CREATING TOMORROW & BEYOND

ANNUAL REPORT 2018

Eco Forest, Klang Valley

VISION

Creating Tomorrow & Beyond

MISSION

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

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

Printed on environmentally friendly paper

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CORPORATE INFORMATION

BOARD OF DIRECTORS

FOUNDER & NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Abdul Rashid Bin Abdul Manaf

NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

Tan Sri Dato' Sri Liew Kee Sin

NON-INDEPENDENT NON-EXECUTIVE DEPUTY CHAIRMAN

Dato' Leong Kok Wah

EXECUTIVE DIRECTOR AND PRESIDENT & CHIEF EXECUTIVE OFFICER

Dato' Chang Khim Wah

EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

Datuk Heah Kok Boon

EXECUTIVE DIRECTORS

Dato' Voon Tin Yow

Liew Tian Xiong

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Tang Kin Kheong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dato' Idrose Bin Mohamed

Dato' Haji Obet Bin Tawil

Dato' Noor Farida Binti Mohd Ariffin

Low Mei Ling

AUDIT COMMITTEE

Tang Kin Kheong (Chairman)
Dato' Idrose Bin Mohamed
Dato' Noor Farida Binti Mohd Ariffin
Low Mei Ling

REMUNERATION COMMITTEE

Dato' Noor Farida Binti Mohd Ariffin (Chairperson)
Dato' Idrose Bin Mohamed
Tang Kin Kheong

NOMINATION COMMITTEE

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

WHISTLEBLOWING COMMITTEE

Dato' Idrose Bin Mohamed
Dato' Voon Tin Yow
Low Mei Ling

RISK MANAGEMENT COMMITTEE

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

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Chartered Accountants
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STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)

WEBSITE

www.ecoworld.my

CORPORATE STRUCTURE

ECO WORLD DEVELOPMENT GROUP BERHAD (17777-V)

100%
- **ECO BOTANIC SDN. BHD.** (1066879-M)
- **ECO BUSINESS PARK 1 SDN. BHD.** (1088039-M)
- **ECO BUSINESS PARK 2 SDN. BHD.** (1078581-H)
- **ECO GRANDEUR SDN. BHD** (1146818-W)
  - **50%** **ECO ARDENCE SDN. BHD.** (427912-X)
- **ECO MACALISTER DEVELOPMENT SDN. BHD.** (1064369-M)
- **ECO MEADOWS SDN. BHD.** (1088028-X)
- **ECO SANCTUARY SDN. BHD.** (1076483-V)
- **ECO SKY SDN. BHD.** (1079085-X)
- **ECO SUMMER SDN. BHD.** (1076385-V)
- **ECO TERRACES SDN. BHD.** (1076231-P)
- **ECO WORLD CAPITAL (INTERNATIONAL) SDN. BHD.** (1174692-P)
  - **27%** **ECO WORLD INTERNATIONAL BERHAD** (1059850-A)
- **ECO WORLD CAPITAL (L) LTD** (LL12390)
- **ECO WORLD CAPITAL ASSETS BERHAD** (1189799-V)
- **ECO WORLD DEVELOPMENT (S) PTE. LTD.** (201417197R)
- **ECO WORLD DEVELOPMENT MANAGEMENT (BBCC) SDN. BHD.** (1096633-W)
- **ECO WORLD IBS SDN. BHD.** (1087059-U)
- **ECO WORLD PROJECT MANAGEMENT SDN. BHD.** (978603-W)
  - **100%** **ECO WORLD DM SERVICES SDN. BHD.** (formerly known as Arah Selasih Sdn. Bhd.) (1096068-V)
- **ECO WORLD PROPERTY SERVICES (ECO CENTRAL) SDN. BHD.** (1152652-W)
- **ECO WORLD PROPERTY SERVICES (ECO NORTH) SDN. BHD.** (1097775-M)
- **ECO WORLD PROPERTY SERVICES (ECO SOUTH) SDN. BHD.** (1088018-V)
- **ECO WORLD TRADING SDN. BHD.** (1086148-X)
- **ECO WORLD UKAY SDN. BHD.** (1076389-M)
- **EF DEVELOPMENT SDN. BHD.** (1088019-D)
- **FOCAL AIMS LAND SDN. BHD.** (319435-X)
- **FOCAL AIMS PROPERTIES SDN. BHD.** (471101-H)
  - **100%** **ECO TROPICS DEVELOPMENT SDN. BHD.** (316524-U)
    - **100%**
      - **FOCAL AIMS DEVELOPMENT SDN. BHD.** (417670-H)
      - **FOCAL AIMS REALTY SDN. BHD.** (203016-P)
      - **FOCAL AIMS RESORT (M) SDN. BHD.** (473536-V)
- **HARA KECIL SDN. BHD.** (1135594-U)
- **JASA HEKTAR SDN. BHD.** (1098120-M)
- **MELIA SPRING SDN. BHD.** (1095333-H)
- **MERIDIAN INSIGHT SDN. BHD.** (1091013-W)
- **PINGAT STABIL SDN. BHD.** (1089333-D)
- **RENTAS PRESTASI SDN. BHD.** (1097165-X)
  - **98%** **ECO MAJESTIC DEVELOPMENT SDN. BHD.** (1079086-W)

2%
- **ECO MAJESTIC DEVELOPMENT SDN. BHD.** (1079086-W)

60%
- **ECO HORIZON SDN. BHD.** (1082988-W)
- **PARAGON PINNACLE SDN. BHD.** (1098122-T)

40%
- **BBCC DEVELOPMENT SDN. BHD.** (1129028-T)

12%
- **MFBBCC RETAIL MALL SDN. BHD.** (1189832-W)

FINANCIAL HIGHLIGHTS

GROUP – FIVE YEAR FINANCIAL HIGHLIGHTS

Year Ended	31 October 2018	31 October 2017	31 October 2016	31 October 2015	31 October 2014 restated
Financial Results (RM'000)					
Revenue	**2,171,768**	2,936,562**	2,546,437	1,712,061	148,395
Profit before tax	**217,319**	282,613	193,182	73,918	12,092
Profit attributable to owners of the Company	**165,592**	209,650	129,281	43,952	7,181
Financial Position (RM'000)					
Total cash and bank balances	**510,297**	433,824	573,467	517,176	43,423
Total assets	**10,426,456**	9,850,261	8,841,977	6,936,803	678,732#
Total borrowings	**3,831,602**	3,479,571	2,861,903	1,700,345	240,675
Total net tangible assets	**4,407,951**	4,264,034	3,786,702	3,156,875	325,861
Share capital	**3,614,865**	3,614,865^	1,374,846	1,182,132	253,317
Equity attributable to owners of the Company	**4,407,951**	4,264,034	3,786,702	3,156,875	325,864
Financial Ratios					
Basic earnings per share (sen)	**5.62**	7.25	5.43	2.64	1.42*
Net assets per share attributable to owners of the Company (RM)	**1.50**	1.45	1.38	1.34	0.64*
Return on equity (%)	**3.76**	4.92	3.41	1.39	2.20
Net gearing ratio (times)	**0.75**	0.71	0.60	0.37	0.61
Share price - High (RM)	**1.56**	1.72	1.51	2.09	2.70*
- Low (RM)	**0.98**	1.30	1.20	1.20	1.00*

** *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*

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

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

^ *Effects from adoption of Companies Act 2016 – transition to no-par value regime*

FINANCIAL HIGHLIGHTS

GROUP 2018 SUMMARY

Period Ended	3 months ended 31 October 2018	3 months ended 31 July 2018	3 months ended 30 April 2018	3 months ended 31 January 2018
(RM'000)				
Revenue	**607,581**	**494,169****	**502,479****	**567,539****
Profit before tax	**79,080**	**47,893**	**50,449**	**39,897**
Profit attributable to owners of the Company	**68,530**	**38,521**	**34,453**	**24,088**
Paid-Up Capital	**3,614,865**	**3,614,865**	**3,614,865**	**3,614,865**
Equity attributable to owners of the Company	**4,407,951**	**4,341,511**	**4,304,167**	**4,279,648**
Total Assets	**10,426,456**	**10,339,939**	**10,084,462**	**9,974,552**
Total net tangible assets	**4,407,951**	**4,341,511**	**4,304,167**	**4,279,648**
Basic earnings per share (sen)	**2.33**	**1.31**	**1.17**	**0.82**
Net assets per share attributable to owners of the Company (RM)	**1.50**	**1.47**	**1.46**	**1.45**

** *Reclassification of certain fees charged by the Group to its joint-ventures from other operating income to revenue, to conform with the 3 months ended 31 October 2018's presentation*

CHAIRMAN'S STATEMENT

Dear Shareholders,

2018 was an extraordinary year for Malaysia that will go down in history as a time of great change. It has also been an extremely eventful one for the EcoWorld Group.

Group Performance

Eco World Development Group Berhad **("EcoWorld Malaysia")** continues to record good sales and improved financial performance. On the development front, our presence in the Klang Valley, Iskandar Malaysia and Penang has been strengthened as handovers increased and projects begin to mature.

Financial year **("FY")** 2018 marks the fourth consecutive year that EcoWorld brand sales have crossed the RM6 billion mark. EcoWorld Malaysia managed to achieve RM3.1 billion in sales – while this was below the target at RM3.5 billion, it is a highly commendable result given two very quiet months in the lead up to and immediate aftermath of the country's 14th General Election. Eco World International Berhad **("EcoWorld International")** exceeded its sales target of RM3 billion by recording RM3.3 billion in sales, an outstanding achievement in light of ongoing market turmoil from Brexit uncertainties.

On a cumulative basis, EcoWorld brand sales from FY2014 to FY2018, from projects in Malaysia, United Kingdom **("UK")** and Australia have reached RM28 billion – this is extraordinary given the brand is only slightly more than five years old.

Eco Sanctuary, Klang Valley

The positive results in FY2018 demonstrate that even during cyclical downturns, there remain sizeable markets to be captured in resilient segments that are supported by strong underlying fundamental demand.

I am also pleased to note that the Group's partnership-for-growth strategy, which we put in place two years ago to enable us to grow strongly without over-extending our balance sheet, is now bearing fruit. All our joint-ventures, whether within or outside Malaysia, have commenced revenue and profit recognition.

In Malaysia, our Eco Grandeur, Eco Horizon, Eco Ardence and Bukit Bintang City Centre **("BBCC")** joint-ventures collectively recorded RM1.09 billion in revenue, of which EcoWorld Malaysia's effective share amounted to RM575 million. Fees from brand licensing, development management and related services provided to these Malaysian joint-ventures amounted to approximately RM81 million in FY2018. The steady growth of this recurring fee-based income stream helped contribute towards the improvement in EcoWorld Malaysia's gross profit margin from 20.8% in FY2017 to 21.7% in the current year.

Overseas, EcoWorld International commenced the first handovers of its London City Island and Embassy Gardens projects which enabled the company to record maiden profits of RM35.5 million for FY2018.

It also successfully completed the acquisition of eight out of 12 potential sites to be developed under the joint-venture with Willmott Dixon. This joint-venture, which is 70% owned by EcoWorld International, was rebranded as EcoWorld London in June 2018 to further cement the EcoWorld brand name in the UK. Following the rebranding, EcoWorld London sealed a landmark deal with Invesco Real Estate worth £389 million (RM2.1 billion) to sell more than 1,000 Build-to-Rent **("BtR")** homes in London – this is one of the biggest single commitments into London's emerging BtR sector and a significant win for EcoWorld International in this important global market.

Prime Minister Tun Dr. Mahathir Mohamad visits Karisma Apartments in Eco Majestic, Klang Valley

Continuing Completions

2018 saw EcoWorld Malaysia handing over more than 4,700 residential homes, commercial units and industrial factories, bringing total completed units to date at just under 10,000.

The first quarter of the year saw the first full completion of an EcoWorld project. The Eco Sky integrated high-rise development in Kuala Lumpur is the Group's maiden launch in the Klang Valley and consists of three modern residential towers of approximately 1,000 serviced apartment units and 144 retail/commercial units.

In September 2018, EcoWorld achieved its first handover in the northern region – Northampton Terraces in Eco Meadows which comprises 375 units of terraced houses. It also signifies the Group's emergence as a matured developer with properties completed and delivered to customers in all three key economic regions in the country.

On affordable housing, I am proud to share that in 2018 we delivered keys to 146 units of cluster houses in Laman Indah 2, Iskandar Malaysia. This is an affordable housing development under the Rumah Mampu Milik Johor scheme and is situated adjacent to the Eco Spring project.

The Group is also on track to complete a substantial number of affordable homes in Eco Majestic, Klang Valley. The low to medium cost units in Simfoni Apartments (870 units), which is under the Rumah SelangorKu scheme were delivered in November 2018 and Karisma Apartments (750 units) will be delivered in January 2019.

For Karisma Apartments, we were honoured with a site visit by our Prime Minister Yang Amat Berhormat Tun Dr. Mahathir bin Mohamad, Finance Minister Yang Berhormat Lim Guan Eng and Selangor Menteri Besar Yang Amat Berhormat Amirudin Bin Shari in conjunction with the launch of the FundMyHome portal by EdgeProp Sdn Bhd. The Group also looks forward to the completion of Harmoni Apartments in the first half of 2019 which will bring an additional 900 units of affordable housing to the township.


Garden Homes at Eco Forest, Klang Valley

Customer-centric Mindset

To better connect with customers, a unique initiative was spearheaded by Team EcoWorld to celebrate each handover – a precinct-scale 'house warming' event called the Grand Premier. In 2018, the Group celebrated five such events: completion of the Eco Sky development and various precincts within townships in the central, southern and northern regions namely Merrydale in Eco Majestic; Greensgate in Eco Tropics; The Chateau in Eco Botanic and Northampton Terraces in Eco Meadows. This one-of-a-kind celebration to show our appreciation to our customers also serves to inject vibrancy and energy into a budding community and promote the spirit of neighbourliness.

EcoWorld X, the Group's dedicated team formed to look into current and future needs of customers and produce solutions aimed at building smart communities successfully launched the EcoWorld Neighbourhood App in 2018. The app will further enhance the living experience and foster a sense of togetherness in our communities as members are connected to each other and to key amenities and services necessary to support busy urban lifestyles. As at December 2018, the app has registered more than 3,300 users with the number expected to grow to include residents from new handovers.

The EcoWorld Shuttle Service was also launched at Eco Botanic in Iskandar Malaysia and Eco Ardence in the Klang Valley for the benefit of residents and the surrounding communities. Operated and owned by EcoWorld, each bus is equipped with two CCTV cameras and a GPS tracker to ensure the security of riders, and has a capacity of 30 passengers.

Brand Collaborations

EcoWorld broke new ground in an exciting partnership with Alliance Bank Malaysia Berhad for The BizSmart Challenge 2018. After four successful instalments, for the competition's fifth year, the programme was scaled up into a reality TV show on Astro Awani, the first reality TV business programme in the country. The show was also aired regionally on the AXN channel.

The challenge was open to small and medium-sized start-ups nationwide and apart from cash prizes and media coverage, collateral-free financing was also up for grabs. In addition, finalists underwent structured business coaching, mentoring sessions and networking opportunities which greatly benefitted the young entrepreneurs we were seeking to nurture.

The BizSmart Challenge 2018

We also continued our tie-up with The New Straits Times Press (M) Berhad to organise the New Straits Times C-Cycle Challenge 2018 at Eco Sanctuary, Klang Valley. The event attracted nearly 1,200 cyclists riding for the love of the sport.

For the fourth year running, the Group also joined forces with Star Media Group Berhad to organise the #AnakAnakMalaysia Campaign. This year's theme, #JomKeHadapan, advocates a progressive and forward-thinking nation built on the foundations of empowerment, hope and creativity.

A crowd of about 7,000 people turned up at Eco Ardence to show their support and patriotism at the #AnakAnakMalaysia Walk 2018. Similar walks were also held in our townships of Eco Horizon in Penang and Eco Tropics in Iskandar Malaysia. EcoWorld International also hosted #AnakAnakMalaysia themed events in London and Melbourne for Malaysians abroad.

BBCC, Klang Valley

Industry Recognition

EcoWorld received our first FIABCI World Prix d'Excellence Award in 2018 with Eco Business Park I in Iskandar Malaysia recognised as the Gold Winner in the Industrial Category. Launched in May 2014, the 612-acre project is a freehold business park designed with the environment in mind. Winning this prestigious award is testament that EcoWorld is on the right track in delivering world-class developments.

We also took home three wins at the EdgeProp – Best Managed Property Awards 2018 for Eco Business Park I, Cradleton at Eco Majestic and The Verandah at Eco Botanic. This is the second year of the award, which is aimed at raising the benchmark for property management in Malaysia.

Other notable awards garnered during the year include:

1) The Edge Property Excellence Awards – Top 10 Developers;
2) BCI Asia Top 10 Developers 2018;
3) Euromoney Real Estate Awards 2018 – Best Residential Developer in Malaysia;
4) Putra Brand Awards – Gold Award in Property Development; and
5) StarProperty.my Awards 2018 – seven wins in various categories.

The most important win to us, however, was being named one of AON's Best Employers in Malaysia for the fourth year running. This award not only takes into account our culture of teamwork and talent management practices, it is also based on votes by our own people. It therefore affirms the success of our efforts to continually offer the best environment and opportunities for Team EcoWorld to grow and build strong careers with us. We also received the Excellence in Corporate Wellness award at the Human Resources Excellence Awards 2018.

Ardence Labs, Klang Valley

Looking Forward

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 Low Mei Ling who on 29 March 2018 was appointed as an Independent and Non-Executive Director. I look forward to her insights and contributions to the Group as Madam Low brings with her over 20 years of experience in the stockbroking industry and is well-regarded as one of the leading pioneer analysts among institutional investors.

EcoWorld's five-year journey has been an enriching one and we expect to grow from strength to strength as Team EcoWorld's hard work in the early years has put us on a very sound footing. Our record high level of locked-in progress billings of RM6.4 billion as at 31 October 2018 also provides clear earnings visibility for FY2019 through to FY2020.

Markets will be challenging in the near term but I see it as the truest test for the team as it is our ability to roll with the punches and consistently outperform the market that has enabled EcoWorld to shine especially bright in bad times. This very ability to execute strongly, adapt, restrategise and to quickly seize new opportunities will hold us in good stead, whatever the future may bring. I am therefore confident that 2019 will be another oustanding year for EcoWorld as we forge ahead to realise our vision of Creating Tomorrow & Beyond.

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

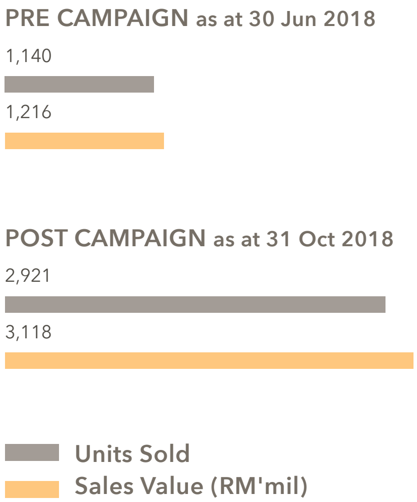
PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

DATO'CHANG KHIM WAH
President & Chief Executive Officer

2018 was an epic year with many challenges, some expected but many totally not anticipated by the market. At EcoWorld however, we thrive when the going gets tough.

I am pleased to report that EcoWorld Malaysia managed to rake in total sales of more than RM3.1 billion in FY2018 with approximately RM2.2 billion achieved solely in the second half of the year. This largely arose from the success of the Group's #OnlyEcoWorld Campaign.

#OnlyEcoWorld Campaign from July - October 2018



RM1.9 BILLION SALES ACHIEVED IN 4 MONTHS WITH CLOSE TO 1,800 UNITS SOLD

The #OnlyEcoWorld Campaign kicked off in July accompanied by the EcoWorld Help2Own financing package, designed to help genuine homeowners bridge the funding gap to be able to afford to purchase their dream homes. The campaign was deployed via an intense and highly creative social media and digital marketing drive that focused on communicating the unique value proposition offered by each Signature EcoWorld Development.

As a result, the Group managed to more than double up on sales in the second half of the financial year. We were also pleased to note that every key project across all three regions performed well. This proves that buying interest, whether in the Klang Valley, Iskandar Malaysia or Penang, remains strong.

Financial Review

EcoWorld Malaysia recorded revenue and gross profit of RM2.2 billion and RM471 million respectively in FY2018. Whilst this is lower than the revenue and gross profit achieved in FY2017 due to completions at some major projects and delivery of a significant number of completed property units to customers by subsidiaries, it has been more than compensated by higher profit contributed by joint-ventures.

Main projects undertaken by subsidiaries which contributed to revenue and gross profit were Eco Majestic, Eco Forest, Eco Sanctuary and Eco Sky in the Klang Valley, Eco Botanic, Eco Spring, Eco Summer, Eco Business Park I, Eco Business Park II, Eco Tropics and Eco Business Park III in Iskandar Malaysia and Eco Meadows and Eco Terraces in Penang. These projects, save for Eco Forest, were also the main contributors in FY2017.

The Group's Core profit after tax **("Core PAT")**, grew by 46% from RM113.1 million last year (excluding the one-off gain of RM96.6 million recorded in FY2017 on the disposal of Paragon Pinnacle and Eco Horizon), to RM165.6 million in FY2018. This is attributable both to the increase in profits recorded by the Group's joint-ventures as well as substantial reductions achieved in selling, marketing and administrative expenses.

Revenues recorded by the Group's joint-ventures have continued to grow. Out of the Group's Malaysian joint-ventures, three commenced revenue and profit recognition in 1Q 2018, followed by the final one in 3Q 2018. As a result, the Group recognised a profit of RM45.9 million as its share of results of its Malaysian joint-ventures in FY2018 versus a loss of RM18.0 million in FY2017.

Our international joint-venture – EcoWorld International, also recorded its maiden profit, in 3Q 2018, following the commencement of handovers. This enabled the Group to record RM9.5 million as its share of EcoWorld International's profit in FY2018, as compared to a loss of RM12.9 million in FY2017.


Eco Sky, Klang Valley

In terms of expenses, the Group recorded substantial reductions of RM62.3 million and RM44.2 million respectively in both selling and marketing as well as administrative expenses for FY2018, which is mainly attributable to the successful deployment of more impactful and cost-effective marketing strategies to engage directly with customers and the broader reach achieved through digital marketing platforms via an optimal mix of traditional and social media channels.

Total liabilities increased by RM432.3 million mainly due to additional borrowings taken to finance project expenditure and for the working capital of the Group's various projects undertaken by its subsidiaries and joint-ventures.

Shareholders' funds similarly went up by RM143.9 million mainly from a stronger Core PAT.

No dividends were declared or paid in FY2018 given that the majority of the Group's projects are still at the growth stage and our joint-ventures are only beginning to exit the investment phase.

Market Backdrop and EcoWorld Track Record

2019 is set to be another challenging year for the property development industry with the overall Malaysian economy affected by the threat of global slowdown and financial market volatility.

Budget 2019 introduced several measures that are widely expected to dampen the sector's prospects of recovery. Stamp duties for property transfers worth more than RM1 million will be increased from 3% to 4%. The real property gains tax **("RPGT")** regime also experienced a structural shift – previously Malaysian individuals disposing of properties held for more than five years were exempt from RPGT however from 1 January 2019 onwards a 5% tax would be levied on all disposals irrespective of the holding period.

Property overhang numbers have also gone up markedly – the Ministry of Finance's Valuation and Property Services Department lists residential overhang as at end-September 2018 at *30,115 units (RM19.5 billion) – a significant increase from 20,304 units (RM12.5 billion) in 2017.

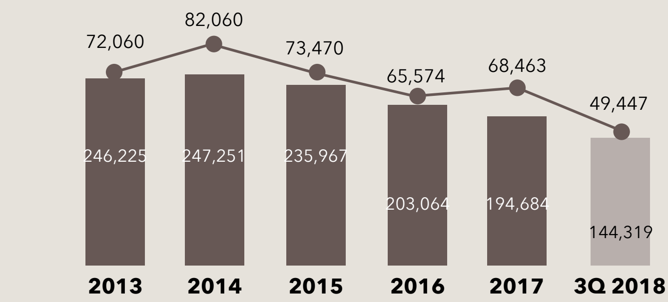
EcoWorld is no stranger to adversity. We emerged onto the property scene in 2014 – this was the same year Budget 2014 introduced a rise in RPGT and the abolishment of developer interest bearing schemes in an effort to curb speculative demand in real estate.

From 2015 to 2017, the Government's cooling measures began to take root resulting in both volume and value of transactions slowing down substantially (see Chart 1). Many buyers were either unable to obtain housing loans or did not manage to secure the required margin of finance in order to be able to purchase their desired home.

**Source: "Unsold completed residential properties increase by 48%". The Star, 24 December 2018. https://www.thestar.com.my/business/business-news/2018/12/24/higher-overhang/*

CHART 1

Value (RM'mil) & Volume of Residential Property Transactions



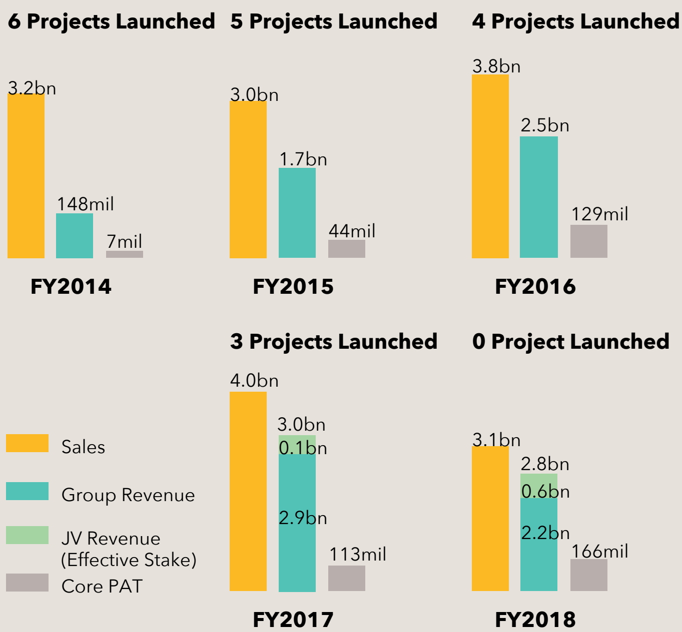
% Change In	2014	2015	2016	2017
% Change In Volume	0.4%	(4.6%)	(13.9%)	(4.1%)
% Change In Value	13.9%	(10.5%)	(10.7%)	4.4%

Volume — Value

Chart source: National Property Information Centre

Against the above backdrop, EcoWorld Malaysia has consistently delivered RM3 billion to RM4 billion (see Chart 2) sales per annum, with strong and broad-based growth achieved in our business and profits notwithstanding the weak market conditions.

CHART 2



This proves that fundamental demand for housing in Malaysia is still strong – the challenge is in coming up with the right products and development concepts that meet the lifestyle needs and aspirations of today's discerning homebuyers.

Moving Ahead to 2019

The solid foundations laid over the past several years have raised the Group's share of unbilled sales to a record high of RM6.4 billion to be carried forward into FY2019. This provides clear earnings visibility going forward and barring any severe external shocks, it will enable the Group's core development earnings to grow at a steady clip in FY2019.

On the development front our focus in the coming year is to bring the Group's Signature Townships up another level and further drive value creation. Under the aegis of a new programme named "Life@EcoWorld", various new elements have been introduced to heighten the desirability and liveability of every EcoWorld development. This includes the creation of digitally enabled communities using 4th Industrial Revolution solutions as well as the introduction of Integrated Wellness & Care components that meet the needs and lifestyle aspirations of our customers at every stage of their lives.

As for new sales, the Board has approved a two-year sales target of RM6 billion to be achieved by EcoWorld Malaysia. EcoWorld International has also set a similar sales target. On a combined basis this adds up to a RM12 billion sales target for the EcoWorld brand to be achieved over two financial years from FY2019 to FY2020.

The longer two-year time-frame will provide greater latitude in the scheduling of sales and launches of products for the retail market and the requisite time to negotiate the best possible terms with institutional investors for en-bloc sales. This will enable better strategies to be crafted to realise optimal value from EcoWorld Malaysia's increasingly matured landbank in Malaysia and EcoWorld International's strategic holdings in the UK and Australia.

A key initiative which will take us through the year will be a new campaign to be launched in FY2019 by EcoWorld Malaysia called HOPE that will incorporate two innovative home ownership solutions to help our customers own their dream home. The acronym HOPE stands for Home Ownership Programme with EcoWorld. It also represents our state of mind. Whilst we acknowledge that 2019 will be challenging, we are hopeful of a brighter tomorrow and remain confident that with the continued support of all our stakeholders, EcoWorld Malaysia will emerge better and stronger than we have ever been.

Our Commitment on Sustainability

Sustainability is something that EcoWorld is wholeheartedly committed to achieving and we believe that by aligning our business and development strategy with sustainability in mind, we will not only cement our reputation as a truly "eco" property developer but also reap financial benefits over the longer term.

Our overall sustainability approach is to create a self-contained and holistic living experience that does not compromise on the protection and conservation of the surrounding natural environment. The EcoWorld Malaysia Sustainability Report 2018 is our second report, following our inaugural publication last year and has been prepared based on the guiding principles of the Global Reporting Initiative Standards.

In 2018, we continued to review our systems and procedures to further improve our sustainability practices. Our journey towards sustainability also saw the implementation of initiatives on a group-wide basis across our business units. Among the efforts undertaken are:

- Development and implementation of a new Quality, Environmental, Health, Safety and Sustainability Policy
- Introduction of Internal Sustainability Guidelines to guide our data collection processes
- Definition of clear roles and responsibilities of the Board, Sustainability Committee and the three supporting Sustainability Councils
- Stakeholder engagement via interviews with key stakeholders to further understand their areas of interest, concerns and expectations
- Adoption of the weighted ranking method to improve accuracy in assessing materiality of sustainable matters
- Launching of the "Let's Green Possible Campaign" to encourage reduction in energy, water consumption and to promote recycling practices

The executive summary of EcoWorld Malaysia's Sustainability Report 2018 is available in pages 20 to 33 of this Annual Report and a digital copy of the full report can be found on our corporate website.

PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF OPERATIONS

- **20** projects
- **RM87.5** billion gross development value
- **RM70.5** billion remaining gross development value
- **RM17.1** billion sales from FY2014 to FY2018
- Over **22,000** units launched
- Close to **10,000** units completed
- **8,126.4** acres of total landbank
- **4,827.2** acres of total undeveloped landbank
- **RM6.4** billion in future progress billings

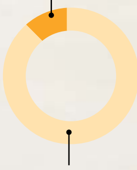
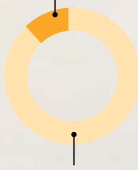
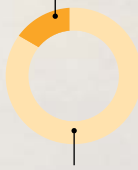
Eco Majestic, Klang Valley

ECOWORLD PROJECTS

KLANG VALLEY

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

	Units launched	Units sold	Sales value (RM'000)
FY2018	1,127	1,726	1,969,022
FY2014 - FY2018	13,666	11,377	10,361,648

- Total landbank **4,735.3 acres**
- Remaining landbank **2,919.1 acres**

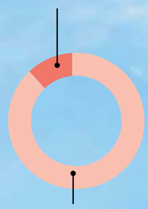
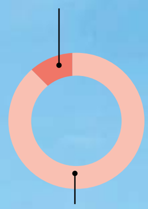
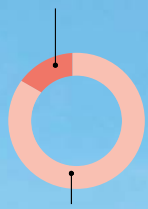
Eco Ardence, Klang Valley

PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

ISKANDAR MALAYSIA

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

	Units launched	Units sold	Sales value (RM'000)
FY2018	439	950	939,492
FY2014 - FY2018	6,868	6,252	5,841,900

- Total landbank **2,926.1 acres**
- Remaining landbank **1,575.7 acres**

Eco Business Park III, Iskandar Malaysia

PENANG

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

	Units launched	Units sold	Sales value (RM'000)
FY2018	280	245	209,418
FY2014 - FY2018	1,536	1,189	943,426

- Total landbank **465.0 acres**
- Remaining landbank **332.4 acres**

Eco Horizon, Penang

SUSTAINABILITY STATEMENT

We are proud to present the Sustainability Statement of EcoWorld Malaysia **(or "the Group")** for the second year. This statement expounds on our commitment to sustainability and illustrates our various endeavours to build up the Economic, Environmental and Social **("EES")** initiatives reported in our Annual Report of 2017.

The scope of reporting encompasses all ongoing projects within EcoWorld Malaysia, including our headquarters located in Setia Alam, Selangor for the period from 1 November 2017 to 31 October 2018 unless stated otherwise.

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

Our overall sustainability strategy is to create a self-contained living experience that does not compromise on the protection and conservation of the surrounding natural environment. We believe in aligning our development and sustainability strategies with the long-term goal of upholding our responsibilities to all our stakeholders and maintaining our reputation as a conscientious developer.

Since we began our operations in 2013, we have worked to incorporate elements of sustainability into everything we do. We began to formalise our sustainability efforts in 2017 and are gradually making progress in aligning our overall EES goals to the United Nations' Sustainable Development Goals **("UNSDG")**. This will help us to organise our sustainability efforts in a more focused and structured manner. We are confident that this approach will aid us in bringing positive effects towards the Malaysian property sector.

ECONOMY

Sustaining Our Economy
Delivering sustainable returns to our stakeholders

ENVIRONMENT

Conserving the Environment
Protecting and preserving the environment by incorporating elements of green design and innovation in our projects

SOCIETY

Serving Our Community
Contributing to the well-being of the community around us

Building a Resilient Workforce
Ensuring a positive workplace for our employees

Building Sustainable Cities of Enduring Quality
Providing quality products to our customers

Our Sustainability Governance Structure

In 2017, we developed the sustainability governance structure which we maintained this year. We improved on this governance structure during the year by defining clear roles and responsibilities for each layer in the governance structure. The Board oversees our overall sustainability strategy and provides direction to the Sustainability Committee. The Sustainability Committee is chaired by the Chief Executive Officer and develops sustainability plans and initiatives. The Committee updates its progress to the Board twice a year. Supporting the Committee in its plans are the Sustainability Councils (Economic, Green and Social). The Councils are tasked with evaluating our sustainability progress through data collection and monitoring.

SUSTAINABILITY GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

BOARD ROLES AND RESPONSIBILITIES

- Oversees the Group's sustainability initiatives
- Reviews and approves sustainability strategies, policies and initiatives
- Endorses the proposed sustainability initatives and material sustainability matters related to the Group

Sustainability Committee

COMMITTEE ROLES AND RESPONSIBILITIES

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

Economic Council

- Group Contracts Division
- Group Corporate & Finance Division

Green Council

- Group Quality Management

Social Council

- Eco World Foundation
- Group Talent Management

COUNCIL ROLES AND RESPONSIBILITIES

- Reports to the Sustainability Committee on the progress of the Group's sustainability efforts
- Develops sustainability-related guidance documents for internal use
- Collects and monitors data to evaluate the Group's sustainability progress

We established four (4) main targets in our Sustainability Statement last year as a sign of our commitment to the cause. We are happy to report this year that we have largely achieved these targets as illustrated below.

SUSTAINABILITY COMMITMENT DURING FY2017	PROGRESS UPDATE IN FY2018	
Developing new policies and procedures	Sustainability Policy	Sustainability Guidelines
Implementing measures and initiatives	Let's Green Possible Campaign	Water Management Initiatives
Setting indicators, targets and goals	Mapping Material Sustainability Matters to Six (6) UNSDGs	
Reviewing existing systems	In Progress	

While we have implemented policies and initiatives that have further enhanced our Sustainability governance and performance, we are continuously looking for more improvement opportunities.

Sustainability Policy & Guidelines

We incorporated elements of sustainability into our existing Quality, Environmental, Health and Safety Policy in line with our Sustainability strategy and vision. The result is the new *Quality, Environmental, Health, Safety and Sustainability Policy* which reflects our commitment to improving the economic, environmental and social well-being of our stakeholders.

We also developed a set of Sustainability Guidelines which acts as a guiding document to align our sustainability initiatives with the GRI Standards as well as to guide our data collection processes.

The Sustainability Policy and Sustainability Guidelines have been approved by the Board in June 2018 and the policy has been made available to the public on our corporate website.

Let's Green Possible Campaign

The Let's Green Possible Campaign was initiated to spread awareness amongst our employees of the need to conserve our resources and introduce innovative ways to create a green and sustainable culture throughout EcoWorld Malaysia.

Some of the initiatives are recycling programmes and electricity and water saving competitions to engage our employees and educate them on their individual roles in contributing towards the Group's Sustainability vision.

Mapping Materiality Matters to Six (6) UNSDGs

Malaysia became one of the signatories to the United Nation's 2030 Agenda for Sustainable Development in 2016 which formalised 17 main Sustainable Development Goals **("SDGs")** with 169 supporting targets. To support our country's aspirations to align itself with these SDGs, we have also done our part in matching our materiality matters to six (6) of the 17 SDGs which we find most relevant to our operations.

ECOWORLD MALAYSIA'S SDG FOCUS AREAS

3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES
Ensuring healthy living and well-being.	Providing the opportunity for inclusive and quality education.	Encouraging gender equality and empowerment.	Ensuring full and productive employment.	Building reliable and resilient infrastructure to achieve economic growth and overcome environmental challenges.	Making cities and human settlements inclusive, safe, resilient and sustainable.

SUSTAINABLE DEVELOPMENT THROUGH THE SDG LENS

We organise wellness programmes for our resident community and the public. Our projects are well connected with bicycle lanes, pedestrian walkways and herb gardens to encourage healthy living.	We implement long-term programmes to improve access to education for disadvantaged children. These programmes involve providing financial support and addressing the students' key educational needs.	We encourage women at the workplace and our corporate culture discourages any discrimination on the basis of gender. In fact, 49% of our management comprises women who are well qualified for the job.	We provide fair remuneration to our employees and create a conducive environment for them to grow professionally and develop their strengths.	We invest in innovative projects that address the needs of the community, going beyond our resident community, to improve the convenience of living and using facilities made available in EcoWorld Malaysia developments such as eateries and grocers.	We embed green designs and green features into our projects to reduce the impact of the built environment on the natural environment.

Going forward, we plan to strengthen our commitment to these SDGs by developing measures that would enable us to benchmark our performance.

Engaging our Stakeholders

We continue to engage closely with our stakeholders as we seek to strengthen our understanding of emerging issues so that we can make better decisions, communicate more effectively with our stakeholders and make a positive difference.

Table below is a list of our stakeholders and their identified areas of interest as well as our response to these interests:

STAKEHOLDER GROUPS, METHODS OF ENGAGEMENT AND STAKEHOLDER CONCERNS			
Stakeholders	**Issues of Concern**	**Methods of Engagement**	**Frequency**
Employees	• Corporate direction and growth plans • Job security • Remuneration and benefits • Career development and training opportunities • Workplace health and safety • Labour and human rights • Work-life balance • Employee volunteerism	• Management meetings with employees • Employee events such as family day, annual dinner, etc. • Annual Salary Benchmark Survey • People's Heartbeat Survey • Internal Service Survey • Chairman 360° • CEO Town hall Meeting • Let's Green Possible Initiatives • EcoWorld Sports Club Activities • Virgin Pulse Walking Challenge • Leadership, soft skills, technical and non-technical training programmes	• Throughout the year (as and when required) • Annually • Annually • Twice a year • Twice a year • Annually • Quarterly • Throughout the year (as and when required) • Throughout the year • Annually • Throughout the year
Investors	• Growth trajectory • Acquisitions and expansion • Market diversification • Risk management • Corporate governance • EES indicators • Climate change and carbon pricing strategies • Sustainability performance and tracking • Reporting Standards	• Annual general meeting • Annual report • Quarterly results announcement • Press conference • Analyst, Banker and Fund Manager Briefings • Meetings with Bankers, Analysts and Fund Managers	• Annually • Annually • Quarterly • Throughout the year (as and when required) • Twice a year • Throughout the year (as and when required)
Customers	• Pricing • Quality and workmanship • Energy conservation • Design and features • Product safety • Defects rectification • Customer service and experience • Resource efficiency and utility savings	• Corporate & Brand Campaign • Corporate Website/Social media channels • Advertisement and marketing promotions • Customer Satisfaction Survey	• Throughout the year • Throughout the year • Throughout the year • Twice a year
Regulators	• Compliance • Security issues • Waste management • Public nuisance issues • Labour practices	• Compliance with regulatory requirements • Site inspections	• Throughout the year (as and when required) • Throughout the year (as and when required)
Contractors/ Vendors/ Suppliers	• Legal compliance • Payment schedule • Pricing of services • Product quality and inventory/ supply commitment	• Contract negotiation • Supplier audit and evaluation • Vendor registration	• Throughout the year (as and when required) • Twice a year • As and when required
Media	• Company reputation • Advocating green consumerism and lifestyles	• Engagement sessions • Press releases • Press conferences	• Throughout the year (as and when required) • Throughout the year (as and when required) • As required
Non-Governmental Organisations ("NGOs")	• Environmental and Social issues in relation to business operations	• Donations and Financial Aid • Contribution to environmental and social enhancement • Sustainability related programmes	• Throughout the year (as and when required) • Throughout the year (as and when required) • Throughout the year (as and when required)

This year we also conducted interviews and surveys with selected key internal and external stakeholders in an effort to directly engage stakeholders and obtain their feedback. We interviewed representatives from our customers, institutional shareholders, contractors, senior management of EcoWorld Malaysia and Eco World Foundation. We have included excerpts of the feedback from these stakeholders in the full Sustainability Report.

Materiality Assessment

In generating our first materiality matrix last year, we assigned equal weightage to all stakeholder groups. This year we maintained the 12 material matters identified in 2017, but we enhanced the ranking methodology by including a weightage to the stakeholders when assessing our material sustainability matters.

STEP

01

Assigning weightage to each stakeholder group based on its importance to EcoWorld Malaysia's business, which in turn determines the place of each material matter from the stakeholder perspective.

STEP

02

Ranking the 12 material matters on a scale of 1 to 100 based on its importance (i.e. important, very important and extremely important) to each stakeholder group.

STEP

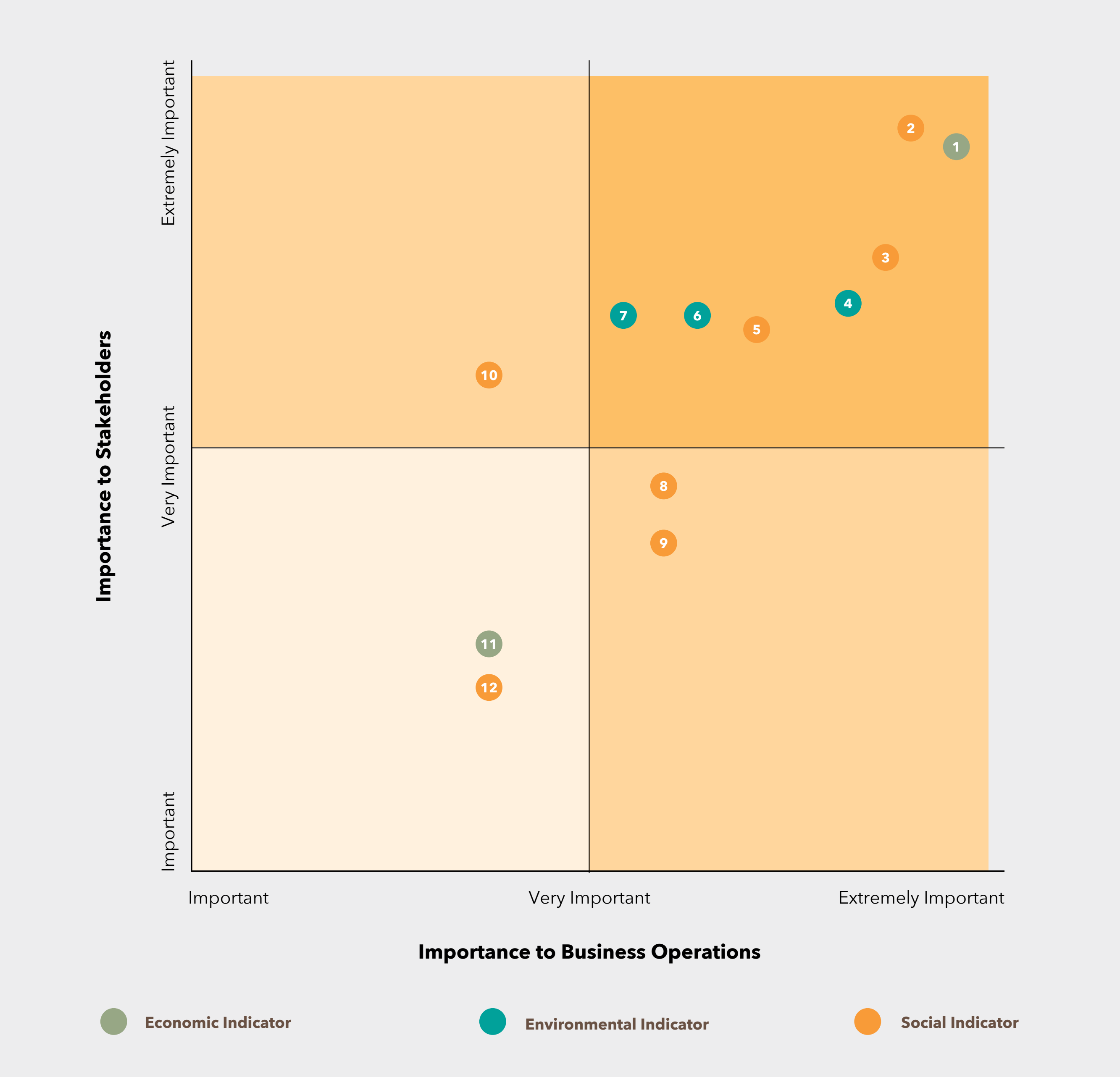
03

Ranking the 12 material matters on a scale of 1 to 100 by senior management to determine its importance (i.e. important, very important and extremely important) to EcoWorld Malaysia's business operations.

The materiality assessment was conducted as a workshop and involved members of the Sustainability Committee and the three supporting councils. The outcome of the three-step materiality assessment is presented in the matrix below:

SUSTAINABILITY STATEMENT

MATERIALITY MATRIX FOR ECOWORLD MALAYSIA



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 and Habitat Conservation
8. Occupational Health and Safety
9. Community Development
10. Training and Development
11. Supply Chain Management
12. Diversity and Equal Opportunity

Each material sustainability matter was categorised as economic, environmental or social depending on the nature of its impact on stakeholders and our business, and then each matter was mapped to its corresponding GRI indicator, stakeholder group(s) and SDG(s).

KEY MATERIAL ISSUES AND INDICATORS FOR ECOWORLD MALAYSIA			
Material Sustainability Matters	**GRI Indicators**	**Stakeholder Group(s)**	**SDGs**
Customer Service and Brand Reputation	• Marketing and Labeling	Employees, Customers	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Ethics and Integrity	• GRI General Standard Disclosure	Investors, Employees	8 DECENT WORK AND ECONOMIC GROWTH
Corporate Governance and Transparency	• GRI General Standard Disclosure	Investors, Employees	8 DECENT WORK AND ECONOMIC GROWTH
Compliance	• Environment Compliance	Regulators	3 GOOD HEALTH AND WELL-BEING
Talent Attraction and Retention	• Employment	Employees	8 DECENT WORK AND ECONOMIC GROWTH; 5 GENDER EQUALITY
Innovation	• GRI Construction and Real Estate	Employees, Investors, Customers	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES
Green Design, Energy and Habitat Conservation	• GRI Construction and Real Estate Energy	Customers, Media	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES
Occupational Health & Safety	• Occupational Health and Safety	Employees, Regulators	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
Community Development	• Local Communities	NGOs, Employees, Media	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION
Training and Development	• Training and Education	Employees	8 DECENT WORK AND ECONOMIC GROWTH; 4 QUALITY EDUCATION
Supply Chain Management	• Procurement Practices	Contractors, Vendors and Suppliers	8 DECENT WORK AND ECONOMIC GROWTH
Diversity and Equal Opportunity	• Diversity and Equal Opportunity	Employees	8 DECENT WORK AND ECONOMIC GROWTH; 5 GENDER EQUALITY

SUSTAINING OUR ECONOMY

Direct Economic Impact
Key highlights of our economic performance in FY2018:

LANDBANK OF
8,126.4
ACRES

GDV OF
RM **87.5**
BILLION

20
ONGOING PROJECTS

SALES OF
RM **3.1**
BILLION

REVENUE OF
RM **2.17**
BILLION

PBT OF
RM **217**
MILLION

Further details of our economic performance are disclosed in the 5-Year Financial Highlights section of the Annual Report.

Commitment to Anti-Corruption
We are committed to maintaining a high standard of integrity throughout the workplace and have put in place policies such as the Whistleblowing Policy and Grievance Policy to provide avenues to bring to light matters of concern.

To demonstrate our commitment to good governance, our senior management team conducted Code of Conduct and Business Ethics roadshows across all three operating regions to emphasise to all staff the need to be ethical, responsible and transparent.

In FY2018, we had zero issues relating to corruption, staff dismissal, fines, disciplinary action and no grievances registered on matters relating to corruption.

Regulatory Compliance
We remain vigilant of changes and updates made to all relevant regulations relating to our operations. The respective departments within the Group monitor compliance to regulations. Formal training programmes are conducted for employees to keep them abreast of new regulations.

Investing in the Community
To us, sustainability is about creating a balance between the rate of development and our responsibility to our surrounding environment and the community. The EcoWorld Labs Series and EcoWorld Shuttlebus Services initiatives were launched this year as our contributions to engage and enrich the local community. The Labs create opportunities for local home-grown businesses to gauge their commercial appeal before going bigger. The EcoWorld Shuttlebus Service launched in Eco Botanic and Eco Ardence is a free service to improve connectivity around the townships, reduce carbon emissions and increase foot traffic in our developments to boost the local businesses.

Innovative Home-Owning Scheme
FY2018 saw the launch of our Help2Own scheme aimed at making homeownership attainable to new homeowners especially millennials who required some degree of financial assistance. We worked closely with financial institutions to provide attractive, practicable plans.

Managing a Sustainable Supply Chain
In FY2018, 100% of local suppliers and contractors were engaged for all our activities across the Group. We preferentially select local providers as this allows us to be more sustainable economically, environmentally, socially and operationally.

BUILDING A RESILIENT WORKFORCE

Talent Retention

Attracting and retaining talent is a top priority in EcoWorld Malaysia. As a responsible employer, we make sure we are in compliance with all aspects of the Employment Act 1955 including maternity protection, employee wages and benefits and prohibition of child labour.

Going beyond compliance, we invest heavily in our employees to develop their skills and groom them to lead the workforce of the future. The overall employee turnover rate is 11.2% which is generally lower than the turnover rate in the property development industry.

We are proud of our achievement of being named one of Aon's Best Employers in Malaysia for the third consecutive year.

Diversity and Inclusiveness

We pride ourselves on having a diverse workforce and do not tolerate discrimination, whether on the basis of age, gender or ethnicity. We are committed to provide a work environment that is free of discrimination for our employees. Our employee breakdown reflects a gender-balanced and age-diverse workforce. We believe in cultivating an equal opportunity workforce so we are able to fully tap into the potential of our employees.

01 Over **70% of employees** from Gen Y and Gen Z

03 **44% women** in the workforce

02 **100% local senior** management

04 **49% women** at management level

Training and Development

We strongly encourage our employees regardless of age, gender or designation to attend training sessions to develop their personal growth and improve their career opportunities.

Total training hours: **59,685 hours**

Average training hours for male employees: **46 hours**

Average training hours per employee: **45 hours**

Average training hours for female employees: **42 hours**

Promoting Work-Life Balance

Maintaining a healthy work-life balance is important for employee well-being and it can contribute towards greater productivity and performance. Through the EcoWorld Sports Club, we provide a range of activities to engage our employees in healthy pastimes such as friendly sports competitions, weekly exercise classes and even movie nights.

As part of our competitive benefits package, we offer generous parental benefits to encourage working parents (both men and women) to remain in the workforce while being able to spend time with their young families. A total of 239 employees took our paid parental leave package in FY2018 and 100% of these employees returned to work after their leave ended.

Maintaining a Safe and Healthy Workplace

We strive to comply with relevant laws and legislations to ensure that health and safety in the workplace are not being compromised. We inculcate safety awareness amongst our employees and also our contractors by providing safety training and regular safety reviews. Each Business Unit has a competent and qualified safety officer and its own Occupational Safety and Health Committee to oversee safety concerns and create a culture of safety awareness.

We are proud to announce that for this year, we recorded zero injuries at the workplace.

Contractor Management

Our main contractor selection is purely based on merit and track record. Once a contract is awarded to a main contractor, the appointment of additional sub-contractors is at the discretion of the main contractors. However, the employment of foreign workers is a matter we do not take lightly and the hiring of legal foreign workers is spelt out in our contract with the main contractor.

We ensure that each site has a clearly demarcated area for centralised labour quarters **("CLQ")** equipped with potable water supply and electricity supply. We prioritise the safety of workers not only while at work, but also with regard to their living conditions at site.

We employ project site personnel to regularly monitor sub-contractors. Project site personnel have the authority to stop any form of work if a non-compliance is detected at our construction sites.

BUILDING SUSTAINABLE CITIES OF ENDURING QUALITY

Upholding Quality Standards

Our pursuit of quality essentially reflects our commitment towards sustainability and the eventual outcomes of our endeavours are repeat buyers, strong customer satisfaction, enhanced brand goodwill and ultimately sustainable revenue and profits.

We are ISO9001:2015 Quality Management System certified under the scope that covers *'Provision of Property Development Services in Residential, Commercial and Industrial Properties'*. Apart from our robust internal product quality measurements, we also engage external parties such as the Building and Construction Authority of Singapore to carry out CONQUAS assessments at some of our projects.

Ensuring Customer Satisfaction

We keep track of the satisfaction levels of customers by continuously engaging with them. We conduct customer satisfaction surveys to ensure we are kept abreast of our customers' needs and wants and this year we achieved a high level of customer satisfaction with an overall score of 85.36%.

We also engaged some of our residents directly through interviews and some of their feedback is captured in the full Sustainability Report.

Building Sustainable Cities

To date, our projects have achieved 18 green building certificates by different accreditation councils such as Green Mark Certification administered by the Building and Construction Authority **("BCA")** in Singapore, Green Building Index **("GBI")** and GreenRE by the GBI Accreditation Council and Real Estate and Housing Development Association **("REHDA")** respectively.

During the year, we achieved one GreenRE Bronze, one GBI Gold certification and one GBI (certified).

4 December 2017:

Eco Bloom at Eco Meadows received provisional certification from GBI (certified)

8 January 2018:

Parcel 3 of Bukit Bintang City Centre was certified and awarded Gold by the GBI Accreditation Panel on its design assessment.

10 April 2018:

Eco Business Park I was certified and awarded Bronze by REHDA on its design assessment

Other notable achievements during the year are:

5 February 2018:

EBP I was named the World Gold Winner of FIABCI World Prix d'Excellence 2018 under the Industrial Category

30 October 2018:

Eco Majestic was presented the 'Sustainable Environment' award by PLANMalaysia@Selangor for our implementation of sustainable development concepts, recycling concepts and green building and neighbourhood initiatives in Semenyih

CONSERVING OUR ENVIRONMENT

Our Green Realisation Plan

The Green Realisation Plan **("GRP")** was introduced by the Green Council to enhance the Group's environmental performance and is in keeping with our reputation as an 'Eco' developer. The Green Council consists of 50 members across EcoWorld Malaysia and continues to push the Green Agenda and update the GRP every year.

Raising Green Awareness

The Let's Green Possible campaign was introduced this year to raise green awareness amongst our employees. With innovative and engaging activities such as inter-departmental competitions to reduce electricity and water consumption and recycling challenges, this campaign was very successful in spreading the sustainability message and minimising wastage.

This year we began recording and tracking our electricity and water consumption data in all our locations. In the full sustainability report, we have disclosed our electricity and water usage data for FY2018 to be used as our baseline for future comparisons.

Waste Management

We strive to reduce the quantity of construction waste going to the landfills from our project sites and are aware of the importance of keeping track of our waste data. Moving forward we will be looking into improving our waste data tracking procedures.

We do require our contractors to keep records of disposal of scheduled waste which we check unannounced for verification purposes and to ensure compliance with the Environmental Quality (Scheduled Waste) Regulations, 2005.

Environmental Compliance

Environmental Impact Assessments **("EIA")** are carried out on projects that fall under the list of prescribed activities of the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 2015 and submitted to the Department of Environment for approval. Apart from this, we are also vigilant of our responsibilities in complying with applicable regulations that govern environmental protection.

As a result of our commendable environmental management system we have achieved the ISO 14001:2015 Environmental Management System certification under the 'Provision of Property Development Services in Residential, Commercial and Industrial Properties' scope.

SERVING OUR COMMUNITY

EcoWorld Foundation

The EcoWorld Foundation was established on 7 May 2014 to serve as a platform for the Group to fulfil its CSR initiatives. The Foundation's activities encompass three main thrusts – youth education and development, environmental conservation, health and well-being & disaster relief.

Most notably, the Foundation's Students Aid Programme **("SAP")** provides financial assistance to support the education of nearly 3,000 promising students who come from impoverished backgrounds. Moral support is also provided to the parents of the children so that they will continue to support their children's academic pursuits. We are happy to note that of the 39 students who have been supported by the SAP through their tertiary education, 20 have graduated and joined the workforce.

This year, the Eco World Foundation has embarked upon a partnership with the SUKA Society, an NGO that aims to create better access to education for Orang Asli (indigenous) communities. The Foundation donated a sum of RM200,000 to fund the SUKA Society's Empowered2Teach project to promote early education to Orang Asli children and empower the adults in the community to support the children's education and even become teachers.

Community Development Efforts

The EcoWorld Leadership Development Programme **("EWLDP")** is a training programme for selected EcoWorld employees to strengthen their leadership skills through group activities, peer-learning sessions and academic-related projects. One of the programme modules requires participants to engage with the community through CSR activities ranging from a single day of volunteerism to long-term partnerships with non-profit organisations.

The programme saw the EWLDP participants initiating meaningful partnerships with the community and making lasting impressions.

Our employees are also encouraged to give back to society through volunteerism in our community engagement activities. In FY2018, the EcoWorld workforce clocked a total of 8,774.5 volunteer hours.

EcoWorld Internship Programme

The EcoWorld Internship Programme has two streams running concurrently for Malaysian students. The flexi-internship for students from higher learning institutions runs between 3 to 6 months. The Technical and Vocational Education and Training **("TVET")** internship programme which employs students from local polytechnics runs for 6 months. In FY2018, we employed a total of 115 students as interns with a 57%: 43% male-female ratio.

Categowry	Flexi-internship	Tvet internship
Total Intake	55	60
Male Intake	30	35
Female Intake	25	25

Towards Achieving Our Sustainability Vision

Continuous effort is the key to achieving our sustainability vision. Continuous engagement of our stakeholders will help us develop a keen understanding of future trends in the property development industry. We will continuously work towards improving our economic, environmental and social risks and opportunities to strengthen our sustainability efforts. We will continue building on our efforts and are confident that our perseverance will help us realise our vision for sustainability.

This Sustainability Statement was approved by the Board on 24 January 2019.

BOARD OF DIRECTORS

BOARD COMMITTEE MEMBERSHIP KEY

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- W Whistleblowing Committee

DATO' VOON TIN YOW

EXECUTIVE DIRECTOR

LOW MEI LING

INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATO' NOOR FARIDA BINTI MOHD ARIFFIN

INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATO' HAJI OBET BIN TAWIL

INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATO' IDROSE BIN MOHAMED

INDEPENDENT
NON-EXECUTIVE DIRECTOR

TAN SRI DATO' SRI LIEW KEE SIN

NON-INDEPENDENT
NON-EXECUTIVE CHAIRMAN

TANG KIN KHEONG

SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR

DATO' CHANG KHIM WAH

EXECUTIVE DIRECTOR AND
PRESIDENT & CHIEF EXECUTIVE OFFICER

DATUK HEAH KOK BOON

EXECUTIVE DIRECTOR AND
CHIEF FINANCIAL OFFICER

DATO' LEONG KOK WAH

NON-INDEPENDENT
NON-EXECUTIVE DEPUTY CHAIRMAN

LIEW TIAN XIONG

EXECUTIVE DIRECTOR

TAN SRI ABDUL RASHID BIN ABDUL MANAF

FOUNDER & NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

BOARD OF DIRECTORS' PROFILE

TAN SRI ABDUL RASHID BIN ABDUL MANAF

Founder & Non-Independent Non-Executive Director

AGE	GENDER	NATIONALITY
72	MALE	MALAYSIAN

- Barrister-at-Law (Middle Temple London)

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

Tan Sri Abdul Rashid is a full-time businessman. Before venturing into business, he was a senior partner in a legal firm in Kuala Lumpur until his retirement on 24 August 2006. In 1970, he qualified as a Barrister-at-Law. He started his career in 1970 in the Malaysian Judicial and Legal Service and served as Magistrate, President of the Sessions Court in Klang and Senior Federal Counsel for the Income Tax Department. He left Government Service in 1977.

He was appointed as the Group Chairman of Cahya Mata Sarawak Berhad on 1 October 2018 and the Chairman of Salcon Berhad on 2 January 2019. Tan Sri Abdul Rashid was formerly the Chairman of the Board of S P Setia Berhad **("S P Setia")** from 1997 until 2012.

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

TAN SRI DATO' SRI LIEW KEE SIN

Non-Independent
Non-Executive Chairman

AGE	GENDER	NATIONALITY
60	MALE	MALAYSIAN

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

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

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

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

Tan Sri Liew has won numerous corporate and industry awards for entrepreneurship, philanthropy and for showing exemplary leadership in building businesses and creating value. He was recently recognised as the UK-Malaysia Business Personality of the Year by the British Malaysian Chamber of Commerce in its inaugural Business Excellence Awards 2018.

He is a Director of Eco World Development Holdings Sdn. Bhd., a substantial shareholder of the Company. He is also an Executive Vice Chairman of EcoWorld International. Tan Sri Liew is the father of Mr. Liew Tian Xiong, a Director and substantial shareholder of the Company.

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

BOARD OF DIRECTORS' PROFILE

DATO' LEONG KOK WAH

Non-Independent
Non-Executive Deputy Chairman

AGE	GENDER	NATIONALITY
65	MALE	MALAYSIAN

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

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

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

DATO' LEONG KOK WAH WAS APPOINTED AS THE NON-INDEPENDENT NON-EXECUTIVE DEPUTY CHAIRMAN OF ECOWORLD MALAYSIA ON 29 NOVEMBER 2013.

DATO' CHANG KHIM WAH

Executive Director and
President & Chief Executive Officer

AGE	GENDER	NATIONALITY
54	MALE	MALAYSIAN

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

DATO' CHANG KHIM WAH, THE PRESIDENT AND CEO OF ECOWORLD MALAYSIA, WAS APPOINTED AS AN EXECUTIVE DIRECTOR ON 7 OCTOBER 2013 AND WAS RE-DESIGNATED TO HIS CURRENT POSITION ON 12 DECEMBER 2013.

Dato' Chang has 29 years of experience in the property development industry, starting as a consultant engineer in Australia in 1989. In 1991, he returned to Malaysia and joined one of the biggest consultancy firms in Malaysia, KTA-Tenaga Sdn. Bhd., specialising in dam designs and water supply systems.

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

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

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

BOARD OF DIRECTORS' PROFILE

DATO' VOON TIN YOW

Executive Director

AGE	GENDER	NATIONALITY
61	MALE	MALAYSIAN

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

DATO' VOON TIN YOW WAS APPOINTED AS AN EXECUTIVE DIRECTOR OF ECOWORLD MALAYSIA ON 20 MARCH 2015.

Dato' Voon has 34 years of working experience in the construction and property development industry, which includes 3 years in construction site management and 31 years in management of property development. He began his career in 1984 in Kimali Construction Sdn. Bhd. as a site engineer and went on to become the development engineer in Juru Bena Tenaga Sdn. Bhd. in 1986. In 1990, he joined Syarikat Kemajuan Jerai Sdn. Bhd. as Project Manager and was subsequently appointed as the General Manager in 1994. He was previously an Executive Director at S P Setia and held the post of COO from 1996 to 2014. He was also previously the Acting President and CEO of S P Setia from 1 May 2014 until 31 December 2014. During his tenure in S P Setia, he oversaw the development of the entire eco-system to establish the company's policies and procedures.

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

He is a Director of Eco World Development Holdings Sdn. Bhd., a substantial shareholder of the Company. He is also a Non-Independent Non-Executive Director of EcoWorld International.

Dato' Voon is a member of the Whistleblowing Committee of the Company.

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

DATUK HEAH KOK BOON

Executive Director and
Chief Financial Officer

AGE	GENDER	NATIONALITY
51	MALE	MALAYSIAN

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

DATUK HEAH KOK BOON WAS APPOINTED AS AN EXECUTIVE DIRECTOR AND CFO OF ECOWORLD MALAYSIA ON 28 NOVEMBER 2013.

Datuk Heah has garnered more than 29 years' experience in audit, corporate finance and corporate investment. He started his career in the audit department of international accounting firm KPMG. After 4 years of various audit exposures, he joined the corporate finance department of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad). After 14 years of originating, structuring and executing various deals in multiple industries, he left as Aseambankers Executive Vice President in 2007.

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

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

Datuk Heah was formerly a Non-Independent Non-Executive Director of EcoWorld International where he has resigned from the office on 14 September 2017 to focus on his executive role in EcoWorld Malaysia.

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

LIEW TIAN XIONG

Executive Director

AGE	GENDER	NATIONALITY
27	MALE	MALAYSIAN

- Bachelor of Commerce (University of Melbourne, Australia)

MR. LIEW TIAN XIONG WAS APPOINTED AS AN EXECUTIVE DIRECTOR OF ECOWORLD MALAYSIA ON 29 NOVEMBER 2013.

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

He is a Director of Eco World Development Holdings Sdn. Bhd. which is a substantial shareholder of the Company. He is also a substantial shareholder of the Company and the son of Tan Sri Dato' Sri Liew Kee Sin, who is the Non-Independent Non-Executive Chairman of the Company.

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

TANG KIN KHEONG

Senior Independent
Non-Executive Director

AGE	GENDER	NATIONALITY
63	MALE	MALAYSIAN

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

MR. TANG KIN KHEONG WAS APPOINTED TO THE BOARD OF ECOWORLD MALAYSIA ON 29 NOVEMBER 2013 AND SERVES AS THE SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR.

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

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

Mr. Tang has been a practicing accountant for 27 years. He is a member of the Malaysian Institute of Accountants and a licensed auditor. He works with public listed companies and owner managed businesses, in the areas of auditing, accounting, litigation support and business advisory services.

Mr. Tang was appointed Chairman of the Audit Committee of the Company on 29 November 2013. He is also a member of the Remuneration Committee and the Nomination Committee of the Company.

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

BOARD OF DIRECTORS' PROFILE

DATO' IDROSE BIN MOHAMED

Independent Non-Executive Director

AGE	GENDER	NATIONALITY
62	MALE	MALAYSIAN

- Bachelor Degree in Civil Engineering (UITM)

DATO' IDROSE BIN MOHAMED WAS APPOINTED AS THE INDEPENDENT NON-EXECUTIVE DIRECTOR OF ECOWORLD MALAYSIA ON 29 NOVEMBER 2013.

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

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

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

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

Dato' Idrose was appointed as the Chairman of the Nomination Committee of the Company on 12 December 2013. He is also a member of the Audit Committee, Remuneration Committee and Whistleblowing Committee of the Company.

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

DATO' HAJI OBET BIN TAWIL

Independent Non-Executive Director

AGE	GENDER	NATIONALITY
64	MALE	MALAYSIAN

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

DATO' HAJI OBET BIN TAWIL WAS APPOINTED AS THE INDEPENDENT NON-EXECUTIVE DIRECTOR OF ECOWORLD MALAYSIA ON 21 AUGUST 2014.

N

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

He was a Director of Johor Corporation and Universiti Teknologi Malaysia from 14 March 2011 until 9 April 2014. He was also previously a member of the Iskandar Regional Development Authority. Currently he is a Director of SHH Resources Holdings Berhad.

Dato' Haji Obet was appointed as a member of the Nomination Committee of the Company on 12 June 2018.

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

BOARD OF DIRECTORS' PROFILE

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

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

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

Dato' Noor was re-appointed as the Malaysian Co-Agent by the Government when Malaysia and Singapore agreed to submit the Pulau Batu Puteh dispute to the ICJ. She was a Director of S P Setia from 18 June 2009 until 26 March 2015. Currently she is the Chairman of Pembangunan Sumber Manusia Berhad.

Dato' Noor was appointed as a member of the Remuneration Committee of the Company on 21 May 2015 and she was re-designated as the Chairperson on 12 June 2018. She is also a member of the Audit Committee and the Nomination Committee of the Company.

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

DATO' NOOR FARIDA BINTI MOHD ARIFFIN

Independent Non-Executive Director

AGE	GENDER	NATIONALITY
72	FEMALE	MALAYSIAN

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

DATO' NOOR FARIDA BINTI MOHD ARIFFIN WAS APPOINTED AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF ECOWORLD MALAYSIA ON 20 MARCH 2015.

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LOW MEI LING

Independent Non-Executive Director

AGE	GENDER	NATIONALITY
57	FEMALE	MALAYSIAN

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

MADAM LOW MEI LING WAS APPOINTED AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF ECOWORLD MALAYSIA ON 29 MARCH 2018.

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

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

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

Madam Low was appointed as a member of the Audit Committee and the Whistleblowing Committee of the Company on 12 June 2018.

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

PROFILE OF KEY SENIOR MANAGEMENT

DATO' SUNDARAJOO A/L SOMU

Deputy President and Deputy Chief Executive Officer

Malaysian, 56 years of age, Male

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

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

Prior to joining EcoWorld Malaysia, Dato' Rajoo was a Divisional General Manager of S P Setia Group's Property Division (North). In this capacity, he pioneered S P Setia's business in Penang and spearheaded numerous projects, beginning with the launch of its maiden project – the 112.6 acre Setia Pearl Island in Bayan Lepas. He has been actively involved in the Malaysian property industry for over 30 years.

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

DATUK HOE MEE LING

Divisional General Manager

Malaysian, 48 years of age, Female

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

Datuk Hoe Mee Ling was appointed as a Divisional General Manager on 10 May 2014, in charge of the development of Eco Botanic in Iskandar Malaysia, the Group's Eco Business Park projects and EcoWorld's Singapore office.

Datuk Hoe has 23 years of experience in the property industry. She started her career with IOI Properties Berhad and prior to joining EcoWorld Malaysia, she was the Divisional General Manager for the Southern Property Division of S P Setia, spearheading its township developments, business park projects and overseeing the group's offices in both Singapore and Jakarta. Her various projects in Iskandar Malaysia have been recognized several times by the FIABCI Malaysian and International Chapters. While in S P Setia, her Setia Eco Gardens project was conferred the FIABCI Malaysia and FIABCI Prix d' Excellence Awards in both 2009 and 2012 and more recently under EcoWorld, her Eco Business Park I won both the FIABCI Malaysia and FIABCI Prix d' Excellence Awards in 2017.

She was formerly the Chairman of the Real Estate & Housing Developers' Association Malaysia **("REHDA")** for the state of Johor and a National Council Member from 2014-2016 and 2018-2020. She is also on the National Committee for FIABCI Malaysia for 2018-2020. Datuk Hoe has also been actively involved in community work to aid the needy beginning with the S P Setia Foundation and now with the Eco World Foundation for more than 10 years.

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

PROFILE OF KEY SENIOR MANAGEMENT

LOW THIAM CHIN

Divisional General Manager

Malaysian, 50 years of age, Male

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

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

Mr. Low has 23 years of experience in accounting and finance within the property development industry with the first 9 years attached to the property division of IJM Corporation Berhad, before joining S P Setia in year 2000 as a Group Accountant. He was then involved in numerous prominent projects under S P Setia, namely Setia Alam (Shah Alam), Setia Eco Lakes (Vietnam), SetiaWalk (Puchong) and KL Eco City (next to Mid Valley). In 2010, he took up a new challenge in business development, responsible for expanding the land bank as well as potential business ventures of S P Setia. Prior to joining EcoWorld Malaysia, he was the General Manager of S P Setia in charge of business development.

In 2012, he joined EWD to head the Finance, Business Development and Management Information System departments. He was then appointed as a Divisional General Manager of EcoWorld Malaysia on 1 July 2014. Following the completion of a corporate exercise undertaken between EWD and EcoWorld Malaysia in February 2015, Mr. Low was transferred to be the General Manager in charge of one of the group's projects in the Klang Valley. He was later promoted to be the Deputy CEO of the BBCC project on 1 July 2016 to oversee its planning and implementation.

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

HO KWEE HONG

Divisional General Manager

Malaysian, 43 years of age, Female

- **Bachelor and Master of Civil Engineering from University Putra Malaysia**

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

Ms. Ho is a qualified engineer who has more than 17 years of experience in consultancy, construction and property development industries. After her graduation from University Putra Malaysia, she worked as a Design Engineer in various mega infrastructure projects in Malaysia such as Kelantan River Flood Forecasting, Electrified Double Track and SMART Tunnel. Prior to joining EcoWorld Malaysia, she was with S P Setia Group.

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

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

PROFILE OF KEY SENIOR MANAGEMENT

PHAN YAN CHAN

Divisional General Manager

Malaysian, 49 years of age, Male

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

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

He has more than 27 years of experience in property development industry. Prior to joining EcoWorld Malaysia, he was the Divisional General Manager of S P Setia in charge of projects in Johor Bahru, namely Setia Indah, Setia Tropika and Setia Eco Cascadia with a combined GDV of approximately RM10 Billion.

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

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

YAP YOKE CHING

Divisional General Manager

Malaysian, 45 years of age, Female

- **Bachelor degree in Business Administration from RMIT University, Melbourne**

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

Prior to joining EcoWorld Malaysia, she was the Deputy General Manager of S P Setia in charge of the Setia Alam project, an award-winning township in the Klang Valley.

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

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

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 issued by the Securities Commission on 26 April 2017 **("the MCCG")**, the Main Market Listing Requirements **("the MMLR")** of Bursa Malaysia Securities Berhad **("Bursa Malaysia")** 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 2018 **("FY2018")** 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.

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 of Bursa Malaysia, which is available on the Company's website at www.ecoworld.my, as well as Bursa Malaysia's website. The CG Report provides the details on how the Group has applied each of the Practices set out in the MCCG during FY2018.

In general, the Group has complied in principle with the MCCG throughout FY2018.

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 ensuring the long-term success of the Group as well as the delivery of sustainable value to its stakeholders by setting 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 principal roles and responsibilities assumed by the Board 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.

In discharging its duties, the Board is guided by its Board Charter **("Board Charter")** which outlines the duties and responsibilities of the Board, the President/Chief Executive Officer **("President & CEO")** and Management. Matters specifically reserved for the Board and those delegated to board committees are clearly defined in the Board Charter.

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 has been revised to reflect the recent changes to the MCCG and the MMLR of Bursa Malaysia. The Board Charter also sets out processes and procedures for convening Board meetings. The Board has appointed Mr. Tang Kin Kheong as the Senior Independent Director since 29 November 2013 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 assisted by three board committees, namely the Audit Committee **("the AC")**, the Nomination Committee **("the NC")** and the Remuneration Committee **("the RC")** **(**collectively referred to as **"the Board Committees")**, which operate within their own Board-approved terms of reference **("TOR(s)")**. The TORs are reviewed and updated regularly to ensure that the latest requirements of the MCCG and the MMLR of Bursa Malaysia are incorporated. The Board Committees are tasked with overseeing and managing different aspects of the Group's governance and compliance. The Board has also formed a Whistleblowing Committee **("the WBC")** to assist the Board in dealing with reported possible breaches of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices.

The Board is briefed at its meetings on matters deliberated by the Board Committees. During FY2018, the Board reviewed and revised the TORs of the AC, the NC and the RC to align them with the practices recommended in the MCCG and the amended provisions in the MMLR of Bursa Malaysia.

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, adherance to Board policies and procedures at all times as well as compliance with regulations and governance practices.

Board Meetings

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

A total of 6 Board meetings were held during FY2018. The Directors' attendance was as follows:

DIRECTORS	ATTENDANCE
Tan Sri Abdul Rashid Bin Abdul Manaf	5/6
Tan Sri Dato' Sri Liew Kee Sin	6/6
Dato' Leong Kok Wah	6/6
Dato' Chang Khim Wah	6/6
Dato' Voon Tin Yow	6/6
Datuk Heah Kok Boon	6/6
Liew Tian Xiong	6/6
Tan Sri Lee Lam Thye#	2/2
Tang Kin Kheong	6/6
Dato' Idrose Bin Mohamed	6/6
Dato' Haji Obet Bin Tawil	6/6
Dato' Noor Farida Binti Mohd Ariffin	6/6
Low Mei Ling*	4/4

Notes:
- \# *Retired on 28 March 2018*
- * *Appointed on 29 March 2018*

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

To be in line with good corporate governance practices, the Board has, in December 2018, revised the delivery timeframe for the delivery of meeting materials set out in the Board Charter.

Time Commitment

Directors are expected to give sufficient time and attention to carry out their responsibilities. All Directors exceeded the minimum 50% attendance requirement in respect of Board meetings held in FY2018 as stipulated under Paragraph 15.05 of the MMLR of Bursa Malaysia. This reflects Board members' commitment and dedication in fulfilling their duties and responsibilities. Additionally, in between Board meetings, the Directors also approve various matters requiring the sanction of the Board by way of circular resolutions.

Directors' Training and Development

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

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 FY2018, the Directors attended the following training programmes and seminars to keep abreast of changes in law, regulations, business environment, risk management practices, general economic and industry developments:

DIRECTORS	PROGRAMMES	DATE
Tan Sri Abdul Rashid Bin Abdul Manaf	• MCCG Compliance Expectations – Better Reporting Integrity, Transparency & Accountability	19 July 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018
Tan Sri Dato' Sri Liew Kee Sin	• EcoWorld Women Summit 2018	8 March 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018
	• Overview of the General Data Protection Regulation (GDPR)	20 September 2018
	• Malaysia: A New Dawn	9 October 2018
	• Update on property markets in Australia and United Kingdom	11 October 2018
Dato' Leong Kok Wah	• Malaysian Code on Corporate Governance 2017	22 November 2017
	• MCCG Compliance Expectations – Better Reporting Integrity, Transparency & Accountability	19 July 2018
	• Common Breaches of the Listing Requirements with Case Studies	28 August 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018

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DIRECTORS	PROGRAMMES	DATE
Dato' Chang Khim Wah	• EWLDP (Mentors) – Mentor Readiness (Refresher)	8 November 2017
	• The Corporate Innovation Accelerator (CIA) – Mentor Briefing	28 November 2017
	• Social Entrepreneurship Malaysia 2007*	12 December 2017
	• EcoWorld Design Forum	7-8 December 2017
	• EWLDP – Leadership Insight Series*	16 January 2018
	• EcoWorld Women Summit 2018	8 March 2018
	• Leadership Conference @ University of Nottingham (Semenyih Campus)*	7 April 2018
	• FIABCI Malaysia Brown Paper Bag Conference @ TARC KL*	3 July 2018
	• #OnlyEcoWorld Conference @ Eco Sanctuary*	5 July 2018
	• #OnlyEcoWorld Conference @ Eco Tropics*	14 July 2018
	• #OnlyEcoWorld Conference @ Eco Spring & Summer*	15 July 2018
	• MCCG Compliance Expectations – Better Reporting Integrity, Transparency & Accountability	19 July 2018
	• #OnlyEcoWorld Conference @ Eco Majestic*	22 July 2018
	• 10th Malaysia SME Congress @ Eco Botanic*	26 July 2018
	• #OnlyEcoWorld Conference @ Eco Botanic	3 August 2018
	• International Conference on Innovation and Technopreneurship @ INTI International University College Nilai*	9 August 2018
	• Aon Best Employers Malaysia 2018 Awards Ceremony & Learning	5 September 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018
	• Malaysia: A New Dawn	9 October 2018

Note:

* *Attended as speaker*

DIRECTORS	PROGRAMMES	DATE
Dato' Voon Tin Yow	• EWLDP (Mentors) – Mentor Readiness	8 November 2017
	• The Corporate Innovation Accelerator (CIA) – Mentor Briefing	28 November 2017
	• EWLDP – Leadership Insight Series	16 January 2018
	• Trust & Integrity Conference 2018 – Accountability, Integrity and Trust – the way forward for the Profession	7 February 2018
	• CG Briefing Sessions: MCCG Reporting & CG Guide	16 March 2018
	• Recent Tax Disputes and Directors' Responsibilities in the Present Regime	23 April 2018
	• MCCG Compliance Expectations – Better Reporting Integrity, Transparency & Accountability	19 July 2018
	• Digital Economy and Capital Market Series: Alibaba and Tencent's Success Guide	8 August 2018
	• Internal Audit for Board and Audit Committee	10 August 2018
	• Mental Wellness Awareness Talk	15 August 2018
	• Risk Management Conference 2018 – Enhancing Risk Oversight: Risk Intelligence and Culture	29 August 2018
	• MFRS 15 – Revenue from Contracts with Customers	19 September 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018
	• Overview of the General Data Protection Regulation (GDPR)	20 September 2018
	• Update on property markets in Australia and United Kingdom	11 October 2018
Datuk Heah Kok Boon	• EWLDP (Mentors) – Mentor Readiness (Refresher)	8 November 2017
	• Integrated Reporting Breakfast Series by Securities Commission Malaysia	24 November 2017
	• The Corporate Innovation Accelerator (CIA) – Mentor Briefing	28 November 2017
	• CG Breakfast Series for Directors: Leading Change @ The Brain	5 December 2017
	• EWLDP – Leadership Insight Series	16 January 2018
	• World Capital Market Symposium (WCMS) 2018	6-7 February 2018
	• CG Briefing Sessions: MCCG Reporting & CG Guide	1 March 2018
	• EcoWorld Women Summit 2018	8 March 2018
	• KPI Roadshow	31 May 2018
	• World Environment Day 2018	1 June 2018
	• MCCG Compliance Expectations – Better Reporting Integrity, Transparency & Accountability	19 July 2018
	• Mental Wellness Awareness Talk	15 August 2018
	• EcoWorld Code of Conduct & Business Ethics Roadshow	16 August 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018
	• EPF Global Private Equity Summit 2018	26 September 2018
	• Cyber Security Awareness Talk	9 October 2018

DIRECTORS	PROGRAMMES	DATE
Liew Tian Xiong	• EcoWorld Design Forum	7 December 2017
	• Social Media Marketing World	28 February - 2 March 2018
	• EcoWorld Women Summit 2018	8 March 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018
	• Malaysia: A New Dawn	9 October 2018
Tang Kin Kheong	• MIA-SC Workshop on Malaysian Code on Corporate Governance	17 November 2017
	• Independent Directors' Program – The Essence of Independence	20 November 2017
	• CG Briefing Sessions: MCCG Reporting & CG Guide	15 March 2018
	• MCCG Compliance Expectations – Better Reporting Integrity, Transparency & Accountability	19 July 2018
	• International Professional Practices Framework for Audit Committee (AC) Workshop	28 August 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018
Dato' Idrose Bin Mohamed	• MCCG Compliance Expectations – Better Reporting Integrity, Transparency & Accountability	19 July 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018
	• Independent Director's Program – The Essence of Independence	29 October 2018
Dato' Haji Obet Bin Tawil	• MCCG Compliance Expectations – Better Reporting Integrity, Transparency & Accountability	19 July 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018
Dato' Noor Farida Binti Mohd Ariffin	• MCCG Compliance Expectations – Better Reporting Integrity, Transparency & Accountability	19 July 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018
Low Mei Ling	• MCCG Compliance Expectations – Better Reporting Integrity, Transparency & Accountability	19 July 2018
	• Mandatory Accreditation Program	23-24 July 2018
	• International Professional Practices Framework for Audit Committee (AC) Workshop	28 August 2018
	• Impact Assessment from the Implementation of MFRS 15 Revenue from Contracts to Customers	20 September 2018

Code of Conduct and Ethics

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

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

During FY2018, the Board revised the Directors' Code of Conduct and Ethics to align it with the practices recommended under the MCCG and the amended provisions in the MMLR of Bursa Malaysia.

Whistleblowing

The Board has established and implemented a Whistleblowing Policy to enable employees and members of the public to bring to the attention of the WBC any improper conduct committed or about to be committed within the Group.

The WBC comprises the following members:

MEMBERS
Dato' Idrose Bin Mohamed
Dato' Voon Tin Yow
Low Mei Ling *(Appointed on 12 June 2018)*

Further details pertaining to the Whistleblowing Policy and whistleblowing procedures are available on the Company's website at www.ecoworld.my.

II. BOARD COMPOSITION

The NC is charged by the Board with the responsibility of assisting the Board to oversee the selection of candidates for proposed Board appointments and the assessment of the performance of the Board, Board Committees as well as individual Directors. The NC consists exclusively of Independent Directors.

The Company has not been able to apply Practices 4.1 and 4.5 of the MCCG as the Board is of the view that application of both these Practices will require some time. Further details are set out in the NC Report on pages 64 to 65 of this Annual Report.

The composition, authority, duties and responsibilities of the NC and its activities during FY2018 are set out in the NC Report on pages 64 to 65 of this Annual Report.

III. REMUNERATION

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

The composition, authority, duties and responsibilities of the RC and its activities during FY2018 are set out in the RC Report on page 66 of this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The composition, authority, duties and responsibilities of the AC and its activities during FY2018 are set out in the AC Report on pages 60 to 63 of this Annual Report. The AC consists exclusively of Independent Directors.

On 28 June 2018, the TOR of the AC was reviewed and revised to align it with the practices recommended in the MCCG, including the practice that the Chairman of the AC shall not also be the Chairman of the Board and the practice that a former key audit partner shall observe a cooling-off period of at least 2 years before being appointed as a member of the AC.

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 and ensures that any provision of non-audit services by the external auditors are not in conflict with their role as auditors.

At a meeting held on 13 November 2018, the AC assessed the performance, competency, independence, technical capabilities and resource sufficiency of the external auditors. Based on the assessment, the AC was satisfied with the independence and performance of the external auditors and recommended to the Board to put forth a proposal for the re-appointment of the external auditors at the forthcoming annual general meeting.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has established a risk management framework that outlines the Group's risk management system, defines Management's responsibilities and sets out the risk appetite and risk tolerance of the Group. Details of the framework are set out in the CG Report, which is available on the Company's website at www.ecoworld.my, and the Statement of Risk Management and Internal Control on pages 69 to 75 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 **("RMC")** and Group Corporate Governance **("GCG")**.

The RMC assists the AC in identifying, assessing, mitigating and monitoring critical risks highlighted by business units and implementing risk management policies and strategies approved by the Board. GCG which is in-charge of the internal audit function, assists the AC in reviewing, evaluating and monitoring the effectiveness of the Group's governance, risk management and internal control processes.

The RMC comprises the following members:

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

The Board has reviewed the effectiveness of the Group's risk management and internal controls during FY2018 and confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group during FY2018.

The Statement on Risk Management and Internal Control as set out in pages 69 to 75 of this Annual Report provides an overview of the management of risks and state of internal controls within the Group.

The function and activities of the internal auditors during FY2018 are set out in the AC Report on pages 60 to 63 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 disclosure of information.

The Board is committed to ensure that the shareholders and other stakeholders are well informed of major developments of 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 and in the Company's website at www.ecoworld.my, shareholders' general meetings, analysts and media briefings, domestic and overseas roadshows and investor conferences.

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

II. CONDUCT OF GENERAL MEETINGS

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

The Company has adopted the practice of giving at least 28 days notice for its annual general meetings. This was practised for the first time for the 44th Annual General Meeting **("AGM")** held on 28 March 2018. The additional notice period allows shareholders more time to make the necessary arrangements to attend the meeting, scrutinise the Annual Report, consider the resolutions to be tabled or prepare any questions to be raised at the AGM. To align with the recommendation in the MCCG, the Board has on 20 September 2018 approved the revised Board Charter to increase the notice period to at least 28 days.

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

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

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

This CG Statement together with the CG Report were approved by the Board on 24 January 2019.

AUDIT COMMITTEE REPORT

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

COMPOSITION OF THE AC
Tang Kin Kheong Chairman, Senior Independent Director
Dato' Idrose Bin Mohamed Member, Independent Director
Dato' Noor Farida Binti Mohd Ariffin Member, Independent Director
Madam Low Mei Ling Member, Independent Director *(Appointed on 12 June 2018)*

Meetings
The AC held 6 meetings during financial year 2018 **("FY2018")**. The attendance of each AC member was as follows:

NAME OF MEMBERS	ATTENDANCE
Tang Kin Kheong	6/6
Dato' Idrose Bin Mohamed	6/6
Dato' Noor Farida Binti Mohd Ariffin	6/6
Dato' Haji Obet Bin Tawil#	4/4
Madam Low Mei Ling	2/2

Note:
\# *Resigned on 12 June 2018*

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

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

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

Authority, Duties and Rresponsibilities 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 Activities during FY2018
During FY2018, the AC carried out the following activities 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 **("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 profit or loss of the potential termination of sales and purchase agreements by customers;

- changes in the presentation of the financial statements;
- significant auditing and financial reporting matters, material audit adjustments, material fluctuations in balances, significant judgment and estimates made by Management. It was noted that there were no significant or unusual events or transactions during the year; and
- the going concern assumption used in the preparation of the financial statements.

(c) Reviewed with the external auditors their preliminary findings from agreed-upon procedures performed on Management's assessment of the impact of Malaysian Financial Reporting Standards 9 and 15 (which will be applied by the Group in financial year 2019) on the Group's accounting policies.

2. Matters Relating to External Audit

(a) Reviewed the external auditors' audit plan for FY2018.

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

(c) Noted that the external auditors did not report any significant deficiencies in the system of internal control.

(d) Met with the external auditors without the presence of Management twice, on 18 September 2018 and 12 December 2018, in order to provide the external auditors with an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference.

(e) Evaluated the external auditors' suitability, objectivity and independence, taking into consideration of their technical competencies, audit quality and manpower resource sufficiency to perform the audit of the Group. Also reviewed the reasonableness of the audit fees charged against the size and complexity of the Group.

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

3. Matters Relating to Internal Audit

(a) Approved the annual internal audit plan for FY2018 to ensure adequate scope and coverage of the Group's activities based on identified and assessed key risk areas. Also considered the adequacy of the manpower resources of the internal audit team to carry out the activities envisaged in the internal audit plan.

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

During the AC meetings, discussed significant reported matters with Management together with the internal auditors to reaffirm a common understanding of the issues and Management's commitment to improve the current system of internal control to address the issues.

Reported significant matters to the Board.

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

(d) Approved and adopted the revised Internal Audit Charter and Internal Audit Methodology to be in compliance with the revised International Professional Practices Framework **("IPPF")** issued by the Institute of Internal Auditors **("the IIA")**.

(e) Evaluated the performance of the internal audit department during the FY2018 as well as their capability and competency 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 Chairman of the Risk Management Committee the reports on the Group's risk profile and the mitigation controls implemented to manage identified risks.

(b) Reviewed the revised Risk Management Policy and Guidelines before presentation to the Board for approval.

(c) At the first and third quarterly AC meetings, reviewed and discussed with the Head of Group Management Information System the results of penetration tests carried out on the Group's IT infrastructure by an external cyber security firm in January 2018 and August 2018.

IT security penetration tests are carried out twice a year.

5. Matters Relating to Related Party Transactions

On a quarterly basis, took note of all related party transactions 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 related party transactions of a recurring and trading nature, in accordance with the mandate approved by shareholders.

6. Other Matters

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

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

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 evaluation was carried out by all the Directors (save for Directors who are AC members) instead of by the Nomination Committee **("NC")** as, at the time of the evaluation, 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 FY2018 are set out on page 56 of this Annual Report.

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 discharged its responsibilities. Details of the resources and the qualifications of the Senior Manager of GCG are set out in the CG Report which is available on the Company's website at www.ecoworld.my.

GCG adopts the IIA's International Standards for the Professional Practice of Internal Auditing **("IIA Standards")** laid down in its IPPF. GCG conducts its internal audits in accordance with an annual internal audit plan developed based on a risk-based approach. The internal audit plan requires the prior approval of the AC.

During FY2018, the AC carried out its annual evaluation of the work of GCG and was satisfied with the overall performance of GCG. Additionally, in compliance with IIA Standards, the AC appointed an external consultant in FY2018 to perform a Quality Assessment Review **("QAR")** on GCG. The QAR indicated that GCG has generally conformed with IIA's Standards. GCG will continue to meet or strive to exceed IIA Standards in all key aspects. The AC plans to commission the next external QAR within the next 5 years.

The internal audits carried out by GCG for the FY2018 included the following:

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

  During the FY2018, 18 internal audit reports covering 45 processes were issued. These included the audits of 13 business units across the Northern, Southern and Klang Valley regions as well as 5 support units.

  These internal audit reports together with follow-up reports were tabled at the quarterly AC meetings for deliberation.

- Conducted 22 follow-up audits to ascertain the implementation status of previously issued audit recommendations.
- Ascertained the extent of compliance with established Group policies, procedures and statutory requirements.
- Performed an investigative audit following allegations of mismanagement and improper acts reported to the Whistleblowing Committee.
- Reviewed recurring related party transactions on a quarterly basis in accordance with the guidelines set out in the Circular to Shareholders for recurrent related party transactions of a revenue or trading nature.
- Reviewed the overall status of application of the practices and step-ups set out in the Malaysian Code on Corporate Governance.

The total cost incurred in maintaining the internal audit function for the FY2018 was RM1.19 million (FY2017: RM1.7 million).

NOMINATION COMMITTEE REPORT

The Nomination Committee **("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 *(Appointed on 12 June 2018)*

Meeting
The NC held one meeting during financial year 2018 **("FY2018")** that was attended by all members.

Authority, Duties and Responsibilities of the NC
The role of the NC is to assist the Board of Directors **("Board")** in ensuring that the Board comprises Directors with the appropriate mix of skills and experience, as well as to ensure a proper balance between Independent Directors and Non-Independent Directors.

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

Summary of Activities during FY2018
The NC carried out the following activities during FY2018:

1. **Evaluated the performance of the board committees and individual Directors**

   - 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 Main Market Listing Requirements **("the MMLR")** of Bursa Malaysia Securities Berhad **("Bursa Malaysia")**.
   - Nominated for re-election the Directors who will be retiring at the forthcoming Annual General Meeting **("AGM")** and recommended to the Board that a resolution for their re-election be tabled at the forthcoming AGM.
   - Reviewed the term of office, competency and performance of the Audit Committee and its members as a whole as well as reviewed the competency and performance of the Company Secretaries.

2. **Other Matters**

   - Reviewed the profile of Madam Low Mei Ling prior to her appointment as an Independent Director.
   - Reviewed the composition of the board committees and recommended changes thereto to the Board for approval.
   - Reviewed and revised the TOR of the NC to be in line with the MMLR of Bursa Malaysia and the Malaysian Code on Corporate Governance **("the MCCG")** and recommended the revisions to the Board for approval.

Board Composition

The Board
The Board consists of 12 Directors of whom 5 are Independent Directors. Further, there are only 2 women among the 12 Directors.

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

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

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

Further details on the departure from Practice 4.1 and Practice 4.5 are set out in the Corporate Governance Report **("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 assessment of the NC and with 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.

On 14 December 2017, the Board formalised and adopted a Board Diversity Policy which sets out the approach to maintain a Board comprising talented and dedicated Directors with diverse mix of skills, expertise, experience, gender, age and independence. Further details about 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 **("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.

Madam Low Mei Ling who was appointed as an Independent Director during FY2018 was recommended by existing Board members. Her appointment has enhanced the Board gender diversity.

Further details on the assessment and recruitment of Directors are set out in the CG Report which is available on the Company's website at www.ecoworld.my.

Board Evaluation

During FY2018, 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 24 January 2019 and concluded that it is 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 and the conclusions 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 **("RC")** comprises 3 Independent Directors.

COMPOSITION OF THE RC
Dato' Noor Farida Binti Mohd Ariffin Chairperson, Independent Director *(Re-designated on 12 June 2018)*
Dato' Idrose Bin Mohamed Member, Independent Director
Tang Kin Kheong Member, Senior Independent Director

Meeting
The RC held one meeting during financial year 2018 **("FY2018")** 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 **("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 and which allows the Company and its subsidiaries **("Group")** to attract and retain talented individuals to steer the Group to achieve its long-term goals and enhance shareholders' value.

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

Summary of Activities during FY2018
The RC performed the following activities during the FY2018:

- Reviewed and discussed the remuneration of all Directors and C-Suite Management Personnel before presenting to the Board for approval.
- Reviewed the revised Directors' Remuneration Policy and submitted it to the Board for approval.
- Reviewed the Remuneration Policy for C-Suite Management Personal and submitted it to the Board for approval.
- Reviewed the revised TOR of the RC to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance.

Remuneration Policy and Procedures for Directors and C- Suite Management Personal
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 are not linked to financial results. Instead a benchmark study was conducted against best practices to determine the appropriate level of remuneration. The remuneration packages comprise fixed fee, meeting allowances and benefits. Their remuneration payable to Non-Executive Directors is subject to shareholders' approval at the Annual General Meeting **("AGM")** and Directors who are also shareholders abstain from voting at the AGM to approve their own fees.

Remuneration of Directors and Top Senior Management Personnel
The remuneration of Directors and top Senior Management personnel on a named basis for FY2018 are disclosed in the Corporate Governance Report which is available on the Company's website at www.ecoworld.my.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors consider that in preparing the financial statements:

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 October 2018.

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 2018 are as follows:

	Group (RM)	Company (RM)
Audit Fees	574,300	160,400
Non-audit Fees	105,300	31,000
Total	679,600	191,400

Material Contracts

Save as disclosed under Note 39 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 2018, 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 regular reviews to assess the adequacy and effectiveness of the risk management and internal control systems.

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

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

Management Responsibility

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

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

Risk Management and Internal Control System

Risk Management

Risk Management Framework

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

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

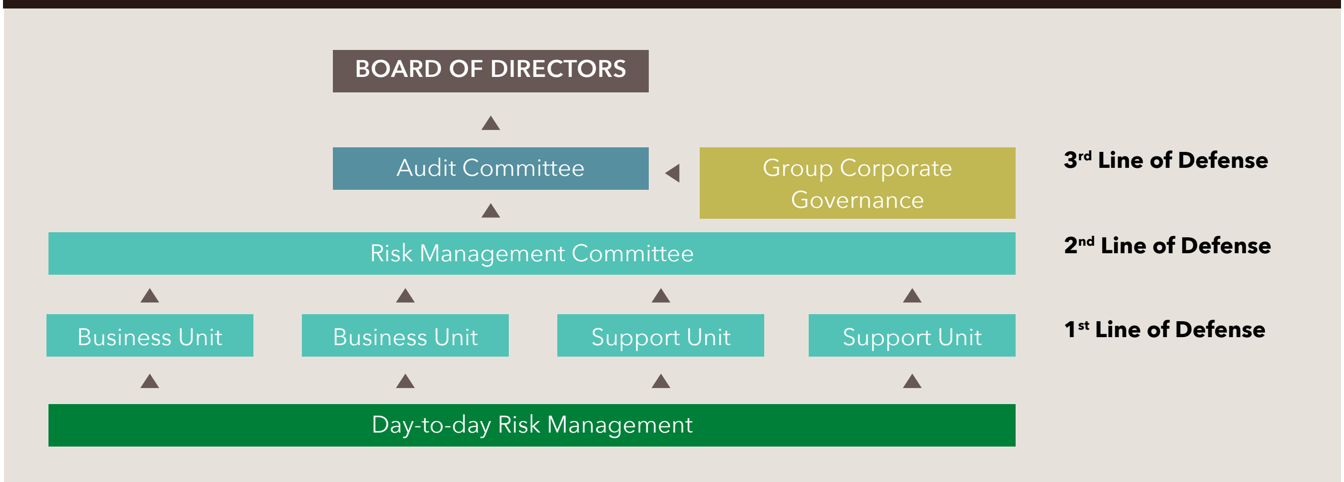
Framework Element	Description
Risk governance	• Establish an approach in developing, supporting, and embedding the risk strategy and accountabilities.
Risk assessment	• Identify, assess and categorise risks across our Group.
Risk quantification and aggregation	• Measure, analyse and consolidate risks.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

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

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

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

DIAGRAM 1



Risk Management Oversight

The **Risk Management Committee** has been established to oversee risk management matters within the Group. The Risk Management Committee comprises representatives from all business units as well as relevant Head Office support units and is chaired by an Executive Director who reports to the Audit Committee on behalf of the Risk Management Committee. The Risk Management Committee meets on a quarterly basis and its principal roles and responsibilities include:

- Communicating the Board's vision, strategy, policy, responsibilities and reporting lines to all personnel across the Group;
- Reviewing risk profiles and performance of the business units and support units;
- Aggregating the Group's risk position and reporting to the Audit Committee on the risk situation;
- Providing guidance to business units and support units on the Group's risk appetite and other criteria which, when exceeded, trigger an obligation to report upwards to the Risk Management Committee and the Board;
- Identifying and communicating to the Audit Committee the critical risks (present and potential) at the respective business units and service units, their changes and Management's action plans to manage those risks;
- Supervising ERM policy implementation at the Group level. This includes developing and updating the ERM system at the Group level;
- Coordinating the issuance of company-wide uniform ERM standards, combined with the authority to set guidelines;
- Training and communicating ERM details within the Group; and
- Reviewing and updating risk management methodologies applied at the relevant business units and support units, especially those related to risk identification, measuring, controlling, monitoring and reporting.

The day-to-day risk management resides with the respective business units and support units. The principal roles and responsibilities of each business unit and support unit are as follows:

- Manage the business unit's or support unit's risk profile;
- Report risk exposure to the Risk Management Committee;
- Develop and implement action plans to manage risks;
- Report status of action plans to the Risk Management Committee; and
- Ensure critical risks are considered in the action plans.

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. The risk management process is aligned with **IEC31010:2009, Risk Management – Risk Assessment Techniques.**

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

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

Risk Appetite and Tolerance

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

Key Risks

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

1. **Acquisition of Unsuitable Land**

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

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

2. **Liquidity**

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

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

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

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

3. **Weak Market Sentiment**

   The Group's performance is dependent on 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 of properties in relation to market demand.

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

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

The Group also adopts customised sales and marketing strategies for each of its projects with regular review of sales and marketing strategies to suit changing market conditions. These include continuous reviews of the selling price, design, unit mix and size of all its products to ensure that they are value-optimised, competitive and attractive. In response to changing economic conditions and market demands, the Group has carved out innovative marketing strategies such as Help-to-own **("H2O")** campaign and Home Ownership Programme with EcoWorld **("HOPE")** to assist buyers to own their dream homes while enhancing the competitive advantage of the Group's developments.

4. Increasing Cost of Construction

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

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

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

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

5. Non-performing Contractors

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

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

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

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 updated on 20 July 2017. 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 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 continuously 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 in place for recruitment, talent development programmes and performance appraisal to maintain high competency and capability levels.

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

Financial Budgeting
Annual budgets are prepared and reviewed by Senior Management prior to tabling to the Board for approval. Actual performance is reviewed against the budget with detailed explanations provided for material variances.

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

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

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

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

Whistleblowing Policy

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

Board Committees

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

The Group's system of internal control does not apply to associated companies and jointly controlled entities over which the Group does not have full management control. The Group's interest is safeguarded through Board representation in the jointly-controlled entities.

Internal Audit Function

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

A description of the activities of GCG during the financial year ended 31 October 2018 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 2018. 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 engagement performed, the external auditors have reported to the Board that nothing had come to their attention that had caused them to believe that this Statement on Risk Management and Internal Control is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and integrity of the risk management and internal control systems of the Group.

Conclusion

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

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

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

This statement was approved by the Board of Directors on 24 January 2019.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2018.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	165,592	4,797
Attributable to:		
Owners of the Company	165,592	4,797
Non-controlling interests	-	-
	165,592	4,797

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 October 2018.

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 satisfied themselves that there were no known bad debts and that no allowance was required in respect of 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 debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company.

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 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 or event of a material and unusual nature; and

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, no shares or debentures were issued by the Company.

FREE DETACHABLE WARRANTS 2015/2022

The salient terms of the Warrants 2015/2022 are disclosed in Note 20 to the financial statements.

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

DIRECTORS OF THE COMPANY

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Abdul Rashid bin Abdul Manaf	
Tan Sri Dato' Sri Liew Kee Sin	
Dato' Leong Kok Wah	
Dato' Chang Khim Wah*	
Dato' Voon Tin Yow*	
Datuk Heah Kok Boon*	
Liew Tian Xiong*	
Tang Kin Kheong	
Dato' Idrose bin Mohamed	
Dato' Haji Obet bin Tawil	
Dato' Noor Farida binti Mohd Ariffin	
Low Mei Ling	Appointed on 29 March 2018
Tan Sri Lee Lam Thye	Retired on 28 March 2018

* *Also directors of certain subsidiaries*

DIRECTORS OF SUBSIDIARIES

The following is a list of directors of the subsidiaries (not including those who are also directors of the Company) in office during the financial year or during the period from the end of the financial year to the date of this report:

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

DIRECTORS' 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"), the interests of directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.11.2017 '000	Bought '000	Sold '000	At 31.10.2018 '000
The Company				
Eco World Development Group Berhad				
Direct interests				
Liew Tian Xiong	502,769	-	-	**502,769**
Dato' Chang Khim Wah	8,650	-	-	**8,650**
Datuk Heah Kok Boon	1,609	-	-	**1,609**
Dato' Voon Tin Yow	14,066	-	-	**14,066**
Deemed/Indirect interests				
Tan Sri Abdul Rashid bin Abdul Manaf@	432,865	-	(4,813)	**428,052**
Dato' Leong Kok Wah#	1,402,784	-	(4,813)	**1,397,971**
Tan Sri Dato' Sri Liew Kee Sin^	20,000	-	-	**20,000**

	Number of Warrants 2015/2022			
	At 1.11.2017 '000	Bought '000	Sold '000	At 31.10.2018 '000
The Company				
Eco World Development Group Berhad				
Direct interests				
Liew Tian Xiong	71,024	-	-	**71,024**
Dato' Chang Khim Wah	1,224	-	-	**1,224**
Datuk Heah Kok Boon	181	-	-	**181**
Dato' Voon Tin Yow	1,652	-	-	**1,652**
Deemed/Indirect interests				
Tan Sri Abdul Rashid bin Abdul Manaf@	202,177	-	-	**202,177**
Dato' Leong Kok Wah#	363,547	-	-	**363,547**

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Notes:

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

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

^ *Indirect interest by virtue of his spouse's interest in the Company pursuant to Section 59(11)(c) of the Act.*

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year and save for as disclosed in Note 39 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 33 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 arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company 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 for the Directors and Officers of the Group was RM20,000,000. The insurance premium for the D&O Insurance paid during the financial year amounted to RM28,000.

SUBSIDIARIES

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.

INDEMNITY FOR AUDITORS

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

DIRECTORS' REPORT

AUDITORS' REMUNERATION

The auditors' remuneration are disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, 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: 24 January 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**250,112**	227,942	**67**	156
Investment property	6	**19,440**	19,149	**-**	-
Land held for property development	7	**3,877,520**	3,900,199	**-**	-
Investment in subsidiaries	8	**-**	-	**3,601,317**	3,352,317
Investment in an associate	9	**57,018**	12,127	**56,438**	12,728
Investment in joint ventures	10	**1,112,584**	1,139,208	**14,000**	14,000
Trade and other receivables	11	**675,775**	507,520	**1,180,696**	1,115,740
Deferred tax assets	12	**96,676**	78,743	**14**	6
Total non-current assets		**6,089,125**	5,884,888	**4,852,532**	4,494,947
Current assets					
Property development costs	13	**2,567,368**	2,431,575	**-**	-
Gross amount due from a customer	14	**6,882**	6,882	**-**	-
Inventories	15	**140,489**	24,707	**-**	-
Current tax assets		**49,037**	46,999	**981**	3,350
Trade and other receivables	16	**869,184**	786,775	**206,048**	408,836
Other current assets	17	**194,074**	234,611	**-**	-
Cash and bank balances	18	**510,297**	433,824	**59,571**	91,645
Total current assets		**4,337,331**	3,965,373	**266,600**	503,831
TOTAL ASSETS		**10,426,456**	9,850,261	**5,119,132**	4,998,778

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	19	**3,614,865**	3,614,865	**3,614,865**	3,614,865
Warrant reserve	20	**194,395**	194,395	**194,395**	194,395
Foreign currency translation reserve		**(22,216)**	(541)	**-**	-
Retained earnings		**620,907**	455,315	**20,990**	16,193
TOTAL EQUITY		**4,407,951**	4,264,034	**3,830,250**	3,825,453
Non-current liabilities					
Loans and borrowings	21	**1,925,831**	2,202,608	**-**	101,625
Finance lease obligations	22	**307**	-	**-**	-
Other payables	23	**-**	92,671	**-**	-
Deferred tax liabilities	12	**32,435**	48,563	**-**	-
Total non-current liabilities		**1,958,573**	2,343,842	**-**	101,625
Current liabilities					
Trade and other payables	24	**1,328,546**	1,464,920	**482,257**	486,700
Other current liabilities	25	**816,827**	481,462	**-**	-
Bank overdrafts	26	**19,208**	26,497	**-**	-
Loans and borrowings	21	**1,886,180**	1,250,466	**806,625**	585,000
Finance lease obligations	22	**76**	-	**-**	-
Current tax liabilities		**9,095**	19,040	**-**	-
Total current liabilities		**4,059,932**	3,242,385	**1,288,882**	1,071,700
TOTAL LIABILITIES		**6,018,505**	5,586,227	**1,288,882**	1,173,325
TOTAL EQUITY AND LIABILITIES		**10,426,456**	9,850,261	**5,119,132**	4,998,778

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Revenue	27	**2,171,768**	2,936,562	**-**	-
Cost of sales	28	**(1,700,707)**	(2,324,750)	**-**	-
Gross profit		**471,061**	611,812	**-**	-
Other income	29	**45,863**	135,038	**88,977**	102,427
Selling and marketing expenses		**(49,235)**	(111,492)	**-**	-
Administrative expenses		**(207,238)**	(251,452)	**(12,149)**	(26,667)
Operating profit		**260,451**	383,906	**76,828**	75,760
Finance costs	30	**(99,731)**	(69,791)	**(66,342)**	(49,084)
Share of results in an associate, net of tax		**1,199**	(601)	**-**	-
Share of results in joint ventures, net of tax		**55,400**	(30,901)	**-**	-
Profit before tax		**217,319**	282,613	**10,486**	26,676
Income tax expense	34	**(51,727)**	(72,963)	**(5,689)**	(11,974)
Profit for the financial year		**165,592**	209,650	**4,797**	14,702
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences of translation of foreign operation		**1,679**	(179)	**-**	-
Share of other comprehensive income of joint ventures		**(23,354)**	(1,148)	**-**	-
Total comprehensive income for the financial year		**143,917**	208,323	**4,797**	14,702

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit attributable to:					
Owners of the Company		**165,592**	209,650	**4,797**	14,702
Non-controlling interests		**-**	-	**-**	-
		165,592	209,650	**4,797**	14,702
Total comprehensive income attributable to:					
Owners of the Company		**143,917**	208,323	**4,797**	14,702
Non-controlling interests		**-**	-	**-**	-
		143,917	208,323	**4,797**	14,702
Earnings per ordinary share (sen)					
- basic/diluted	35	**5.62**	7.25		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

Group	Note	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 November 2016		1,374,846	1,971,010	194,395	786	245,665	3,786,702
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	209,650	209,650
Other comprehensive loss for the financial year							
– foreign currency translation		-	-	-	(1,327)	-	(1,327)
Total comprehensive income		-	-	-	(1,327)	209,650	208,323
Transactions with owners							
Issuance of ordinary shares - placement	19	231,419	37,600	-	-	-	269,019
Share issuance expenses		(10)	-	-	-	-	(10)
Transition to no-par value regime	19	2,008,610	(2,008,610)	-	-	-	-
Total transactions with owners		2,240,019	(1,971,010)	-	-	-	269,009
At 31 October 2017		3,614,865	-	194,395	(541)	455,315	4,264,034
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	165,592	165,592
Other comprehensive loss for the financial year		-	-	-	-	-	-
– foreign currency translation		-	-	-	(21,675)	-	(21,675)
Total comprehensive income		-	-	-	(21,675)	165,592	143,917
At 31 October 2018		**3,614,865**	**-**	**194,395**	**(22,216)**	**620,907**	**4,407,951**

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

Company	Note	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 November 2016		1,374,846	1,971,010	194,395	1,491	3,541,742
Total comprehensive income for the financial year		-	-	-	14,702	14,702
Transactions with owners						
Issuance of ordinary shares - placement	19	231,419	37,600	-	-	269,019
Share issuance expenses		(10)	-	-	-	(10)
Transition to no-par value regime	19	2,008,610	(2,008,610)	-	-	-
Total transactions with owners		2,240,019	(1,971,010)	-	-	269,009
At 31 October 2017		3,614,865	-	194,395	16,193	3,825,453
Total comprehensive income for the financial year		-	-	-	4,797	4,797
At 31 October 2018		**3,614,865**	**-**	**194,395**	**20,990**	**3,830,250**

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
Profit before tax		**217,319**	282,613	**10,486**	26,676
Adjustments for:					
Depreciation of property, plant and equipment		**28,247**	25,141	**89**	95
Abortive land acquisition expenditure written off		**-**	25	**-**	-
Impairment of amounts due from subsidiaries		**-**	-	**2,865**	17,451
Impairment of investment in a subsidiary		**-**	-	**3,582**	-
Interest expense		**99,731**	69,791	**66,342**	49,084
Interest income		**(32,748)**	(31,104)	**(88,859)**	(102,315)
Property, plant and equipment written off		**30**	3,529	**-**	-
Gain on disposal of property, plant and equipment		**(99)**	(14)	**-**	-
Gain on deemed disposal of subsidiaries		**-**	(96,600)	**-**	-
Share of results in an associate		**(1,199)**	601	**-**	-
Share of results in joint ventures		**(55,400)**	30,901	**-**	-
Unrealised loss/(gain) on foreign exchange		**1,621**	(186)	**-**	-
		257,502	284,697	**(5,495)**	(9,009)
Changes in working capital:					
Property development costs		**76,737**	40,748	**-**	-
Gross amount due from a customer		**-**	(7,116)	**-**	-
Inventories		**8,336**	177	**-**	-
Receivables		**(52,376)**	(168,137)	**8**	397
Payables		**195,406**	381,618	**(361)**	(678)
		485,605	531,987	**(5,848)**	(9,290)
Interest paid		**(173,618)**	(132,890)	**-**	-
Interest received		**8,902**	5,462	**218**	576
Income taxes paid		**(98,301)**	(94,947)	**(3,328)**	(2,435)
Net cash flows from/(used in) operating activities		**222,588**	309,612	**(8,958)**	(11,149)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	**(50,515)**	(52,172)	**-**	-
Additions of investment property		**(291)**	(560)	**-**	-
Proceeds from disposal of property, plant and equipment		**534**	917	**-**	-
Acquisition of associate		**-**	*	**-**	-
Payment for deferred land cost		**(98,039)**	(337,227)	**-**	-
Subscription of additional shares in subsidiaries		**-**	-	**-**	(16,000)
Subscription of ordinary shares and preference shares in an associate		**(43,710)**	(12,728)	**(43,710)**	(12,728)
Acquisition of joint ventures		**-**	(777,600)	**-**	-
Net cash outflow from deemed disposal of subsidiaries (Note 8 (b) and (c))		**-**	(11,642)	**-**	-
Additions to land held for property development		**(189,618)**	(340,881)	**-**	-
Development expenditure paid		**(354)**	(14,973)	**-**	-
Reduction in purchase consideration for acquisition of a joint venture		**19,164**	-	**-**	-
Interest received		**3,326**	5,875	**68,165**	87,782
Net advances to subsidiaries		**-**	-	**(30,763)**	(745,646)
Net advances to joint ventures		**(97,576)**	(19,543)	**(97,576)**	(11,043)
Placement of deposits, redemption accounts, debts service reserve and escrow accounts		**(19,248)**	(24,366)	**(14)**	(13)
Net cash flows used in investing activities		**(476,327)**	(1,584,900)	**(103,898)**	(697,648)

* *Represents RM12.*

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		**-**	269,019	**-**	269,019
Payment of share issuance expenses		**-**	(10)	**-**	(10)
Drawdown of bank borrowings		**859,550**	1,414,015	**120,000**	85,000
Repayment of bank borrowings		**(503,355)**	(554,511)	**-**	-
Payment of finance lease obligations		**(37)**	-	**-**	-
Advances from subsidiaries		**-**	-	**15,120**	213,528
Interest paid		**(37,872)**	(26,683)	**(54,352)**	(36,000)
Net cash flows from financing activities		**318,286**	1,101,830	**80,768**	531,537
Net increase/(decrease) in cash and cash equivalents		**64,547**	(173,458)	**(32,088)**	(177,260)
Cash and cash equivalents at the beginning of the financial year		**308,160**	482,081	**91,219**	268,479
Effects of exchange rate changes on cash and cash equivalents		**(32)**	(463)	**-**	-
Cash and cash equivalents at the end of the financial year		**372,675**	308,160	**59,131**	91,219
Cash and cash equivalents included in the statements of cash flows comprise the following amounts:					
Deposits with licensed banks	18	**87,224**	119,388	**58,390**	77,545
Cash in hand and at banks	18	**423,073**	314,436	**1,181**	14,100
Bank overdrafts	26	**(19,208)**	(26,497)	**-**	-
		491,089	407,327	**59,571**	91,645
Less: Cash and deposits maintained in debts service reserve account, redemption accounts and escrow accounts	18	**(113,049)**	(97,939)	**-**	-
Deposits pledged to banks as security for banking facilities	18	**(5,365)**	(1,228)	**(440)**	(426)
		372,675	308,160	**59,131**	91,219

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
(a) Purchase of property, plant and equipment				
Purchase of property, plant and equipment	**50,935**	52,322	**-**	-
Financed by way of finance lease arrangements	**(420)**	-	**-**	-
Net changes in payables for purchase of property, plant and equipment	**-**	(150)	**-**	-
Cash payments on purchase of property, plant and equipment	**50,515**	52,172	**-**	-

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

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 Company is principally engaged in business as an investment holding company. The principal activities of the subsidiaries, associate 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 the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 January 2019.

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 Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 ("the Act").

2.2 Adoption of amendments/improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

Amendments/Improvements to FRSs

FRS 12	Disclosure of Interest in Other Entities
FRS 107	Statement of Cash Flows
FRS 112	Income Taxes

The adoption of the above amendments/improvements to FRSs 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.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to FRSs (Continued)

Amendments to FRS 107 Statement of Cash Flows

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

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in the statements of cash flows.

2.3 MASB Approved Accounting Standards ("MFRSs")

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

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for Construction of Real Estate ("Transitioning Entities"). Transitioning Entities were given the option to defer the adoption of the MFRS Framework until annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply FRSs framework for annual periods beginning on or after 1 January 2012.

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

The identified effects are based on the Group's and the Company's best estimates as at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

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

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

The Group and the Company do not expect any material impact on their financial position, financial performance and cash flows upon application of MFRS 1.

2. BASIS OF PREPARATION (CONTINUED)

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

The new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective for the Group and the Company are as follows:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018/ 1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 4	Insurance Contracts	1 January 2018
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

2. BASIS OF PREPARATION (CONTINUED)

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

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

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting. MFRS 9 also have significant consequential amendments to other standards, in particular MFRS 7, Financial Instruments Disclosure.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position. Investments in equity instrument are always measured at fair value through profit or loss with an irrevocable option at inception to present changed in their value in Other Comprehensive Income ("OCI") provided the instrument is not held for trading. For financial liabilities, the Standard retains most of the MFRS 139 requirements.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaces the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal to lifetime expected credit losses.

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

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 9 Financial Instruments (Continued)

MFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the first year of application of the Standard.

The Group will apply MFRS 9 from 1 November 2018, with the short term exemptions permitted under MFRS 1 and that comparatives for 2018 will not be restated. Based on the Group's preliminary assessment, the Group does not expect material financial impact to the financial position, financial performance and cash flows in the period of its first application of the Standard. The Group will conclude its assessment upon completion of its detailed analysis on initial application of MFRS 9.

MFRS 15 Revenue from Contracts with Customers

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

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

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Int 13	Customer Loyalty Programmes
IC Int 15	Agreements for the Construction of Real Estate
IC Int 18	Transfers of Assets from Customers
IC Int 131	Revenue-Barter Transactions Involving Advertising Services

The Group will adopt MFRS 15 retrospectively and restate the comparatives for the financial year ended 31 October 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 15 Revenue from Contracts with Customers (Continued)

The Group has conducted a preliminary assessment of existing contracts with customers and identified, among others, the following changes to the existing accounting principles:

(a) Timing of recognition for the sales of properties

The Group's existing accounting policy is to recognise revenue from the sale of properties under development by reference to the stage of completion when the final outcome of the development activities can be reliably estimated.

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

The Group will recognise revenue from property development over time if the Group's performance does not create an asset with alternative use to the Group and it has an enforceable right to payment for performance completed to date. The measure of the progress towards complete satisfaction of the performance obligation will be based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the development costs incurred to date to the estimated total development costs) when it is probable that the Group will collect the consideration of the sale of the property to which it is entitled.

(b) Identifying the performance obligations in the contract

A performance obligation is a promise in a contract with customer to transfer to the customer either a distinct good or service or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The performance obligation is separated if the performance obligation is capable of being distinct and if it is distinct within the context of the contract. The determined transaction price will then be allocated to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled.

(c) Determining the transaction price

Upon adoption of MFRS 15, in determining the transaction price, the Group assesses the estimated transaction price after considering the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to customer.

(d) Accounting for incremental costs of obtaining a contract

The Group's existing accounting policy is to expense off incremental costs in obtaining a customer contract. Upon adoption of MFRS 15, these costs are qualified to be recognised as an asset and subsequently amortised progressively over the period during which the property sold is transferred to the customer as the Group expects to recover these costs.

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 15 Revenue from Contracts with Customers (Continued)

(e) Presentation of contract assets and contract liabilities

The Group will change the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15 as follows:

(i) Contracts assets recognised in relation to property development contracts which were previously presented as accrued billings under other current assets.

(ii) Contract liabilities recognised in relation to property development contracts which were previously presented as progress billings under other current liabilities.

(f) Accounting for property development cost and land held for property development

Upon adoption of MFRS 15, property development cost and land held for property development will be measured at the lower of cost and net realisable value in accordance with MFRS 102 "Inventories".

The financial impact of applying the MFRS 15 is still being finalised. The Group anticipates more extensive disclosures will be required from the year of application in view of the requirements of MFRS 15 to provide information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

MFRS 16 Leases

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

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought into the statements of financial position except for short-term and low value asset leases. An entity is required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "right-of-use" assets and their corresponding lease liability for the present value of future lease payments.

The Group is currently assessing the financial effects of initial application of MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2. BASIS OF PREPARATION (CONTINUED)

2.5 Functional and presentation currency

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combinations (Continued)

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

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

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(b) 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.

(c) Separate financial statements

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

3.2 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, which exists only when decisions about the relevant activities 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 the accounting policies with those of the Group, from the date that the investee becomes an associate or a joint venture.

Goodwill relating to associates or joint ventures is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's or joint venture's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from carrying amount of the 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 (including any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) 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 will only resume to recognise its share of profits after its share of profits equals to the share of losses previously not recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Associates and joint ventures (Continued)

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 each financial year end whether there is any objective evidence that the investment in the associate and joint venture is 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 the 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 FRS 139. 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. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture was reclassified to profit or loss on the disposal of the related assets or liabilities, the Group would reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in associate. There is no remeasurement to fair value upon such changes in ownership interest.

When the Group reduces its ownership interest in an associate or a joint venture but the Group 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 relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture 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 income on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures and will be realised in the consolidated statement of comprehensive income over the periods when the underlying assets of the joint venture is realised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Where settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of the net investment in the foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

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

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

(b) Translation of foreign operations

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments

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

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

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

(a) Subsequent measurement

The Group and the Company categorise financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

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

(ii) Financial liabilities

Other financial liabilities

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(b) Financial guarantee contracts

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

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

(c) Regular way purchase or sale of financial assets

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

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

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

(d) Derecognition

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

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

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

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

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 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 3.12(b).

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

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

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items 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 or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

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

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

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

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

(d) Derecognition

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases

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

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

Lessee accounting

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

3.7 Investment properties

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

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

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

3.8 Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Property development costs

Property development costs consist 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.

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

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

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

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

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

3.10 Inventories

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

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

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

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

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

3.11 Cash and cash equivalents

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets

(a) Impairment of financial assets

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

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

Loans and receivables

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

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

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

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

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

Unquoted equity instruments carried at cost

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(b) Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when:

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

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

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

3.14 Share capital

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

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

3.15 Employee benefits

(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 and to the Company.

(b) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Provisions

Provisions are recognised when the Group and the Company have 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.

3.17 Revenue and other income

(a) Revenue

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

(i) Sale of completed properties, other goods and management fees

Revenue from sale of completed properties and other goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised when there are significant uncertainties regarding associated costs, the possible return of goods and the recovery of the consideration due. Management fees are recognised on an accrual basis, net of goods and services tax/sales and services tax.

(ii) Sale of properties under development

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

(iii) Construction contracts

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

(b) Other income

(i) Secondment fees

Secondment fees are recognised on an accrual basis, net of goods and services tax/sales and services tax.

(ii) Interest income

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

(iii) Dividend income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Borrowing costs

Borrowing cost are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

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

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

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

3.19 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Income tax (Continued)

(b) Deferred tax (Continued)

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

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

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

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

(c) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST.

The net amount of GST refundable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

(d) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Earnings per share

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

3.21 Contingent liabilities

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

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

3.22 Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group and the Company use 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 and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4.1 Property development (Note 13)

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

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

4.2 Capitalisation of borrowing costs in land held for property development and property development costs (Notes 7 and 13)

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

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

4.3 Impairment of investment in joint ventures (Note 10)

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

4.4 Investment in an associate (Note 9)

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

Judgement is required to determine that the Group has significant influence in the associate and thus regards it as an associate and accounts for its interest using the equity method.

4.5 Investment in joint ventures (Note 10)

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

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

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

4.6 Departure from FRSIC Consensus 17 "Development of Affordable Housing"

In the financial year ended 31 October 2015, the Group reassessed the appropriateness of applying FRSIC 17 in the preparation of the Group's financial statements and concluded that the continued application of FRSIC 17 would be inappropriate in that it would unnecessarily and materially overstate the assets and liabilities of the Group.

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

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

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

Had the Group continued to apply FRSIC 17 as before, the provision for foreseeable losses for affordable housing as at 31 October 2018 would have been RM194 million (2017: RM142 million) and the corresponding total of land held for property development and property development costs would have been higher by the same amount.

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

On 7 March 2018, MIA issued *Addendum to the Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 17 – Clarification on the use of FRSIC Consensus 17 Development of Affordable Housing*. This Addendum has rendered the FRSIC Consensus 17 no longer applicable upon the adoption of MFRS 15 Revenue from Contracts with Customers in conjunction with the adoption of the MFRS Framework.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

5. PROPERTY, PLANT AND EQUIPMENT

Group 2018	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Office equipment and fittings RM'000	Other assets* RM'000	Capital work-in-progress^ RM'000	Total RM'000
Cost							
At 1 November 2017	65,779	118,061	21,728	31,197	42,743	7,479	286,987
Additions	-	14,027	1,920	1,696	5,433	27,859	50,935
Disposals	-	-	(1,214)	(2)	(72)	-	(1,288)
Written off	-	-	-	(92)	(5)	-	(97)
Reclassification	-	-	-	-	91	(91)	-
Exchange differences	-	-	-	(35)	(48)	-	(83)
At 31 October 2018	**65,779**	**132,088**	**22,434**	**32,764**	**48,142**	**35,247**	**336,454**
Accumulated depreciation							
At 1 November 2017	-	12,282	10,410	17,846	18,507	-	59,045
Depreciation for the financial year	-	8,782	3,653	6,498	9,314	-	28,247
Disposals	-	-	(804)	(2)	(47)	-	(853)
Written off	-	-	-	(65)	(2)	-	(67)
Exchange differences	-	-	-	(19)	(11)	-	(30)
At 31 October 2018	**-**	**21,064**	**13,259**	**24,258**	**27,761**	**-**	**86,342**
Carrying amount as at 31 October 2018	**65,779**	**111,024**	**9,175**	**8,506**	**20,381**	**35,247**	**250,112**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2017	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 2016	65,779	100,748	20,640	30,138	32,636	498	250,439
Additions	-	14,554	1,935	2,812	16,208	16,813	52,322
Disposals	-	-	(337)	(512)	(982)	-	(1,831)
Written off	-	-	-	(345)	(5,371)	-	(5,716)
Deemed disposal of subsidiaries (Note 8(b) and (c))	-	(5,865)	(245)	(1,075)	(15)	(1,208)	(8,408)
Reclassification	-	8,624	(265)	133	132	(8,624)	-
Exchange differences	-	-	-	46	135	-	181
At 31 October 2017	65,779	118,061	21,728	31,197	42,743	7,479	286,987
Accumulated depreciation							
At 1 November 2016	-	7,419	7,205	11,641	11,553	-	37,818
Depreciation for the financial year	-	5,496	3,485	6,774	9,386	-	25,141
Disposals	-	-	(159)	(349)	(420)	-	(928)
Written off	-	-	-	(188)	(1,999)	-	(2,187)
Deemed disposal of subsidiaries (Note 8(b) and (c))	-	(633)	(21)	(213)	-	-	(867)
Reclassification	-	-	(100)	164	(64)	-	-
Exchange differences	-	-	-	17	51	-	68
At 31 October 2017	-	12,282	10,410	17,846	18,507	-	59,045
Carrying amount as at 31 October 2017	65,779	105,779	11,318	13,351	24,236	7,479	227,942

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2018	Office equipment and fittings RM'000	Other assets* RM'000	Total RM'000
Cost			
At 1 November 2017/31 October 2018	195	300	495
Accumulated depreciation			
At 1 November 2017	141	198	339
Depreciation for the financial year	29	60	89
At 31 October 2018	**170**	**258**	**428**
Carrying amount at 31 October 2018	**25**	**42**	**67**
2017			
Cost			
At 1 November 2016/31 October 2017	195	300	495
Accumulated depreciation			
At 1 November 2016	107	137	244
Depreciation for the financial year	34	61	95
At 31 October 2017	141	198	339
Carrying amount at 31 October 2017	54	102	156

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

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

Freehold land and buildings with a carrying amount of RM159,776,000 (2017: RM152,260,000) have been charged to secure banking facilities granted to the Group (Note 21).

Assets held under finance lease arrangements

The carrying amount of property, plant and equipment held under finance lease arrangements is as follows:

	Group	
	2018 RM'000	2017 RM'000
Motor vehicles	**457**	-

6. INVESTMENT PROPERTY

	Group	
	2018 RM'000	2017 RM'000
At cost		
At beginning of the financial year	**19,149**	18,589
Additions	**291**	560
At 31 October	**19,440**	19,149
Represented by:		
Freehold land	**19,440**	19,149
Fair value	**51,900**	51,900

The fair value of the freehold land is categorised as Level 2. The fair value has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable land.

The fair value has been determined by a valuation performed by a registered independent valuer having appropriate recognised professional qualification and recent experience in the location and category of property being valued.

The investment property had been charged to secure banking facilities granted to the Group (Note 21).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2018 RM'000	2017 RM'000
At beginning of the financial year		
- freehold land	**2,597,198**	2,577,035
- leasehold land	**338,739**	824,951
- development costs	**964,262**	758,144
	3,900,199	4,160,130
Add: Costs incurred during the financial year		
- freehold land	**1,477**	56,618
- leasehold land	**-**	878,319
- development costs	**269,378**	312,848
Costs recognised in profit or loss		
- freehold land	**(10,475)**	-
Deemed disposal of subsidiaries (Note 8(b) and (c))		
- leasehold land	**-**	(1,316,477)
- development costs	**-**	(29,441)
Transfer to property development costs (Note 13)		
- freehold land	**(107,851)**	(36,455)
- leasehold land	**(2,946)**	(48,054)
- development costs	**(172,262)**	(77,289)
At 31 October		
- freehold land	**2,480,349**	2,597,198
- leasehold land	**335,793**	338,739
- development costs	**1,061,378**	964,262
Carrying amount	**3,877,520**	3,900,199

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

	Group	
	2018 RM'000	2017 RM'000
Borrowing costs	**76,509**	56,004

The entire land held for property development have been charged to secure banking facilities granted to the Group (Note 21).

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
At cost		
Unquoted ordinary shares	**195,867**	195,867
Unquoted redeemable convertible preference shares	**3,443,963**	3,156,450
Less: Accumulated impairment losses	**(38,513)**	-
	3,601,317	3,352,317

During the financial year, the Company subscribed for redeemable convertible preference shares in certain subsidiaries for an aggregate subscription sum of RM287,513,000 (2017: RM3,156,450,000). The aggregate subscription sum was settled via the application of amounts due from those subsidiaries as disclosed in Note 11(b).

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 amounts in view of recent operating losses. Accordingly, an impairment loss of RM3,582,000 was recognised in profit or loss.

Movements in accumulated impairment losses were as follows:

	Company	
	2018 RM'000	2017 RM'000
At beginning of the financial year	**-**	20,299
Recognised during the financial year	**3,582**	-
Reclassified as a consequence of applying amounts due from subsidiaries to subscribe for redeemable convertible preference shares (Note 11(b))	**34,931**	-
Reclassified as a consequence of the reclassification of capital contributions to amounts due from subsidiaries (Note 11(b))	**-**	(20,299)
At 31 October	**38,513**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	Effective proportion ownership/voting rights		
	2018 %	2017 %	Principal activities
Focal Aims Land Sdn. Bhd.	**100**	100	Property development
Focal Aims Properties Sdn. Bhd. ("FAPSB")	**100**	100	Investment holding
Eco World Ukay Sdn. Bhd.	**100**	100	Project management, building and construction services
Eco Sanctuary Sdn. Bhd.	**100**	100	Property development and property investment holding
Eco Sky Sdn. Bhd.	**100**	100	Property development
Eco Majestic Development Sdn. Bhd.	**100+**	100+	Property development and property investment holding
Eco Botanic Sdn. Bhd.	**100**	100	Property development
Eco Terraces Sdn. Bhd.	**100**	100	Property development
Eco Business Park 2 Sdn. Bhd.	**100**	100	Property development
Eco Meadows Sdn. Bhd.	**100**	100	Property development
Eco Summer Sdn. Bhd.	**100**	100	Property development
Eco Business Park 1 Sdn. Bhd.	**100**	100	Property development
Eco World Property Services (Eco South) Sdn. Bhd.	**100**	100	Property management services

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	Effective proportion ownership/voting rights		Principal activities
	2018 %	**2017 %**	
Pingat Stabil Sdn. Bhd.	**100**	100	Dormant
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	Supplying of building materials
Eco World IBS Sdn. Bhd.	**100**	100	Traders and manufacturers of prefabricated and precast components
Eco World Development (S) Pte. Ltd.^ @	**100**	100	Promotion, marketing and other activities related to property management
Meridian Insight Sdn. Bhd.	**100**	100	Dormant
EF Development Sdn. Bhd.	**100**	100	Dormant
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	Effective proportion ownership/voting rights		Principal activities
	2018 %	2017 %	
Melia Spring Sdn. Bhd. ("MSSB")	**100**	100	Inactive
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	Dormant
Eco World Property Services (Eco North) Sdn. Bhd.	**100**	100	Dormant
Hara Kecil Sdn. Bhd.	**100**	100	Dormant
Eco World Capital Assets Berhad ("EWCA")	**100**	100	Issuer of notes under the Medium Term Note programme
Paragon Pinnacle Sdn. Bhd. ("PPSB")	**-**	*	Property development and property investment holding
Eco Horizon Sdn. Bhd. ("EHSB")	**-**	*	Property development
Jasa Hektar Sdn. Bhd.	**100**	100	Inactive

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	Effective proportion ownership/voting rights		Principal activities
	2018 %	**2017 %**	
Held through FAPSB			
Eco Tropics Development Sdn. Bhd. ("ETSB")	**100**	100	Property development
Held through EWPM			
Eco World DM Services Sdn. Bhd. ("EWDM") (formerly known as Arah Selasih Sdn. Bhd.)	**100**	100**	Provision of consultancy and property development project management services
Held through ETSB			
Focal Aims Realty Sdn. Bhd.	**100**	100	Inactive
Focal Aims Development Sdn. Bhd.	**100**	100	Dormant
Focal Aims Resort (M) Sdn. Bhd.	**100**	100	Dormant

^ *Audited by Baker Tilly TFW LLP, an independent member firm of Baker Tilly International.*
^^ *Audited by Monteiro & Heng, a firm of Chartered Accountant affiliated with Baker Tilly Monteiro Heng.*
@ *Incorporated in Singapore.*
@@ *Incorporated in Labuan.*
\+ *98% held through RPSB and 2% held through the Company.*
* *Refer to Note 10 for the change of the Company's interest to a joint venture.*
** *Held directly by the Company.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Changes in equity interest in PPSB

On 15 November 2016, PPSB, a wholly-owned subsidiary of the Company, entered into a subscription and shareholders' agreement ("SSA") with Employees Provident Fund Board ("EPF") and the Company.

Pursuant to the SSA, the EPF subscribed for 4,000,000 new ordinary shares in PPSB on 20 December 2016 and the Company lost its control in PPSB.

This resulted in PPSB ceasing to be a subsidiary and becoming a 60% owned joint venture of the Company.

(i) Summary of the effects of the deemed disposal of PPSB:

	RM'000	RM'000
Recognised:		
Fair value of deemed consideration received		2,400
Fair value of retained investment treated as a joint venture		91,384
		93,784
Derecognised:		
Fair value of identifiable assets and liabilities at disposal date		
Property, plant and equipment	(6,247)	
Land held for property development	(459,354)	
Deferred tax assets	(1,590)	
Property development cost	(57,322)	
Trade and other receivables	(6,210)	
Other current assets	(14,302)	
Amount owing by related companies	(221)	
Cash and bank balances	(11,252)	
Loans and borrowings	245,578	
Trade and other payables	116,324	
Other current liabilities	18,969	
Amount owing to related companies	197	
Amount owing to shareholders	177,939	
	2,509	
40% of fair value of identifiable net assets deemed disposed		1,004
Gain on deemed disposal of PPSB		94,788

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Changes in equity interest in PPSB (Continued)

(ii) Effects of the deemed disposal on cash flows:

	RM'000
Fair value of consideration received	-
Less: Cash and cash equivalents of subsidiary deemed disposed	(11,252)
Net cash outflows on deemed disposal	(11,252)

(c) Changes in equity interest in EHSB

On 23 January 2017, EHSB, a wholly-owned subsidiary of the Company, entered into a SSA with EPF and the Company.

Pursuant to the SSA, the EPF subscribed for 4,000,000 new ordinary shares in EHSB on 6 September 2017 and the Company lost its control in EHSB.

This resulted in EHSB ceasing to be a subsidiary and becoming a 60% owned joint venture of the Company.

(i) Summary of the effects of the deemed disposal of EHSB:

	RM'000	RM'000
Recognised:		
Fair value of deemed consideration received		2,400
Fair value of retained investment treated as a joint venture		199
		2,599
Derecognised:		
Fair value of identifiable assets and liabilities at disposal date		
Property, plant and equipment	(1,294)	
Land held for property development	(886,564)	
Trade and other receivables	(241)	
Cash and bank balances	(390)	
Trade and other payables	796,762	
Amount owing to related companies	1,728	
Amount owing to shareholders	88,032	
	(1,967)	
40% of fair value of identifiable net assets deemed disposed		(787)
Gain on deemed disposal of EHSB		1,812

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Changes in equity interest in EHSB (Continued)

(ii) Effects of the deemed disposal on cash flows:

	RM'000
Fair value of consideration received	-
Less: Cash and cash equivalents of subsidiary deemed disposed	(390)
Net cash outflows on deemed disposal	(390)

9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At cost				
Unquoted ordinary shares	**360**	360	**360**	360
Unquoted redeemable preference shares	**56,078**	12,368	**56,078**	12,368
Share of post-acquisition results and reserves	**580**	(601)	**-**	-
	57,018	12,127	**56,438**	12,728

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

	Effective proportion ownership/voting rights		Principal activities	Financial year end
	2018 %	2017 %		
MFBBCC Retail Mall Sdn. Bhd. ("MFBBCC")^	**12**	12	Development and operation of retail mall	31 December #

^ *Audited by an audit firm other than Baker Tilly Monteiro Heng.*
\# *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 has significant influence in the associate by having representation on its board of directors to participate in decision-making over financial and operating policies.

9. INVESTMENT IN AN ASSOCIATE (CONTINUED)

(a) The following table illustrates the summarised financial information of the associate and reconciles the information to the carrying amount of the Group's interest in the associate.

	Group	
	2018 RM'000	2017 RM'000
Assets and liabilities		
Non-current assets	**377,747**	111,605
Current assets	**856,448**	177,151
Non-current liabilities	**(700,000)**	(153,624)
Current liabilities	**(59,041)**	(34,069)
Net assets	**475,154**	101,063
Results		
Profit/(Loss) for the financial year	**9,991**	(5,005)
Other comprehensive income	**-**	-
Total comprehensive income/(loss)	**9,991**	(5,005)
Reconciliation of net assets to carrying amount:		
Share of net assets at acquisition date, at book value/cost of investment	**56,438**	12,728
Fair value adjustments	**-**	-
Cost of investment	**56,438**	12,728
Share of post-acquisition results and reserves:		
- Share of post- acquisition profit/(losses)	**598**	(601)
- Elimination of unrealised income	**(18)**	-
Carrying amount in the statements of financial position	**57,018**	12,127
Group's share of results		
Group's share of profit/(loss)	**1,199**	(601)
Group's share of other comprehensive income	**-**	-
Group's share of total comprehensive income/(loss)	**1,199**	(601)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

9. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Commitments

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Approved and contracted for:				
Commitment for ordinary share subscription in MFBBCC	**240**	240	**240**	240
Commitment for redeemable preference share subscription in MFBBCC	**27,922**	71,632	**27,922**	71,632
	28,162	71,872	**28,162**	71,872

10. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At cost				
In Malaysia				
Quoted shares and warrants	**777,600**	777,600	**-**	-
Unquoted shares	**382,894**	402,058	**14,000**	14,000
Share of post-acquisition results and reserves	**(51,091)**	(46,834)	**-**	-
	1,109,403	1,132,824	**14,000**	14,000
Add: Amount recognised as obligation (Note 24)	**3,181**	6,384	**-**	-
	1,112,584	1,139,208	**14,000**	14,000
Market value				
Quoted shares and warrants	**633,096**	745,200	**-**	-

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

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

Name of Company	Effective proportion ownership/voting rights 2018 %	2017 %	Principal activities	Financial year ended
BBCC Development Sdn. Bhd. ("BBCC")^	**40**	40	Property development and property investment holding	31 December #
Paragon Pinnacle Sdn. Bhd. ("PPSB")	**60**	60	Property development and property investment holding	31 October
Eco Horizon Sdn. Bhd. ("EHSB")	**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.*

The equity accounted share of results is based on a 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

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The assets and liabilities of the Group's investment in joint ventures as at 31 October 2018 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2018 are as follows:

	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
31.10.2018						
Assets and liabilities						
Non-current assets	880,370	1,471,549	1,012,537	1,280,197	2,775,600	7,420,253
Current assets	710,129	439,857	130,363	353,644	897,144	2,531,137
Non-current liabilities	(902,472)	(782,267)	(1,077,254)	(811,786)	(605,523)	(4,179,302)
Current liabilities	(690,162)	(1,022,479)	(69,525)	(224,319)	(290,479)	(2,296,964)
Net (liabilities)/assets	(2,135)	106,660	(3,879)	597,736	2,776,742	3,475,124
Included in assets and liabilities are:						
Cash and cash equivalents	10,880	162,182	3,935	67,878	427,597	672,472
Non-current financial liabilities (excluding trade and other payables and provisions)	(260,682)	(734,170)	(605,442)	(581,809)	(605,574)	(2,787,677)
Current financial liabilities (excluding trade and other payables and provisions)	-	(34,689)	-	(5,293)	(230,686)	(270,668)
Results						
Profit/(Loss) for the financial year	15,448	15,630	(5,090)	66,766	35,238	127,992
Other comprehensive loss	-	-	-	-	(86,495)	(86,495)
Total comprehensive income/ (loss)	15,448	15,630	(5,090)	66,766	(51,257)	41,497
Included in total comprehensive income are:						
Revenue	170,892	461,287	42,446	415,357	4,904	1,094,886
Depreciation	(7,011)	(2,508)	(2,258)	(3,272)	(2,229)	(17,278)
Interest income	13,344	2,196	330	2,052	12,274	30,196
Interest expense	-	(1,523)	(396)	(276)	(8,810)	(11,005)
Income tax (expense)/credit	(2,704)	(7,748)	2,026	(19,503)	6,507	(21,422)

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The assets and liabilities of the Group's investment in joint ventures as at 31 October 2018 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2018 are as follows: (Continued)

	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
31.10.2018						
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)**	**587,184**	**522,526**
Reduction in purchase consideration	**-**	**-**	**-**	**(19,164)**	**-**	**(19,164)**
Fair value adjustments	**-**	**91,384**	**199**	**375,133**	**-**	**466,716**
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 (losses)/profit	**(2,854)**	**(110)**	**(6,106)**	**20,469**	**(3,378)**	**8,021**
Share of other comprehensive loss	**-**	**-**	**-**	**-**	**(24,502)**	**(24,502)**
Elimination of unrealised income	**-**	**(28,173)**	**-**	**(6,437)**	**-**	**(34,610)**
	(854)	**63,996**	**(2,327)**	**298,868**	**749,720**	**1,109,403**
Add: Amount recognised as obligation (Note 24)*	**854**	**-**	**2,327**	**-**	**-**	**3,181**
Carrying amount in the statements of financial position	**-**	**63,996**	**-**	**298,868**	**749,720**	**1,112,584**
Group's share of results						
Group's share of profit/(loss)	**6,179**	**9,378**	**(3,054)**	**33,383**	**9,514**	**55,400**
Group's share of other comprehensive loss	**-**	**-**	**-**	**-**	**(23,354)**	**(23,354)**
Group's share of total comprehensive income/(loss)	**6,179**	**9,378**	**(3,054)**	**33,383**	**(13,840)**	**32,046**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The assets and liabilities of the Group's investment in joint ventures as at 31 October 2017 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2017 are as follows:

	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
31.10.2017						
Assets and liabilities						
Non-current assets	754,175	1,359,123	919,226	1,268,890	1,651,428	5,952,842
Current assets	494,955	254,835	102,176	304,205	1,339,360	2,495,531
Non-current liabilities	(782,895)	(533,277)	(977,385)	(701,471)	(48,694)	(3,043,722)
Current liabilities	(482,196)	(941,440)	(42,703)	(288,995)	(114,090)	(1,869,424)
Net (liabilities)/assets	(15,961)	139,241	1,314	582,629	2,828,004	3,535,227
Included in assets and liabilities are:						
Cash and cash equivalents	22,540	32,814	14,181	19,095	986,680	1,075,310
Non-current financial liabilities (excluding trade and other payables and provisions)	-	(485,180)	(603,994)	(464,833)	(48,684)	(1,602,691)
Current financial liabilities (excluding trade and other payables and provisions)	(35,000)	(30,000)	-	(98,052)	(79,913)	(242,965)
Results						
Profit/(Loss) for the financial year	3,375	(14,557)	(4,985)	(15,268)	(47,743)	(79,178)
Other comprehensive loss	-	-	-	-	(4,252)	(4,252)
Total comprehensive income/ (loss)	3,375	(14,557)	(4,985)	(15,268)	(51,995)	(83,430)
Included in total comprehensive income are:						
Revenue	114,580	44,617	-	-	125	159,322
Depreciation	(4,664)	(1,462)	(40)	(480)	(2,502)	(9,148)
Interest income	6,933	1,755	40	544	22,246	31,518
Interest expense	-	(740)	(251)	(421)	(1,399)	(2,811)
Income tax expense	(1,278)	4,115	1,049	4,595	(328)	8,153

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

The assets and liabilities of the Group's investment in joint ventures as at 31 October 2017 and its revenue and results for the financial year since investing in the joint ventures up to 31 October 2017 are as follows: (Continued)

	BBCC RM'000	PPSB RM'000	EHSB RM'000	EASB RM'000	EWI RM'000	Total RM'000
31.10.2017						
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)	587,184	522,526
Fair value adjustments	-	91,384	199	375,133	-	466,716
Goodwill	-	-	-	-	190,416	190,416
Cost of investment	2,000	92,279	3,779	304,000	777,600	1,179,658
Share of post-acquisition losses	(8,384)	(8,734)	(2,991)	(12,685)	(12,892)	(45,686)
Share of other comprehensive loss	-	-	-	-	(1,148)	(1,148)
	(6,384)	83,545	788	291,315	763,560	1,132,824
Add: Amount recognised as obligation (Note 24)*	6,384	-	-	-	-	6,384
Carrying amount in the statements of financial position	-	83,545	788	291,315	763,560	1,139,208
Group's share of results						
Group's share of profit/(loss)	1,350	(8,734)	(2,991)	(7,634)	(12,892)	(30,901)
Group's share of other comprehensive loss	-	-	-	-	(1,148)	(1,148)
Group's share of total comprehensive income/(loss)	1,350	(8,734)	(2,991)	(7,634)	(14,040)	(32,049)

* *The Group's share of BBCC's and EHSB's losses in excess of the cost of investment has been recognised as an obligation in the consolidated statement of financial position.*

Review of impairment of EWI

As at 31 October 2018, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

Significant restrictions

The joint ventures cannot distribute their profit unless approvals are obtained from the respective joint venture partners.

Commitments

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Approved and contracted for:				
Commitment to fund development costs of joint ventures	**80,000**	152,375	**80,000**	152,375
	80,000	152,375	**80,000**	152,375

Additionally, the Group has a contractual obligation to contribute funds proportionately to BBCC, EASB, PPSB and EHSB until the development projects are completed.

Contingent liabilities

There are no contingent liabilities relating to the Group's interest in the joint ventures.

11. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables	**24,552**	-	**-**	-
Amounts due from subsidiaries	**-**	-	**552,880**	660,850
Amounts due from joint ventures	**651,223**	507,520	**627,816**	489,821
	675,775	507,520	**1,180,696**	1,150,671
Less: Accumulated impairment losses	**-**	-	**-**	(34,931)
Total trade and other receivables	**675,775**	507,520	**1,180,696**	1,115,740

11. TRADE AND OTHER RECEIVABLES – NON-CURRENT (CONTINUED)

(a) Trade receivables

The long term trade receivable 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 receivable 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 5.05% to 7.00% (2017: 4.56% to 5.45%) per annum.

During the financial year, certain amounts due from subsidiaries totalling RM287,513,000 (2017: RM3,156,450,000) were applied to subscribe for redeemable convertable preference shares in those subsidiaries.

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

	Company	
	2018 RM'000	**2017 RM'000**
At beginning of the financial year	**34,931**	-
Reclassified during the financial year (Note 8)	**(34,931)**	20,299
Recognised during the financial year	**-**	14,632
At 31 October	**-**	34,931

The above impairment losses that are individually determined at the reporting date relate to subsidiaries that have difficulty in repaying the advances.

(c) Amounts due from joint ventures

The amounts due from joint ventures represent unsecured non-trade advances which are not expected to be settled within the next 12 months. These advances are expected to be settled in cash. These advances bear interest ranging from 4.25% to 8.00% (2017: 4.00% to 8.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At beginning of the financial year	**30,180**	22,305	**6**	3
Recognised in profit or loss:				
- income tax expense (Note 34)	**34,591**	9,465	**8**	3
- share of results of joint ventures	**(530)**	-	**-**	-
Deemed disposal of a subsidiary	**-**	(1,590)	**-**	-
At 31 October	**64,241**	30,180	**14**	6
Presented after appropriate offsetting as follows:				
Deferred tax assets	**96,676**	78,743	**14**	6
Deferred tax liabilities	**(32,435)**	(48,563)	**-**	-
	64,241	30,180	**14**	6

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

	At 1 November 2016 RM'000	Recognised in profit or loss (Note 34) RM'000	Deemed disposal of a subsidiary (Note 8(b)) RM'000	At 31 October 2017 RM'000	Recognised in profit or loss RM'000	At 31 October 2018 RM'000
Group						
Property development	670	(1,452)	-	(782)	27,796	**27,014**
Accelerated capital allowances	(3,302)	1,095	89	(2,118)	1,243	**(875)**
Unused tax losses and unabsorbed capital allowances	27,847	6,912	(1,679)	33,080	4,560	**37,640**
Others	(2,910)	2,910	-	-	462	**462**
	22,305	9,465	(1,590)	30,180	34,061	**64,241**

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

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

	At 1 November 2016 RM'000	Recognised in profit or loss (Note 34) RM'000	At 31 October 2017 RM'000	Recognised in profit or loss (Note 34) RM'000	At 31 October 2018 RM'000
Company					
Accelerated capital allowances	(9)	9	-	-	**-**
Others	12	(6)	6	8	**14**
	3	3	6	8	**14**

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

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

	Group	
	2018 RM'000	2017 RM'000
Unutilised tax losses	**88,487**	81,721
Unabsorbed capital allowances	**868**	1,839
	89,355	83,560

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FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

13. PROPERTY DEVELOPMENT COSTS

	Group	
	2018 RM'000	2017 RM'000
At beginning of the financial year		
- freehold land	**1,707,597**	1,670,055
- leasehold land	**146,762**	149,749
- development costs	**5,724,166**	3,497,792
	7,578,525	5,317,596
Add: Costs incurred during the financial year		
- freehold land	**6,605**	1,087
- leasehold land	**-**	548
- development costs	**1,485,036**	2,154,818
Transfer from land held for property development (Note 7)		
- freehold land	**107,851**	36,455
- leasehold land	**2,946**	48,054
- development costs	**172,262**	77,289
Deemed disposal of a subsidiary (Note 8(b))		
- leasehold land	**-**	(51,589)
- development costs	**-**	(5,733)
Closing of completed projects		
- freehold land	**(221,604)**	-
- development costs	**(629,796)**	-
Reclassification to inventories		
- freehold land	**(32,616)**	-
- development costs	**(91,502)**	-
At 31 October		
- freehold land	**1,567,833**	1,707,597
- leasehold land	**149,708**	146,762
- development costs	**6,660,166**	5,724,166
	8,377,707	7,578,525

13. PROPERTY DEVELOPMENT COSTS (CONTINUED)

	Group	
	2018 RM'000	2017 RM'000
Cumulative costs recognised in profit or loss		
At beginning of the financial year	**(5,146,950)**	(3,011,850)
Recognised during the financial year	**(1,514,789)**	(2,135,100)
Closing of completed projects	**851,400**	-
At 31 October	**(5,810,339)**	(5,146,950)
At 31 October		
- freehold land	**721,797**	829,423
- leasehold land	**82,128**	103,420
- development costs	**1,763,443**	1,498,732
Carrying amount	**2,567,368**	2,431,575

Included in property development costs during the financial year is:

	Group	
	2018 RM'000	2017 RM'000
Borrowing costs	**59,036**	66,996

The entire property development costs have been charged to secure banking facilities granted to the Group (Note 21).

14. GROSS AMOUNT DUE FROM A CUSTOMER

	Group	
	2018 RM'000	2017 RM'000
Aggregate of costs incurred to date	**17,537**	17,537
Attributable profits	**-**	-
	17,537	17,537
Less: Progress billings	**(10,655)**	(10,655)
Amount due from a customer	**6,882**	6,882

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

15. INVENTORIES

Inventories represent completed properties held for sale stated at cost.

During the financial year, inventories recognised as cost of sales amounted to RM8,336,000 (2017: RM177,000).

16. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables				
External parties	**736,349**	685,342	**-**	-
Joint ventures	**56,289**	20,353	**-**	-
	792,638	705,695	**-**	-
Other receivables				
External parties	**13,970**	12,587	**-**	-
GST refundable	**21,068**	25,848	**-**	-
Subsidiaries	**-**	-	**211,732**	411,647
Joint ventures	**7,603**	16,637	**-**	-
Deposits	**33,905**	26,008	**-**	8
	76,546	81,080	**211,732**	411,655
Less: Accumulated impairment losses	**-**	-	**(5,684)**	(2,819)
Total trade and other receivables	**869,184**	786,775	**206,048**	408,836

(a) Trade receivables

The normal credit terms granted to house buyers range from 21 to 90 days (2017: 21 to 90 days). Interest is charged on overdue accounts at 10% per annum (2017: 10%).

Credit terms granted to other customers are assessed and approved on a case-by-case basis. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

16. TRADE AND OTHER RECEIVABLES – CURRENT (CONTINUED)

(a) Trade receivables (Continued)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Neither past due nor impaired	**457,465**	404,628
Past due but not impaired		
1 to 30 days past due	**93,929**	88,070
31 to 60 days past due	**77,027**	45,685
61 to 90 days past due	**36,934**	35,566
91 to 120 days past due	**38,290**	36,059
More than 120 days past due	**88,993**	95,687
	335,173	301,067
	792,638	705,695

Trade receivables comprise substantially of amounts due from house buyers with end financing facilities. In respect of house buyers with no end financing facilities, the Group retains the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries represent unsecured non-trade advances which are repayable on demand and bear interest ranging from 4.74% to 6.46% (2017: 4.56% to 5.14%) per annum. 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 RM2,865,000 (2017: RM2,819,000) was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

16. TRADE AND OTHER RECEIVABLES – CURRENT (CONTINUED)

(b) Amounts due from subsidiaries (Continued)

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

	Company	
	2018 RM'000	2017 RM'000
At beginning of the financial year	**2,819**	-
Recognised during the financial year	**2,865**	2,819
At 31 October	**5,684**	2,819

The above impairment that are individually determined at the reporting date relate to subsidiaries that have difficulty in repaying the advances.

(c) Amounts due from joint ventures

The amounts due from joint ventures represent unsecured non-trade advances which are repayable on demand and is expected to be settled in cash.

(d) Deposits

Included in deposits are deposits paid to authorities in relation to the township developments, totalling RM26,394,000 (2017: RM20,055,000).

17. OTHER CURRENT ASSETS

	Group	
	2018 RM'000	2017 RM'000
Accrued billings in respect of property development costs	**182,902**	218,615
Prepaid development expenditures	**446**	92
Prepayments	**10,726**	15,904
	194,074	234,611

18. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash in hand and at banks	**423,073**	314,436	**1,181**	14,100
Deposits with licensed banks	**87,224**	119,388	**58,390**	77,545
	510,297	433,824	**59,571**	91,645

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

18. CASH AND BANK BALANCES (CONTINUED)

Included in cash and bank balances are the following:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966*	**191,758**	149,350	**-**	-
Cash and deposits maintained in debts service reserve accounts, redemption accounts and escrow accounts	**113,049**	97,939	**-**	-
Deposits pledged to banks as security for banking facilities	**5,365**	1,228	**440**	426

* *Restricted from general use*

The range of effective interest rates at the end of the financial year for deposits with licensed banks are as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Deposits with licensed banks	**1.90 - 3.30**	1.90 - 3.71	**3.20 - 3.30**	3.00 - 3.71

All deposits have maturity periods of less than 12 months (2017: less than 12 months).

19. SHARE CAPITAL

	Group and Company			
	Number of ordinary share		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
Issued and fully paid up				
At beginning of the financial year	**2,944,369**	2,749,692	**3,614,865**	1,374,846
Issued during the financial year	**-**	194,677	**-**	231,419
Share issue expenses	**-**	-	**-**	(10)
Transition to no-par value regime^	**-**	-	**-**	2,008,610
At 31 October	**2,944,369**	2,944,369	**3,614,865**	3,614,865

^ *With the coming into force of the Act on 31 January 2017, the credit standing in the share premium account of RM2,008,610,000 was transferred to the share capital account. Pursuant to Section 618(3) of the Act, the Company may exercise its right to use the amount standing to the credit of its share premium account within twenty-four months of the commencement of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

19. SHARE CAPITAL (CONTINUED)

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.

20. 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.

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FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

21. LOANS AND BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Secured				
Revolving credits	**70,455**	15,000	**-**	-
Term loans	**1,267,490**	1,635,158	**-**	-
Bridging loans	**189,611**	201,356	**-**	-
Medium term note	**148,695**	-	**-**	-
Unsecured				
Term loans	**-**	101,625	**-**	101,625
Medium term note	**249,580**	249,469	**-**	-
	1,925,831	2,202,608	**-**	101,625
Current				
Secured				
Revolving credits	**586,890**	398,819	**-**	-
Term loans	**332,289**	116,962	**-**	-
Bridging loans	**132,876**	132,185	**-**	-
Unsecured				
Term loans	**101,625**	-	**101,625**	-
Revolving credits	**732,500**	602,500	**705,000**	585,000
	1,886,180	1,250,466	**806,625**	585,000
	3,812,011	3,453,074	**806,625**	686,625

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

21. LOANS AND BORROWINGS (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total loans and borrowings				
Revolving credits	**1,389,845**	1,016,319	**705,000**	585,000
Term loans	**1,701,404**	1,853,745	**101,625**	101,625
Bridging loans	**322,487**	333,541	**-**	-
Medium term notes	**398,275**	249,469	**-**	-
	3,812,011	3,453,074	**806,625**	686,625
Repayable				
- not later than one year	**1,886,180**	1,250,466	**806,625**	585,000
- later than one year and not later than five years	**1,887,022**	2,193,689	**-**	101,625
- later than five years	**38,809**	8,919	**-**	-
	3,812,011	3,453,074	**806,625**	686,625

(a) The loans and borrowings are secured by:

(i) Legal charges over the Group's freehold land and buildings (Note 5), investment property (Note 6), land held for property development (Note 7) and property development costs (Note 13);
(ii) A specific debenture over the fixed and floating assets of certain subsidiaries; and
(iii) Legal charges over the Group's cash and bank balances (Note 18).

(b) Medium term note ("MTN")

(i) On 14 August 2017, the Company's wholly-owned subsidiary, EWCA issued unrated MTN with a total nominal value of RM250 million ("MTN Programme 1") with a tenure of five years. The MTN Programme 1 comprise the issuance of up to RM500 million MTN and shall have a tenure of at least one year and up to fifteen years, provided that no MTNs shall mature after the expiry of the MTN Programme 1.

The proceeds raised from the unrated MTNs shall be utilised by EWCA for its general corporate purposes and/or to refinance any existing or future financing of the Group and its subsidiaries and/or joint ventures which the Group is a party to.

(ii) On 23 March 2018, the Company's wholly-owned subsidiary, Eco Botanic Sdn. Bhd. ("Eco Botanic") issued unrated MTN with a total nominal value of RM150 million ("MTN Programme 2") with a tenure of three to five years. RM100 million out of the RM150 million MTNs are guaranteed by Danajamin Nasional Berhad. The MTN Programme 2 shall have a tenure of at least one year and up to seven years, provided that no MTNs shall mature after the expiry of the MTN Programme 2.

The proceeds from the issuance of the MTNs will be utilised by Eco Botanic to part-finance the development costs which shall include infrastructure costs, working capital requirements and the development rights consideration for its projects located at Eco Botanic, Iskandar Malaysia, and to defray fees and expenses in relation to the establishment of the MTN Programme 2.

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21. LOANS AND BORROWINGS (CONTINUED)

(c) The range of effective interest rates at the end of the financial year are as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Revolving credits	**4.86 - 6.52**	4.60 - 5.47	**4.86 - 6.52**	4.60 - 5.35
Term loans	**4.68 - 7.01**	4.43 - 6.82	**5.29**	5.29
Bridging loans	**4.43 - 5.87**	4.43 - 5.45	**-**	-
Medium term notes	**6.40 - 6.57**	6.50	**-**	-

22. FINANCE LEASE OBLIGATIONS

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

	Group	
	2018 RM'000	2017 RM'000
Minimum lease payments:		
- not later than one year	**98**	-
- later than one year and not later than five years	**341**	-
- later than five years	**-**	-
	439	-
Less: Future finance charges	**(56)**	-
Present value of minimum lease payments	**383**	-
Present value of minimum lease payments:		
- not later than one year	**76**	-
- later than one year and not later than five years	**307**	-
- later than five years	**-**	-
	383	-
Less: Amount due within 12 months	**(76)**	-
Amount due after 12 months	**307**	-

The finance lease obligations are subject to an interest rate of 6.09%.

23. OTHER PAYABLES – NON-CURRENT

In the previous financial year, other payables represent land acquisition costs payable under deferred payment terms. The amount was derived based on cash flows discounting at 5.21%.

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24. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables				
External parties	**773,193**	866,369	**-**	-
Accruals	**247,644**	246,748	**-**	-
	1,020,837	1,113,117	**-**	-
Other payables				
Other payables	**71,247**	100,576	**488**	483
Payroll liabilities	**2,748**	2,295	**-**	-
Land acquisition costs payable	**97,616**	97,616	**-**	-
Deposits received	**2,100**	423	**-**	-
GST payable	**108**	1,471	**-**	-
Accruals	**120,709**	133,017	**4,415**	3,980
Advances received from a contract customer	**10,000**	10,000	**-**	-
Obligations under joint arrangements (Note 10)	**3,181**	6,384	**-**	-
Subsidiaries	**-**	-	**477,354**	482,237
Joint ventures	**-**	21	**-**	-
	307,709	351,803	**482,257**	486,700
Total trade and other payables	**1,328,546**	1,464,920	**482,257**	486,700

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 90 days (2017: 14 to 90 days).

(b) Land acquisition costs payable

Balance relate to the deferred payment terms on land acquisition and have been derived based on discounted cash flows. The discount rate was 5.21% (2017: 5.21%).

(c) Amounts due to subsidiaries

The amounts due to subsidiaries represent unsecured non-trade advances which are repayable on demand and bear interest ranging from 5.34% to 6.50% (2017: 4.94% to 6.50%) per annum.

25. OTHER CURRENT LIABILITIES

	Group	
	2018 RM'000	**2017 RM'000**
Other current liabilities		
Progress billings in respect of property development costs	**781,373**	450,934
Unrealised income on transactions with joint ventures	**35,454**	30,528
	816,827	481,462

26. BANK OVERDRAFTS

The bank overdrafts are unsecured and bear interest ranging from 5.10% to 5.36% (2017: 4.85% to 5.11%) per annum.

27. REVENUE

	Group	
	2018 RM'000	**2017 RM'000 Restated**
Sale of properties	**2,070,247**	2,800,694
Sale of other goods	**101,521**	134,383
Construction contracts	**-**	1,485
	2,171,768	2,936,562

28. COST OF SALES

	Group	
	2018 RM'000	**2017 RM'000 Restated**
Property development costs	**1,606,575**	2,200,138
Cost of other goods sold	**94,132**	123,127
Construction contracts	**-**	1,485
	1,700,707	2,324,750

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29. OTHER INCOME

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Interest income from:				
- subsidiaries	**-**	-	**45,655**	61,593
- joint ventures	**20,238**	19,767	**40,419**	35,043
- associate	**-**	153	**-**	153
- deposits	**3,326**	5,875	**2,567**	5,103
- overdue accounts	**335**	1,145	**-**	-
- others	**8,849**	4,164	**218**	423
Gain on deemed disposal of subsidiaries	**-**	96,600	**-**	-
Gain on disposal of property, plant and equipment	**99**	14	**-**	-
Rental income	**2,587**	662	**-**	-
Staff secondment fees	**1,099**	1,072	**-**	-
Sundry income	**9,330**	5,586	**118**	112
	45,863	135,038	**88,977**	102,427

30. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest paid and payable on:				
- Term loans	**53,366**	40,427	**5,376**	5,376
- Revolving credits	**32,131**	23,030	**33,652**	27,483
- Medium term notes	**11,561**	3,541	**-**	-
- Amount due to subsidiaries	**-**	-	**27,264**	14,946
- Bank overdrafts	**1,638**	1,260	**-**	-
- Others	**1,035**	1,533	**50**	1,279
	99,731	69,791	**66,342**	49,084

31. AUDITORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration				
- current year	**470**	477	**87**	80
- prior years	**56**	27	**44**	-
Non-statutory audit fees	**35**	54	**10**	40

32. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018 RM'000	2017 RM'000
Salaries and allowances	**92,470**	117,366
Defined contribution plan	**10,450**	13,570
Social security contributions	**570**	672
Staff welfare	**11,656**	12,390
	115,146	143,998

33. DIRECTORS' REMUNERATION

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive directors				
Salaries, bonus and other emoluments	**13,407**	18,321	**-**	-
Defined contribution plan	**1,571**	1,803	**-**	-
Estimated monetary value of benefits-in-kind	**732**	579	**-**	-
	15,710	20,703	**-**	-
Non-executive directors				
Fees	**2,199**	2,261	**2,199**	2,261
Other emoluments	**430**	995	**430**	995
Estimated monetary value of benefits-in-kind	**3,464**	4,428	**1,419**	1,254
	6,093	7,684	**4,048**	4,510
Total directors' remuneration	**21,803**	28,387	**4,048**	4,510

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34. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current income tax				
- current year	**85,298**	109,302	**4,417**	10,579
- prior years	**1,020**	(26,874)	**1,280**	1,398
	86,318	82,428	**5,697**	11,977
Deferred tax (Note 12)				
- current year	**(30,591)**	(34,879)	**(7)**	(3)
- prior years	**(4,000)**	25,414	**(1)**	-
	(34,591)	(9,465)	**(8)**	(3)
	51,727	72,963	**5,689**	11,974

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

The reconciliations from amounts of tax at the Malaysian statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	**217,319**	282,613	**10,486**	26,676
Tax at Malaysian statutory income tax rate of 24%	**52,157**	67,827	**2,517**	6,402
Effect of different tax rate in other jurisdictions	**2**	980	**-**	-
Share of results of joint ventures	**(13,296)**	7,417	**-**	-
Share of results of an associate	**(288)**	144	**-**	-
Effect of tax incentives	**(5,567)**	(12,121)	**-**	(1,070)
Effects of:				
- non-taxable income	**(157)**	(24,709)	**(157)**	(557)
- non-deductible expenses	**20,465**	19,260	**2,050**	5,801
Deferred tax asset not recognised	**1,391**	15,625	**-**	-
(Over)/under accrual in prior years	**(2,980)**	(1,460)	**1,279**	1,398
Income tax expense	**51,727**	72,963	**5,689**	11,974

35. 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:

	2018 RM'000	2017 RM'000
Profit attributable to owners of the Company	**165,592**	209,650

	'000	'000
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of financial year	**2,944,369**	2,749,692
Effect of issuance of ordinary shares pursuant to placement	**-**	142,483
Weighted average number of ordinary shares in issue	**2,944,369**	2,892,175
Basic earnings per ordinary share (sen)	**5.62**	7.25

Diluted earnings per ordinary share

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year that would have been in issue upon full exercise of the Warrants, adjusted for the number of such shares that would have been issued at fair value. However, in the event that the potential exercise of the Warrants gives rise to an anti-dilutive effect on earnings per share, the potential exercise of the Warrants is not taken into account in calculating diluted earnings per share.

	2018 RM'000	2017 RM'000
Profit attributable to owners of the Company	**165,592**	209,650

	'000	'000
Weighted average number of ordinary shares for basic earnings per share	**2,944,369**	2,892,175
Effect of dilution from:		
- effect of potential exercise of Warrants	**#**	#
Weighted average number of ordinary shares for diluted earnings per share	**2,944,369**	2,892,175
Diluted earnings per ordinary share (sen)*	**5.62**	7.25

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.*

36. DIVIDENDS

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 October 2018.

37. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Approved and contracted for:				
Acquisition of property, plant and equipment	**17,877**	40,213	**-**	-
Acquisition of a subsidiary	**-**	370	**-**	370
	17,877	40,583	**-**	370

(b) Operating lease commitments – as lessee

The Group has entered into non-cancellable operating lease arrangements for office premises. The leases have tenures of one to three years, with option to renew.

Future minimum rentals payable under the non-cancellable operating lease at the reporting date are as follows:

	Group	
	2018 RM'000	2017 RM'000
Not later than one year	**1,483**	1,493
Later than one year but not later than three years	**1,119**	1,928
	2,602	3,421

38. CONTINGENT LIABILITIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Guarantees provided in connection with the performance and discharge of obligations assumed by subsidiaries under and pursuant to the acquisition of development rights				
- secured*	**-**	-	**1,017,652**	1,159,312
- unsecured	**-**	-	**552,878**	699,912
Guarantees given to a bank for performance bonds granted to a joint venture	**-**	8,616	**-**	8,616

* *Secured by legal charges over the subsidiaries' freehold land and buildings (Note 5), investment property (Note 6), land held for property development (Note 7) and property development costs (Note 13).*

39. RELATED PARTIES

(a) Identification of related parties

Parties are 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) The associate;
(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.

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39. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Transactions with subsidiaries								
Interest received and receivable	**-**	-	**45,655**	61,593	**-**	-	**64,739**	134,039
Interest payable	**-**	-	**27,264**	14,946	**-**	-	**33,899**	24,940
Transactions with joint ventures								
Advances given	**97,576**	250,043	**97,576**	234,935	**560,087**	464,966	**538,202**	440,626
Interest received and receivable	**41,266**	36,312	**40,419**	35,043	**91,169**	49,903	**89,614**	49,195
Sales of building materials	**-**	1,110	**-**	-	**-**	-	**-**	-
Development management fees received and receivable	**56,290**	13,451	**-**	-	**35,979**	12,190	**-**	-
Other resources fees received and receivable	**20,275**	13,440	**-**	-	**16,086**	8,039	**-**	-
Brand licensing fees received and receivable	**4,391**	779	**-**	-	**1,863**	555	**-**	-
Advisory fees received and receivable	**116**	112	**-**	-	**-**	-	**-**	-
Support service fees received and receivable	**144**	81	**-**	-	**49**	9	**-**	-
Commission received and receivable	**827**	176	**-**	-	**707**	127	**-**	-
Rental received and receivable	**527**	-	**-**	-	**406**	-	**-**	-
Purchase of furniture	**38**	-	**-**	-	**-**	-	**-**	-
Disposal of motor vehicle and office equipment	**647**	278	**-**	-	**552**	12	**-**	-

39. RELATED PARTIES (CONTINUED)

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

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Transactions with the associate								
Advances given	**-**	7,440	**-**	-	**-**	-	**-**	-
Interest received and receivable	**-**	153	**-**	-	**-**	-	**-**	-
Transactions with directors, their immediate family members and companies in which they have an interest								
Sales of development properties to a company in which a director has interest	**3,004**	-	**-**	-	**(20)**	-	**-**	-
Sales of development properties to immediate family members of certain directors	**-**	-	**-**	-	**-**	212	**-**	-
Revocation of sale of development properties by immediate family members of a director	**-**	1,936	**-**	-	**-**	-	**-**	-
Sales of development properties to a director of subsidiary companies	**-**	3,138	**-**	-	**314**	79	**-**	-

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FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

39. RELATED PARTIES (CONTINUED)

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

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

	Transaction value				Balance outstanding			
	Group		Company		Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Rental paid to Gito Gaya Sdn. Bhd. and Tanjung Inai Sdn. Bhd.@ #	**252**	249	**-**	-	**-**	-	**-**	-
Disposal of motor vehicle and office equipment to Eco World International Marketing Sdn. Bhd. ("EWI Marketing")+ #	**-**	649	**-**	-	**-**	-	**-**	-
Commission charged to EWI Marketing	**-**	151	**-**	-	**-**	-	**-**	-

@ *Tan Sri Dato' Sri Liew Kee Sin ("Tan Sri Liew") and his spouse are the directors and shareholders of Gito Gaya Sdn. Bhd.*
+ *Tan Sri Liew is the shareholder and director of EWI, the ultimate holding company of EWI Marketing.*
# *Liew Tian Xiong is deemed related as he is the immediate family member of Tan Sri Liew and his spouse.*

(c) Compensation of key management personnel

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short-term employee benefits	**24,907**	34,499	**430**	995
Defined contribution plan	**2,842**	3,485	**-**	-
Fees	**2,215**	2,276	**2,199**	2,261
Benefits-in-kind	**4,254**	5,069	**1,419**	1,254
	34,218	45,329	**4,048**	4,510

40. 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.

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Loans and receivables RM'000	Other financial liabilities RM'000	Total RM'000
Group			
2018			
Financial assets			
Trade and other receivables^	**1,523,891**	**-**	**1,523,891**
Cash and bank balances	**510,297**	**-**	**510,297**
	2,034,188	**-**	**2,034,188**
Financial liabilities			
Trade and other payables*	**-**	**1,318,438**	**1,318,438**
Loans and borrowings	**-**	**3,812,011**	**3,812,011**
Bank overdrafts	**-**	**19,208**	**19,208**
Finance lease obligations	**-**	**383**	**383**
	-	**5,150,040**	**5,150,040**
2017			
Financial assets			
Trade and other receivables^	1,268,447	-	1,268,447
Cash and bank balances	433,824	-	433,824
	1,702,271	-	1,702,271
Financial liabilities			
Trade and other payables*	-	1,546,120	1,546,120
Loans and borrowings	-	3,453,074	3,453,074
Bank overdrafts	-	26,497	26,497
	-	5,025,691	5,025,691

* *Excluding advances received from a contract customer and GST payable.*

^ *Excluding GST refundable.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

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

	Loans and receivables RM'000	Financial liabilities carried at amortised cost RM'000	Total RM'000
Company			
2018			
Financial assets			
Trade and other receivables	**1,386,744**	**-**	**1,386,744**
Cash and bank balances	**59,571**	**-**	**59,571**
	1,446,315	**-**	**1,446,315**
Financial liabilities			
Trade and other payables	**-**	**482,257**	**482,257**
Loans and borrowings	**-**	**806,625**	**806,625**
	-	**1,288,882**	**1,288,882**
2017			
Financial assets			
Trade and other receivables	1,524,576	-	1,524,576
Cash and bank balances	91,645	-	91,645
	1,616,221	-	1,616,221
Financial liabilities			
Trade and other payables	-	486,700	486,700
Loans and borrowings	-	686,625	686,625
	-	1,173,325	1,173,325

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) 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 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's and the Company's exposure to credit risk arises primarily from receivables.

The Group and the Company minimise their credit risk by dealing with creditworthy counter-parties and applying credit approval controls for material contracts. If necessary, the Group and the Company may obtain collaterals from counter-parties as a means of mitigating losses in the event of default.

In respect of trade receivables arising from the sale of development properties, the Group mitigates its credit risk by withholding the transfer of registered ownership of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financing by the purchaser's end-financier.

At the reporting date, the Group and the Company did not have any significant concentration of credit risk that may arise from exposure to a single debtor or group of debtors.

Exposure to credit risk

At the end of the financial year, the Group's and the Company's maximum exposure to credit risk is represented by:

(a) the carrying amount of each class of financial assets recognised in the statements of financial position;

(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 Group also provided guarantees to secure 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 the associate on an on-going basis. The maximum credit risk that the Group and the Company are exposed to amounted to RM2,553,645,000 (2017: RM1,951,496,000) and RM4,667,518,000 (2017: RM3,792,103,000) respectively. As at the reporting date, there was no indication that the subsidiaries, joint ventures or the associate would default.

    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

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Notes 11 and 16(a). Deposits with licensed banks are neither past due nor impaired as they are placed with licensed financial institutions with high credit ratings and no history of default.

Financial assets that are past due but not impaired

Information regarding trade and other receivables that are past due but not impaired is disclosed in Note16(a).

Financial assets that are past due and impaired

There are no trade and other receivables or deposits with licensed banks that are past due and impaired other than as disclosed in Note 16(b).

(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 exposures to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk are principally from trade and other payables, loans and borrowings and bank overdrafts.

The Group's and the Company's objective is to maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements and to maintain available banking facilities at a reasonable level to their overall debt position.

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the financial year based on contractual undiscounted repayment obligations.

	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				
2018				
Financial liabilities				
Trade and other payables*	**1,318,863**	**-**	**-**	**1,318,863**
Loans and borrowings	**2,021,209**	**2,091,539**	**43,493**	**4,156,241**
Bank overdrafts	**19,208**	**-**	**-**	**19,208**
Finance lease obligations	**98**	**341**	**-**	**439**
	3,359,378	**2,091,880**	**43,493**	**5,494,751**
2017				
Financial liabilities				
Trade and other payables*	1,453,873	98,039	-	1,551,912
Loans and borrowings	1,383,769	2,456,750	9,359	3,849,878
Bank overdrafts	26,497	-	-	26,497
	2,864,139	2,554,789	9,359	5,428,287
Company				
2018				
Financial liabilities				
Trade and other payables	**482,257**	**-**	**-**	**482,257**
Loans and borrowings	**806,625**	**-**	**-**	**806,625**
	1,288,882	**-**	**-**	**1,288,882**
2017				
Financial liabilities				
Trade and other payables	486,700	-	-	486,700
Loans and borrowings	590,376	105,209	-	695,585
	1,077,076	105,209	-	1,182,285

* *Excluding advances received from a contract customer and GST payable.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

The contractual undiscounted repayment obligations arising from corporate guarantees and undertakings provided by the Group and the Company as disclosed in Note 41(b)(i) amounted to RM2,553,645,000 (2017: RM1,951,496,000) and RM4,667,518,000 (2017: RM3,792,103,000) respectively. As at reporting date, there was no indication that the subsidiaries, joint ventures and the associate would default. In the event of a default by the subsidiaries, joint ventures or associate, the financial guarantees could be called on demand.

(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 exposures to interest rate risk arise primarily from loans and borrowings and bank overdrafts amounting to RM3,331,319,000 (2017: RM3,128,477,000) and RM705,000,000 (2017: RM585,000,000) respectively.

<u>Sensitivity analysis for interest rate risk</u>

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 approximately RM2,469,000 (2017: RM1,973,000) and RM1,340,000 (2017: RM1,112,000) higher/lower respectively. The assumed movement in basis points for this interest rate sensitivity analysis is based on the currently observable market environment.

(c) 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 the short term nature of these financial instruments.

The fair value of deferred land acquisition costs payable classified as non-current liabilities is estimated by discounting future cash flows using lending rates for similar types of arrangements.

The fair values of amounts due from subsidiaries and amounts due from joint ventures classified as non-current assets are estimated by using the discounted cash flow method based on discount rates that reflects the issuer's borrowing rate at the end of the financial year.

41. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

(ii) Loans and borrowings (including bank overdrafts)

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of long term floating rate loans are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

The carrying amounts and fair value of financial instruments, other than those whose carrying amounts are reasonable approximations of fair value are as follows:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2018				
Financial liabilities				
Fixed rate loans and borrowings	**398,275**	**424,966**	**-**	**-**
2017				
Financial liabilities				
Fixed rate loans and borrowings	351,094	383,099	101,625	105,660
Land acquisition costs payable	92,671	92,671	-	-
	443,765	475,770	101,625	105,660

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

41. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

(ii) Loans and borrowings (including bank overdrafts) (Continued)

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

	Fair value of financial instruments not carried at fair value			
	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
2018				
Non-current				
Fixed rate loans and borrowings	**398,275**	**-**	**-**	**424,966**
2017				
Non-current				
Fixed rate loans and borrowings	351,094	-	-	383,099
Land acquisition costs payable	92,671	-	-	92,671
	443,765	-	-	475,770
Company				
2017				
Non-current				
Fixed rate loans and borrowings	101,625	-	-	105,660

41. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

(ii) Loans and borrowings (including bank overdrafts) (Continued)

The fair value of the fixed rate loans and borrowings and land acquisition costs payable were determined using the discounted cash flows method based on discount rates as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Fixed rate loans and borrowings	**5.25**	4.91	**5.25**	4.91
Land acquisition costs payable	**-**	5.21	**-**	-

Policy on transfer between levels

The fair values of assets and liabilities to be transferred between levels are determined as of the date of the event or change in circumstances that caused the transfer.

During the financial year ended 31 October 2018 and 31 October 2017, 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 Group and the Company review and manage their capital structure regularly and make 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, which is net debt divided by total equity attributable to owners of the Company. Net debt comprises loans and borrowings, finance lease obligations and bank overdrafts less cash and bank balances. This ratio is used to assess the appropriateness of the Group's and the Company's debt level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

42. CAPITAL MANAGEMENT (CONTINUED)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loans and borrowings (Note 21)	**3,812,011**	3,453,074	**806,625**	686,625
Finance lease obligations (Note 22)	**383**	-	**-**	-
Bank overdrafts	**19,208**	26,497	**-**	-
Less: Cash and bank balances (Note 18)	**(510,297)**	(433,824)	**(59,571)**	(91,645)
Net debt	**3,321,305**	3,045,747	**747,054**	594,980
Total equity attributable to the owners of the Company	**4,407,951**	4,264,034	**3,830,250**	3,825,453
Net gearing ratio	**0.75**	0.71	**0.20**	0.16

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.

Gearing ratios are not governed by FRSs and their definitions and calculations may vary between reporting entities.

43. COMPARATIVE FIGURES

In the previous financial year, certain fees charged by the Group to its joint ventures were included in other operating income. Related expenses were included in administrative expenses.

During the current financial year, the nature of such income were reassessed and reclassified as revenue. The related expenses were also reclassified as cost of sales.

Accordingly, comparative figures have been reclassified to conform with the current year's presentation. The reclassification has had no effect on the profit for the current and previous financial year. There has also been no effect on retained earnings.

	As previously reported RM'000	Reclassifi-cation RM'000	As restated RM'000
Statement of Comprehensive Income for the financial year ended 31 October 2017			
Revenue	2,924,665	11,897	2,936,562
Cost of sales	(2,319,107)	(5,643)	(2,324,750)
Other operating income	146,935	(11,897)	135,038
Administrative expenses	(257,095)	5,643	(251,452)

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 83 to 174 are drawn up in accordance with 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 2018 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	**DATUK HEAH KOK BOON**
Director	Director

Shah Alam
Date: 24 January 2019

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 83 to 174 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 24 January 2019.

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 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 174.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Revenue and costs recognition for property development business (Notes 4.1, 27 and 28 to the financial statements)

The amount of revenue and corresponding costs recognised during the financial year is affected by a variety of uncertainties that depend on the outcome of future events. The recognition of revenue and corresponding costs require significant judgement exercised by the Group, in particular with regards to determining the stage of completion, the extent of property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs.

<u>Our audit response:</u>

Our audit procedures included, among others:

- understanding the implementation of controls over the Group's process in recording project costs and project revenue, budgeting process and the calculation of the stage of completion;
- challenging the Group's assumptions by comparing to the contractual terms, identification and analysis of changes in assumptions from prior periods and an assessment of the consistency of assumptions across the projects and discussing project progress with project manager;
- assessing the reasonableness of computed stage of completion for identified projects against architect certificates; and
- checking the mathematical computation of revenue and corresponding costs recognised during the financial year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO WORLD DEVELOPMENT GROUP BERHAD

(INCORPORATED IN MALAYSIA)

Key Audit Matters (Continued)

Capitalisation of borrowing costs (Notes 4.2, 7 and 13 to the financial statements)

Borrowing costs that are directly attributable to the development of the land held for sale are capitalised as part of the cost of land held for property development and property development costs. The capitalisation of borrowing costs made by the Group in respect of future phases is dependent on whether the development activities benefit those phases. We focus on this area because there is significant judgement involved in the basis adopted in the capitalisation of borrowing costs.

Our audit response:

Our audit procedures included, among others:
- assessing the infrastructure, technical and administrative works that were carried out on future phases and sighting to external evidence;
- reading loan agreements to obtain understanding of the purpose of loans;
- discussing with the Group and obtaining the relevant Development Order 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.

Investment in Joint Ventures (Note 4.3 and 10 to the financial statements)

The Group has significant investments in joint ventures, including Eco World International Berhad ("EWI"), a company listed on Bursa Malaysia Securities Berhad, in which the Group holds 27% equity interest. The Group accounts for its interest in the joint ventures using equity method. At the end of the financial year, the Group determines whether objective evidence of impairment exists for its investment in the joint ventures. As disclosed in Note 10, the Group has performed an impairment assessment on its investment in EWI based on its share of the present value of the estimated future cash flows expected to be generated by the joint venture.

We focused on this area because the Group's determination of objective evidence and impairment assessment requires the exercise of significant judgement. Where impairment assessment was performed, the Group applied the discount rates in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales of development properties and future costs of development.

Our audit response:

Our audit procedures included, among others:
- assessing the appropriateness of the recoverable amount valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 Impairment of Assets, including involvement of our valuation specialist on the appropriateness of the valuation approach and discount rates applied;
- discussing with component management, and component auditors and reviewing their audit work papers in assessing the reasonableness of the key assumptions used in the preparation of the cash flow projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing physical sighting of the property development projects in United Kingdom.

Company

We have determined that there are no key audit matters in audit of the separate financial statements of the Company to be communicated in our auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO WORLD DEVELOPMENT GROUP BERHAD

(INCORPORATED IN MALAYSIA)

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.

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO WORLD DEVELOPMENT GROUP BERHAD

(INCORPORATED IN MALAYSIA)

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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECO WORLD DEVELOPMENT GROUP BERHAD

(INCORPORATED IN MALAYSIA)

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	Lee Kong Weng
No. AF 0117	No. 02967/07/2019 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 24 January 2019

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP

AS AT 31 OCTOBER 2018

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	Land under development and held for development	25-Apr-14	14,669,021	Freehold	1,277,104
2	Mukim Tanjong Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan	Eco Sanctuary	Land under development and held for development	19-Mar-14	6,784,008	Leasehold Expiring: Year 2110	793,264
3	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Eco Summer & Eco Spring	Land under development and held for development	25-Apr-14	9,682,395	Freehold	781,878
4	Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim.	Eco Botanic	Land under development and held for development	25-Apr-14	3,025,387	Freehold	742,523
5	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Eco Business Park 1	Land under development and held for development	25-Apr-14	10,393,364	Freehold	598,805
6	Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim	Eco Tropics & Eco Business Park 3	Land under development and held for development	1994	25,202,316	Freehold	579,333
7	Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	Eco Business Park 2	Land under development and held for development	25-Apr-14	8,933,415	Freehold	570,209
8	Mukim Beranang, Daerah Hulu Langat, Selangor Darul Ehsan	Eco Forest	Land under development and held for development	02-Jul-14	9,383,957	Freehold	373,682
9	Mukim 9 & 14, Daerah Seberang Perai Selatan, Pulau Pinang	Eco Meadows	Land under development and held for development	25-Apr-14	1,710,166	Freehold	192,623
10	Mukim 13, Daerah Utara-Timur, Pulau Pinang	Eco Terraces	Land under development	25-Apr-14	376,863	Freehold	154,629

LIST OF MATERIAL PROPERTIES HELD BY THE GROUP (CONTINUED)

AS AT 31 OCTOBER 2018

ii) Details of the development properties in Malaysia held by joint ventures of the Group are as follows:

No.	Joint ventures / location	Project name	Description	Date of Acquisition	Group's effective share	Land Area (sq. ft.)	Tenure	Net Book Value (RM'000)#
1	**Paragon Pinnacle Sdn Bhd** Mukim Ijok, Daerah Kuala Selangor, Selangor Darul Ehsan	Eco Grandeur & Eco Business Park 5	Land under development and held for development	22-Sep-15	60%	49,113,901	Leasehold Expiring: Year 2100/ 2101	1,424,731
2	**Eco Horizon Sdn Bhd** Mukim 13, Daerah Seberang Perai Selatan, Pulau Pinang	Eco Horizon & Eco Sun	Land under development and held for development	28-Jun-16	60%	13,614,914	Leasehold Expiring: Year 2112	1,015,750
3	**BBCC Development Sdn Bhd** Section 56, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Bukit Bintang City Centre	Land under development and held for development	04-Feb-15	40%	246,700	Leasehold Expiring: Year 2110	919,460
4	**Eco Ardence Sdn Bhd** Mukim Bukit Raja, Daerah Petaling, Selangor Darul Ehsan	Eco Ardence	Land under development and held for development	06-May-06	50%	8,863,855	Freehold	518,844

\# *These amounts represent 100% of the NBV of the properties held by the respective joint ventures.*

STATISTICS ON SECURITIES

AS AT 17 JANUARY 2019

SHAREHOLDINGS

No. of shares issued	2,944,368,381
Class of share	Ordinary Shares
Voting rights	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	105	0.65	1,919	0.00
100 - 1,000	2,499	15.40	1,691,703	0.06
1,001 - 10,000	10,009	61.68	49,131,927	1.67
10,001 - 100,000	3,205	19.75	90,722,770	3.08
100,001 to less than 5% of issued shares	405	2.49	1,386,748,547	47.10
5% and above of issued shares	5	0.03	1,416,071,515	48.09
Total	16,228	100.00	2,944,368,381	100.00

STATISTICS ON SECURITIES

AS AT 17 JANUARY 2019

TOP THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Sinarmas Harta Sdn. Bhd.	464,135,139	15.76
2	RHB Capital Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Sinarmas Harta Sdn. Bhd.	305,783,876	10.39
3	RHB Capital Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Liew Tian Xiong	270,526,527	9.19
4	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Eco World Development Holdings Sdn. Bhd.	225,572,663	7.66
5	Citigroup Nominees (Tempatan) Sdn. Bhd. – Employees Provident Fund Board	150,053,310	5.10
6	ABB Nominee (Tempatan) Sdn. Bhd. – Pledged securities account for Liew Tian Xiong	120,000,000	4.08
7	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	110,013,900	3.74
8	Kenanga Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Eco World Development Holdings Sdn. Bhd.	108,100,000	3.67
9	Amsec Nominees (Tempatan) Sdn. Bhd. – Pledged securities account – Ambank (M) Berhad for Sinarmas Harta Sdn. Bhd.	85,000,000	2.89
10	Maybank Investment Bank Berhad	83,943,600	2.85
11	Sigma Seleksi Sdn. Bhd.	83,892,700	2.85
12	CIMB Group Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Liew Tian Xiong	66,780,601	2.27
13	Amsec Nominees (Tempatan) Sdn. Bhd. – Pledged securities account - Ambank (M) Berhad for Sinarmas Harta Sdn. Bhd.	60,000,000	2.04
14	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Sinarmas Harta Sdn. Bhd.	55,000,000	1.87
15	CIMSEC Nominees (Tempatan) Sdn. Bhd. – CIMB For Eco World Development Holdings Sdn. Bhd.	52,279,176	1.78
16	CIMSEC Nominees (Tempatan) Sdn. Bhd. – CIMB Bank For Liew Tian Xiong	39,000,000	1.32

STATISTICS ON SECURITIES

AS AT 17 JANUARY 2019

TOP THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares	%
17	Kumpulan Wang Persaraan (Diperbadankan)	34,450,600	1.17
18	Nik Sazlina Binti Mohd Zain	26,967,500	0.92
19	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	26,770,000	0.91
20	Maybank Nominees (Tempatan) Sdn. Bhd. – Maybank Trustees Berhad for Public Ittikal Fund	24,300,000	0.83
21	Maybank Securities Nominees (Tempatan) Sdn. Bhd. – Maybank Investment Bank Berhad for Eco World Development Holdings Sdn. Bhd.	21,270,000	0.72
22	How Teng Teng	20,000,000	0.68
23	CIMB Group Nominees (Tempatan) Sdn. Bhd. – Yayasan Hasanah (AUR-VCAM)	16,373,600	0.56
24	Citigroup Nominees (Tempatan) Sdn. Bhd. – Employees Provident Fund Board (AM INV)	14,648,300	0.50
25	Voon Tin Yow	13,010,000	0.44
26	HSBC Nominees (Asing) Sdn. Bhd. – JPMCB NA For Vanguard Total International Stock Index Fund	12,486,200	0.42
27	Eco World Development Holdings Sdn. Bhd.	12,100,000	0.41
28	Amanahraya Trustees Berhad – Amanah Saham Malaysia	11,308,200	0.38
29	Citigroup Nominees (Tempatan) Sdn. Bhd. – Kumpulan Wang Persaraan (Diperbadankan) (VCAM Equity FD)	10,900,000	0.37
30	Amanahraya Trustees Berhad – Public Islamic Select Treasures Fund	10,525,000	0.36
	Total	2,535,190,892	86.10

STATISTICS ON SECURITIES

AS AT 17 JANUARY 2019

SUBSTANTIAL SHAREHOLDERS

Name	No. of Ordinary Shares held			
	Direct	%	Indirect	%
Sinarmas Harta Sdn. Bhd.	969,919,015	32.94	-	-
Eco World Development Holdings Sdn. Bhd.	419,321,839	14.24	-	-
Liew Tian Xiong	502,768,330	17.08	-	-
Employees Provident Fund Board	164,701,610	5.59	-	-
Tan Sri Abdul Rashid Bin Abdul Manaf^	-	-	419,321,839	14.24
Dato' Leong Kok Wah*	-	-	1,389,240,854	47.18
Syabas Tropikal Sdn. Bhd.#	-	-	969,919,015	32.94

Notes:

^ *Deemed interest by virtue of his interest in Eco World Development Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act").*

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

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

STATISTICS ON SECURITIES

AS AT 17 JANUARY 2019

DIRECTORS' SHAREHOLDINGS

Name	No. of Ordinary Shares held			
	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf^	-	-	419,321,839	14.24
Tan Sri Dato' Sri Liew Kee Sin#	-	-	20,000,000	0.68
Dato' Leong Kok Wah*	-	-	1,389,240,854	47.18
Dato' Chang Khim Wah	8,650,000	0.29	-	-
Dato' Voon Tin Yow	14,065,600	0.48	-	-
Datuk Heah Kok Boon	1,609,300	0.05	-	-
Liew Tian Xiong	502,768,330	17.08	-	-
Tang Kin Kheong	-	-	-	-
Dato' Idrose Bin Mohamed	-	-	-	-
Dato' Haji Obet Bin Tawil	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-
Low Mei Ling	-	-	-	-

Notes:

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

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 interest in Eco World Development Holdings Sdn. Bhd. and Syabas Tropikal Sdn. Bhd. pursuant to Section 8 of the Act.*

STATISTICS ON SECURITIES

AS AT 17 JANUARY 2019

WARRANT HOLDINGS

No. of warrants issued	525,392,340
Exercise price of warrants	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	532	12.42	35,843	0.01
100 - 1,000	855	19.96	583,426	0.11
1,001 - 10,000	1,985	46.35	8,449,992	1.61
10,001 - 100,000	775	18.09	25,458,856	4.85
100,001 to less than 5% of issued warrants	133	3.11	56,292,920	10.71
5% and above of issued warrants	3	0.07	434,571,303	82.71
Total	4,283	100.00	525,392,340	100.00

STATISTICS ON SECURITIES

AS AT 17 JANUARY 2019

TOP THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1	CIMSEC Nominees (Tempatan) Sdn. Bhd. – CIMB For Eco World Development Holdings Sdn. Bhd. (PB)	202,177,451	38.48
2	Amsec Nominees (Tempatan) Sdn. Bhd. – Pledged securities account - Ambank (M) Berhad For Sinarmas Harta Sdn. Bhd.	161,369,371	30.72
3	Liew Tian Xiong	71,024,481	13.52
4	Nik Sazlina Binti Mohd Zain	6,450,000	1.23
5	Tay Koo Hui	2,572,400	0.49
6	Ang Kai Chan	2,400,000	0.46
7	Public Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Loong Ching Hong	2,150,000	0.41
8	Public Nominees (Tempatan) Sdn. Bhd. – Pledged securities account For Lim Heng Lai	1,478,500	0.28
9	Looi Boon Fui	1,445,000	0.28
10	Wong Jee Shyong	1,430,000	0.27
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	HLIB Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Gan Ber Koon	1,119,000	0.21
15	Ong Chooi Ewe	1,108,200	0.21
16	Aun Chia Hong	1,100,000	0.21
17	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Sundarajoo A/L Somu	1,100,000	0.21

STATISTICS ON SECURITIES

AS AT 17 JANUARY 2019

TOP THIRTY (30) WARRANT HOLDERS (CONTINUED)

No.	Name of Warrant Holders	No. of Warrant	%
18	Tan Bee Kheng	1,020,000	0.19
19	Ang Kai Chan	1,000,000	0.19
20	Maybank Securities Nominees (Asing) Sdn. Bhd. – Maybank Kim Eng Securities Pte. Ltd. For Chumpon Chantharakulpongsa @ Chan Teik Chuan	800,000	0.15
21	Koh Lye Siang	685,500	0.13
22	RHB Capital Nominees (Tempatan) Sdn. Bhd. – Khoo Yap Hock Cheng	639,800	0.12
23	Ong Kek Seng	612,000	0.12
24	CIMSEC Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Ooi Poh Kim	562,000	0.11
25	Yong Hong Liang	528,000	0.10
26	Wong Yon Yam	496,560	0.09
27	Tan Cheng Yong	492,000	0.09
28	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Shi Leong Ming	470,000	0.09
29	Alliancegroup Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Yew Woon Fatt	460,000	0.09
30	Teow Leong Seng	459,000	0.09
	Total	469,064,323	89.28

STATISTICS ON SECURITIES

AS AT 17 JANUARY 2019

DIRECTORS' WARRANT HOLDINGS

Name	No. of Warrants held			
	Direct	%	Indirect	%
Tan Sri Abdul Rashid Bin Abdul Manaf^	-	-	202,177,451	38.48
Tan Sri Dato' Sri Liew Kee Sin	-	-	-	-
Dato' Leong Kok Wah*	-	-	363,546,822	69.20
Dato' Chang Khim Wah	1,224,000	0.23	-	-
Dato' Voon Tin Yow	1,652,480	0.31	-	-
Datuk Heah Kok Boon	181,440	0.03	-	-
Liew Tian Xiong	71,024,481	13.52	-	-
Tang Kin Kheong	-	-	-	-
Dato' Idrose Bin Mohamed	-	-	-	-
Dato' Haji Obet Bin Tawil	-	-	-	-
Dato' Noor Farida Binti Mohd Ariffin	-	-	-	-
Low Mei Ling	-	-	-	-

Notes:

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Fifth Annual General Meeting **("45th AGM")** of Eco World Development Group Berhad (17777-V) **("Company")** will be held at EcoWorld Gallery @ Eco Grandeur, Lot 6232, Persiaran Mokhtar Dahari, Eco Grandeur, 42300 Bandar Puncak Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 27 March 2019 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 2018 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*

2. To approve the payment of Directors' Fees for the financial year ended 31 October 2018. *(Ordinary Resolution 1)*

3. To approve the payment of Directors' Remuneration (excluding Directors' Fees) for the financial year ending 31 October 2019 and up to the date of the next Annual General Meeting **("AGM")** of the Company. *(Ordinary Resolution 2)*

4. To re-elect the following Directors who are retiring by rotation in accordance with Article 80 of the Articles of Association of the Company:

   (i) Dato' Leong Kok Wah *(Ordinary Resolution 3)*
   (ii) Dato' Idrose Bin Mohamed *(Ordinary Resolution 4)*
   (iii) Dato' Voon Tin Yow *(Ordinary Resolution 5)*
   (iv) Dato' Noor Farida Binti Mohd Ariffin *(Ordinary Resolution 6)*

5. To re-elect Madam Low Mei Ling who is retiring by rotation in accordance with Article 87 of the Articles of Association of the Company. *(Ordinary Resolution 7)*

6. To re-appoint Messrs. Baker Tilly Monteiro Heng 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 Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad **("Bursa Malaysia") ("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 AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.

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 2.3.1 of Part A of the Company's circular to shareholders dated 22 February 2019 **("Circular")**) which are necessary for the day-to-day operations and are in the ordinary course of business and are carried out at arms' length on normal commercial terms of the EcoWorld Malaysia Group on terms not more favourable to the Related Parties than those generally available to the public and are not, in the Company's opinion, detrimental to minority shareholders of the Company and that such approval shall continue to be in force until:

(i) the conclusion of the next AGM at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

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

(iii) revoked or varied by resolution passed by the shareholders in a general meeting,

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 Adoption of New Constitution of the Company** *(Special Resolution)*

THAT approval be and is hereby given to the Company to revoke the existing Memorandum and Articles of Association **("M&AA")** in its entirety with immediate effect and in place thereof, the new Constitution as set out in Part B of the Circular be and is hereby adopted as the Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient with full powers to assent to any variations, modifications and/or amendments as may be required by any relevant authorities to give full effect to the foregoing.

10. To transact any other business of which due notice has been given.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Mak Chooi Peng (MAICSA 7017931)
Company Secretaries

Kuala Lumpur
22 February 2019

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 3 of the Agenda – Directors' Remuneration*

   Section 230(1) of the Act requires the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval will be sought at this AGM for the payment of benefits payable to Non-Executive Directors ***("NEDs")*** *for the financial year ending 31 October 2019 and up to the date of the next AGM of the Company.*

   The estimated amount of Directors' Remuneration payable to the NEDs of RM845,000 comprises meeting allowance and leave passage for the financial year ending 31 October 2019. The proposed payment of Directors' Remuneration amounting to RM4,500,000 is the payment for security fees for the Non-Independent Non-Executive Directors for a period of 17 months from 1 November 2018 and up to the date of the next AGM of the Company.

   In the event that the proposed Directors' fees and benefits payable to NEDs are insufficient due to the enlarged size of the board of directors ***("Board")****, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.*

3. *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 45th 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 of the Company.

   The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding future investment(s), project(s), working capital and/or acquisition(s).

   As at the date of this Notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75(1) and 76(1) of the Act as granted at the Forty-Fourth AGM of the Company held on 28 March 2018 ***("44th AGM")****.*

4. *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 Circular for further information.

5. *Item 9 of the Agenda — Proposed Adoption of New Constitution of the Company*

   The proposed Special Resolution, if passed, will align the Constitution of the Company with the following laws and regulations:

   (i) The Act which came into effect on 31 January 2017;

   (ii) The amended Malaysian Code on Corporate Governance which was released in April 2017; and

   (iii) The amended MMLR which was issued on 29 November 2017.

   In view of the substantial amendments to be made on the M&AA, the Board proposed that the existing M&AA be revoked in its entirety with immediate effect and by the replacement thereof with a new Constitution. Please refer to Part B of the Circular for further information.

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 March 2019 shall be eligible to attend, speak and vote at the 45th AGM.*

2. *A member entitled to attend and vote at the 45th AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but does not need to be a member of the Company. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at the 45th AGM shall have the same rights as the member to speak at the 45th AGM. Notwithstanding this, a member entitled to attend and vote at the 45th AGM is entitled to appoint any person as his proxy to attend and vote instead of the member at the 45th AGM. There shall be no restriction as to the qualifications of the proxy.*

3. *In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*

4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account* **("Omnibus Account")**, *there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. Where an exempt authorised nominee appoints more than one (1) proxy to attend and vote at the 45th AGM, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing of the proxies, failing which, the appointment shall be invalid.*

5. *Where a member of the Company is an authorised nominee as defined under Securities Industry (Central Depositories) Act, 1991, it may be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an authorised nominee appoints two (2) proxies to attend and vote at the 45th AGM, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing of the proxies, failing which, the appointment shall be invalid.*

6. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time for holding the 45th AGM or at any adjournment thereof.*

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ECOWORLD

CREATING TOMORROW & BEYOND

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

FORM OF PROXY

CDS Account No.	No. of Shares Held

I/We, ____
(NAME IN FULL AND IN BLOCK LETTERS)

NRIC/Passport/Company No. ______________________________ Contact No. ______________________

of ____
(FULL ADDRESS)

being a member/members of **ECO WORLD DEVELOPMENT GROUP BERHAD ("Company")**, hereby appoint:

Full Name (IN BLOCK LETTERS)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

or failing him/her,

Full Name (IN BLOCK LETTERS)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Forty-Fifth Annual General Meeting **("45th AGM")** of the Company to be held at EcoWorld Gallery @ Eco Grandeur, Lot 6232, Persiaran Mokhtar Dahari, Eco Grandeur, 42300 Bandar Puncak Alam, Selangor Darul Ehsan, Malaysia on Wednesday, 27 March 2019 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 Dato' Leong Kok Wah		
4.	Re-election of Dato' Idrose Bin Mohamed		
5.	Re-election of Dato' Voon Tin Yow		
6.	Re-election of Dato' Noor Farida Binti Mohd Ariffin		
7.	Re-election of Madam Low Mei Ling		
8.	Re-appointment of Messrs. Baker Tilly Monteiro Heng as Auditors of the Company		
9.	Authority to Issue and Allot Shares		
10.	Proposed Renewal of Shareholders' Mandate		
	Special Resolution		
1.	Proposed Adoption of New Constitution		

(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 ____________________, 2019

....
Signature of Member/Common Seal

Fold this flap for sealing

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 March 2019 shall be eligible to attend, speak and vote at the 45th AGM.
2. A member entitled to attend and vote at the 45th AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but does not need to be a member of the Company. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at the 45th AGM shall have the same rights as the member to speak at the 45th AGM. Notwithstanding this, a member entitled to attend and vote at the 45th AGM is entitled to appoint any person as his proxy to attend and vote instead of the member at the 45th AGM. There shall be no restriction as to the qualifications of the proxy.
3. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account **("Omnibus Account")**, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. Where an exempt authorised nominee appoints more than one (1) proxy to attend and vote at the 45th AGM, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing of the proxies, failing which, the appointment shall be invalid.
5. Where a member of the Company is an authorised nominee as defined under Securities Industry (Central Depositories) Act, 1991, it may be entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an authorised nominee appoints two (2) proxies to attend and vote at the 45th AGM, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing of the proxies, failing which, the appointment shall be invalid.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time for holding the 45th AGM or at any adjournment thereof.

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Affix Stamp

Securities Services (Holdings) Sdn. Bhd. (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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