn. Bhd.	**100**	100	Property development
Eco Business Park 2 Sdn. Bhd.	**100**	100	Property development
Eco Meadows Sdn. Bhd.	**100**	100	Property development
Eco Summer Sdn. Bhd.	**100**	100	Property development and property investment holding
Eco Business Park 1 Sdn. Bhd.	**100**	100	Property development
Eco World Property Services (Eco South) Sdn. Bhd.	**100**	100	Property management services
Eco World Digital Services Sdn. Bhd.	**100**	100	Provision of digital solution services
Rentas Prestasi Sdn. Bhd. ("RPSB")	**100**	100	Investment holding
Eco World Development Management (BBCC) Sdn. Bhd.	**100**	100	Property development project management
Eco World Trading Sdn. Bhd.	**100**	100	Traders or business of building materials
Eco World IBS Sdn. Bhd.	**100**	100	Traders and manufacturers of prefabricated and precast components
Eco World Development (S) Pte. Ltd.^@	**100**	100	Promotion, marketing and other activities related to property management

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) The subsidiaries, all incorporated in Malaysia unless otherwise stated, are as follows: (Continued)

	Ownership Interest 2020 %	Ownership Interest 2019 %	Principal activities
Meridian Insight Sdn. Bhd.	**100**	100	Investment holding
Eco World Capital Services Berhad (formerly known as EF Development Sdn. Bhd.)#	**100**	100	Investment holding
Eco Macalister Development Sdn. Bhd.	**100**	100	Property investment holding
Eco World Project Management Sdn. Bhd. ("EWPM")	**100**	100	Property development project management
Eco World Property Services (Eco Central) Sdn. Bhd.	**100**	100	Property management services
Melia Spring Sdn. Bhd.	**100**	100	Property development
Eco Grandeur Sdn. Bhd. ("EGSB")	**100**	100	Investment holding
Eco World Capital (International) Sdn. Bhd. ("EWCI")	**100**	100	Investment holding
Eco World Capital (L) Ltd@@	**100**	100	Investment holding
Eco World Property Services (Eco North) Sdn. Bhd.	**100**	100	Property management services
HKPM	*	100	Property management services
Eco World Capital Assets Berhad	**100**	100	Issuer of notes under the Medium Term Note programme
Jasa Hektar Sdn. Bhd.	**100**	100	Property development
Held through FAPSB			
Eco Tropics Development Sdn. Bhd. ("ETSB")	**100**	100	Property development

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) The subsidiaries, all incorporated in Malaysia unless otherwise stated, are as follows: (Continued)

	Ownership Interest 2020 %	2019 %	Principal activities
Held through EWPM			
Eco World DM Services Sdn. Bhd.	**100**	100	Provision of consultancy and property development project management services
Held through ETSB			
Focal Aims Realty Sdn. Bhd.##	**100**	100	Project management and investment holding
Focal Aims Development Sdn. Bhd.###	**-**	100	Investment holding
Focal Aims Resort (M) Sdn. Bhd.###	**-**	100	Investment holding

+ *98% held through RPSB and 2% held through the Company.*
^ *Audited by Baker Tilly TFW LLP, an independent member firm of Baker Tilly International.*
@ *Incorporated in Singapore.*
@@ *Incorporated in Labuan.*
* *Refer to Note 9 for the dilution of the Company's interest in the company to an associate.*
# *On 29 December 2020, the principal activity of the company was changed from investment holding to issuer of notes under the Islamic Medium Term Note programme.*
The Company had commenced member's voluntary winding-up process during the financial year.
These companies were struck off during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENT IN ASSOCIATES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost				
Unquoted ordinary shares	**410**	410	**410**	410
Unquoted redeemable preference shares	**60,878**	56,078	**60,878**	56,078
Share of post-acquisition results and reserves	**(3,046)**	(1,716)	**–**	–
Less: Accumulated impairment losses	**(3)**	(3)	**(14)**	(14)
	58,239	54,769	**61,274**	56,474
Add: Amount recognised as obligation (Note 23)	**3**	–	**–**	–
	58,242	54,769	**61,274**	56,474

Details of the associates, incorporated in Malaysia, are as follows:

	Ownership Interest 2020 %	Ownership Interest 2019 %	Principal activities	Financial year end
MFBBCC Retail Mall Sdn. Bhd. ("MFBBCC")^	**12**	12	Development and operation of retail mall	31 December #
Kale Life Sdn. Bhd. ("Kale Life")+	**20**	20	Provision of digital solution services	31 October
Hara Kecil Property Management Sdn. Bhd. ("HKPM")	**49**	++	Property management 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.*

\+ *The Company had commenced members' voluntary winding-up process during the financial year.*

++ *In the previous financial year, HKPM was a wholly-owned subsidiary. During the financial year, the Company's interest in HKPM was diluted and the Company lost its control in this subsidiary as disclosed in Note 8 to the financial statements. Accordingly, HKPM has been accounted for as associate subsequent to the deemed disposal date.*

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 aggregated financial information of associates and reconciles the information to the carrying amount of the Group's interest in associates as at 31 October 2020:

2020	MFBBCC RM'000	Other individually immaterial associates RM'000	Total RM'000
Assets and liabilities			
Non-current assets	**1,081,175**	**-**	**1,081,175**
Current assets	**270,480**	**176**	**270,656**
Non-current liabilities	**(711,085)**	**-**	**(711,085)**
Current liabilities	**(155,505)**	**(37)**	**(155,542)**
Net assets	**485,065**	**139**	**485,204**
Results			
Loss for the financial year	**(11,041)**	**(18)**	**(11,059)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive loss	**(11,041)**	**(18)**	**(11,059)**
Reconciliation of net assets to carrying amount:			
Share of net assets at acquisition date, at book value	**61,238**	**50**	**61,288**
Less: Accumulated impairment losses	**-**	**(3)**	**(3)**
Cost of investment	**61,238**	**47**	**61,285**
Share of post-acquisition results and reserves:			
- Share of post-acquisition loss	**(3,030)**	**(16)**	**(3,046)**
	58,208	**31**	**58,239**
Add: Amount recognised as obligation (Note 23)*	**-**	**3**	**3**
Carrying amount in the statements of financial position	**58,208**	**34**	**58,242**
Group's share of results			
Group's share of loss	**(1,325)**	**(5)**	**(1,330)**
Group's share of other comprehensive income	**-**	**-**	**-**
Group's share of total comprehensive loss	**(1,325)**	**(5)**	**(1,330)**

* *The Group's share of HKPM'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

9. INVESTMENT IN ASSOCIATES (CONTINUED)

(b) The following table illustrates the summarised aggregated financial information of associates and reconciles the information to the carrying amount of the Group's interest in associates as at 31 October 2019:

2019	MFBBCC RM'000	Other individually immaterial associates RM'000	Total RM'000
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)

Significant restrictions

MFBBCC 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Commitment for ordinary share subscription in MFBBCC	**240**	240	**240**	240
Commitment for redeemable preference share subscription in MFBBCC	**23,122**	27,922	**23,122**	27,922
	23,362	28,162	**23,362**	28,162

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 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
At cost				
In Malaysia				
Quoted shares and warrants	**777,600**	777,600	**-**	-
Unquoted shares	**382,894**	382,894	**14,000**	14,000
Share of post-acquisition results and reserves	**245,230**	106,747	**-**	-
Elimination of unrealised income	**(100,264)**	(58,747)	**-**	-
	1,305,460	1,208,494	**14,000**	14,000
Market value				
Quoted shares and warrants	**252,720**	506,736	**-**	-

Details of the joint ventures, all incorporated in Malaysia, are as follows:

	Ownership Interest 2020 %	Ownership Interest 2019 %	Principal activities	Financial year end
BBCC Development Sdn. Bhd. ("BBCC")^	**40**	40	Property development and property investment holding	31 December#
Eco Horizon Sdn. Bhd. ("EHSB")	**60**	60	Property development and property investment holding	31 October
Paragon Pinnacle Sdn. Bhd. ("PPSB")	**60**	60	Property development and property investment holding	31 October
Held through EGSB				
Eco Ardence Sdn. Bhd. ("EASB")	**50**	50	Property development and property investment holding	31 October
Held through EWCI				
Eco World International Berhad ("EWI")^	**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 following table illustrates the summarised aggregated financial information of joint ventures and reconciles the information to the carrying amount of the Group's interest in joint ventures as at 31 October 2020:

2020	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
Assets and liabilities						
Non-current assets	1,288,075	2,028,006	1,218,896	1,220,263	2,014,518	7,769,758
Current assets	989,012	460,327	189,888	534,213	2,486,844	4,660,284
Non-current liabilities	(1,278,813)	(1,742,348)	(1,242,650)	(553,913)	(454,560)	(5,272,284)
Current liabilities	(944,749)	(602,687)	(139,355)	(479,777)	(864,995)	(3,031,563)
Net assets	53,525	143,298	26,779	720,786	3,181,807	4,126,195
Included in assets and liabilities are:						
Cash and cash equivalents	62,929	119,037	44,791	150,833	269,975	647,565
Non-current financial liabilities (excluding trade and other payables)	(526,940)	(1,008,102)	(635,900)	(364,921)	(452,641)	(2,988,504)
Current financial liabilities (excluding trade and other payables)	(50,000)	(59,861)	-	(103,885)	(782,093)	(995,839)
Results						
Profit for the financial year	36,596	50,448	25,899	73,646	199,932	386,521
Other comprehensive loss	-	-	-	-	(8,474)	(8,474)
Total comprehensive income	36,596	50,448	25,899	73,646	191,458	378,047
Included in total comprehensive income are:						
Revenue	348,323	400,821	253,231	318,610	672,985	1,993,970
Depreciation	(6,058)	(3,942)	(2,314)	(4,623)	(2,993)	(19,930)
Interest income	16,609	4,896	1,581	5,480	12,746	41,312
Interest expense	(2,977)	(2,366)	(536)	(221)	(41,264)	(47,364)
Income tax expense	(8,837)	(18,783)	(9,146)	(33,430)	(31,311)	(101,507)

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table illustrates the summarised aggregated financial information of joint ventures and reconciles the information to the carrying amount of the Group's interest in joint ventures as at 31 October 2020 (Continued):

2020	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
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	19,410	48,642	12,288	83,402	102,348	266,090
Share of other comprehensive loss	-	-	-	-	(20,860)	(20,860)
Elimination of unrealised income	(21,410)	(54,942)	(16,067)	(7,845)	-	(100,264)
Carrying amount in the statements of financial position	-	85,979	-	360,393	859,088	1,305,460
Group's share of results						
Group's share of profit	14,638	30,269	15,539	36,823	53,983	151,252
Group's share of other comprehensive loss	-	-	-	-	(2,288)	(2,288)
Group's share of total comprehensive income	14,638	30,269	15,539	36,823	51,695	148,964

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table illustrates the summarised aggregated financial information of joint ventures and reconciles the information to the carrying amount of the Group's interest in joint ventures as at 31 October 2019:

2019	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
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 following table illustrates the summarised aggregated financial information of joint ventures and reconciles the information to the carrying amount of the Group's interest in joint ventures as at 31 October 2019 (Continued):

2019	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
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

Review for impairment of EWI

As at 31 October 2020, 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.

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

Commitments

The commitments relating to the Group's and the Company's interest in the joint ventures are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Commitment to fund development costs of joint ventures	**229,069**	43,000	**229,069**	43,000

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables	**119,374**	112,171	**-**	-
Amounts due from subsidiaries	**-**	-	**566,909**	499,488
Amounts due from joint ventures	**870,654**	760,099	**845,617**	735,788
Total trade and other receivables	**990,028**	872,270	**1,412,526**	1,235,276

(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 3.46% to 6.57% (2019: 4.61% to 7.22%).

(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 2.75% to 8.00% (2019: 4.00% to 8.00%).

NOTES TO THE FINANCIAL STATEMENTS

12. LEASE RECEIVABLES

	Group 2020 RM'000	Group 2019 RM'000
Lease receivables:		
Non-current	**3,739**	–
Current	**1,065**	–
	4,804	–

The Group leases its leased properties to its employees. These leases have lease term of 5 years.

These leases transfer substantially all the risk and rewards incidental to ownership of the right-of-use assets.

	Group 2020 RM'000	Group 2019 RM'000
Gross investment in lease:		
- Not later than one year	**1,236**	–
- One to two years	**1,236**	–
- Two to three years	**1,236**	–
- Three to four years	**1,147**	–
- Four to five years	**374**	–
Total gross investment in lease	**5,229**	–
Less: Unearned interest income	**(425)**	–
Net investment in lease	**4,804**	–
Net investment in lease:		
- Not later than one year	**1,065**	–
- One to two years	**1,108**	–
- Two to three years	**1,152**	–
- Three to four years	**1,110**	–
- Four to five years	**369**	–
	4,804	–
Less: Amount due within 12 months	**(1,065)**	–
Amount due after 12 months	**3,739**	–

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 November 2019/2018	**67,340**	84,439	**15**	14
Recognised in profit or loss:				
- income tax expense (Note 32)	**(1,378)**	(12,600)	**-**	1
- share of results of joint ventures	**(3,305)**	(4,494)	**-**	–
- share of results of associates	**-**	(5)	**-**	–
At 31 October	**62,657**	67,340	**15**	15
Presented after appropriate offsetting as follows:				
Deferred tax assets	**103,639**	99,088	**15**	15
Deferred tax liabilities	**(40,982)**	(31,748)	**-**	–
	62,657	67,340	**15**	15

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group	At 1 November 2018 RM'000	Recognised in profit or loss RM'000	At 31 October 2019 RM'000	Recognised in profit or loss RM'000	At 31 October 2020 RM'000
Property development	47,082	(36,069)	11,013	(33,663)	**(22,650)**
Difference between the carrying amounts of property, plant and equipment and their tax base	(875)	939	64	79	**143**
Unutilised tax losses and unabsorbed capital allowances	20,505	7,925	28,430	15,604	**44,034**
Unrealised income	17,199	8,516	25,715	8,984	**34,699**
Others	528	1,590	2,118	4,313	**6,431**
	84,439	(17,099)	67,340	(4,683)	**62,657**
Company					
Others	14	1	15	–	**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.

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2020 RM'000	Group 2019 RM'000
Property development	**35,518**	8,544
Unutilised tax losses	**131,352**	95,683
Unabsorbed capital allowances	**672**	1,821
Others	**141**	99
	167,683	106,147

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 2020 RM'000	Group 2019 RM'000
2025	**54,418**	54,442
2026	**4,282**	1,632
2027	**32,177**	–

14. 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 2020 RM'000	Group 2019 RM'000
Contract assets	**56,506**	68,545
Contract liabilities	**(945,799)**	(1,173,894)
	(889,293)	(1,105,349)

	Group 2020 RM'000	Group 2019 RM'000
At 1 November 2019/2018	**(1,105,349)**	(1,017,446)
Revenue recognised during the year	**1,865,939**	2,272,193
Progress billings during the year	**(1,649,883)**	(2,360,096)
At 31 October	**(889,293)**	(1,105,349)

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.

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES - CURRENT

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade receivables				
External parties	**685,168**	598,177	**-**	–
Stakeholders sum	**57,352**	142,447	**-**	–
Amounts due from joint ventures	**45,435**	40,925	**-**	–
	787,955	781,549	**-**	–
Other receivables				
External parties	**10,570**	17,261	**-**	10,000
GST refundable	**3,729**	9,890	**-**	–
Amounts due from subsidiaries	**-**	–	**180,524**	157,457
Amounts due from joint ventures	**622**	12,982	**-**	–
Amounts due from an associate	**-**	–	**31**	–
Deposits	**31,537**	34,825	**-**	–
	46,458	74,958	**180,555**	167,457
Less: Accumulated impairment losses	**-**	–	**(11,541)**	(9,093)
Total trade and other receivables	**834,413**	856,507	**169,014**	158,364

(a) Trade receivables

The normal credit terms granted to house buyers range from 14 to 90 days (2019: 14 to 90 days). Interest is charged on overdue accounts at 10% per annum (2019: 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.

The stakeholders sum is receivable upon the expiry of defect liability period as provided in the contracts with customers.

(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 3.59% to 4.15% (2019: 4.93% to 5.40%). 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 RM2,448,000 (2019: RM3,409,000) was recognised in profit or loss.

Movements in accumulated impairment losses in amounts due from subsidiaries are as follows:

	Company 2020 RM'000	Company 2019 RM'000
At 1 November 2019/2018	**9,093**	5,684
Recognised during the financial year (Note 29)	**2,448**	3,409
Reclassified during the financial year (Note (d) below)	**(31)**	–
At 31 October	**11,510**	9,093

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES - CURRENT (CONTINUED)

(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) Amounts due from an associate

The amounts due from an associate represents unsecured non-trade advances which are repayable on demand and is expected to be settled in cash.

Movements in accumulated impairment losses in amounts due from an associate is as follows:

	Company	
	2020 RM'000	2019 RM'000
At 1 November 2019/2018	**-**	-
Reclassified during the financial year (Note (b) above)	**31**	-
At 31 October	**31**	-

(e) Deposits

Included in deposits are deposits paid to authorities in relation to the township developments, totalling RM23,466,000 (2019: RM26,660,000).

16. OTHER CURRENT ASSETS

	Group	
	2020 RM'000	2019 RM'000
Contract acquisition costs	**4,445**	5,914
Prepaid development expenditures	**-**	354
Prepayments	**10,757**	7,449
	15,202	13,717

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.

During the financial year, amortisation amounting to RM13,874,000 (2019: RM10,493,000) was recognised as part of selling and marketing expenses. There was no impairment loss in relation to the costs capitalised.

NOTES TO THE FINANCIAL STATEMENTS

17. CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash in hand and at banks	**254,134**	378,566	**638**	697
Deposits with licensed banks	**202,303**	221,973	**93,071**	129,985
	456,437	600,539	**93,709**	130,682

Included in cash and bank balances are the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966*	**65,633**	81,938	**-**	-
Cash and deposits maintained in debts service reserve accounts, redemption accounts and escrow accounts	**158,955**	181,041	**-**	-
Deposits pledged to banks as security for banking facilities	**7,845**	6,995	**466**	454

** 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	
	2020 %	2019 %	2020 %	2019 %
Deposits with licensed banks	**1.50 - 2.90**	1.90 - 3.30	**1.70 - 1.80**	2.95 - 3.05

All deposits have maturity periods of less than 12 months (2019: less than 12 months).

NOTES TO THE FINANCIAL STATEMENTS

18. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2020 Unit '000	2019 Unit '000	2020 RM'000	2019 RM'000
Issued and fully paid up:				
At the beginning/end of the financial year	**2,944,369**	2,944,369	**3,614,865**	3,614,865

Effective 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.

19. WARRANT RESERVE

The Warrant Reserve arose from the 525,392,340 free Warrants issued pursuant to the renounceable Rights Issue on 31 March 2015, on the basis of 4 free Warrants for every 5 Rights Shares subscribed for. The Warrants Reserve was arrived at based on the theoretical fair value of RM0.37 per Warrant determined based on the Black-Scholes Pricing Model.

Since the issuance of the Warrants, none of the Warrants have been exercised.

The salient terms of the Warrants are as follows:

(a) The Warrants are constituted by a Deed Poll executed on 17 February 2015;

(b) The Warrants are traded separately;

(c) The Warrants are exercisable any time during the tenure of 7 years commencing the date of issue, 27 March 2015 to 26 March 2022 ("Exercise Period") at an exercise price of RM2.08 per Warrant. Warrants not exercised during the Exercise Period will lapse and cease to be valid;

(d) The exercise price is RM2.08 per Warrant. The exercise price and the number of outstanding Warrants shall be subject to adjustments that may be required during the Exercise Period by the Company, in consultation with the approved adviser and certified by auditors appointed by the Company, in accordance with the terms and provisions of the Deed Poll; and

(e) Subject to the provisions in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. Warrant holders will not have any participating rights in such issues unless otherwise resolved by the Company in general meeting.

NOTES TO THE FINANCIAL STATEMENTS

20. LOANS AND BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Secured				
Revolving credits	**118,159**	103,669	**-**	-
Term loans	**328,800**	831,199	**-**	-
Bridging loans	**230,544**	181,446	**-**	-
Medium term note 1 ("MTN 1")	**89,745**	189,149	**-**	-
Unsecured				
Medium term note 2 ("MTN 2")	**498,752**	498,362	**-**	-
	1,266,000	1,803,825	**-**	-
Current				
Secured				
Revolving credits	**607,257**	666,546	**-**	-
Term loans	**541,096**	392,367	**-**	-
Bridging loans	**52,850**	120,560	**-**	-
MTN 1	**99,863**	-	**-**	-
Unsecured				
Revolving credits	**724,018**	769,780	**705,000**	705,000
	2,025,084	1,949,253	**705,000**	705,000
	3,291,084	3,753,078	**705,000**	705,000
Total loans and borrowings				
Revolving credits	**1,449,434**	1,539,995	**705,000**	705,000
Term loans	**869,896**	1,223,566	**-**	-
Bridging loans	**283,394**	302,006	**-**	-
Medium term notes	**688,360**	687,511	**-**	-
	3,291,084	3,753,078	**705,000**	705,000
Repayable				
- not later than one year	**2,025,084**	1,949,253	**705,000**	705,000
- later than one year and not later than five years	**1,142,534**	1,685,000	**-**	-
- later than five years	**123,466**	118,825	**-**	-
	3,291,084	3,753,078	**705,000**	705,000

NOTES TO THE FINANCIAL STATEMENTS

20. 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 2020, the nominal value of notes issued under the MTN 1 programme was RM190 million (2019: RM190 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 2020, the nominal value of notes issued under the MTN 2 programme was RM500 million (2019: RM500 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 17);

(iv) Corporate guarantee of the Company; and

(v) RM120 million (2019: RM120 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	
	2020 %	**2019 %**	**2020 %**	**2019 %**
Revolving credits	**3.25 - 5.40**	4.50 - 6.60	**3.25 - 5.40**	4.50 - 6.60
Term loans	**3.70 - 6.05**	4.44 - 7.22	**-**	-
Bridging loans	**3.70 - 4.68**	4.44 - 5.65	**-**	-
Medium term notes	**6.10 - 6.90**	6.10 - 6.90	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

21. LEASE/FINANCE LEASE LIABILITIES

	Group 2020 RM'000	Group 2019 RM'000
Lease/Finance lease liabilities:		
Non-current	**12,314**	226
Current	**3,905**	81
	16,219	307

Future minimum lease payments together with the present value of minimum lease payments are as follows:

	Group 2020 RM'000	Group 2019 RM'000
Minimum lease payments:		
- not later than one year	**4,525**	98
- later than one year and not later than five years	**12,600**	244
- later than five years	**698**	–
	17,823	342
Less: Future finance charges	**(1,604)**	(35)
Present value of minimum lease payments	**16,219**	307
Present value of minimum lease payments:		
- not later than one year	**3,905**	81
- later than one year and not later than five years	**11,659**	226
- later than five years	**655**	–
	16,219	307
Less: Amount due within 12 months	**(3,905)**	(81)
Amount due after 12 months	**12,314**	226

Included in the lease liabilities is an amount of RM225,000 (2019: RM307,000) relating to lease of motor vehicles under hire purchase arrangement.

22. OTHER PAYABLES – NON-CURRENT

Other payables represent land acquisition costs payable under deferred payment terms. The amount bears interest at rate of 3.88% (2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER PAYABLES - CURRENT

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables				
External parties	**317,557**	461,307	**-**	-
Retention sum on contracts	**168,325**	225,887	**-**	-
Accruals	**358,283**	248,865	**-**	-
	844,165	936,059	**-**	-
Other payables				
Other payables	**70,634**	60,465	**9,668**	282
Payroll liabilities	**1,708**	2,293	**-**	-
Deposits received	**6,793**	5,254	**-**	-
GST payable	**477**	127	**-**	-
Accruals	**72,680**	109,791	**2,778**	3,095
Obligations under an associate (Note 9)	**3**	-	**-**	-
Amount due to subsidiaries	**-**	-	**616,480**	594,237
Provision for restoration cost	**379**	-	**-**	-
	152,674	177,930	**628,926**	597,614
Total trade and other payables	**996,839**	1,113,989	**628,926**	597,614

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 90 days (2019: 14 to 90 days). Retention sums are payable upon the expiry of the defect liability period.

(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 4.15% to 6.30% (2019: 5.21% to 6.30%).

24. OTHER CURRENT LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Other current liabilities		
Unrealised income on transactions with joint ventures	**45,356**	48,922

25. BANK OVERDRAFTS

The bank overdrafts are unsecured and bear interest ranging from 3.60% to 3.96% (2019: 4.85% to 5.21%).

NOTES TO THE FINANCIAL STATEMENTS

26. REVENUE

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue from contracts with customers:				
Sale of properties	**1,865,939**	2,272,193	**-**	–
Sale of development management services	**74,467**	97,550	**-**	–
Sale of other goods	**56,275**	92,582	**-**	–
	1,996,681	2,462,325	**-**	–
Revenue from other source:				
Dividend income	**-**	–	**114,000**	60,000
	1,996,681	2,462,325	**114,000**	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 2020 RM'000	Group 2019 RM'000
Primary geographical markets:		
Klang Valley	**1,046,415**	1,317,787
Iskandar Malaysia	**852,663**	1,009,123
Penang	**97,603**	135,415
	1,996,681	2,462,325
Timing of revenue recognition:		
At a point in time	**844,437**	755,597
Over time	**1,152,244**	1,706,728
	1,996,681	2,462,325

(b) Transaction price allocated to remaining performance obligations

As of 31 October 2020, the aggregate amount of the transaction price allocated to remaining performance obligations is RM961,164,000 (2019: 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.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 to not disclose information about remaining performance obligations that have original expected durations of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

27. OTHER INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income from:				
- subsidiaries	**-**	–	**34,070**	31,179
- joint ventures	**27,123**	24,821	**56,470**	50,243
- deposits	**4,430**	5,649	**2,219**	3,404
- overdue accounts	**52**	1,205	**-**	-
- others	**12,719**	10,620	**43**	267
Gain on disposal of property, plant and equipment	**5**	–	**-**	–
Gain on deemed disposal of a subsidiary	**26**	–	**-**	–
Gain on derecognition of lease liabilities	**26**	–	**-**	–
Reversal of impairment of investment in a subsidiary	**-**	–	**13,000**	–
Rental income	**7,316**	7,000	**-**	–
Staff secondment fees	**876**	1,205	**-**	–
Sundry income	**5,494**	3,161	**156**	159
	58,067	53,661	**105,958**	85,252

28. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest paid and payable on:				
- term loans	**29,327**	42,298	**-**	3,520
- revolving credits	**35,289**	42,000	**32,102**	36,932
- medium term notes	**24,200**	14,394	**-**	–
- amount due to subsidiaries	**-**	–	**39,381**	27,361
- bank overdrafts	**1,397**	1,632	**-**	–
- others	**3,292**	1,566	**651**	1
	93,505	101,890	**72,134**	67,814

NOTES TO THE FINANCIAL STATEMENTS

29. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration				
- statutory audit				
- current year	**555**	549	**137**	115
- prior years	**(8)**	22	**10**	18
- other services	**24**	209	**5**	185
Depreciation of property, plant and equipment	**25,827**	37,218	**6**	61
Development expenditure written off	**354**	–	**-**	–
Expenses relating to leases of low value assets				
- office equipment	**877**	–	**-**	–
Expenses relating to short-term leases:				
- premises	**509**	–	**-**	–
- office equipment	**138**	–	**-**	–
Impairment of amounts due from subsidiaries	**-**	–	**2,448**	3,409
Impairment of investment in an associate	**-**	3	**-**	14
Impairment of investment in subsidiaries	**-**	–	**65,000**	60,000
Impairment of property, plant and equipment	**-**	2,457	**-**	–
Impairment of right-of-use assets	**6,018**	–	**-**	–
Loss on disposal of property, plant and equipment	**-**	9	**-**	–
Property, plant and equipment written off	**104**	9	**-**	–
Rental expense on office equipment	**-**	1,185	**-**	–
Rental expense on premises	**-**	4,005	**-**	–
Realised loss on foreign exchange	**87**	74	**-**	–
Unrealised loss/(gain) on foreign exchange	**84**	(76)	**-**	–
Write down of inventories	**98,847**	–	**-**	–

30. EMPLOYEE BENEFITS EXPENSE

The details of employee benefits expense (including executive directors) are as follows:

	Group	
	2020 RM'000	2019 RM'000
Salaries and allowances	**113,104**	179,816
Defined contribution plan	**12,884**	20,964
Social security contributions	**912**	1,116
Staff welfare	**10,206**	14,184
	137,106	216,080
Recognised in:		
Cost of sales	**54,403**	76,632
Administrative and other expenses	**82,703**	139,448
	137,106	216,080

NOTES TO THE FINANCIAL STATEMENTS

31. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors during the financial year are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Executive directors				
Salaries, bonus and other emoluments	**4,757**	13,809	**-**	-
Defined contribution plan	**562**	1,659	**-**	-
Estimated monetary value of benefits-in-kind	**1,645**	760	**-**	-
	6,964	16,228	**-**	-
Non-executive directors				
Fees	**1,531**	1,776	**1,531**	1,776
Other emoluments	**200**	180	**200**	180
Estimated monetary value of benefits-in-kind	**1,281**	3,088	**1,281**	3,088
	3,012	5,044	**3,012**	5,044
Total directors' remuneration	**9,976**	21,272	**3,012**	5,044

32. INCOME TAX EXPENSE

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current income tax				
- current year	**28,051**	48,266	**4,740**	2,957
- prior years	**4,446**	1,687	**246**	53
	32,497	49,953	**4,986**	3,010
Deferred tax (Note 13)				
- current year	**10,231**	8,109	**-**	(1)
- prior years	**(8,853)**	4,491	**-**	-
	1,378	12,600	**-**	(1)
	33,875	62,553	**4,986**	3,009

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) on the estimated assessable profit for the financial year. The corporate income tax of the subsidiary in Singapore is calculated at 17% (2019: 17%) on the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

32. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	**169,046**	265,975	**76,200**	7,361
Tax at Malaysian statutory income tax rate of 24%	**40,571**	63,834	**18,288**	1,767
Effect of different tax rate in other jurisdictions	**220**	264	**-**	-
Effect of share of results of:				
- joint ventures	**(36,300)**	(34,623)	**-**	-
- associates	**319**	552	**-**	-
Effect of tax incentives	**-**	(1,240)	**-**	-
Effects of:				
- non-taxable income	**(1,607)**	(420)	**(30,540)**	(189)
- non-deductible expenses	**20,310**	25,100	**16,992**	1,378
Deferred tax asset not recognised	**14,769**	2,908	**-**	-
(Over)/Under accrual in prior years	**(4,407)**	6,178	**246**	53
Income tax expense	**33,875**	62,553	**4,986**	3,009

33. 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:

	2020	2019
Profit attributable to owners of the Company (RM'000)	**135,171**	203,422
Weighted average number of ordinary shares in issue (Unit'000)	**2,944,369**	2,944,369
Basic earnings per ordinary share (sen)	**4.59**	6.91

NOTES TO THE FINANCIAL STATEMENTS

33. 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 assuming 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.

	2020	2019
Profit attributable to owners of the Company (RM'000)	**135,171**	203,422
Weighted average number of ordinary shares for basic earnings per share (Unit'000)	**2,944,369**	2,944,369
Effect of dilution from potential exercise of Warrants (Unit'000)	**#**	#
Weighted average number of ordinary shares for diluted earnings per share (Unit'000)	**2,944,369**	2,944,369
Diluted earnings per ordinary share (sen) *	**4.59**	6.91

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 for release of these financial statements.

34. DIVIDENDS

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

On 17 December 2020, the directors declared an interim single tier dividend of 2.0 sen per ordinary share amounting to RM58,887,368 in respect of the financial year ended 31 October 2020.

The financial statements for the current financial year do not reflect this interim dividend. This dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2021.

The directors do not recommend the payment of any final dividend for the financial year ended 31 October 2020.

NOTES TO THE FINANCIAL STATEMENTS

35. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

The Group and the Company have made commitments for the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Approved and contracted for:				
Acquisition of property, plant and equipment	**5,141**	13,028	**-**	-

(b) Operating lease commitments – as lessee

The Group has various lease contracts that have not yet commenced as at 31 October 2020. The future lease payments for these lease contracts are RM2,970,000.

Future minimum rentals payable under the non-cancellable operating leases for office premises and residential properties accounted for under MFRS 117 as at 31 October 2019 were as follows:

Group	RM'000
Not later than one year	5,066
Later than one year but not later than three years	13,505
	18,571

NOTES TO THE FINANCIAL STATEMENTS

36. CONTINGENT LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 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*	**-**	–	**505,435**	766,001
- unsecured	**-**	–	**322,095**	450,118

* *Secured by legal charges over certain subsidiaries' freehold land and buildings (Note 5), investment property (Note 6) and inventories (Note 7).*

37. 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

37. 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 Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Transactions with subsidiaries				
Interest received and receivable	**-**	–	**34,070**	31,179
Interest payable	**-**	–	**39,381**	27,361
Transactions with joint ventures				
Advances given	**110,000**	57,728	**110,000**	57,728
Interest received and receivable	**57,196**	51,148	**-**	50,243
Development management fees received and receivable	**62,671**	87,584	**-**	–
Other resources fees received and receivable	**22,581**	23,069	**-**	–
Brand licensing fees received and receivable	**5,012**	8,578	**-**	–
Advisory fees received and receivable	**107**	112	**107**	112
Support service fees received and receivable	**140**	115	**-**	–
Commission received and receivable	**627**	1,554	**-**	–
Rental received and receivable	**495**	527	**-**	–
Sales of building equipment	**12**	149	**-**	–
Property management appointment fees received and receivable	**-**	212	**-**	–
Disposal of motor vehicle and office equipment	**-**	51	**-**	–

Outstanding balances with related parties at the end of the reporting period are disclosed in Notes 11, 15 and 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

37. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions and balances (Continued)

Significant related party transactions and balances other than disclosed elsewhere in the financial statements are as follows (Continued):

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Transactions with directors, their immediate family members and companies in which they have an interest								
Purchase of shop offices from companies in which a director and his family members have interest	**11,200**	–	**-**	–	**-**	–	**-**	–
Sales of development properties to a company in which a director has interest	**-**	–	**-**	–	**(20)**	27	**-**	–
Subscription of shares in a company in which a director has interest	**-**	50	**-**	50	**-**	–	**-**	–
Stay2Own rental received from directors of subsidiary companies	**57**	57	**-**	–	**-**	–	**-**	–
Sales of development properties to directors of subsidiary companies	**-**	2,578	**-**	–	**151**	1,033	**-**	–
Rental paid to companies in which a director and his family members have interest	**106**	258	**-**	–	**-**	22	**-**	–

(c) Compensation of key management personnel

The remuneration of the key management personnel, including directors, during the financial year were as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits	**11,763**	26,518	**200**	180
Defined contribution plan	**1,344**	3,120	**-**	–
Fees	**1,552**	1,797	**1,531**	1,776
Benefits-in-kind	**3,012**	3,957	**1,281**	3,088
	17,671	35,392	**3,012**	5,044

NOTES TO THE FINANCIAL STATEMENTS

38. 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.

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by category.

	Amortised cost RM'000	Total RM'000
Group		
2020		
Financial assets		
Trade and other receivables^	**1,820,712**	**1,820,712**
Lease receivables	**4,804**	**4,804**
Cash and bank balances	**456,437**	**456,437**
	2,281,953	**2,281,953**
Financial liabilities		
Trade and other payables*	**1,315,667**	**1,315,667**
Loans and borrowings	**3,291,084**	**3,291,084**
Bank overdrafts	**25,323**	**25,323**
Lease liabilities	**16,219**	**16,219**
	4,648,293	**4,648,293**
Group		
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
Finance lease liabilities	307	307
	4,893,577	4,893,577

^ *Excluding GST refundable.*

* *Excluding GST payable and provision for restoration cost.*

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by category (Continued).

	Amortised cost RM'000	Total RM'000
Company		
2020		
Financial assets		
Trade and other receivables	**1,581,540**	**1,581,540**
Cash and bank balances	**93,709**	**93,709**
	1,675,249	**1,675,249**
Financial liabilities		
Trade and other payables	**628,926**	**628,926**
Loans and borrowings	**705,000**	**705,000**
	1,333,926	**1,333,926**
Company		
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

40. 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:

	2020 RM'000	2019 RM'000
Group	**3,070,564**	2,923,519
Company	**5,181,262**	5,240,654

The above 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

40. 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 are as follows:

Group	2020 RM'000	2019 RM'000
Contract assets		
Current (not past due)	**56,506**	68,545
Non-current trade receivables		
Current (not past due)	**119,374**	112,171
Current trade receivables		
Current (not past due)	**616,847**	623,974
1 - 30 days past due	**60,993**	53,128
31 - 60 days past due	**32,371**	43,737
61 - 90 days past due	**28,585**	18,258
> 90 days past due	**49,159**	42,452
	963,835	962,265

NOTES TO THE FINANCIAL STATEMENTS

40. 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

40. 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					
2020					
Financial liabilities					
Trade and other payables*	**1,315,667**	**1,004,075**	**146,310**	**226,841**	**1,377,226**
Loans and borrowings	**3,291,084**	**2,114,314**	**1,259,675**	**131,564**	**3,505,553**
Bank overdrafts	**25,323**	**25,323**	**-**	**-**	**25,323**
Lease liabilities	**16,219**	**4,525**	**12,600**	**698**	**17,823**
	4,648,293	**3,148,237**	**1,418,585**	**359,103**	**4,925,925**
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

* *Excluding GST payable and provision for restoration cost.*

NOTES TO THE FINANCIAL STATEMENTS

40. 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 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					
2020					
Financial liabilities					
Trade and other payables	**628,926**	**628,926**	**-**	**-**	**628,926**
Loans and borrowings	**705,000**	**705,000**	**-**	**-**	**705,000**
	1,333,926	**1,333,926**	**-**	**-**	**1,333,926**
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

In respect of those undiscounted repayment obligations arising from corporate guarantees and undertakings provided by the Group and the Company as disclosed in Note 40(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

40. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Floating interest rate: Loans and borrowings and bank overdrafts	**2,628,047**	3,091,897	**705,000**	705,000

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest rate risk	**2,029**	2,302	**1,339**	1,339

The assumed movement in basis points for this interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

41. 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 fair value of fixed rate loans and borrowings are estimated by discounting future cash flows using lending rates for similar types of arrangements.

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	
	Carrying amount RM'000	Fair value RM'000
2020		
Financial liabilities		
Other payables	**319,684**	**319,684**
Fixed rate loans and borrowings	**688,360**	**718,458**
	1,008,044	**1,038,142**
2019		
Financial liabilities		
Fixed rate loans and borrowings	687,511	697,284

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

41. FAIR VALUE MEASUREMENT (CONTINUED)

The following table provides the fair value measurement hierarchy of the Group's liabilities that are not carried at fair value:

	Carrying amount RM'000	Fair value of financial instruments not carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
2020				
Non-current				
Other payables	**319,684**	**-**	**-**	**319,684**
Fixed rate loans and borrowings	**588,497**	**-**	**-**	**617,597**
	908,181	**-**	**-**	**937,281**
Current				
Fixed rate loans and borrowings	**99,863**	**-**	**-**	**100,861**
2019				
Non-current				
Fixed rate loans and borrowings	687,511	–	–	697,284

<u>Policy on transfer between levels</u>

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 2020 and 31 October 2019, there were no transfers within the fair value measurement hierarchy.

42. 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, hire purchase 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.

NOTES TO THE FINANCIAL STATEMENTS

42. CAPITAL MANAGEMENT (CONTINUED)

At the end of the financial year, the gearing ratios for the Group were as follows:

	Group	
	2020 RM'000	2019 RM'000
Loans and borrowings (Note 20)	**3,291,084**	3,753,078
Hire purchase (included in lease liabilities) (Note 21)	**225**	307
Bank overdrafts	**25,323**	26,330
Less: Cash and bank balances (Note 17)	**(456,437)**	(600,539)
Net debt	**2,860,195**	3,179,176
Total equity attributable to owners of the Company	**4,670,937**	4,538,016
Net gearing ratio	**0.61**	0.70

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.

43. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak a pandemic due to its rapid spread across the globe. On 18 March 2020, the Malaysian Government imposed a Movement Control Order ("MCO") to curb the spread of COVID-19 infections in Malaysia.

When the number of daily new infections began to fall, the MCO was lifted on 12 May 2020 and was replaced with less restrictive forms of MCO. On 13 January 2021, following the start of a second wave of infections in Malaysia, the Government re-imposed the MCO which continues to the date of issue of these financial statements.

Similarly, across the globe, many countries have also imposed lockdowns, travel restrictions and other measures to curb the spread of COVID-19 infections.

The emergence of the COVID-19 outbreak in early 2020 and the resulting lockdowns imposed across the globe have brought about significant economic uncertainties in Malaysia and the overseas markets in which one of the Group's joint ventures operates.

The Group and the Company have considered the impact of COVID-19 in the application of significant judgements and estimates to determine amounts recognised in the financial statements, including those disclosed in Note 4 above. As the pandemic continues to evolve, there is uncertainty over its duration and the potential effects it may have on the Group's financial and liquidity positions.

Given the fluidity of the situation, the Group and the Company will continue to monitor the impact of the pandemic and take appropriate and timely measures to minimise its impact on the Group's and the Company's operations.

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 71 to 154 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 2020 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: 4 February 2021

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 71 to 154 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 4 February 2021.

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 2020 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 significant accounting policies, as set out on pages 71 to 154.

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 2020 and of their financial performance and their cash flows for the financial year then ended in accordance with 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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

Write-down of inventories (Note 4.1 and Note 7 to the financial statements)

As at 31 October 2020, the inventories under development and completed properties amounted to RM2,037,889,000. These inventories are measured at the lower of cost and net realisable value. The Group has written down certain inventories to their net realisable value and recognised a write down of RM98,847,000 during the financial year. We focused on this area because significant judgement is required to be made by the Group on the estimated net selling price and costs to sell, and the assumption on the extent of impact of COVID-19 pandemic. The economic uncertainties arising from COVID-19 pandemic may continue to impact the selling prices and saleability of inventories.

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:

- understanding the basis applied by the Group in the estimation of net realisable value of inventories;
- comparing the estimated net selling price against the actual costs and costs to completion of properties under development or carrying amount of completed properties based on selected samples;
- comparing the estimated net selling price against recent transacted prices of comparable properties, taking into consideration any discount, rebates or other consideration payable to purchasers, based on selected samples;
- comparing the estimated costs to sell as estimated by the Group against recently incurred selling expenses; and
- checking the mathematical computation of write-down amount of the inventories recognised 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 properties and land held for development are capitalised as part of the cost of properties and land held for property development. The capitalisation of borrowing costs made by the Group in respect of the current and 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 current and 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.

Impairment assessment of investment in joint ventures (Note 4.5 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 there is objective evidence that its investment in the joint ventures is impaired. 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 extent of economic uncertainties resulting from COVID-19 pandemic on future sales of development properties and future costs of development.

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:

- assessing the appropriateness of the recoverable amount valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 Impairment of Assets;
- comparing the Group's key assumptions, which include consideration of the current economic and business environment affected by COVID-19 pandemic, against our understanding gathered from the view of component auditors' work papers, discussion with component management and external data;
- testing the mathematical accuracy of the impairment assessment; and
- analysing the sensitivity of key assumptions by assessing the impacts of the key assumptions that are expected to be most sensitive to the recoverable amount.

Recognition of property development revenue (Note 4.7 and Note 26 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.

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 assessing the estimates made by the Group in relation to delivery period 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECO WORLD DEVELOPMENT GROUP BERHAD (Incorporated in Malaysia)

Key Audit Matters (Continued)

Company

Impairment assessment of investments in subsidiaries (Note 4.3 and Note 8 to the financial statements)

At the end of the financial year, the Company determines whether there is any indication of impairment on its investment in subsidiaries. If any such indication exists, the Company makes an estimate of the investment's recoverable amount based on present value of the estimated future cash flows expected to be generated by the subsidiary. During the financial year, an impairment loss and a reversal of impairment loss on investment in subsidiaries of RM65 million and RM13 million respectively, were recognised in the profit or loss. We focused on this area because the Company's determination of indication of impairment and impairment assessment requires the exercise of significant judgement. Where impairment assessment was performed, the Company applied the discount rate in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include the extent of economic uncertainties resulting from COVID-19 pandemic on future sales of properties.

Our audit response:

Our audit procedures included, among others:

- assessing the appropriateness of the recoverable amount valuation methodology adopted by the Company in accordance with the requirements of MFRS 136 Impairment of Assets;
- comparing the Company's key assumptions to our assessments in relation to key assumptions to assess their reasonableness, which include consideration of the current economic and business environment affected by COVID-19 pandemic; and
- testing the mathematical accuracy of the impairment assessment.

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, actions taken to eliminate threats or safeguards applied.

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

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
201906000600 (LLP0019411-LCA & AF 0117)
Chartered Accountants

Lee Kong Weng
No. 02967/07/2021 J
Chartered Accountant

Kuala Lumpur
Date: 4 February 2021

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP
AS AT 31 OCTOBER 2020

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	11,665,148	Freehold	1,066,677
2	Mukim Tanjong Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan	Eco Sanctuary	Inventories	19-Mar-14	5,655,663	Leasehold *Expiring: Year 2110*	841,083
3	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Eco Botanic	Inventories	25-Apr-14	2,826,267	Freehold	714,551
4	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Eco Summer & Eco Spring	Inventories	25-Apr-14	6,512,054	Freehold	669,998
5	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Eco Business Park 2	Inventories	25-Apr-14	8,170,940	Freehold	644,562
6	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Eco Business Park 1	Inventories	25-Apr-14	10,986,859	Freehold	633,770
7	Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim	Eco Tropics & Eco Business Park 3	Inventories	1994	25,861,042	Freehold	489,853
8	Mukim Beranang, Daerah Hulu Langat, Selangor Darul Ehsan	Eco Forest	Inventories	02-Jul-14	7,685,176	Freehold	420,369
9	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim	Eco Botanic 2	Inventories	15-Dec-19	8,706,659	Freehold	353,670
10	Mukim 9 & 14, Daerah Seberang Perai Selatan, Pulau Pinang	Eco Meadows	Inventories	25-Apr-14	1,502,245	Freehold	179,169

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

AS AT 31 OCTOBER 2020

ii) Details of the development properties 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%	50,199,119	Leasehold *Expiring: Year 2098/ 2100/2101*	1,947,272
2	**BBCC Development Sdn Bhd** Section 56, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Bukit Bintang City Centre	Inventories	04-Feb-15	40%	187,991	Leasehold *Expiring: Year 2110*	1,446,273
3	**Eco Horizon Sdn Bhd** Mukim 13, Daerah Seberang Perai Selatan, Pulau Pinang	Eco Horizon & Eco Sun	Inventories	28-Jun-16	60%	13,214,907	Leasehold *Expiring: Year 2112*	1,241,000
4	**Eco Ardence Sdn Bhd** Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Eco Ardence	Inventories	06-May-06	50%	7,410,633	Freehold	578,736

These amounts represent 100% of the NBV of the properties held by the respective joint ventures

STATISTICS ON SECURITIES
AS AT 18 JANUARY 2021

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	117	0.54	2,067	0.00
100 - 1,000	2,762	12.79	1,784,899	0.06
1,001 - 10,000	12,062	55.87	63,492,487	2.16
10,001 - 100,000	5,862	27.15	185,831,490	6.31
100,001 to less than 5% of issued shares	783	3.63	1,697,685,833	57.66
5% and above of issued shares	2	0.01	995,571,605	33.81
Total	**21,588**	**100.00**	**2,944,368,381**	**100.00**

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.	718,583,876	24.41
2	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Liew Kee Sin	276,987,729	9.41
3	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Sinarmas Harta Sdn. Bhd.	137,000,000	4.65
4	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Jernih Padu Sdn. Bhd.	135,750,000	4.61
5	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	135,013,900	4.59
6	ABB Nominee (Tempatan) Sdn. Bhd. - Pledged securities account for Liew Tian Xiong	110,000,000	3.74
7	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Eco World Development Holdings Sdn. Bhd.	110,000,000	3.74
8	Sigma Seleksi Sdn. Bhd.	83,892,700	2.85
9	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Eco World Development Holdings Sdn. Bhd.	77,823,600	2.64
10	CIMB Group Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Liew Tian Xiong	66,780,601	2.27

STATISTICS ON SECURITIES
AS AT 18 JANUARY 2021

Top Thirty (30) Largest Shareholders (Continued)

No.	Name of Shareholders	No. of Shares	%
11	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB for Lim Wee Chai	66,250,000	2.25
12	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged securities account - AmBank (M) Berhad for Sinarmas Harta Sdn. Bhd.	60,000,000	2.04
13	Sinarmas Harta Sdn. Bhd.	54,335,139	1.85
14	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Eco World Development Holdings Sdn. Bhd.	43,000,000	1.46
15	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB for Liew Tian Xiong	39,000,000	1.32
16	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	32,983,800	1.12
17	Nik Sazlina Binti Mohd Zain	23,415,200	0.80
18	Kumpulan Wang Persaraan (Diperbadankan)	19,304,000	0.66
19	Citigroup Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	18,526,500	0.63
20	AllianceGroup Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Eco World Development Holdings Sdn. Bhd.	18,000,000	0.61
21	Voon Tin Yow	12,010,000	0.41
22	Amanahraya Trustees Berhad - Amanah Saham Malaysia	11,308,200	0.38
23	ABB Nominee (Tempatan) Sdn. Bhd. - Pledged securities account for How Teng Teng (Liew Tian Xiong)	10,000,000	0.34
24	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	9,791,900	0.33
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	Maybank Investment Bank Berhad - IVT (16)	8,232,400	0.28
29	Maybank Nominees (Tempatan) Sdn. Bhd. - Etiqa Life Insurance Berhad (Growth)	7,481,200	0.25
30	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities account for Ang Kim Jhew	7,003,100	0.24
	Total	**2,318,129,045**	**78.73**

STATISTICS ON SECURITIES
AS AT 18 JANUARY 2021

Substantial Shareholders

	No. of Ordinary Shares held			
Name	Direct	%	Indirect	%
Sinarmas Harta Sdn. Bhd.	969,919,015	32.94	–	–
Tan Sri Dato' Sri Liew Kee Sin	276,987,729	9.41	155,750,000[1]	5.29
Liew Tian Xiong	215,780,601	7.33	–	–
Eco World Development Holdings Sdn. Bhd.	248,875,439	8.45	–	–
Puan Sri Datin Sri How Teng Teng	20,000,000	0.68	135,750,000[2]	4.61
Tan Sri Abdul Rashid Bin Abdul Manaf	–	–	248,875,439[3]	8.45
Dato' Leong Kok Wah	–	–	1,218,794,454[4]	41.39
Syabas Tropikal Sdn. Bhd.	–	–	969,919,015[5]	32.94

Notes:

[1] *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 pursuant to Section 59(11)(c) of the Act.*

[2] *Deemed interest by virtue of her interest in Jernih Padu Sdn. Bhd. pursuant to Section 8 of the Act.*

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

[4] *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.*

[5] *Deemed interest by virtue of its interest in Sinarmas Harta Sdn. Bhd. pursuant to Section 8 of the Act.*

STATISTICS ON SECURITIES
AS AT 18 JANUARY 2021

Directors' Shareholdings

	No. of Ordinary Shares held			
Name	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf	–	–	248,875,439[1]	8.45
Tan Sri Dato' Sri Liew Kee Sin	276,987,729	9.41	155,750,000[2]	5.29
Dato' Leong Kok Wah	–	–	1,218,794,454[3]	41.39
Dato' Chang Khim Wah	8 ,650,000	0.29	–	–
Datuk Heah Kok Boon	1,609,300	0.05	–	–
Liew Tian Xiong	215,780,601	7.33	–	–
Tang Kin Kheong	–	–	–	–
Dato' Idrose Bin Mohamed	–	–	–	–
Dato' Haji Obet Bin Tawil	–	–	–	–
Dato' Noor Farida Binti Mohd Ariffin	–	–	–	–
Low Mei Ling	–	–	–	–
Mrs Lucy Chong	–	–	–	–

Notes:

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

(2) *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.*

(3) *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 18 JANUARY 2021

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	566	14.48	37,151	0.01
100 - 1,000	766	19.59	509,206	0.10
1,001 - 10,000	1,708	43.68	7,235,217	1.38
10,001 - 100,000	725	18.54	25,710,003	4.89
100,001 to less than 5% of issued warrants	142	3.63	72,698,831	13.84
5% and above of issued warrants	3	0.08	419,201,932	79.79
Total	**3,910**	**100.00**	**525,392,340**	**100.00**

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	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Sinarmas Harta Sdn. Bhd.	161,000,000	30.64
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 for Liew Tian Xiong	15,000,000	2.86
5	Nik Sazlina Binti Mohd Zain	6,450,000	1.23
6	Loong Ching Hong	3,050,000	0.58
7	Ang Kai Chan	2,400,000	0.46
8	Lee Kim Teck	1,597,700	0.30
9	Public Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Lim Heng Lai	1,480,700	0.28
10	Looi Boon Fui	1,445,000	0.28

STATISTICS ON SECURITIES
AS AT 18 JANUARY 2021

Top Thirty (30) Largest Warrant Holders (Continued)

No.	Name of Warrant Holders	No. of Warrants	%
11	Khong Kar Yow	1,355,060	0.26
12	Voon Tin Yow	1,336,000	0.25
13	ABB Nominee (Tempatan) Sdn. Bhd. - Pledged securities account for Dato' Chang Khim Wah	1,224,000	0.23
14	Aun Chia Hong	1,100,000	0.21
15	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Sundarajoo A/L Somu	1,100,000	0.21
16	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Tan Shu Kiat	1,050,000	0.20
17	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged securities account for Ooi Poh Kim	1,012,000	0.19
18	Mohd Faiza Bin Muhamad Hanafiah	950,000	0.18
19	Wong Yau Long	858,000	0.16
20	Maybank Nominees (Tempatan) Sdn. Bhd. - Chew Cheng Hin	810,000	0.15
21	Yong Hong Liang	810,000	0.15
22	Tee Kai Shiang	777,000	0.15
23	Wong Jee Shyong	770,000	0.15
24	Loh Hui Khee	734,800	0.14
25	Maybank Nominees (Tempatan) Sdn. Bhd. - Yip Siew Kee	708,600	0.13
26	Koh Lye Siang	685,500	0.13
27	Ong Kek Seng	612,000	0.12
28	Lee Kee Huat	544,600	0.10
29	Sunny Hung Chee Kong	530,500	0.10
30	Tan Cheng Yong	492,000	0.09
	Total	**468,085,392**	**89.09**

STATISTICS ON SECURITIES
AS AT 18 JANUARY 2021

Directors' Warrant Holdings

	No. of Warrants held			
Name	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf	–	–	202,177,451[(1)]	38.48
Tan Sri Dato' Sri Liew Kee Sin	–	–	–	–
Dato' Leong Kok Wah	–	–	363,546,822[(2)]	69.20
Dato' Chang Khim Wah	1,224,000	0.23	–	–
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	–	–	–	–
Mrs Lucy Chong	–	–	–	–

Notes:

[(1)] *Deemed interest by virtue of his interest in Eco World Development Holdings Sdn. Bhd. pursuant to Section 8 of the Act*

[(2)] *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-Seventh Annual General Meeting ("**47th AGM**") of Eco World Development Group Berhad (Registration No. 197401000725 (17777-V)) ("**the Company**") will be held as a fully virtual meeting at the Broadcast Venue at Bukit Bintang City Centre Sales Gallery, No. 2, Jalan Hang Tuah, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Wednesday, 31 March 2021 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 2020 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 RM1,530,933 for the financial year ended 31 October 2020. (Ordinary Resolution 1)

3. To approve the payment of Directors' Remuneration (excluding Directors' Fees) up to an amount of RM484,000 for the financial year ending 31 October 2021 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 ("**Constitution**") and being eligible, have offered themselves for re-election:

   (i) Tan Sri Dato' Sri Liew Kee Sin (Ordinary Resolution 3)
   (ii) Datuk Heah Kok Boon (Ordinary Resolution 4)
   (iii) Dato' Haji Obet Bin Tawil (Ordinary Resolution 5)
   (iv) Dato' Noor Farida Binti Mohd Ariffin (Ordinary Resolution 6)

5. To re-elect Mrs Lucy Chong who is retiring by rotation in accordance with Article 123 of the Constitution and being eligible, has offered herself for re-election. (Ordinary Resolution 7)

6. 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 8)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without modifications:

7. **Authority to Issue and Allot Shares** (Ordinary Resolution 9)

   THAT subject always to the Companies Act 2016 ("**Act**"), the Constitution, 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

8. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** (Ordinary Resolution 10)

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 Part A of the Company's document to shareholders dated 26 February 2021 ("**Document**")) which are necessary for the day-to-day operations and are in the ordinary course of business, are carried out at arms' length and based on normal commercial terms of the EcoWorld Malaysia Group and 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; or

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in a 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 10.

9. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares** (Ordinary Resolution 11)

THAT subject to the Act, the provisions of the Constitution, the MMLR and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company ("**Company Shares**") as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

(i) the maximum aggregate number of Company Shares which may be purchased and/or held by the Company as treasury shares shall not exceed 10% of the total number of issued shares of the Company at any point in time of the said purchase(s); and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing Company Shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available at the time of the purchase(s).

NOTICE OF ANNUAL GENERAL MEETING

THAT the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution 11 and shall continue to be in force until:

(i) the conclusion of the next AGM at which time the said authority shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a meeting of members,

whichever occurs first.

THAT upon completion of the purchase of Company Shares by the Company, the Directors of the Company be authorised to deal with the Company Shares purchased in their absolute discretion in the following manner:

(i) cancel the Company Shares so purchased; or

(ii) retain all or part of the Company Shares so purchased as treasury shares for distribution as shares dividends to shareholders and/or resell on the market of Bursa Malaysia Securities in accordance with the relevant rules of Bursa Malaysia Securities and/or transferred for the purposes of an employees' share scheme and/or transferred as purchase consideration and/or cancelled subsequently; or

(iii) retain part of the Company Shares so purchased as treasury shares and cancel the remainder of the Company Shares; or

(iv) deal with the Company Shares so purchased in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time,

and such authority to deal with the Company Shares so purchased shall continue to be valid until all such Company Shares have been dealt with by the Directors of the Company.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and enter into any instrument, agreements or arrangements with any party or parties to implement, finalise and give full effect to the aforementioned purchase of Company Shares by the Company with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion, deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.

10. 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
26 February 2021

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 for the financial year ended 31 October 2020*

   *The Non-Executive Directors ("**NEDs**") are entitled to annual Directors' Fees 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

   In line with the cost rationalisation exercise implemented group-wide, the Directors' Fees have been reduced 20% with effect from 1 May 2020. Arising thereof, the total amount of Directors' Fees payable to the NEDs is RM1,530,933.

3. *Item 3 of the Agenda – Directors' Remuneration (excluding Directors' Fees) for the financial year ending 31 October 2021 and up to the date of the next AGM*

   Section 230(1) of the Act requires that 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 2021 and up to the date of the next AGM.

   The estimated amount of Directors' Remuneration of RM484,000 payable to the NEDs comprises the following:

Directors' Remuneration	Amount (RM)
Meeting Allowance[1]	252,000
Security Fees[2]	232,000
Total	**484,000**

Notes:

[1] *Amount payable to the NEDs for the financial year ending 31 October 2021, based on RM2,000 per meeting attendance payable to Chairman and Members of the Board and board committees.*

[2] *Amount payable to the Non-Independent Non-Executive Directors for the period from the conclusion of the 47th AGM up to the date of the next AGM in year 2022.*

NOTICE OF ANNUAL GENERAL MEETING

4. *Item 7 of the Agenda - Authority to Issue Shares pursuant to Sections 75(1) and 76(1) of the Act*

   The proposed Ordinary Resolution 9 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 47th 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-Sixth AGM held on 19 May 2020.

5. *Item 8 of the Agenda - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature*

   The proposed Ordinary Resolution 10, 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 Part A of the Document for further information.

6. *Item 9 of the Agenda – Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares*

   The proposed Ordinary Resolution 11, if passed, will empower the Directors of the Company to exercise the power of the Company to purchase the Company Shares of not more than 10% of the total number of issued shares of the Company at any time within the time period stipulated in the MMLR by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a meeting of members, shall continue to be in full force until the conclusion of the next AGM. Please refer to the Share Buy-Back Statement set out in Part B of the Document for further information.

Notes:

1. *The 47th AGM will be conducted fully virtual through live streaming and online remote voting using the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal platform ("**SS e-Portal**") at https://sshsb.net.my/login.aspx. Please follow the procedures provided in the Administrative Guide for the 47th AGM in order to register, participate and vote remotely via the RPV facilities.*

2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act and Article 81 of the Constitution which require the Chairman of the Meeting to be present at the main venue of the Meeting. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 47th AGM.*

3. *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 24 March 2021 shall be eligible to participate in the 47th AGM.*

NOTICE OF ANNUAL GENERAL MEETING

4. *A member entitled to participate and vote at the 47th AGM is entitled to appoint not more than two (2) proxies to participate 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 participate and vote at the 47th AGM shall have the same rights as the member to participate, speak and vote at the 47th AGM. Notwithstanding this, a member entitled to participate and vote at the 47th AGM is entitled to appoint any person as his proxy to participate and vote instead of the member at the 47th AGM. There shall be no restriction as to the qualifications of the proxy.*

   The members, proxies or corporate representatives may submit questions before the 47th AGM to the Chairman or Board of Directors electronically by email to eservices@sshsb.com.my no later than Monday, 29 March 2021 at 3.00 p.m. or via real time submission of typed texts via RPV facilities during live streaming of the 47th AGM as the primary mode of communication.

5. *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.*

6. *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 participate and vote at the 47th 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.*

7. *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 participate and vote at a meeting of members instead of him. Where an authorised nominee appoints two (2) proxies to participate and vote at the 47th 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.*

8. *The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company no later than Monday, 29 March 2021 at 3.00 p.m. or at any adjournment thereof:*

   (i) In Hardcopy Form

   The Form of 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.

   (ii) By Electronic Means

   The Form of Proxy must be electronically lodged via SS e-Portal at https://sshsb.net.my/login.aspx or by fax to +603-2094 9940 or by email to eservices@sshsb.com.my.

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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/Registration No. ______________________ Contact No. ______________

of ____
(FULL ADDRESS)

being a member/members of **ECO WORLD DEVELOPMENT GROUP BERHAD** ("**the 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-Seventh Annual General Meeting ("**47th AGM**") of the Company to be held as a fully virtual meeting at the Broadcast Venue at Bukit Bintang City Centre Sales Gallery, No. 2, Jalan Hang Tuah, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Wednesday, 31 March 2021 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 Dato' Sri Liew Kee Sin		
4.	Re-election of Datuk Heah Kok Boon		
5.	Re-election of Dato' Haji Obet Bin Tawil		
6.	Re-election of Dato' Noor Farida Binti Mohd Ariffin		
7.	Re-election of Mrs Lucy Chong		
8.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company		
9.	Authority to Issue and Allot Shares		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
11.	Proposed Renewal of Share Buy-Back Authority		

(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 ________________, 2021

____
Signature of Member/Common Seal

Fold this flap for sealing

Then fold here

Affix Stamp

Securities Services (Holdings) Sdn. Bhd.
(Registration No. 197701005827 (36869-T))
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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Notes:

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   - *(ii) By Electronic Means*
     The Form of Proxy must be electronically lodged via SS e-Portal at https://sshsb.net.my/login.aspx or by fax to +603-2094 9940 or by email to eservices@sshsb.com.my.

www.ecoworld.my

Eco World Development Group Berhad
(197401000725 (17777-V))

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