

**ECOWORLD**  
INTERNATIONAL  
CREATING TOMORROW & BEYOND



ANNUAL REPORT 2018



**Embassy  
gardens**

ECOWORLD ballymore.

# VISION

Creating Tomorrow & Beyond

# MISSION

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

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

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# CORPORATE INFORMATION



Yarra One, Melbourne

## BOARD OF DIRECTORS

<b>Tan Sri Azlan Bin Mohd Zainol</b>	Chairman/Independent Non-Executive Director
<b>Tan Sri Dato' Sri Liew Kee Sin</b>	Executive Vice Chairman
<b>Dato' Teow Leong Seng</b>	President & Chief Executive Officer/Executive Director
<b>Cheah Tek Kuang</b>	Senior Independent Non-Executive Director
<b>Dato' Voon Tin Yow</b> <b>Choong Yee How</b> <b>Cheng Hsing Yao</b>	Non-Independent Non-Executive Directors
<b>Tan Sri Datuk Dr Rebecca Fatima Sta Maria</b> <b>Dato' Seri Ahmad Johan Bin Mohammad Raslan</b> <b>Dato' Siow Kim Lun</b> <b>Pauline Wong Wan Voon</b>	Independent Non-Executive Directors

CORPORATE INFORMATION

**AUDIT  
COMMITTEE**

Dato' Seri Ahmad Johan Bin Mohammad Raslan  
(Chairman)

Tan Sri Azlan Bin Mohd Zainol

Dato' Siow Kim Lun

**NOMINATION AND  
REMUNERATION COMMITTEE**

Cheah Tek Kuang (Chairman)

Tan Sri Azlan Bin Mohd Zainol

Tan Sri Datuk Dr Rebecca Fatima Sta Maria

Dato' Siow Kim Lun

**RISK MANAGEMENT COMMITTEE**

Cheah Tek Kuang (Chairman)

Tan Sri Azlan Bin Mohd Zainol

Dato' Teow Leong Seng

Pauline Wong Wan Voon

**WHISTLEBLOWING COMMITTEE**

Dato' Siow Kim Lun

Cheah Tek Kuang

Dato' Teow Leong Seng

**COMPANY SECRETARIES**

Tai Yit Chan (MAICSA 7009143)

Tan Ai Ning (MAICSA 7015852)

➤ **REGISTERED OFFICE**

Suite 59, Setia Avenue  
No. 2, Jalan Setia Prima S U13/S  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan  
Malaysia  
Tel : +603-3361 2552  
Fax : +603-3341 3530

➤ **REGISTRAR**

Boardroom Share Registrars  
Sdn Bhd (378993-D)  
*(formerly known as Symphony Share  
Registrars Sdn Bhd)*  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : +603-7849 0777  
Fax : +603-7841 8151/8152

➤ **AUDITORS**

Mazars PLT (LLP0010622-LCA)  
(AF001954)  
Chartered Accountants  
Wisma Golden Eagle Realty  
11<sup>th</sup> Floor, South Block  
142-A, Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel : +603-2161 5222  
Fax : +603-2161 3909

**STOCK EXCHANGE LISTING** Bursa Malaysia Securities Berhad (Main Market)

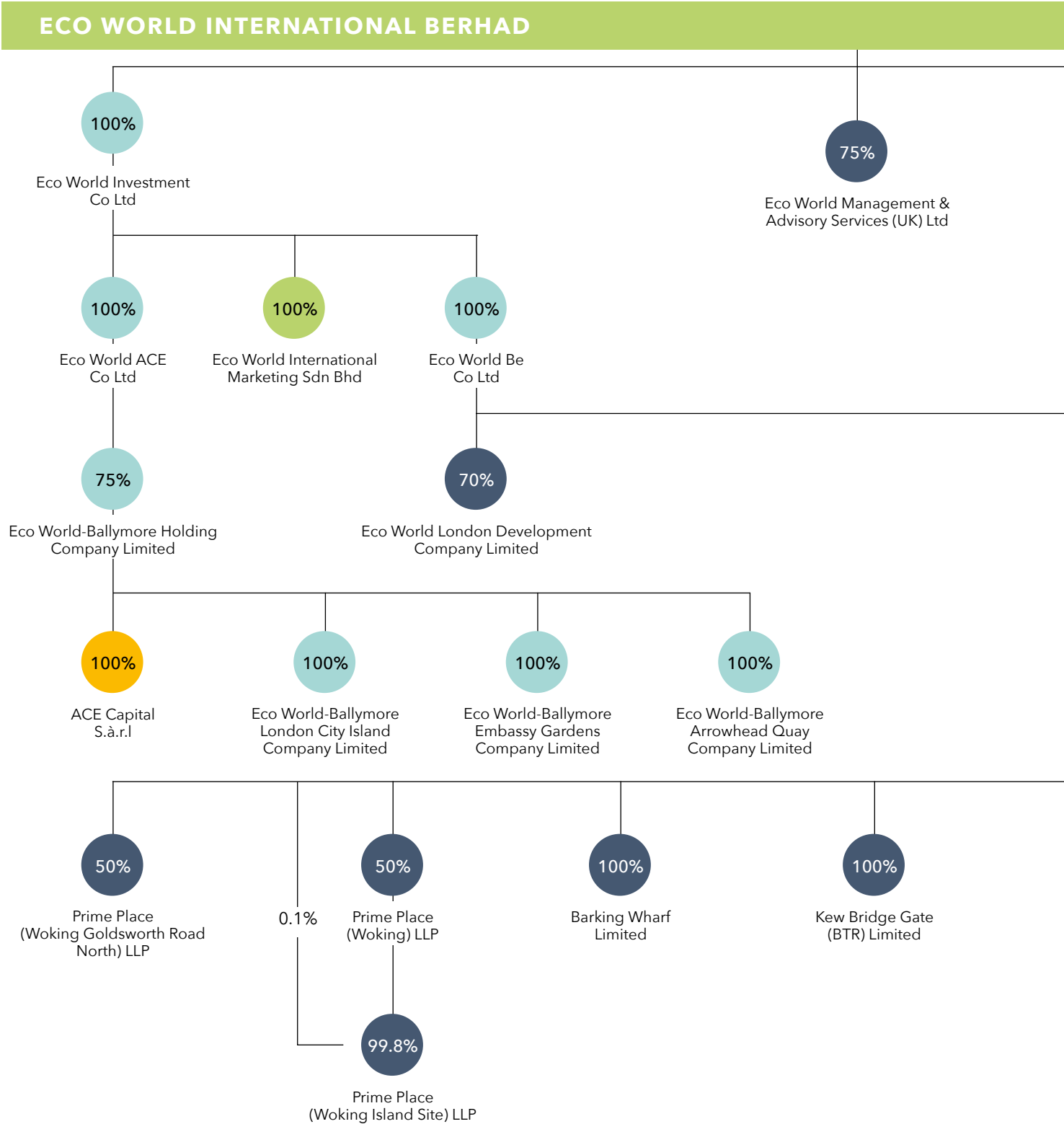
**STOCK NAME** EWINT (Ordinary Shares)  
EWINT-WA (Warrants)

**STOCK CODE** 5283  
5283 WA

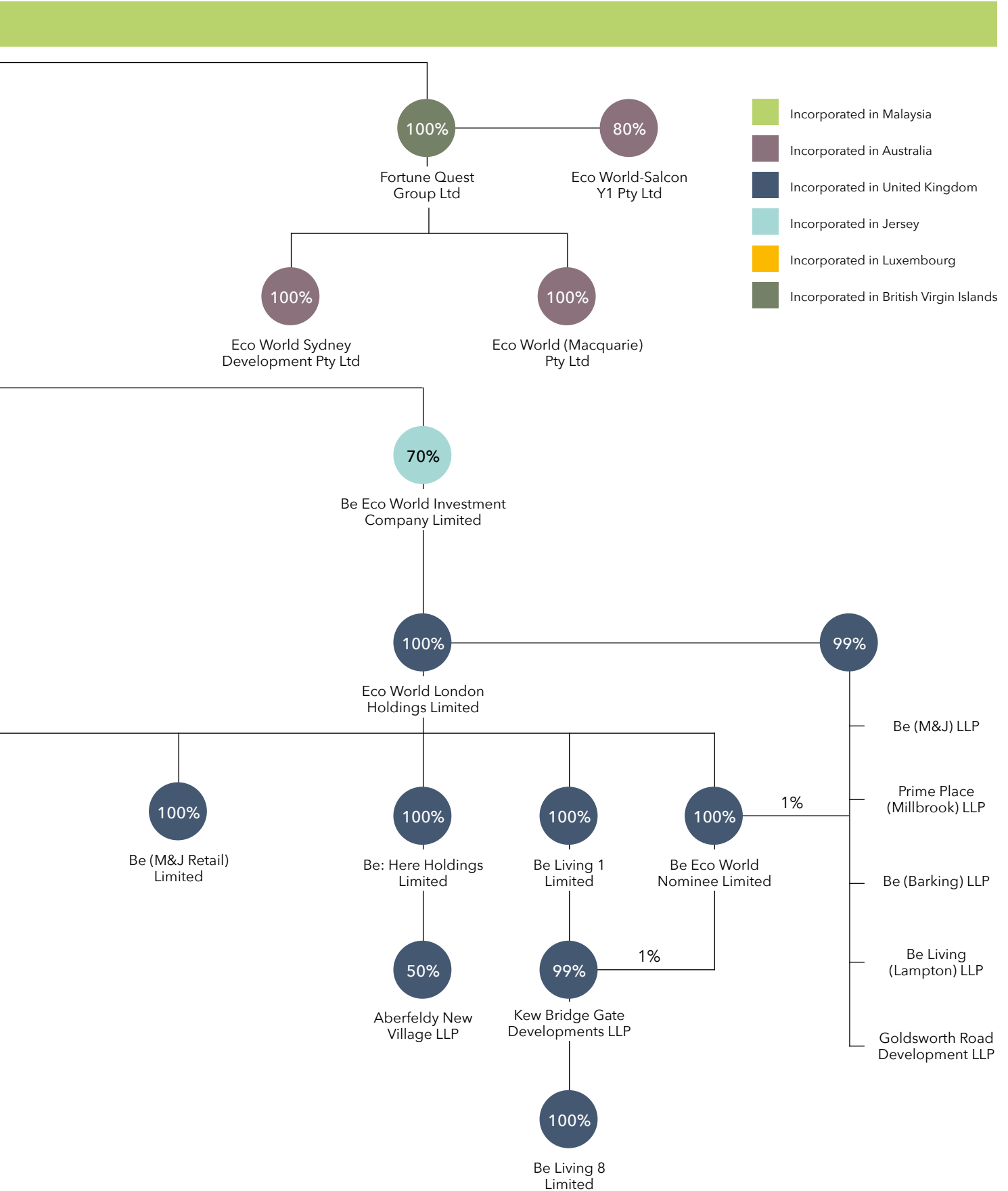
**WEBSITE** www.ecoworldinternational.com

**PRINCIPAL BANKERS** Bangkok Bank Berhad  
CIMB Bank Berhad  
DBS Bank Limited  
Malayan Banking Berhad  
Oversea-Chinese Banking Corporation Limited  
Standard Chartered Bank Berhad  
United Overseas Bank (Malaysia) Bhd

# CORPORATE STRUCTURE



**CORPORATE STRUCTURE**



# FINANCIAL HIGHLIGHTS

Year Ended	Audited 31 October 2018	Audited 31 October 2017	Pro Forma 31 October 2016	Pro Forma 31 October 2015
<b>Financial Results (RM'000)</b>				
Revenue	<b>4,904</b>	488	970	7,454
Profit/(Loss) before taxation	<b>29,019</b>	(87,251)	(236,936)	(101,455)
Profit/(Loss) attributable to owners of the Company	<b>35,238</b>	(87,633)	(238,326)	(99,264)
<b>Financial Position (RM'000)</b>				
Total cash, bank balances and deposits	<b>436,960</b>	992,388	18,573	27,373
Total assets	<b>3,407,410</b>	2,712,362	1,225,472	1,235,887
Total borrowings	<b>836,078</b>	128,597	923,867	841,109
Total net tangible assets	<b>2,383,180</b>	2,421,342	(13,631)	182,335
Share capital	<b>2,592,451</b>	2,592,451	246,541	246,541
Equity attributable to owners of the Company	<b>2,493,609</b>	2,544,876	107,883	295,593
<b>Financial Ratios</b>				
Basic earnings/(loss) per share (sen)	<b>1.47</b>	(5.76)	(96.70)	(40.30)
Net assets per share attributable to owners of the Company (RM)	<b>1.04</b>	1.06	0.46	1.21
Return on equity (%)	<b>0.01</b>	(0.03)	(2.21)	(0.34)
Net gearing ratio (times)	<b>0.16</b>	-	8.39	2.75
Share price				
- High (RM)	<b>1.15</b>	1.36	-	-
- Low (RM)	<b>0.88</b>	1.00	-	-

The financial results for the Financial Year Ended 31 October 2015 ("FY2015") to Financial Year Ended 31 October 2016 ("FY2016") are based on proforma results as disclosed in the Prospectus of Eco World International Berhad dated 9 March 2017.

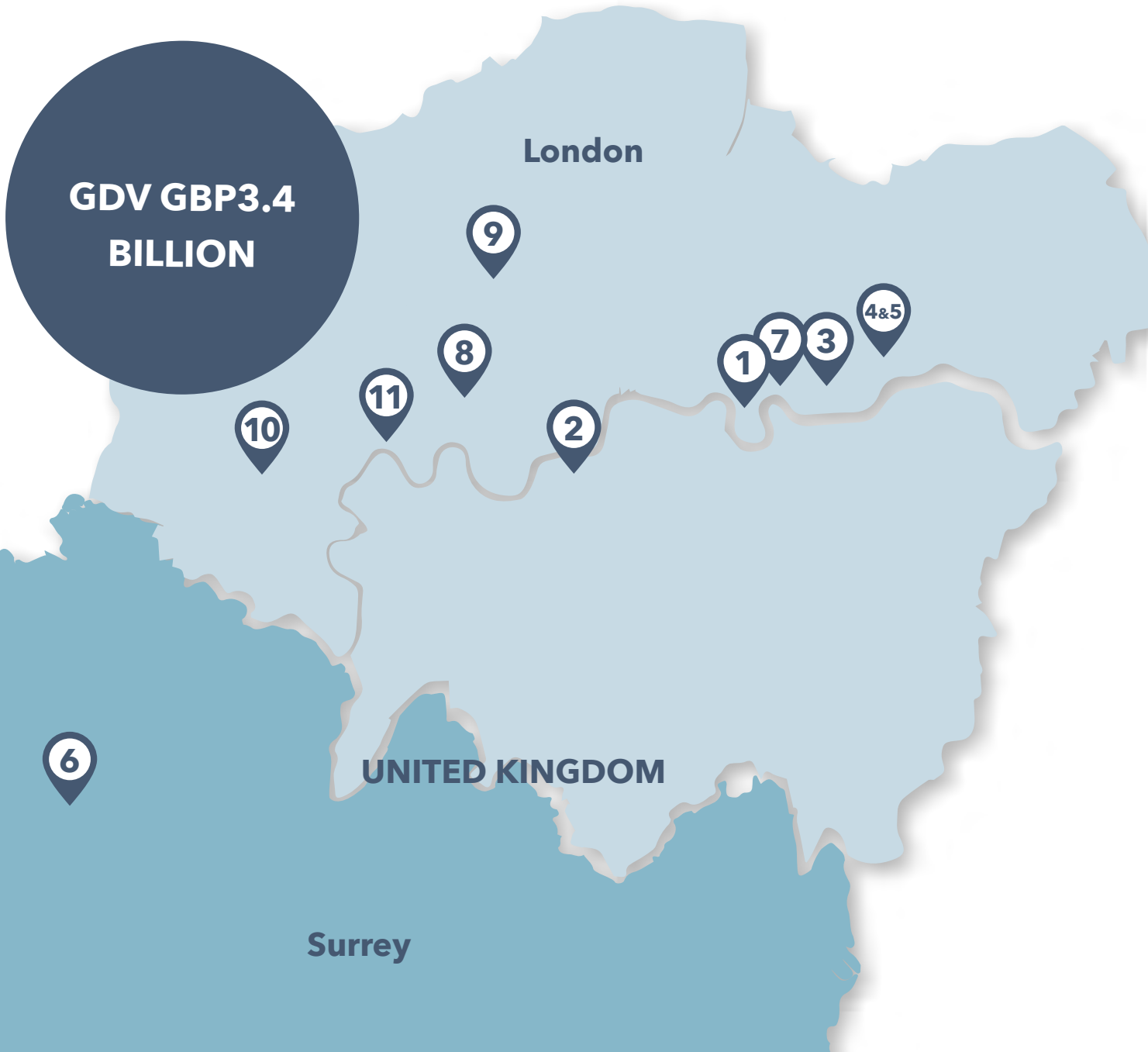


**FINANCIAL HIGHLIGHTS**

**GROUP 2018 SUMMARY**

	<b>3 months ended 31 October 2018</b>	<b>3 months ended 31 July 2018</b>	<b>3 months ended 30 April 2018</b>	<b>3 months ended 31 January 2018</b>
<b>(RM'000)</b>				
Revenue	4,886	-	-	18
Profit/(loss) before tax	69,928	7,829	(29,983)	(18,755)
Profit/(loss) attributable to owners of the Company	70,075	10,444	(29,076)	(16,205)
Share capital	2,592,451	2,592,451	2,592,451	2,592,451
Equity attributable to owners of the Company	2,493,609	2,431,331	2,425,144	2,491,360
Total assets	3,407,410	2,850,789	2,727,004	2,655,486
Total net tangible assets	2,383,180	2,321,023	2,315,122	2,381,977
Basic earnings/(loss) per share (sen)	2.92	0.44	(1.21)	(0.68)
Net assets per share attributable to owners of the Company (RM)	1.04	1.01	1.01	1.04

# PROJECT OVERVIEW



**1** WARDIAN London situated next to Canary Wharf, East London



**3** London City Island on the Leamouth Peninsula, East London



**5** BARKING WHARF Phase 1 in East London



**7** Aberfeldy Village in East India Docks, East London



**2** Embassy Gardens in Nine Elms, South West London



**4** BARKING WHARF Phase 2 in East London



**6** Woking in Surrey, South East England



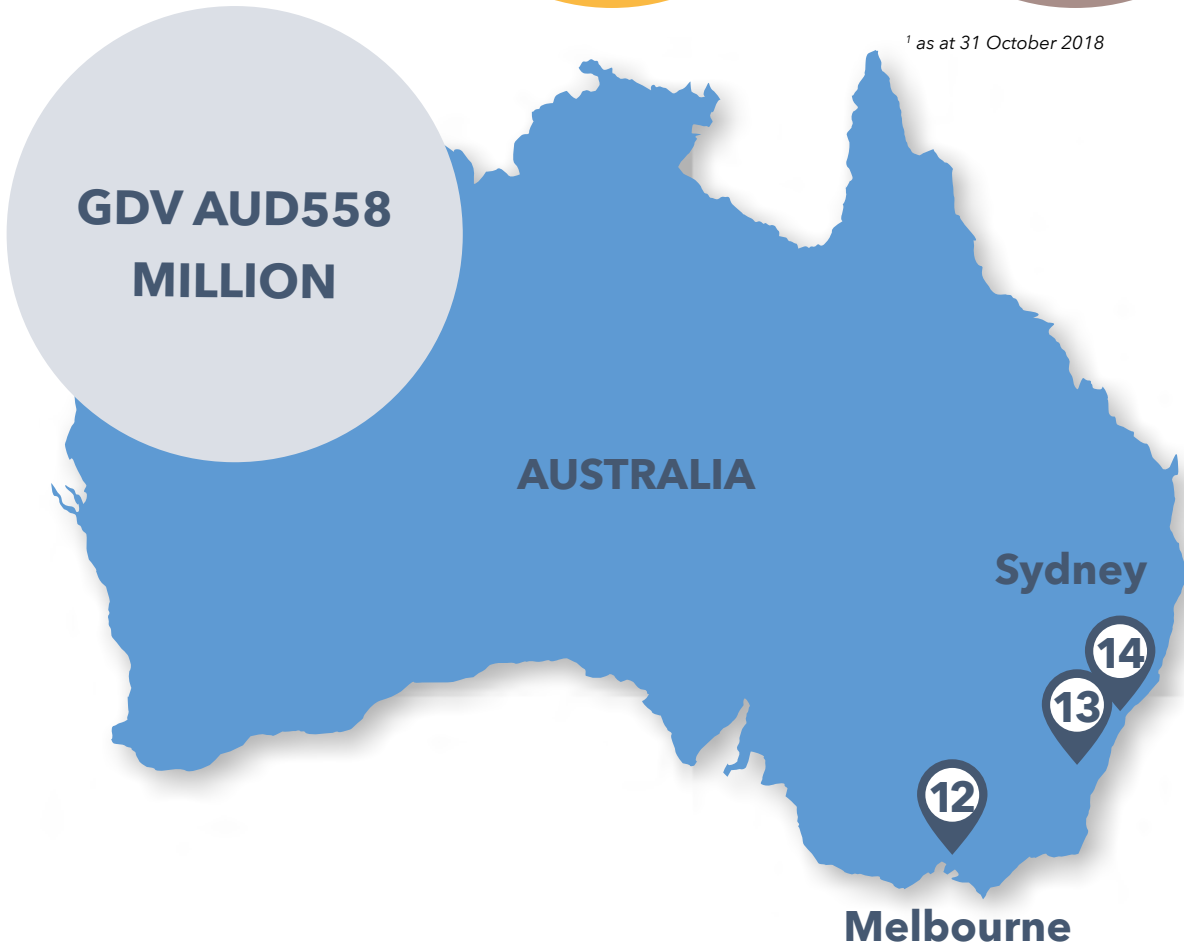
**8** Kensal Rise & Maida Hill in North West London

PROJECT OVERVIEW

**CUMULATIVE  
SALES  
RM10.8 BILLION<sup>1</sup>**

**EFFECTIVE  
UNBILLED SALES  
RM6.6 BILLION<sup>1</sup>**

<sup>1</sup> as at 31 October 2018



**9**

**THE CLAVES**  
The Claves in Millbrook Park, North London

**11**

**VERDO**  
Verdo-Kew Bridge in Brentford, West London

**13**

**WEST VILLAGE**  
West Village in Parramatta, Sydney

**10**

**NANTLY HOUSE**  
Nantly House in Hounslow, West London

**12**

**YARRA ONE**  
Yarra One in South Yarra, Melbourne

**14**

**MACQUARIE PARK**  
Macquarie Park in North Sydney

# CHAIRMAN'S STATEMENT



**TAN SRI AZLAN BIN MOHD ZAINOL**  
Chairman/Independent  
Non-Executive Director

## Dear Shareholders,

2018 has been an eventful year for Eco World International Berhad ("**EcoWorld International**"). Despite the challenging operating environment, we achieved multiple important milestones.

### Partnership with Willmott Dixon

We began the financial year with the signing of a sale and purchase agreement in December 2017 for the acquisition of a 70% stake in Willmott Dixon Holdings Limited's ("**Willmott Dixon**") residential development business in the United Kingdom ("**UK**"). This is a landmark deal for the Group as it enabled us to strongly enter the highly resilient UK mid-mainstream market with a full multi-disciplinary team in place and the potential to acquire up to 12 development sites spread across Greater London and the South East of England. The combined estimated Gross Development Value ("**GDV**") of the 12 sites is approximately GBP2.6 billion - this is a substantial increase from the Group's remaining GDV of GBP1.0 billion in UK at the end of financial year 2017 ("**FY2017**").



We completed the first stage of the acquisition in March 2018 which provided access to six of the 12 sites and thereafter, the joint-venture ("**JV**") acquired two additional sites in May and August 2018. This brings the total number of sites to be jointly developed with Willmott Dixon to eight at the end of financial year 2018 ("**FY2018**") and we are working on completing the acquisition of the remaining four sites.

In June 2018, we rebranded our JV with Willmott Dixon as "EcoWorld London". This is an important exercise as the rebranding creates an ideal platform for the Group to expand the EcoWorld brand name in UK. It also marks the start of a new era for EcoWorld International as we progress towards realising our ambitions to become a truly local UK developer with a strong and sustainable business in this foremost of global property markets.

CHAIRMAN'S STATEMENT



**Another Year of Growth**

During the year under review, EcoWorld London launched a new phase of apartment blocks in Aberfeldy Village and two Build-to-Rent (“BtR”) projects in Kew Bridge and Barking Wharf. Along with other ongoing projects by EcoWorld London, this has increased the number of ongoing projects undertaken by the Group from five as at the end of FY2017 to 11 by the end of FY2018.

EcoWorld London also successfully closed a major agreement with Invesco Real Estate, to sell and forward fund the entire BtR component of the two projects mentioned above. Valued at GBP389 million, this sale of over 1,000 homes represents one of the biggest single commitments into the emerging UK BtR sector. It is also a testament to the confidence of international institutional investors in the EcoWorld brand and recognition of our strong

track record of delivering high-quality homes, providing superb lifestyle services for residents and establishing flourishing new communities. The deal further underlines EcoWorld London’s commitment and ambitions for the BtR side of its business which will be a key growth driver for the Group over the next few years.

Down south in Australia, the Group is on track to meet its expansion target through the acquisition of 25 apartment units in Macquarie Park, Sydney, for redevelopment. EcoWorld International is currently in the process of acquiring the remaining five apartment units and targets to launch the project in financial year 2020.

I am also pleased to share that the Group reported a maiden net profit attributable to shareholders of RM35.2 million for FY2018 on the back of handover of units at London City Island (“LCI”) and Embassy Gardens

(“EG”). We look forward to delivering more units in financial year 2019 (“FY2019”), which will support the Group’s continued profitability growth.

**New Appointment & Notes of Appreciation**

In closing, I would like to welcome Ms Pauline Wong Wan Voon to the Board as an Independent Non-Executive Director and express my sincere appreciation to our customers, management team, employees, bankers and business associates for your contributions towards making FY2018 a very good year for EcoWorld International. Most importantly, I would like to place on record my appreciation to all shareholders for your continuous support and trust in us. With strong foundations laid and our business strategy firmly in place, I am confident that whatever challenges may lie ahead, FY2019 will be another successful year for us.

# PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS



**DATO' TEOW LEONG SENG**  
President & Chief Executive Officer/  
Executive Director

## Overview of FY2018

FY2018 has been a challenging but exciting year for EcoWorld International. Housing markets in London, Sydney and Melbourne were weaker than the year before as home buying activities slowed amidst dampened buyer sentiment. These factors also gave rise to numerous opportunities which the Group was quick to seize upon to grow our business and set the groundwork for an eventual recovery, underpinned by the solid fundamental demand for homes which exists in all three markets.

One such major opportunity was the game-changing JV with Willmott Dixon which we sealed at the start of the year. Now known as EcoWorld London, the JV envisages the development of 12 sites spread along the commuter belt across Greater London and the South East of England. The JV also gave us a full multi-disciplinary team of more than 100 highly experienced personnel - this will provide the



Group with a large pool of in-house talent and manpower resources to grow our UK business going forward and bring it to greater heights.

Most importantly, the JV enabled us to enter the highly localised UK mid-mainstream market and fast-growing BtR sub-sector. In this regard, EcoWorld London sealed one of the most significant BtR transactions ever done in the UK when we sold more than 1,000 BtR homes worth GBP389 million to Invesco Real Estate, a globally renowned market leader in the real estate investment management business with more than EUR55 billion in real estate assets under management across the United States ("**US**"), Europe and Asia. The successful entry into this ground-breaking deal enabled the Group to achieve sales of RM3.3 billion for FY2018, over 60% higher than the RM2.0 billion achieved in FY2017.

## Financial Review

In local currency terms, EcoWorld International recorded GBP573 million and AUD70 million worth of sales in FY2018. These sales raised our cumulative sales to RM10.8 billion as at 31 October 2018. Unbilled sales also rose to a record high of RM6.6 billion as at 31 October 2018, from RM5.8 billion as at 31 October 2017.

PRESIDENT’S MANAGEMENT DISCUSSION & ANALYSIS

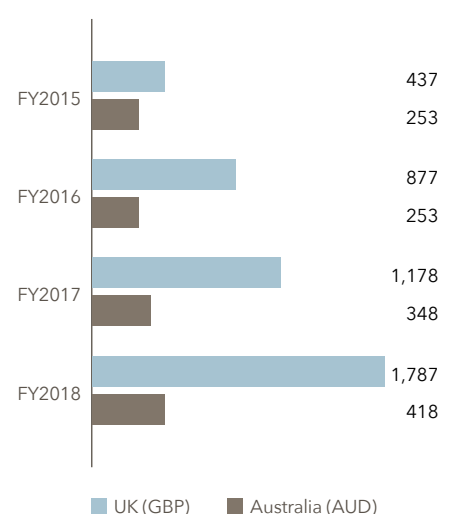


The Group reported its maiden profit of RM35.2 million in the current financial year, compared to a loss of RM87.6 million reported for FY2017. This turnaround was enabled by the commencement of handover of units at the LCI and EG projects in the UK.

During the financial year, the Group recorded revenue of RM4.9 million representing fees for marketing services rendered by a subsidiary to the Group’s JV in respect of property sales of its projects in the UK. The revenue figure does not include revenues from sales of properties handed over at LCI and EG as these projects are developed through a JV and their associated earnings are reflected under our share of profit from JVs.

Finance costs fell by 72%, from RM31.9 million in FY2017 to RM8.8 million due to a paring down of borrowings since April 2017 with proceeds raised during EcoWorld International’s initial public offering (“**IPO**”). However, the savings were partially offset by higher marketing expenses, which increased from RM5.6 million in FY2017 to RM10.2 million in FY2018, and higher administrative and general expenses, which increased from RM70.0 million in FY2017 to RM74.8 million in FY2018. The higher marketing expenses in the current financial year mainly reflect increased marketing activities for the Group’s Australian projects while higher administrative and general expenses are a result of additional professional fees incurred for the acquisition of EcoWorld London.

Cumulative Sales (in mil)



## PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS



The Group's gross borrowings as at 31 October 2018 stood at RM836.1 million. The increase as compared to 31 October 2017 reflects the issuance of Islamic medium-term notes worth RM530 million during the year as well as utilisation of project financing and other credit facilities for the acquisition of a 70% stake in EcoWorld London and development of projects in the UK and Australia. Nevertheless, EcoWorld International's financial position remains strong as our net-debt-to-equity ratio stands at a relatively low level of 0.16x as at 31 October 2018.

Shareholder funds declined from RM2,545 million as at 31 October 2017 to RM2,494 million as at 31 October 2018 largely due to translation losses arising from weaker British pound sterling ("**GBP**") and Australian dollar ("**AUD**") exchange rates against Malaysian ringgit ("**RM**") over the financial year.

### Review of Operations

We started FY2018 with just three projects in London and one each in Sydney and Melbourne. Following the acquisition of our 70% stake in EcoWorld London, we have completed the acquisition of eight new sites which raised the total number of projects in our portfolio to 13 by end of FY2018.

In November 2018, the Group successfully purchased 25 apartment units in Macquarie Park, Sydney, for redevelopment. This will further increase the number of projects to 14 as we commence FY2019. At this juncture, 11 projects have been launched and are in various stages of development.

I am pleased to share that two residential towers in LCI and one residential tower in EG have now been completed. Construction works of all projects in our portfolio are

progressing as expected as we look forward to complete more residential towers in FY2019.

In the financial year under review, the Group launched 1,324 apartment units across four projects in London, namely Nantly House, Aberfeldy Village, Kew Bridge and Barking Wharf. The Group sold 1,436 apartment units (including units that were launched in financial years 2015-2017) valued at RM3,262 million in FY2018. The sales achieved improved the overall take-up rate by unit to 81% as at 31 October 2018 from 74% as at 31 October 2017.

### Market Backdrop

The open market sales ("**OMS**") segment of the London property market slowed further in 2018. Challenges in Brexit negotiations between the UK and the European Union ("**EU**") have heightened uncertainties about the UK economy and dampened sentiment among owner-occupiers and investors.



PRESIDENT’S MANAGEMENT DISCUSSION & ANALYSIS

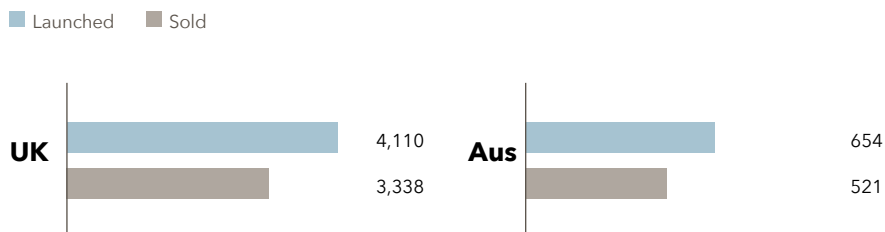


Verdo-Kew Bridge, London



Wardian London, United Kingdom

Cumulative number of units launched and sold as at 31 October 2018



Many sales agents across London hold the view that transaction volume in the capital city is unlikely to improve significantly until most of the uncertainties surrounding Brexit are resolved. This is reflected in the sales rate of new homes in London, where the number of units sold by new development schemes fell 10% in 2018<sup>1</sup>.

On the institutional front however, interest has picked up as long-term property investors, drawn to London’s sound fundamentals and leading position as a global city for real estate investment, have been taking advantage of the weaker GBP to snap up good quality assets. This has further catalysed interest in London’s emerging BtR residential sub-sector which was already poised to grow strongly due to the chronic under-supply of affordable homes in the city.

With regard to BtR, there has been a rapid increase in the size of the private rental sector, which has more than doubled in the last two decades<sup>2</sup> due to affordability constraints, coupled with less quantifiable factors including lifestyle shifts. A 2018 UK Real Estate Market Outlook by an international real estate consultancy noted that the sector has grown strongly with significant investments recently and further opined that the positive trend is expected to continue<sup>3</sup>. According to their research, the annual BtR investment volume in the UK is currently relatively small at GBP2

billion compared to GBP103 billion a year in the US. With North American and other global funds now actively pursuing BtR opportunities in the UK, there is huge growth potential for the sector and the annual investment volume could quadruple within five years to GBP10 billion.

In Australia, the overall property market continues to be affected by tighter lending standards, higher stamp duties for foreign buyers and restrictions on capital outflow in China. Purchases by owner-occupiers are still growing, driven by growing populations and a strong employment market. Buying activities from first home buyers in Sydney and Melbourne have also improved over the past one year on the back of stamp duty relief and higher grants provided by the state governments. However, this did not immediately translate into stronger off-the-plan sales as local home buyers tend to buy closer to completion.

**Ensuring Corporate Sustainability**

Despite the challenging operating environment, we have remained steadfast in our initiatives to enhance corporate sustainability. Going above and beyond compliance and national requirements, we are in the early stages of aligning our economic, environmental and social aspirations to the United Nations’ Sustainable Development Goals.

Source:

<sup>1</sup> Mofior London

<sup>2</sup> Department for Communities and Local Government UK

<sup>3</sup> CBRE Group, Inc

## PRESIDENT'S MANAGEMENT DISCUSSION & ANALYSIS

### 2018 KEY EVENTS

#### MARCH

Successful completion of the acquisition of a 70% stake in Willmott Dixon's residential development business along with six project sites

#### MAY

Aberfeldy Village site acquired

#### JUNE

EcoWorld London is introduced to the market

#### JULY

- o Construction commenced at Yarra One
- o EcoWorld-Ballymore Holding Company Limited ("**EcoWorld-Ballymore**") celebrated its first completion at London City Island

#### AUGUST

- o EcoWorld London acquired Kew Bridge site
- o EcoWorld London sealed one of UK's largest BtR deals with Invesco Real Estate

#### OCTOBER

Embassy Gardens achieved first completion



EcoWorld London launch in June 2018

### Outlook and Strategy

Going forward into 2019, the UK and Australian property markets are expected to remain challenging. However, EcoWorld International is well positioned to weather these challenges given our strategic decision to enter the highly resilient UK mid-mainstream market with a strong foothold in the growing BtR subsector secured through EcoWorld London.

Based on its existing portfolio of projects, EcoWorld London has already identified several other sites on which it will be able to deliver more BtR homes for future institutional investor partners. Accordingly, we will concentrate on expanding the BtR footprint in London as a key growth driver for the Group in the medium-term. This will be supported by private residential developments that cater mainly to owner-occupiers in the mid-mainstream UK market as well as sale of the remaining units from our original three projects in the UK and two projects in Australia to local and international individual buyers.

We also continuously review our existing systems and procedures to improve our sustainability practices. In 2018, we have developed and implemented several sustainability initiatives as listed below:

- Developed and adopted a Sustainability Policy
- Introduced Internal Sustainability Guidelines that guide our data collection processes for comprehensive sustainability reporting
- Interviewed key stakeholders to improve stakeholder engagement
- Adopted the weighted ranking method to assess materiality of sustainability matters
- Implemented Let's Green Possible Campaign to reduce energy and water consumption and encourage recycling

Please refer to page 18 of this Annual Report and EcoWorld International 2018 Sustainability Report for more details.

PRESIDENT’S MANAGEMENT DISCUSSION & ANALYSIS

With clear earnings visibility secured for financial years 2019 to 2021 through the record high unbilled sales as at 31 October 2018, the Board has approved a sales target of RM6 billion to be achieved by the Group over the next two financial years (2019-2020).

This will provide management with the requisite time to negotiate the best possible terms on potential en-bloc BtR sales to institutional investors. The longer two year time-frame will also provide greater latitude in the scheduling of sales and launches of products for the retail market thereby enabling optimal value to be extracted from the Group’s valuable landbank in both the UK and Australia.

The Group also constantly reviews the pricing, design and specifications of its product pipeline to better meet buyer demand. Various government assistance schemes in the UK and Australia are expected to provide continuous support for demand from owner occupiers, especially those who buy for the first time. The Group plans to introduce suitable products and undertake marketing activities to reach out to this group of buyers.

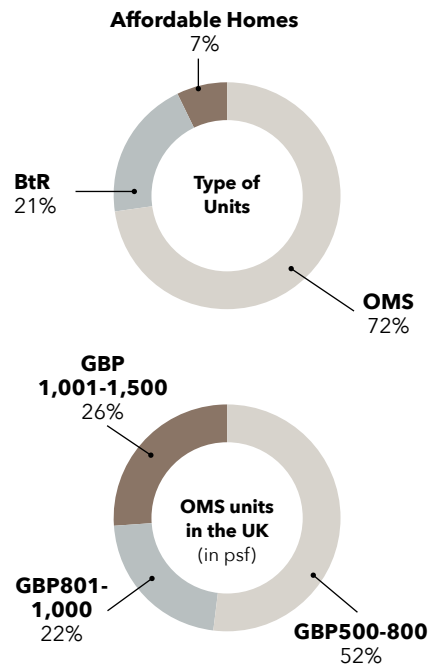
On the corporate front, we have successfully acquired 25 apartment units in Macquarie Park, Sydney, on 9 November 2018 to further expand our development pipeline in one of the fast-growing locations in the capital city. This allows the Group to commence the Strata Renewal Process to acquire the remaining five units in the same apartment block for redevelopment. Concurrently, the Group aims to apply for planning permission for the redevelopment and launch the project in financial year 2020.

The current market weakness is likely to also present additional opportunities for the Group to expand our business presence.

BtR in particular, with its forward funding model which requires minimal upfront funding to be sought from lenders and shareholders, is immensely scalable. This ideal funding structure enables us to undertake numerous such projects concurrently without over-extending our balance sheet. Accordingly we plan to seek out new sites that are suitable for future BtR developments even as we work on concluding several BtR deals over the next two years with institutional investors on our existing sites to drive sales.

This will help us achieve our aim to maintain a diversified product portfolio in terms of product type, price points, geographical spread and development stages to enable resilient sales and sustainable earnings to be recorded in the longer term.

EcoWorld International UK portfolio



Aberfeldy Village, London

# SUSTAINABILITY STATEMENT

EcoWorld International is proud to present our Sustainability Statement for the FY2018 which builds on the Economic, Environmental and Social (“EES”) achievements and goals described in our first Sustainability Statement published in last year’s annual report.

In this statement, we describe our sustainability performance across our business operations in the UK, Australia and support functions in Malaysia for the reporting period between 1 November 2017 to 31 October 2018. For our UK operations, we limited the scope to our EcoWorld-Ballymore JV projects - namely LCI, EG and Wardian London (“Wardian”) as the acquisition of EcoWorld London was only completed during the year.

This Statement was prepared by referring to the Global Reporting Initiative (“GRI”) Standards and is to be read jointly with the full Sustainability Report made available on the Company’s website [www.ecoworldinternational.com](http://www.ecoworldinternational.com).

With our vision of **Creating Tomorrow & Beyond** and the principles of sustainability embedded in our Vision and Mission statements, we are continuously working towards spreading the culture of sustainability and improving our practices and procedures across all countries in which we operate.

To this end, we are in the process of aligning our EES goals to the United Nations’ Sustainable Development Goals (“UNSDG”) which we believe will strengthen and motivate our organisation towards creating a positive impact in the property development industry.

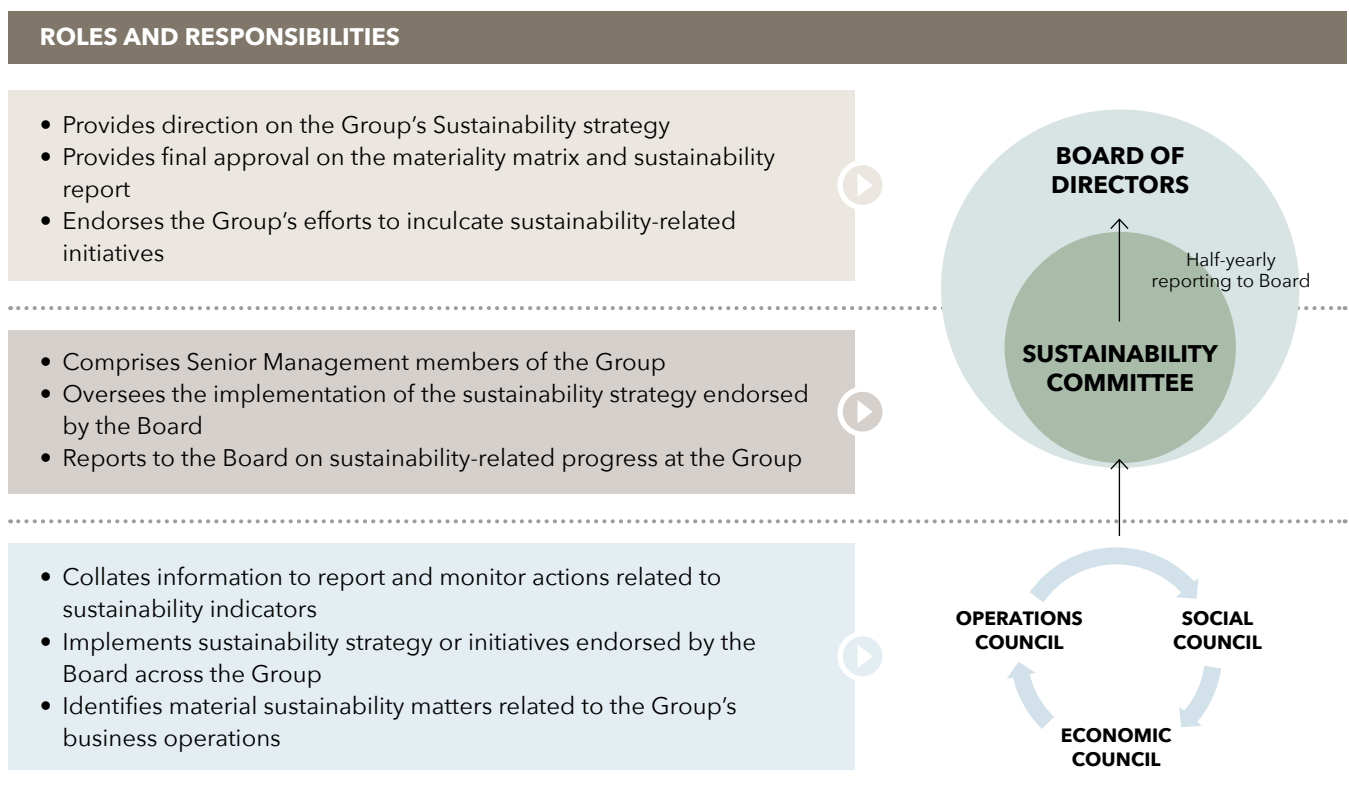


SUSTAINABILITY STATEMENT

**OUR SUSTAINABILITY GOVERNANCE STRUCTURE**

In our inaugural Sustainability Statement in 2017, we presented our Sustainability governance structure with the EcoWorld International Board at the helm, followed by the Sustainability Committee and its supporting Sustainability Councils (Operations, Economic and Social) as illustrated in the following chart. The Sustainability Committee is chaired by the President and Chief Executive Officer (“CEO”) of EcoWorld International and reports on a half-yearly basis to the Board on its progress.

For this year, we have improved on our governance structure by detailing roles and responsibilities at each reporting level.



In the 2017 Sustainability Statement, we affirmed our sustainability commitment by setting four main targets to be achieved in our second year of reporting. As illustrated below, these goals have been largely met through the implementation of policies and initiatives aimed at improving our Sustainability governance and performance.

Sustainability Commitment During FY2017		Progress Update in FY2018	
	<b>Developing new policies and procedures</b>		Sustainability Policy Sustainability Guidelines
	<b>Implementing measures and initiatives</b>		Let’s Green Possible Campaign
	<b>Setting indicators, targets and goals</b>		Mapping Material Sustainability Matters to six UNSDGs
	<b>Reviewing existing systems</b>		In Progress

## SUSTAINABILITY STATEMENT

### EcoWorld International Sustainability Policy

We formulated a Sustainability Policy that represents the Group's overarching goals to manage our EES risks and opportunities. The policy was endorsed by the Board in June 2018 and demonstrates our commitment towards continuous improvement in addressing climate change, energy and water use and the protection of our environmental biodiversity. The policy has been made available to the public on our corporate website.

### EcoWorld International Sustainability Guidelines

We developed a set of Sustainability Guidelines as a supporting document to facilitate the Group in living up to the commitments we made in our Sustainability Policy. As the guidelines were approved by the Board and implemented in this financial year, we will begin reporting the outcome of the initiatives and strategies outlined in the guidelines in the next reporting period.

### Let's Green Possible Campaign

The Let's Green Possible Campaign was initiated to create sustainability awareness amongst our employees across all three countries. With initiatives that include recycling programmes as well as electricity and water saving competitions, the campaign was aimed at educating our employees on their individual roles in steering the Group towards sustainable development.

### Mapping Materiality Matters to six UNSDGs

The United Nations' 2030 Agenda for Sustainable Development in 2016 formalised 17 main Sustainable Development Goals ("SDGs") with 169 supporting targets that serve as a guide for countries that are signatories to the Agenda, including Malaysia. In support of our nation's aspirations to achieve its sustainability goals, we have embarked on matching our materiality matters to the six SDGs which are most relevant to our operations.

ECOWORLD INTERNATIONAL SDG FOCUS AREA	MAPPING SDG TO ECOWORLD INTERNATIONAL MATERIAL SUSTAINABILITY MATTERS
 <p>Ensuring healthy lives and promoting well-being for all, at all ages</p>	<ul style="list-style-type: none"> <li>• Community Development</li> <li>• Training and Development</li> <li>• Occupational Health and Safety</li> </ul>
 <p>Encouraging gender equality and empowerment</p>	<ul style="list-style-type: none"> <li>• Employee Well-being</li> <li>• Talent Retention</li> </ul>
 <p>Ensuring full and productive employment for all, regardless of age, gender, or disability, with parity of pay for all</p>	<ul style="list-style-type: none"> <li>• Customer Satisfaction and Brand Reputation</li> <li>• Vendor and Supplier Development</li> <li>• Contractor Management</li> </ul>
 <p>Ensuring that infrastructure is reliable, resilient and fit for purpose to achieve economic growth and overcome environmental challenges</p>	<ul style="list-style-type: none"> <li>• Building Innovation</li> <li>• Infrastructure Investment and Development</li> <li>• Energy Saving Initiatives</li> </ul>
 <p>Making cities and human settlements inclusive, safe, resilient and sustainable</p>	<ul style="list-style-type: none"> <li>• Green Design and Construction</li> <li>• Waste Management</li> </ul>
 <p>Promoting peaceful and inclusive societies for sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> <li>• Corporate Governance and Transparency</li> <li>• Regulatory Compliance</li> <li>• Ethics and Integrity</li> </ul>

SUSTAINABILITY STATEMENT

**Engaging our Stakeholders**

Maintaining active engagement with our stakeholders remains a priority as we seek to further understand the areas of interest, concerns and expectations our stakeholders may have about the sustainability of our business.

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

KEY AREAS OF INTEREST	MATERIAL SUSTAINABILITY MATTERS	METHODS OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT
<b>STAKEHOLDER: EMPLOYEES</b>			
<ul style="list-style-type: none"> <li>• Corporate direction and growth plans</li> <li>• Job security</li> <li>• Remuneration and benefits</li> <li>• Career development and training opportunities</li> <li>• Workplace health and safety</li> <li>• Labour and human rights</li> <li>• Work-life balance</li> <li>• Employee volunteerism</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Well-being</li> <li>• Training &amp; Development</li> <li>• Occupational Health &amp; Safety</li> <li>• Talent Retention</li> <li>• Corporate Governance &amp; Transparency</li> </ul>	<ul style="list-style-type: none"> <li>➤ Management meetings with employees</li> <li>➤ Employee events such as family day, annual dinner, etc.</li> <li>➤ Town hall session with CEO</li> <li>➤ Ongoing education and training programmes</li> <li>➤ Whistleblowing Policy</li> <li>➤ Job Level Specific Training Programmes</li> <li>➤ Circulation of internal policies</li> <li>➤ Chairman 360°</li> <li>➤ People Heartbeat Survey</li> <li>➤ Internal Service Survey</li> <li>➤ EcoWorld Sports Club activities</li> </ul>	<ul style="list-style-type: none"> <li>➤ Throughout the year (As and when necessary)</li> <li>➤ Annually</li> <li>➤ Half-yearly</li> <li>➤ Throughout the year</li> <li>➤ Implemented</li> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> <li>➤ Annually</li> <li>➤ Twice a year</li> <li>➤ Twice a year</li> <li>➤ Throughout the year</li> </ul>
<b>STAKEHOLDER: CUSTOMERS</b>			
<ul style="list-style-type: none"> <li>• Pricing</li> <li>• Quality and workmanship</li> <li>• Energy conservation</li> <li>• Design and features</li> <li>• Product safety</li> <li>• Defects rectification</li> <li>• Customer service and experience</li> <li>• Resource efficiency and utility savings</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Satisfaction &amp; Brand Reputation</li> <li>• Building Innovation</li> <li>• Green Design &amp; Construction</li> <li>• Energy Saving Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>➤ Corporate &amp; Brand Campaigns</li> <li>➤ Corporate website/social media channels</li> <li>➤ Advertisement and marketing promotions</li> <li>➤ Engagement surveys</li> <li>➤ EcoWorld International Sales Team regularly engages with customers via exhibitions and showcases</li> </ul>	<ul style="list-style-type: none"> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> </ul>

SUSTAINABILITY STATEMENT

KEY AREAS OF INTEREST	MATERIAL SUSTAINABILITY MATTERS	METHODS OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT
<b>STAKEHOLDER: INVESTORS (INCLUDING JV PARTNERS)</b>			
<ul style="list-style-type: none"> <li>• Growth trajectory</li> <li>• Acquisitions and expansion</li> <li>• Market diversification</li> <li>• Risk management</li> <li>• Corporate governance</li> <li>• EES indicators</li> <li>• Climate change and carbon pricing strategies</li> <li>• Sustainability performance and tracking</li> <li>• Reporting standards</li> </ul>	<ul style="list-style-type: none"> <li>• Ethics &amp; Integrity</li> <li>• Corporate Governance and Transparency</li> <li>• Building Innovation</li> <li>• Regulatory Compliance</li> <li>• Green Design &amp; Construction</li> <li>• Energy Saving Initiatives</li> <li>• Infrastructure Investment &amp; Development</li> <li>• Occupational Health &amp; Safety</li> <li>• Contractor Management</li> </ul>	<ul style="list-style-type: none"> <li>➤ Group meetings with shareholders</li> <li>➤ Annual General Meeting (“AGM”)</li> <li>➤ Analyst, banker &amp; fund manager briefing</li> <li>➤ Annual report</li> <li>➤ Announcements to Bursa Malaysia Securities Berhad (“Bursa Malaysia”)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Throughout the year</li> <li>➤ Annually</li> <li>➤ Half-yearly</li> <li>➤ Annually</li> <li>➤ Throughout the year</li> </ul>
<b>STAKEHOLDER: REGULATORY AGENCIES AND STATUTORY BODIES</b>			
<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Security issues</li> <li>• Waste management</li> <li>• Public nuisance issues</li> <li>• Labour practices</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory Compliance</li> <li>• Corporate Governance &amp; Transparency</li> <li>• Occupational Health &amp; Safety</li> <li>• Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>➤ Inspections by local authorities</li> <li>➤ Press releases</li> <li>➤ Workshops</li> </ul>	<ul style="list-style-type: none"> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> </ul>
<b>STAKEHOLDER: VENDORS/SUPPLIERS (INCLUDING CONTRACTORS)</b>			
<ul style="list-style-type: none"> <li>• Legal compliance</li> <li>• Payment schedule</li> <li>• Pricing of services</li> <li>• Product quality and inventory/supply commitment</li> </ul>	<ul style="list-style-type: none"> <li>• Vendor &amp; Supplier Development</li> <li>• Corporate Governance &amp; Transparency</li> <li>• Green Design &amp; Construction</li> <li>• Contractor Management</li> <li>• Infrastructure Investment &amp; Development</li> <li>• Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>➤ Contract negotiation</li> <li>➤ Supplier audit and evaluation</li> <li>➤ Vendor registration</li> </ul>	<ul style="list-style-type: none"> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> <li>➤ Throughout the year (As and when necessary)</li> </ul>
<b>STAKEHOLDER: MEDIA</b>			
<ul style="list-style-type: none"> <li>• Reputation of company</li> <li>• Advocating green consumerism and lifestyles</li> </ul>	<ul style="list-style-type: none"> <li>• Community Development</li> <li>• Building Innovation</li> <li>• Energy Saving Initiatives</li> <li>• Green Design &amp; Construction</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ongoing engagement sessions</li> <li>➤ Press releases</li> <li>➤ Donations &amp; financial aid</li> <li>➤ Contributions to environment and social enhancement</li> </ul>	<ul style="list-style-type: none"> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> </ul>
<b>STAKEHOLDER: NON-GOVERNMENTAL ORGANISATION (“NGO”)</b>			
<ul style="list-style-type: none"> <li>• Environment and Social issues in relation to business operations</li> </ul>	<ul style="list-style-type: none"> <li>• Community Development</li> <li>• Employee Well-being</li> <li>• Infrastructure Investment &amp; Development</li> <li>• Green Design &amp; Construction</li> <li>• Energy Saving Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ongoing engagement sessions</li> <li>➤ Press releases</li> <li>➤ Donations &amp; financial aid</li> <li>➤ Contributions to environment and social enhancement</li> </ul>	<ul style="list-style-type: none"> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> <li>➤ Throughout the year</li> </ul>

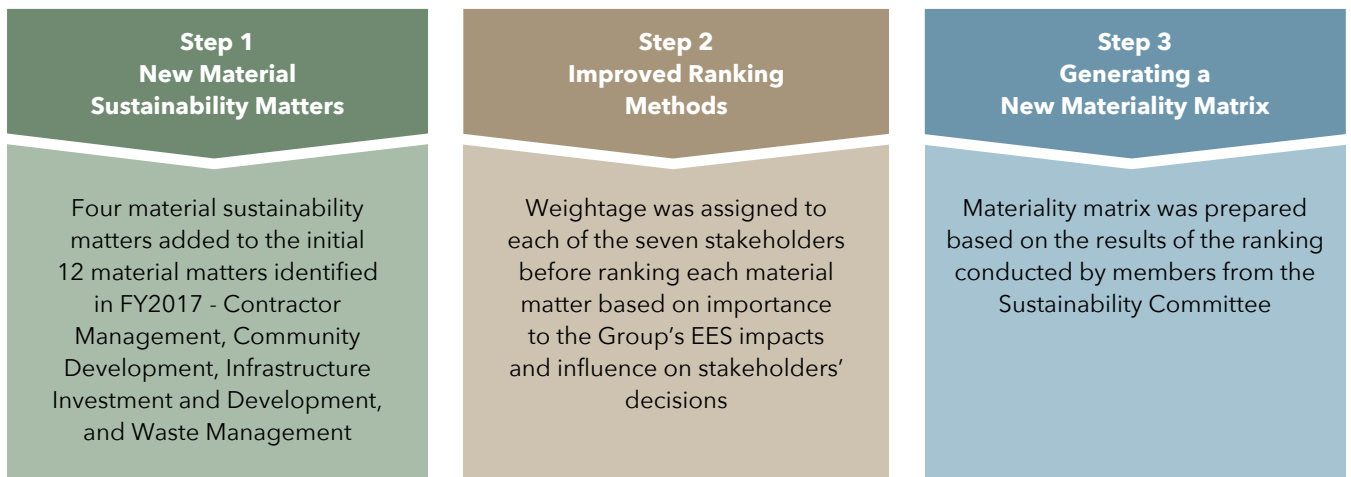


SUSTAINABILITY STATEMENT

This year, we have also expanded our efforts to improve stakeholder engagement methods and response. We conducted interviews and surveys with selected key internal and external stakeholders to engage and obtain feedback including representatives from our JV partners - Ballymore Group and Salcon Berhad, contractors (Parkview, O'Halloran and O'Brien), senior management of EcoWorld International and Eco World Foundation. We have included excerpts from feedback we received from these stakeholders in the full Sustainability Report.

**Managing our Material Sustainability Matters**

In our first reporting cycle, we generated our first materiality matrix through a materiality assessment exercise in which we assigned equal weightage to all stakeholder groups. This year, we enhanced the ranking for our material sustainability matters by including a weightage to the stakeholders that were assessed. We also added four new sustainability matters to the initial 12 material matters identified in 2017 in an effort to expand on our sustainability initiatives.



The outcome of our three-step materiality assessment process which involved the participation of our teams in Malaysia, UK and Australia is presented in the matrix below:



## SUSTAINABILITY STATEMENT

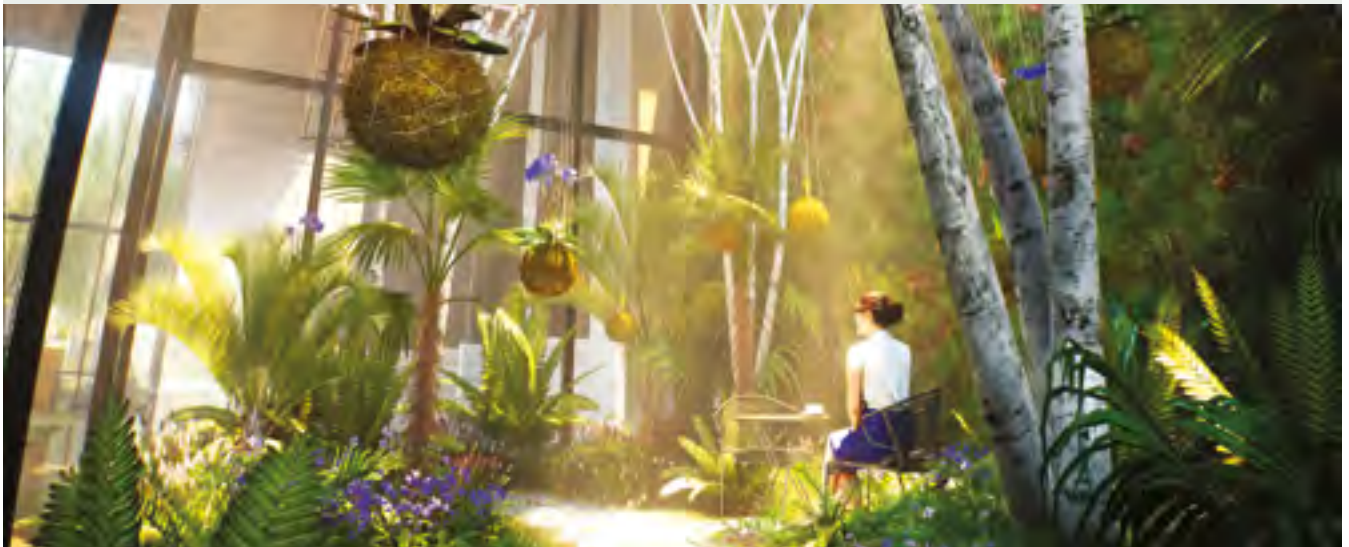
Each of the 16 material sustainability matters we ranked were prioritised and matched to the corresponding stakeholder group(s) it concerns and key GRI indicator(s) in the table below:

MATERIAL SUSTAINABILITY MATTERS	STAKEHOLDERS	GRI INDICATORS	SDG(s)
<b>A</b> Regulatory Compliance	Regulators, Investors, JV Partners	Compliance	
<b>B</b> Customer Satisfaction and Brand Reputation	Customers	Product and Service Labeling	
<b>C</b> Ethics and Integrity	Investors, JV Partners	General GRI Disclosures, Anti-Corruption	
<b>D</b> Corporate Governance and Transparency	Employees, Regulators, Suppliers, JV Partners	General GRI Disclosure	 
<b>E</b> Occupational Health and Safety	Employees, Regulators, JV Partners	Occupational Health and Safety	 
<b>F</b> Contractor Management	Suppliers, Contractors, JV Partners	Procurement Practices	
<b>G</b> Employee Well-being	Employees, NGOs	Diversity and Equal Opportunity	 
<b>H</b> Talent Retention	Employees	Employment	 
<b>I</b> Training and Development	Employees	Training and Education	 
<b>J</b> Community Development	Media, NGOs	Local Community	
<b>K</b> Vendor and Supplier Development	Suppliers, Contractors	Procurement Practices	
<b>L</b> Infrastructure Investment and Development	NGOs, JV Partners, Contractors	Economic Performance	 
<b>M</b> Building Innovation	Media, JV Partners, Customers, Investors	General GRI Disclosure	 
<b>N</b> Energy Saving Initiatives	Customers, JV Partners, Media, NGOs	Energy	
<b>O</b> Green Design and Construction	JV Partners, Contractors, Customers, Media, NGOs	Materials	 
<b>P</b> Waste Management	Regulators, Suppliers, Contractors	Effluents and Waste	

SUSTAINABILITY STATEMENT



**BUILDING ECONOMIC SUSTAINABILITY**



**GOVERNANCE, RISK & COMPLIANCE**

We place heavy emphasis on governance as it is integral to maintaining the confidence of all our stakeholder groups in our sustainability. We have a robust Risk Management Framework based on ISO 31000 (Risk Management), with further guidance from the Malaysian Code on Corporate Governance 2017 ("**MCCG**").

We are careful to ensure adherence to regulatory requirements outlined in each country where we operate as this provides a form of assurance to investors on our business integrity and helps to maintain our reputation as a responsible organisation.

Our employees are a very important stakeholder group and to ensure that their grievances are heard, we have several channels (e.g. Grievance Handling procedure and People's Heartbeat Survey) through which they can voice their dissatisfaction. We are happy to note that there were zero grievances reported across all three locations.

**INVESTING IN SUSTAINABLE URBAN DEVELOPMENT**

A key feature of our projects is the enhanced accessibility of our residents to their workplaces and public amenities. We invest in parks, walking and cycling pathways as well

as public art centres to encourage community bonding through shared interests and social activities while creating exposure for our projects.

In Australia, we contributed more than AUD6.2 million to the local councils where our projects are located for improvements in public infrastructure and amenities.

**CUSTOMER SATISFACTION**

Our customers play an integral role in ensuring long-term economic sustainability for EcoWorld International and we strive to engage them with high quality service. For FY2018, EcoWorld International's team in Malaysia achieved a score of 88.7% in the Customer Service Index survey conducted annually to assess our performance in terms of customer engagement.

**MANAGING A SUSTAINABLE SUPPLY CHAIN**

Our commitment to sustainability is focused towards improving the local economy and we prioritise procuring products from local sources. However, when choosing material, quality supersedes cost as the determining factor as we place importance in providing quality products commensurate with our brand. In FY2018, over 50% of local suppliers were engaged for our UK projects.

## SUSTAINABILITY STATEMENT



### CREATING A SUSTAINABLE WORKPLACE



#### DIVERSITY AND INCLUSIVENESS

We promote inclusivity to transcend race, gender, age and creed and we have hiring criteria that overlook discriminatory factors, but focus on skillsets, potential talent and experience in the industry. Further, our Board Charter also acknowledges the importance of gender diversity and in FY2018, we have increased the number of women directors on the Board from one to two (representing 18% of the Board).

While our employee gender distribution varies between locations, we ensure that everyone is given fair treatment and opportunities to bloom.

#### TRAINING AND DEVELOPMENT

We strongly encourage our employees to hone their skills through training and knowledge sharing regardless of age, gender or designation. Employees were given more than 30 hours of training on average across our three operating locations.

#### PROMOTING WORK-LIFE BALANCE

We offer our employees competitive remuneration packages as well as attractive benefits that range from health-related support to flexible working arrangements and allowances.

#### MAINTAINING WORKPLACE SAFETY

Occupational health and safety performance in UK and Australia is regularly monitored and reported to the EcoWorld International Board every quarter. In 2018, our JV partner, Ballymore Group ("**Ballymore**") set up a new health and safety committee to monitor safety issues at LCI, EG and Wardian project sites. The Safety Committee is chaired by the Contracts Director under Ballymore and reports to the Risk Management Committee of EcoWorld-Ballymore.

There were zero workplace accidents reported across all three operating regions.

## SUSTAINABILITY STATEMENT



### MAINTAINING A SUSTAINABLE ENVIRONMENT



#### LET'S GREEN POSSIBLE

We introduced the Let's Green Possible Campaign which was a series of engaging activities and competitions to get our employees excited about "green-ing" the office. These competitions sparked friendly rivalries between departments and were effective in spreading the sustainability message and minimising wastage.

#### MANAGING OUR ENERGY USE

In FY2018, we began recording and tracking our electricity consumption data at our Malaysia and Australia headquarters. This year, we begin disclosing the average electricity usage per month for FY2018 at our Malaysia and Australia headquarters with this year's data to be set as our baseline for future comparisons.

#### MONITORING WASTE PRODUCTION

In the UK, we closely monitor our construction waste production at our LCI, EG and Wardian project sites. In 2018, Wardian far exceeded the minimum recycling target of 80% outlined in the Code for Sustainable Homes, successfully diverting over 99% of waste from landfills.

At our Australia projects, construction waste management and disposal are strictly governed by local authorities. We take the added measure of engaging external safety officers to audit our waste records to ensure that they are in compliance with national standards.

#### WATER USE

While minimising water usage at project sites is an uphill task, we have started to measure and monitor water consumption at our Malaysia headquarter. This year, we present our bi-monthly water consumption data as baseline data to identify consumption trends in future reports.

Another water saving feature we introduced in 2018 is rainwater harvesting at the rooftop and Level 1 of our sales gallery in Malaysia to be utilised for cleaning purposes.

## SUSTAINABILITY STATEMENT



### PROMOTING A SUSTAINABLE SOCIETY



#### CREATING EMPLOYMENT OPPORTUNITIES

EcoWorld International is committed to hiring senior employees from local communities where possible, as long as they have the experience and skills we need. As a result of this commitment, more than 90% of senior managers at our UK offices are local whereas 100% of senior managers in Malaysia and Australia are local.

We believe that this practice contributes towards improving the local job market, lowering unemployment rates and developing local talents.

#### COMMUNITY CONTRIBUTION

Our contribution to the community is channeled through three main avenues: Eco World Foundation, EcoWorld Leadership Development Program ("**EWLDP**") and the EcoWorld-Ballymore JV.

Our collaboration with the Eco World Foundation in Malaysia through volunteerism enables us to help create opportunities for our community to receive equal access to education regardless of gender, religion or ethnicity.

The Foundation's education initiative, the Students Aid Programme, 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.

The 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 corporate social responsibility activities ranging from a single day of volunteerism to long-term partnerships with non-profit organisations.

In the UK, all three EcoWorld-Ballymore JV project sites are registered with the Considerate Constructors Scheme<sup>1</sup>, where there is a requirement for extensive community engagement schemes, including charity fund raising.

Further details of all our community engagements in Malaysia and the UK can be found in the full Sustainability Report.

<sup>1</sup> The Considerate Constructors Scheme is a non-profit-making, independent organisation founded in 1997 by the construction industry to improve its image. Construction sites, companies and suppliers voluntarily register with the Scheme and agree to abide by the Code of Considerate Practice, designed to encourage best practice beyond statutory requirements. The Scheme is concerned about any area of construction activity that may have a direct or indirect impact on the image of the industry as a whole. The main areas of concern fall into three categories: the general public, the workforce and the environment.

## SUSTAINABILITY STATEMENT

### OUR SUSTAINABILITY JOURNEY - THE WAY FORWARD

Being mindful of our role as a responsible developer with an international presence, it is essential for us to maintain good stakeholder relationships and continuously improve our sustainability practices. With the guidance provided by our Sustainability Policy and Guidelines, we are confident of achieving continuous progress in our sustainability journey.

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

# BOARD OF DIRECTORS

**TAN SRI DATUK DR  
REBECCA FATIMA  
STA MARIA**

INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

**CHEAH  
TEK KUANG**

SENIOR INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

**TAN SRI  
DATO' SRI  
LIEW KEE SIN**

EXECUTIVE  
VICE CHAIRMAN

**DATO' TEOW  
LEONG SENG**

PRESIDENT &  
CHIEF EXECUTIVE  
OFFICER/EXECUTIVE  
DIRECTOR

**CHENG  
HSING YAO**

NON-INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR





**BOARD OF DIRECTORS**

**TAN SRI  
AZLAN BIN  
MOHD ZAINOL**

CHAIRMAN/  
INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

**DATO' SIOW  
KIM LUN**

INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

**CHOONG  
YEE HOW**

NON-INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

**DATO' VOON  
TIN YOW**

NON-INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

**PAULINE  
WONG WAN  
VOON**

INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR

**DATO' SERI  
AHMAD  
JOHAN BIN  
MOHAMMAD  
RASLAN**

INDEPENDENT  
NON-EXECUTIVE  
DIRECTOR



## BOARD OF DIRECTORS' PROFILE



### TAN SRI AZLAN BIN MOHD ZAINOL

Chairman/  
Independent Non-Executive Director

AGE 68	GENDER MALE	NATIONALITY MALAYSIAN
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Tan Sri Azlan was appointed to the Board of EcoWorld International on 12 September 2014 as Chairman/ Independent Non-Executive Director. He serves as a Member of Audit Committee, Nomination and Remuneration Committee and Risk Management Committee.

#### Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow Chartered Banker of the Asian Institute of Chartered Bankers
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

Tan Sri Azlan was previously the CEO of the Employees Provident Fund Board ("**EPF**") until his retirement in April 2013. Tan Sri Azlan has more than 30 years of experience in the financial sector, having served as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.

Tan Sri Azlan's other directorships in public companies include RHB Bank Berhad (Chairman), RHB Investment Bank Berhad (Chairman), Malaysian Resources Corporation Berhad (Chairman), Kuala Lumpur Kepong Berhad, Grand-Flo Berhad (Chairman), RHB Capital Berhad (In Member's Voluntary Liquidation) and Rashid Hussain Berhad (In Member's Voluntary Liquidation). Tan Sri Azlan is also the Chairman of Financial Reporting Foundation, Chairman/Trustee of Yayasan Astro Kasih and a Trustee of OSK Foundation.

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 five 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

**TAN SRI DATO' SRI LIEW KEE SIN**

Executive Vice Chairman

AGE 60	GENDER MALE	NATIONALITY MALAYSIAN
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Tan Sri Liew was appointed to the Board of EcoWorld International on 12 September 2014 as Executive Vice Chairman.



**Qualifications**

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

Tan Sri Liew started his career as a banker in a local merchant bank in 1981. After gaining five years of experience in the banking industry, he ventured into property development. Following a reverse takeover of S P Setia Berhad ("**S P Setia**"), he was appointed as its Group Managing Director in May 1996 and continued to helm S P Setia as its President & 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 ("**Sime Darby**") and EPF in successfully bidding for the Battersea Power Station site in London, UK 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.

Currently, he sits on the Board of Eco World Development Group Berhad ("**EcoWorld Malaysia**"), which is a major shareholder of EcoWorld International.

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 five 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' TEOW LEONG SENG

President & CEO/  
Executive Director

AGE 60	GENDER MALE	NATIONALITY MALAYSIAN
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Dato' Teow was appointed to the Board of EcoWorld International on 12 September 2014 as Executive Director. He was then appointed as President & CEO on 13 October 2014. He serves as a Member of the Risk Management Committee and Whistleblowing Committee.

#### Qualifications

- Master of Business Administration from University of Strathclyde Graduate School of Business, Glasgow
- Fellow of the Chartered Institute of Management Accountants, UK
- Chartered Accountant of the Malaysian Institute of Accountants

Dato' Teow has more than 30 years of experience in real-estate development and finance related industries. He began his career in 1981 with the Hong Leong Group and has since then held various senior finance and accounting positions in several public companies, including heading the Real Estate Finance business at Citibank Malaysia.

Prior to joining EcoWorld International, he was the Executive Director and Chief Financial Officer ("**CFO**") of S P Setia, where he was in charge of the group's Corporate and Finance Division while overseeing the Business Development Division and overseas expansion plans. Dato' Teow led S P Setia's foray overseas to Vietnam, Australia and UK and played a key role in further expansion to China.

A notable achievement for Dato' Teow would be his role in securing the iconic Battersea Power Station redevelopment project in UK. He led the team that gave the Malaysian consortium, comprising S P Setia, Sime Darby and EPF the confidence to submit an unconditional bid for the site. He was appointed as the Chairman of the UK-based Battersea Power Station Development Company Limited ("**BPSDCL**") to oversee the development management of the project.

Other than EcoWorld International, he does not hold any other directorships in other public companies and listed issuers in 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 five 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

**CHEAH TEK KUANG**

Senior Independent  
Non-Executive Director

AGE 71	GENDER MALE	NATIONALITY MALAYSIAN
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Mr Cheah was appointed to the Board of EcoWorld International on 12 September 2014 as Independent Non-Executive Director. He was re-designated as Senior Independent Non-Executive Director on 27 April 2017. He serves as Chairman of Nomination and Remuneration Committee and Risk Management Committee. He is also a member of Whistleblowing Committee.



**Qualification**

- Bachelor of Economics (Honours) from University of Malaya, Malaysia

Mr Cheah started his career in the Federal Industrial Development Authority (now known as Malaysian Industrial Development Authority) in 1970 as an Economist in the Planning and Research Division and was later promoted to Deputy Director. In 1978, he joined Arab Malaysian Merchant Bank Berhad (now known as AmInvestment Bank Berhad and has been appointed as its CEO and Group Managing Director twice in 1994 and 2002.

In 2005, he was appointed as Group Managing Director and CEO of AMMB Holdings Berhad. He retired in March 2012 after serving the AmBank Group for more than 33 years.

He was also a Director of Bursa Malaysia Berhad, the holding company of Bursa Malaysia for nine years. Currently, he sits on the Appeals Committee of Bursa Malaysia, which looks into appeals by listed companies and market participants on violations of the Listing Requirements.

Mr Cheah was previously on the Board of the EPF from June 1996 to May 2007 and served in its Investment Panel from June 2007 to May 2009. He was also a member of Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")'s Investment Panel from 2007 to February 2016.

Currently, he sits on the Board of IOI Corporation Berhad, Velesto Energy Berhad (formerly known as UMW Oil & Gas Corporation Berhad) and Berjaya Golf Resort Berhad. He is also a board member of non-profit organisations - Yayasan Bursa Malaysia and Malaysian Institute of Art.

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 five 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

Non-Independent  
Non-Executive Director

AGE 61	GENDER MALE	NATIONALITY MALAYSIAN
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Dato' Voon was appointed to the Board of EcoWorld International on 14 September 2017 as Non-Independent Non-Executive Director.

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#### Qualifications

- Master of Science in Engineering from University of Texas at Austin, US
- Bachelor of Science in Civil Engineering from University of Texas at Austin, US

Dato' Voon has 34 years of working experience in the construction and property development industry, which includes three 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 Chief Operating Officer ("**COO**") from 1996 to 2014. He was also previously the Acting President & 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 in the People's Republic of China with a Chinese consortium.

Currently, he sits on the Board of EcoWorld Malaysia, which is a major shareholder of EcoWorld International.

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 five 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

**CHOONG YEE HOW**

Non-Independent  
Non-Executive Director

AGE <b>62</b>	GENDER <b>MALE</b>	NATIONALITY <b>MALAYSIAN</b>
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Mr Choong was appointed to the Board of EcoWorld International on 27 April 2017 as Non-Independent Non-Executive Director.



**Qualifications**

- Master of Business Administration from University of Otago, New Zealand
- Bachelor of Science in Biochemistry (1<sup>st</sup> Class Honours) Degree from University of Otago, New Zealand

Mr Choong is an Executive Director and President & CEO of GuocoLand Limited, which is listed on the Main Board of the Singapore Exchange.

He has more than 30 years of experience in the banking industry. He started his career with Citibank Malaysia as a Management Associate. Over the course of 24 years with Citigroup, he assumed various senior positions, the last being President & CEO of Citibank Savings Inc. Philippines.

Mr Choong was the President & CEO of Hong Leong Financial Group Berhad from the end of 2005 to August 2015. In that role, his responsibilities covered the full spectrum of financial services which included commercial banking, Islamic banking, life and general insurance, Takaful insurance, investment banking, asset management and securities trading with operations in Malaysia, Singapore, Vietnam, Cambodia, Hong Kong and China.

He is currently a Non-Independent Non-Executive Director of GuocoLand (Malaysia) Berhad.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five 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



### CHENG HSING YAO

Non-Independent  
Non-Executive Director

AGE 47	GENDER MALE	NATIONALITY SINGAPOREAN
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Mr Cheng was appointed to the Board of EcoWorld International on 27 April 2017 as Non-Independent Non-Executive Director.

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#### Qualifications

- Master of Design Studies (Distinction) from Harvard University, US
- Bachelor of Architecture (1<sup>st</sup> Class Honours) Degree from Newcastle University, UK

Mr Cheng is the Group Managing Director of GuocoLand Singapore. He joined GuocoLand in 2012, as COO of GuocoLand Singapore, before becoming Managing Director, Group Project Office in GuocoLand Limited. Prior to joining GuocoLand, he was with the Singapore public service, where he held leadership positions at the Centre for Liveable Cities and the Urban Redevelopment Authority. He is a board member of the National Parks Board, and a member of the Urban Redevelopment Authority's Design Advisory Committee as well as Heritage and Identity Partnership. He is the 1<sup>st</sup> Vice's President of the Real Estate Developers' Association of Singapore (REDAS) and a member of the Urban Land Institute Singapore Executive Committee.

Other than EcoWorld International, he does not hold any other directorships in other public companies and listed issuers in 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 five 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

**TAN SRI DATUK  
DR REBECCA FATIMA  
STA MARIA**

Independent  
Non-Executive Director

AGE	GENDER	NATIONALITY
61	FEMALE	MALAYSIAN

Tan Sri Datuk Dr Rebecca was appointed to the Board of EcoWorld International on 27 April 2017 as Independent Non-Executive Director. She serves as a Member of Nomination and Remuneration Committee.



**Qualifications**

- Doctor of Philosophy from the University of Georgia in Athens, US
- Master of Science in Counselling from Universiti Putra Malaysia, Malaysia
- Bachelor of Arts (Honours) in English Literature from University of Malaya, Malaysia

Tan Sri Datuk Dr Rebecca began her career in the Malaysian Administrative and Diplomatic Service. In the course of her civil service career, she was the Chief Administration and Procurement Officer of the ASEAN Plant Quarantine and Training Centre.

She was the Secretary-General of the Ministry of International Trade and Industry and the ASEAN Chair for the ASEAN India Trade in Goods Agreement, Chief Negotiator for the bilateral free trade agreements with India and Turkey.

She played a key role in ASEAN economic integration and chaired the ASEAN Senior Economic Officials Meeting as well as the ASEAN High Level Task Force for Economic Integration.

Currently, she is an Executive Director of Asia-Pacific Economic Cooperation (APEC) and sits on the Board of RHB Bank Berhad, RHB Investment Bank Berhad, Sunway Berhad, Hartalega Holdings Berhad and Institute for Democracy and Economic Affairs Berhad. She also serves on the Board of Trustees of MyKasih.

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 five 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' SERI AHMAD JOHAN BIN MOHAMMAD RASLAN

Independent  
Non-Executive Director

AGE	GENDER	NATIONALITY
59	MALE	MALYSIAN

Dato' Seri Ahmad Johan was appointed to the Board of EcoWorld International on 12 September 2014 as Independent Non-Executive Director. He serves as the Chairman of Audit Committee.

#### Qualifications

- Bachelor of Science (Honours) in Economics and Accountancy from the University of Hull, UK
- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants

During his career, he was involved mainly in the provision of audit and advisory services to clients. He started his professional journey with Robson Rhodes, a firm of chartered accountants in London, UK in 1981 and joined Price Waterhouse London, UK in 1990 as a Manager.

In 1992, he returned to Malaysia and joined Price Waterhouse in Kuala Lumpur as an Executive Director. He was admitted as a Partner of the firm in 1993.

In 2004, he was elected as the Executive Chairman of PricewaterhouseCoopers ("**PwC**") Malaysia and in 2008, he became the Joint Executive Chairman for the PwC Southeast Asia Peninsular Region. He served as Executive Chairman until his retirement from PwC in 2012.

Dato' Seri Ahmad Johan was appointed as Chairman of the Financial Reporting Foundation from 2003 to 2009, a Board member of KWAP from 2010 to 2012 and a Board member as well as Audit Committee Chairman of Putrajaya Corporation from 2005 to 2012.

Dato' Seri Ahmad Johan is a member of the Financial Institutions Directors Education ("**FIDE**") faculty of the Iclif Leadership and Governance Centre, an institution created by the Central Bank of Malaysia. He provides FIDE training courses to directors of licensed financial institutions in Malaysia.

Currently, he sits on the Boards of Sime Darby Property Berhad and the Institute of Corporate Directors 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 five 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' SIOW KIM LUN**

Independent  
Non-Executive Director

AGE <b>68</b>	GENDER <b>MALE</b>	NATIONALITY <b>MALAYSIAN</b>
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Dato' Siow was appointed to the Board of EcoWorld International on 12 September 2014 as Independent Non-Executive Director. He serves as a Member of Audit Committee, Nomination and Remuneration Committee and Whistleblowing Committee.



**Qualifications**

- Master Degree in Business Administration from the Catholic University of Leuven, Belgium
- Bachelor of Economics (Honours) from Universiti Kebangsaan Malaysia, Malaysia
- Advanced Management Program in Harvard Business School, US

Dato' Siow started his career in 1981 with Malaysian International Merchant Bankers Berhad (now known as Hong Leong Investment Bank Berhad) and later with Permata Chartered Merchant Bank Berhad (now known as Affin Hwang Investment Bank Berhad) and subsequently the Securities Commission Malaysia ("**SC**").

He was with the SC from April 1993 until his retirement in December 2006. During his tenure with the SC, he has served as the Director of its Issues & Investment Division and Market Supervision Division.

Currently, he sits on the Board of Eita Resources Berhad, Citibank Berhad, UMW Holdings Berhad, Sunway Construction Group Berhad, Hong Leong Assurance Berhad, Radiant Globaltech Berhad and KWAP.

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 five 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



### PAULINE WONG WAN VOON

Independent  
Non-Executive Director

AGE 51	GENDER FEMALE	NATIONALITY MALAYSIAN
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Ms Pauline was appointed to the Board of EcoWorld International on 2 April 2018 as Independent Non-Executive Director. She serves as a Member of Risk Management Committee.

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#### Qualifications

- Bachelor of Laws from University of Leicester, UK
- Certificate in Legal Practice, Malaysia

Ms Pauline is currently the Executive Director of the Malaysian Investment Banking Association ("**MIBA**"), where for the past 20 years she has been instrumental in driving organisational change as well as the development and implementation of key initiatives and strategies that ensures the steady growth of MIBA in its role of promoting the development and growth of the Malaysian capital market. She has been representing MIBA on the Financial Industry Collective Outreach (FINCO) Steering Committee since 2016 and between 2003 and 2007, she represented MIBA on the Bursa Malaysia Continuing Education Programme Accreditation Committee.

She began her career with Messrs Suhaimi Khor Zulkifli & Chang, Advocates & Solicitors in September 1992 as a Legal Counsel. In June 1993, she joined TA Securities Berhad as an Assistant Manager, where she was tasked with setting up a new business unit, before being transferred to the Legal Affairs Department in April 1994 to undertake in-house legal work.

Ms Pauline graduated with a Bachelor of Laws from University of Leicester, UK. She completed her Certificate in Legal Practice and was admitted as an advocate and solicitor of the Malaysian Bar in 1991. She is also a Certified Fraud Examiner and member of the Association of Certified Fraud Examiners, the world's largest anti-fraud organisation.

Other than EcoWorld International, she does not hold any directorship in public companies in Malaysia.

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 five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT'S PROFILE




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### MELISSA TAN SWEE PENG

CFO

Malaysian, Female

Age 45

#### Qualification

- Bachelor of Arts in Accounting from the University of Bedfordshire, UK

Melissa was appointed as CFO of EcoWorld International on 1 September 2016 and is overall responsible for all financial matters of the Group including financial reporting, corporate finance, treasury, investor relations, corporate communications and performance and risk management.

Melissa started her career with the Internal Audit Department of Sunway Holdings Berhad (now known as Sunway Berhad). In 2001, she joined the Corporate Finance Department of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) ("**Maybank IB**"). During her six-year tenure in Maybank IB, she was involved in various corporate transactions specialising in mergers and acquisitions, take-overs and equity fund raising activities.

Subsequently, Melissa joined S P Setia in 2007 as a Senior Manager within the Corporate Finance Department. She was the primary person assisting the Head of Corporate Finance and thereafter the CFO in the implementation of S P Setia's financial strategies. She implemented two major placement exercises which raised in total more than RM1.8 billion and played a direct role in securing regulatory approvals. In 2013, she was promoted to Head of Corporate Finance overseeing corporate financial planning where she anchored the equity and debt capital market functions along with the regulatory compliance on corporate finance matters. Under her stewardship, S P Setia successfully completed the issuance of a RM700 million Sukuk Musharakah Programme which clinched two Islamic finance awards, namely the Perpetual Deal of the Year and Musharakah Deal of the Year in 2014.

In April 2014, Melissa joined EcoWorld Malaysia as the Head of Corporate Finance and she led the IPO exercise of EcoWorld International. Within a span of approximately two years, Melissa spearheaded the implementation of six major corporate transactions involving acquisitions and JV arrangements, which enabled EcoWorld Malaysia to increase its landbank from 1,017 acres in 2013 to 7,443 acres by 31 October 2015, and facilitated a RM2.8 billion equity fund raising for its growth and expansion plans.

She does not hold any directorship in any public companies and listed issuers in Malaysia. 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 five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT'S PROFILE



### TAN CHENG YONG

Head of Global Development  
Operations

Malaysian, Male

Age 62

#### Qualifications

- Bachelor of Arts in Architecture (Royal Institute of British Architects ("RIBA") Part I) from Leeds Metropolitan University, UK
- Diploma in Architecture (RIBA Part II) from Leeds Metropolitan University, UK
- Chartered Member of RIBA Part III from University of Westminster, UK

Mr Tan was appointed as Chief of Design & Planning of EcoWorld International on 1 January 2016 and subsequently re-designated as the Head of Global Development Operations on 1 March 2018.

He began his professional working life in 1984, where he spent eight years as an architect in the UK. He worked with the Greater London Council, Michael Haskoll Associates and Chapman Taylor Partners, focusing on general architecture design and detailing, contract administration as well as accumulating extensive experience and knowledge in the design and building of major shopping malls in the UK.

In 1992, he returned to Malaysia to join the Lion Group as General Manager for the Commercial and Integrated Developments Division. He was instrumental in ensuring the success of the entire operational process within the property development value chain for projects including shopping malls, hotels, serviced apartments, office towers and integrated township developments.

Thereafter, he joined S P Setia as a Project Director in 2011 and was later promoted to the position of Senior Project Director in 2012. He oversaw the execution of the KL Eco City project, an integrated mixed commercial and residential development in Malaysia. He also led a team in conceptualising the development master plan for S P Setia's proposed Setia Federal Hill project.

In addition, he was appointed by BPSDCL to be a member of the Tender Committee in 2012. As a member of the Tender Committee, he oversaw the technical aspects of the Battersea Power Station project such as procurement and technical due diligence. He was also the Chief Design Review Officer of BPSDCL responsible for overseeing project design and product development across all its development phases.

Currently, he oversees the execution of EcoWorld International projects in UK and Australia as the Head of Global Development Operations.

He does not hold any directorship in any public companies and listed issuers in 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 five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT'S PROFILE



### **DATO' NORHAYATI BINTI SUBALI**

Chief of Global Sales & Marketing

Malaysian, Female

Age 54

#### **Qualification**

- Bachelor of Science (Honours) Degree in Urban Estate Management from Liverpool John Moores University, UK

Dato' Norhayati was appointed as Chief of Sales & Marketing of EcoWorld International on 1 August 2015 and subsequently re-designated as the Chief of Global Sales & Marketing on 1 March 2018.

Upon graduation in 1987, she joined Juru Bena Tenaga Sdn Bhd as a Marketing Executive and left in 1990 to join Syarikat Kemajuan Jerai Sdn Bhd ("**SKJ**") as an Assistant Manager, Sales and Marketing. When SKJ was injected into S P Setia via a reverse take-over in 1995, she was promoted to the position of Assistant General Manager, Property Central, a position she held until 2002.

She was later promoted to the position of General Manager, Property Central and held that position for seven years. She was responsible for master planning, marketing, sales and implementation of the Setia Alam project in Shah Alam as well as quality control.

Dato' Norhayati was promoted to Divisional General Manager, Luxury Residences and Group Marketing in 2009. In this role, she oversaw the marketing of high-end luxury high-rise condominium known as "Setia Sky Residences" in Kuala Lumpur.

She was promoted to the position of Divisional General Manager, Group Marketing and International Properties in 2012. Her role included planning and implementation of marketing and sales strategies for the Group Marketing and International Properties Division as well as overseeing brand building, marketing collaterals and the alignment of the brand in new overseas markets.

With S P Setia's venture into overseas markets such as UK and Australia, she was actively involved in the marketing campaigns of the Group's international properties not only in Malaysia but also in the region. She led the team that researched and identified development features that would be attractive to Malaysian investors in the UK and Australia. She also led the team which was responsible in setting up the Setia International Centre located in Kuala Lumpur.

Dato' Norhayati was appointed as Managing Director of Battersea Power Station Malaysia Sdn Bhd in 2012. In this capacity, she was primarily responsible for coordinating the global sales launches of the Battersea Power Station project.

As a Chief of Global Sales & Marketing of EcoWorld International, she is responsible for the development of the marketing strategies and execution of the sales programmes for international projects of the Company.

She does not hold any directorship in any public companies and listed issuers in Malaysia. 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 five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT'S PROFILE



### **CHEONG HENG LEONG**

CEO, International Business (UK)

Malaysian, Male

Age 38

#### **Qualifications**

- Master of Science Real Estate Economics and Finance (Distinction) from London School of Economics and Political Science, UK
- Bachelor of Arts in Economics and Management (Upper Second Class Honours) from University of Oxford, UK

Mr Cheong was appointed as CEO, International Business (UK) of EcoWorld International on 1 October 2015.

In 2006, he joined the Investor Relations department of S P Setia, responsible for liaising with local and foreign analysts and fund managers through one-on-one meetings, conferences and roadshows in Malaysia, Singapore, Hong Kong, Thailand, Japan, US and the UK. He was ranked third and second in the Malaysian Investor Relations Association Awards for the Best Investor Relations Professional - Mid Cap in 2010 and 2011 respectively.

He was tasked with additional responsibilities in 2011 where he was responsible for helping the Malaysian consortium of S P Setia, Sime Darby and EPF in identifying and subsequently acquiring the development site for the Battersea Power Station project in Central London. He was the 'pointman' responsible for the day-to-day management of the extensive due diligence team of bankers, lawyers, accountants, property and technical consultants.

In 2012, following the successful acquisition of Battersea Power Station, he was promoted to General Manager, Property UK. In recognition of the project knowledge that he had amassed, he was subsequently nominated by S P Setia, Sime Darby and EPF in 2012 to serve as the Chief Strategic Relations Officer of the UK-based BPSDCL, reporting directly to the Chairman.

In September 2015, he left S P Setia to join Eco World Management & Advisory Services (UK) Limited as CEO based in London. In this role, his main responsibilities included identifying new real estate opportunities for EcoWorld International and helping to oversee the implementation of the JV developments with Ballymore on behalf of the JV's majority shareholders. He was instrumental in securing EcoWorld International's majority acquisition of the Willmott Dixon residential development business, which has increased EcoWorld International's business in the UK by fourfold and created the new company EcoWorld London.

In January 2019, he was appointed as CEO of EcoWorld London. In the role, he will remain a Board Director of EcoWorld International's JV with Ballymore and be responsible for growing the rapidly expanding EcoWorld London by identifying new real estate opportunities for both private residential and BtR whilst also overseeing the existing sites.

He does not hold any directorship in any public companies and listed issuers in 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 five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.



**KEY SENIOR MANAGEMENT'S PROFILE**



Mr Yap was appointed as CEO, International Business (Australia) of EcoWorld International on 1 July 2014.

He first started work in 1981 with the Hong Leong group of companies in Malaysia and held various positions within the group until 1987. His last posting was in Hume Fibreboard Sdn Bhd as the Finance Manager until he left to join Gamuda Berhad in 1993. In year 2000, he was transferred to Syarikat Pengeluar Air Sungai Selangor as the Senior Manager, in charge of finance.

In early 2001, he migrated to Australia where he joined Dealruby Pty Ltd which is part of the Richbout Group as a Director overseeing the entire spectrum of the group's business, mainly in property development and management. Besides property management, he also implemented projects and was involved in various activities from site identification to successful marketing of properties and controlling of overall cost and quality.

He left Dealruby Pty Ltd in July 2014 and joined Eco World Sydney Development Pty Ltd as the CEO, International Business (Australia). He was instrumental in identifying the West Village, Parramatta project and conducted due diligence on the site. His main responsibility is to identify new projects and expand the EcoWorld International brand as well as to build the EcoWorld team in Australia. He also oversees the overall operations of the West Village, Parramatta project.

He does not hold any directorship in any public companies and listed issuers in 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 five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial.

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**YAP FOO LEONG**

CEO, International Business (Australia)

Australian, Male

Age 60

**Qualifications**

- Licensed Real Estate Agent ("**LREA**"), Australia
- Chartered Institute of Management Accountants ("**CIMA**"), UK
- Diploma in Business (Real Estate Management) from Macleay College, Australia

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

This statement is prepared to provide our shareholders and stakeholders with an overview of the Corporate Governance (“CG”) practices of EcoWorld International for FY2018 based on the principles and guidance set out in the MCCG issued by the SC.

This statement is prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia and is to be read together with the CG Report 2018 of the Company which is available on the Company’s corporate website at [www.ecoworldinternational.com](http://www.ecoworldinternational.com).

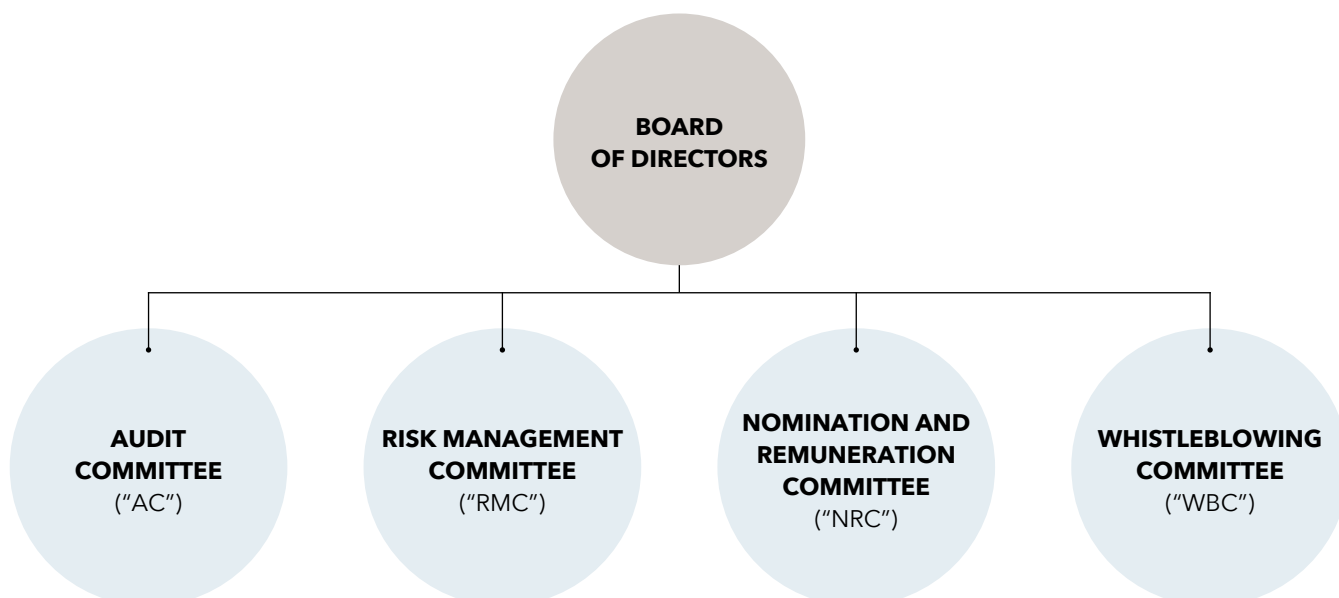
## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### BOARD RESPONSIBILITIES

The Board is collectively responsible for the overall strategic plans for business performance and long-term success of the Company, subsidiaries and JVs (“Group”). It oversees the proper conduct of business, succession planning of Key Senior Management, risk management and internal control, shareholders’ communication, management information system as well as statutory matters. The Board provides leadership and direction to the operations of the business while Management is accountable for the execution of policies and meeting corporate objectives.

The roles and responsibilities of the Board are clearly defined in the Board Charter which is subject to periodic review and revise as and when required. In order to retain control of key decisions and ensure a clear division of responsibilities, the Board has also set out in the Charter, “Reserved Matters” that need to be decided by the Board. The Board Charter was reviewed and approved by the Board in October 2018 and is available at the Company’s corporate website.

In order to ensure effective discharge of the roles and responsibilities of the Board, the Board has delegated specific authorities to the following Board Committees:



With the exception of WBC, the delegation of authority for the other Board Committees are stipulated in their respective Terms of Reference (“TOR(s)”). The TORs are reviewed periodically to ensure effective and efficient decision making in the Group. In January 2018, the TORs of the respective Board Committees were tabled and approved by the Board to be in line with CG practices set out in the MCCG. The Board Committees also act as oversight committees, evaluating and recommending matters under their purview for the Board to consider and approve. The respective Chairmen of the Board Committees will update the Board on matters that have been discussed and deliberated at the respective meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**CHAIRMAN OF THE BOARD**

The Chairman who is an Independent Non-Executive Director, leads the Board by setting the tone at the top and managing Board effectiveness by focusing on strategy, governance and compliance. The Board also appreciates the distinct roles and responsibilities of the Chairman of the Board, the Executive Vice Chairman and the President & CEO of the Company. The Board Charter which is available on the Company's corporate website clearly stated the segregation of roles and responsibilities between the Chairman, Executive Vice Chairman and the President & CEO.

**COMPANY SECRETARIES**

The Board is supported by the Company Secretaries which are qualified under the Companies Act 2016. The Company Secretaries advise the Board on CG related matters and ensure the Board adheres to the relevant rules and regulatory requirements as well as Board policies and procedures.

**BOARD MEETINGS**

The Board meets at least five times a year with additional meetings if required. Board papers are uploaded via board portal at least five business days prior to the meetings to allow Directors to have sufficient time to review and obtain further clarification, if necessary. This would enable focused and constructive deliberation at meetings. All reports are presented in a clear and concise manner, to enable the Board to analyse and discharge their duties effectively.

Upon the conclusion of the meeting, the minutes will be circulated to the Board for review and comments within a reasonable timeframe prior to the Chairman's confirmation at the next Board meeting.

**CODE OF CONDUCT AND BUSINESS ETHICS**

The Company is committed in maintaining high standards of conduct and business ethics. Integrity is at the very cornerstone of the Company's Conduct and Business Ethics for Directors and employees. The Code of Conduct and Business Ethics is available at the Company's corporate website.

**WHISTLEBLOWING POLICY**

The Board has in place a Whistleblowing Policy which demonstrates high standards of ethical behaviour and integrity. A platform was provided for its employees and members of the public who have concerns about suspected misconduct (including fraud, bribery, theft, abuse of power and violation of laws and regulations) to report the suspected incident directly to WBC. Through this policy, the Company intends to preserve its culture of openness, accountability and integrity so that whistleblowers can express their concerns without fear of punishment or unfair treatment.

All reports are encouraged to be in writing to ensure a clear understanding of the concerns raised. The whistleblower reporting form is available at the Company's corporate website. All written reports shall be channelled directly to WBC via email at [whistleblow@ecoworldinternational.com](mailto:whistleblow@ecoworldinternational.com).

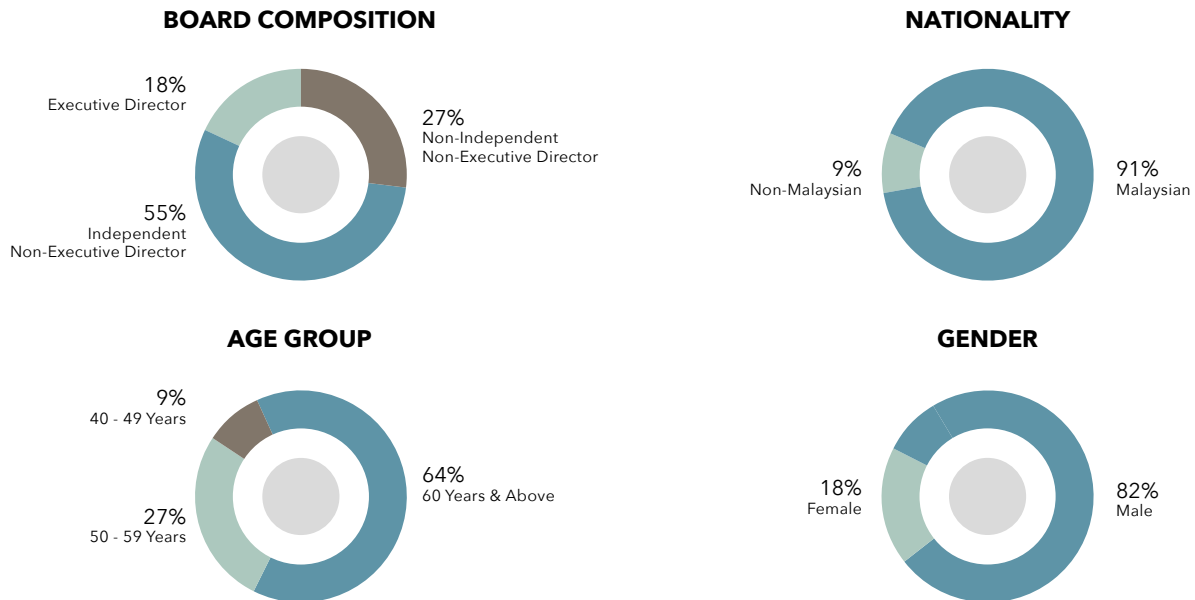
**BOARD COMPOSITION**

The composition of the Board is fundamental to its success in providing strong and effective leadership. The Board comprised a strong mix of experienced individuals with majority being Independent Non-Executives who offer external perspectives on the business and constructively challenge the Executive Directors, particularly when developing the Company's strategy. The Non-Executive Directors scrutinise the performance of Management in meeting their agreed goals and objectives and monitor the reporting of the Company's performance.

With the current composition of the Board, the Company has complied with Paragraph 15.02 of the MMLR of Bursa Malaysia which stipulates that at least two Directors or one-third of the Board, whichever is higher, must be independent. The breadth of knowledge, skills and experience of the Directors are detailed in their profile on pages 32 to 42 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Composition summary as at 31 October 2018 are set out below:



FY2018 Board and Board Committees meeting and attendance details are as below:

Name of Directors	Board	AC	NC	RC	NRC*	RMC	WBC
Tan Sri Azlan Bin Mohd Zainol	7/7	6/6	-	1/1	4/4	4/4	-
Tan Sri Dato' Sri Liew Kee Sin	7/7	-	-	-	-	-	-
Dato' Teow Leong Seng	7/7	-	-	-	-	4/4	1/1
Cheah Tek Kuang	7/7	-	1/1	1/1	4/4	4/4	1/1
Dato' Voon Tin Yow	7/7	-	-	-	-	-	-
Choong Yee How	6/7	-	-	-	-	-	-
Cheng Hsing Yao	7/7	-	-	-	-	-	-
Tan Sri Datuk Dr Rebecca Fatima Sta Maria	7/7	-	1/1	-	3/4	-	-
Dato' Seri Ahmad Johan Bin Mohammad Raslan	7/7	6/6	-	-	-	-	-
Dato' Siow Kim Lun	7/7	6/6	1/1	1/1	4/4	-	1/1
Pauline Wong Wan Voon	3/3 <sup>^</sup>	-	-	-	-	1/1 <sup>#</sup>	-

<sup>^</sup> Appointed on 2 April 2018

\* Nomination Committee and Remuneration Committee was combined on 14 December 2017

<sup>#</sup> Appointed on 28 June 2018

Each Director's attendance record is considered when assessing whether they should stand for re-election. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities.

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

**NRC COMPOSITION**

The Nomination Committee and Remuneration Committee were combined to be known as NRC on 14 December 2017 and the NRC is currently chaired by the Senior Independent Non-Executive Director, Mr Cheah Tek Kuang.

During FY2018, the Board enhanced its diversity with the appointment of Ms Pauline Wong Wan Voon as an Independent Non-Executive Director on 2 April 2018. In proposing its recommendation, the NRC considered and evaluated the candidate's required skills, knowledge, expertise and experience, professionalism, gender, integrity and the ability to discharge her responsibilities as an Independent Non-Executive Director. Assessment of Independent Non-Executive Directors are based on the criteria set out in the Board Charter and MMLR of Bursa Malaysia.

**TENURE OF INDEPENDENT DIRECTORS**

To ensure the Board has an appropriate balance of expertise and capability, the Board through the NRC conducts an annual review on its composition to determine the size and diversity of the Board and to ensure that there are independent elements that fit the Company's objectives and strategic goals. To be in line with the MCCG, the Board Charter has included the tenure of Independent Directors whereby their terms should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve the Board subject to the Director being re-designation as a Non-Independent Director.

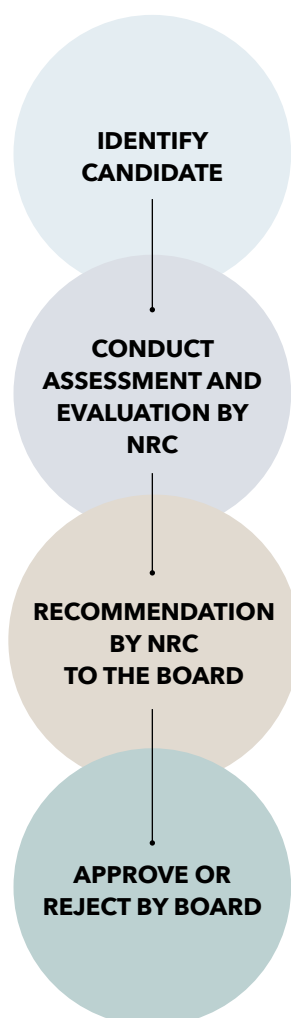
In the event that the Board intends to retain the Director as Independent Director after he/she has served a cumulative term of nine years, the Board must justify the decision and seek shareholders' approval at general

meeting. In justifying the decision, the NRC is entrusted to assess the candidates' suitability to continue as Independent Directors.

As at date of this statement, none of the Independent Directors has served the Company for more than nine years.

**APPOINTMENT OF NEW DIRECTOR AND KEY SENIOR MANAGEMENT**

The chart below shows the procedures on appointment of a new Director:



The Board is committed to provide fair and equal opportunities while nurturing diversity within the Group and strives to achieve at least 30% of the Board comprising women Directors. The NRC together with the Board remains vigilant in search for the right talent and suitable candidates in securing more women Directors on the Board for the upcoming years.

The appointment of Key Senior Management of the Company is based on objective criteria, merit and with due regard for diversity in skills, experience, age and gender.

The percentage of women Directors on the Board and Key Senior Management as at 31 October 2018 was 18% and 40% respectively.

**INDUCTION PROGRAMME**

In order to ease the new Directors in carrying out their role and assist them in their understanding of the Group's business strategy and operational matters, site visits will be arranged and documents such as disclosure obligations and schedule of meetings will be furnished.

**BOARD EVALUATION**

The NRC had engaged Boardroom Corporate Services (KL) Sdn Bhd which provides corporate secretarial services to facilitate the annual assessment on the effectiveness of the Board, Board Committees and the individual Directors through online assessment for the period from 1 November 2017 to 31 October 2018.

Based on the assessment results, the NRC is satisfied that the size of the Board is optimum and that there is appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board. All assessments and evaluations carried out by the NRC in the discharge of all its functions were properly documented. The NRC reviewed the outcome of the

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

assessment and reports to the Board, in particular, areas for improvement. The results will also be used as a basis for recommending the relevant Directors for re-election at the AGM.

### RE-ELECTION OF RETIRING DIRECTORS

In accordance with the Company's Constitution, one-third of the Directors (with the exception of the Alternate Director) are subject to retirement by rotation annually and all Directors including CEO shall retire from office once at least every three years. The Directors to retire each year are the Directors who have been longest in office since their last appointment on re-election. The Directors appointed during the financial year are subject to retirement at the next AGM held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election. The re-election of each Director is voted on separate resolution during the AGM of the Company. Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Company's Constitution at the forthcoming Fifth AGM:

- (i) Tan Sri Azlan Bin Mohd Zainol - Clause 114(1);
- (ii) Tan Sri Dato' Sri Liew Kee Sin - Clause 114(1);
- (iii) Dato' Seri Ahmad Johan Bin Mohammad Raslan - Clause 114(1); and
- (iv) Ms Pauline Wong Wan Voon - Clause 121.

All the aforesaid Directors have expressed their intention to seek for re-election at the forthcoming Fifth AGM with the exception of Dato' Seri Ahmad Johan Bin Mohammad Raslan who shall retain office until the conclusion of the forthcoming Fifth AGM.

### SUCCESSION PLAN

Succession planning is an integral part of the Board's CG practices to ensure continuity in meeting the Group's long-term goals and objectives. In sourcing for candidates, the NRC does not rely solely on the recommendations from the existing board members, Management or major shareholders. They also tap on various channels to identify suitable qualified candidates to ensure that the Board will always have a pool of talent for selection whenever there is a need to appoint new Directors.

### CONTINUING EDUCATION PROGRAMMES

The Board emphasises the importance of continuing education and training for its Directors to ensure that they keep up with the latest developments in the areas related to their duties. For this purpose, a budget for Directors' Training has been set aside each year by the Company.

A list of Directors' Trainings was shared with the Directors on a quarterly basis and whenever appropriate trainings are available to ensure they have access to continuing education programmes. The Board is encouraged to attend various external professional programmes which are relevant and useful in contributing to the effective discharge of their duties.

Ms Pauline Wong Wan Voon was appointed to the Board on 2 April 2018 and she has completed the Mandatory Accreditation Programme ("**MAP**") within four months from the date of her appointment.

During FY2018, the Directors have attended various training programmes to keep abreast with relevant changes in law, regulations and industry developments. Details of the trainings are set out below:

#### TAN SRI AZLAN BIN MOHD ZAINOL

World Capital Markets Symposium 2018 - Renaissance of Capitalism: Markets for Growth

Latest Emerging Issues for Company Directors and Officers

Global Economic and Markets Outlook

Future: PropTech 2018

Sustainability Awareness

Impact Assessment on Malaysian Financial Reporting Standards ("**MFRS**") 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers

Overview of the General Data Protection Regulation ("**GDPR**")

Malaysian Institute of Accountants International Accountants Conference 2018: "Riding the Digital Wave, Leading Transformation"

Update on property market in UK

FIDE Elective Programme "Emerging Risks, the Future Board and Return on Compliance"

CORPORATE GOVERNANCE OVERVIEW STATEMENT

**TAN SRI DATO' SRI LIEW KEE SIN**

EcoWorld Women Summit 2018

Impact Assessment on MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers

Overview of the GDPR

Investors Conference, Malaysia: A New Dawn

Update on property market in UK

**DATO' TEOW LEONG SENG**

Invest Malaysia 2018

MCCG Compliance Expectations - Better Reporting Integrity, Transparency & Accountability

EcoWorld Code of Conduct & Business Ethics

Impact Assessment on MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers

Overview of the GDPR

Investors Conference, Malaysia: A New Dawn

Update on property market in UK

**CHEAH TEK KUANG**

Recent Tax Disputes and Directors' Responsibilities in the Present Regime

Sustainability Engagement Series for Directors/CEOs

Overview of the GDPR

Update on property market in UK

Independent Directors Programme: The Essence of Independence

Impact Assessment on MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers

**DATO' VOON TIN YOW**

Trust & Integrity Conference 2018 - Accountability, Integrity and Trust - the Way Forward for the Profession

Recent Tax Disputes and Directors' Responsibilities in the Present Regime

MCCG Compliance Expectations - Better Reporting Integrity, Transparency & Accountability

Digital Economy and Capital Market Series: Alibaba and Tencent's Success Guide

Internal Audit for Board and AC

Mental Wellness Awareness Talk

Risk Management Conference 2018 - Enhancing Risk Oversight: Risk Intelligence and Culture

Impact Assessment on MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers

Overview of the GDPR

Update on property market in UK

**CHOONG YEE HOW**

Digital Transformation and Impact to Businesses

Overview of the GDPR

Update on property market in UK

Impact Assessment on MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers

**CHENG HSING YAO**

Overview of the GDPR

Update on property market in UK

Impact Assessment on MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### TAN SRI DATUK DR REBECCA FATIMA STA MARIA

South East Asia: Sustainable Growth Strategies in a Changing International Economic Environment

ASEAN-EU Business Summit

Cyber Risk Management for Industry 4.0

Beyond Compliance: Achieving Cyber Resiliency

Global Economic & Markets Outlook

EU-Malaysia Chamber of Commerce and Industry ("**EUMCCI**") Business Sustainability Forum

Business Foresight Forum, Securities Industry Development Corp ("**SIDC**")

Overview of the GDPR

Update on property market in UK

Impact Assessment on MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers

### DATO' SERI AHMAD JOHAN BIN MOHAMMAD RASLAN

Corporate Liability on Corruption

Impact Assessment on MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers

Overview of the GDPR

Malaysian Institute of Accountants Conference 2018

Update on property market in UK

### DATO' SIOW KIM LUN

Integrating an Innovation Mindset with Effective Governance

World Capital Market Symposium

Malaysian Institute of Accountants AC Conference 2018

Environmental Conference 2018: Igniting Action for Better Tomorrow

MCCG Compliance Expectations - Better Reporting Integrity, Transparency & Accountability

Impact Assessment on MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers

Overview of the GDPR

Sunway Leaders' Conference

Update on property market in UK

Independent Directors Program: The Essence of Independence

### PAULINE WONG WAN VOON

Business Ethics Conference 2018 - Fintech: Business Benefits and Conduct Challenges

MAP

Sustainability Engagement Series for Directors/CEOs

MCCG Compliance Expectations - Better Reporting Integrity, Transparency & Accountability

Internal Audit for Board and AC

Risk Management Conference 2018 - Enhancing Risk Oversight: Risk Intelligence and Culture

Corporate Directors Conference 2018

Overview of the GDPR

Update on property market in UK

Impact Assessment on MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers



CORPORATE GOVERNANCE OVERVIEW STATEMENT

**NRC'S ACTIVITIES**

During the financial year, the NRC has undertaken the following key activities in discharging its duties:

- (i) Deliberated on the salary increment and year-end bonus for eligible employees of the Group and recommended the same for Board's approval
- (ii) Reviewed and recommended Directors' Fees and benefits payable to Independent Non-Executive Directors to the Board for recommendation and approval at the forthcoming AGM
- (iii) Reviewed and recommended the TOR of NRC for Board's approval
- (iv) Identified, assessed and recommended the appointment of Ms Pauline Wong Wan Voon as the Independent Non-Executive Director and a member of RMC
- (v) Reviewed and recommended the Remuneration Policy of the Key Management Personnel to the Board for approval
- (vi) Reviewed and deliberated on salary increments for the Executive Directors and CFO and recommended the same for Board's approval
- (vii) Reviewed and deliberated on Board and Board Committees evaluation forms and recommended to the Board for approval
- (viii) Reviewed the Directors' Remuneration Policy and recommended the same for the Board's approval
- (ix) Reviewed and recommended the re-election of Directors at the forthcoming AGM

- (x) Assessed the effectiveness of the Board, Board Committees and the contribution of each Director and their training needs
- (xi) Reviewed the independence of the Independent Directors
- (xii) Reviewed the terms of office, competency and performance of the AC in discharging their responsibilities

**REMUNERATION**

The NRC is responsible to assist the Board in recommending remuneration packages for Executive Directors and Independent Non-Executive Directors. The Board has in place remuneration policies for Directors and Key Senior Management which have been designed to attract and retain the right talent.

The remuneration package for each individual Executive Director is structured to reflect his experience, performance and scope of responsibilities.

The remuneration of Independent Non-Executive Directors is in the form of Directors' Fees which reflects the diverse experience, skill sets and the level of responsibilities expected of the Independent Non-Executive Directors. In addition, the Independent Non-Executive Directors are also paid meeting allowance based on their attendance.

The Non-Independent Non-Executive Directors, who are the representatives of Eco World Capital (International) Sdn Bhd and GLL EWI (HK) Limited do not received any Directors' Fees nor meeting allowance.

Details of the remuneration of the Board of the Company for FY2018 is set out below:

Executive Directors

Name of Director	Salary and Bonus <sup>^</sup>	Allowance	Benefits in Kind	Total
	(RM'000)			
Tan Sri Dato' Sri Liew Kee Sin	8,166	304	165	8,635
Dato' Teow Leong Seng	4,721	207	154	5,082

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Non-Executive Directors

Name of Director	Fees <sup>®</sup>	Allowance <sup>+</sup>	Total
	(RM'000)		
Tan Sri Azlan Bin Mohd Zainol	200	48	248
Cheah Tek Kuang	200	42	242
Dato' Voon Tin Yow	-	-	-
Choong Yee How	-	-	-
Cheng Hsing Yao	-	-	-
Tan Sri Datuk Dr Rebecca Fatima Sta Maria	200	26	226
Dato' Seri Ahmad Johan Bin Mohammad Raslan	200	30	230
Dato' Siow Kim Lun	200	44	244
Pauline Wong Wan Voon <sup>#</sup>	117	8	125

<sup>^</sup> Include EPF and Socso Contributions

<sup>+</sup> Meeting allowance paid to the Independent Non-Executive Directors for each of the Board and Board Committee meetings attended

<sup>#</sup> Appointed on 2 April 2018

<sup>®</sup> The Directors' Fees proposed to be paid to the Independent Non-Executive Directors for FY2018 will be tabled at the forthcoming Fifth AGM for shareholders' approval

For FY2018, the Directors of the Company do not received any remuneration from the subsidiaries and JVs.

In determining the remuneration packages of the Key Senior Management, factors that were taken into consideration include their individual responsibilities, skills, expertise and contributions to the performance and whether the remuneration packages are competitive and sufficient to attract and retain executive talents.

The details of the remuneration of our top five Key Senior Management for FY2018 under each band of RM50,000 are set out below:

Total remuneration (in bands of RM50,000)	No. of Key Senior Management
RM1,050,001 to RM1,100,000	1
RM1,100,001 to RM1,150,000	1
RM1,500,001 to RM1,550,000	1
RM1,600,001 to RM1,650,000	1
RM2,600,001 to RM2,650,000	1

Although the MCCG has stipulated that the Company should disclose on a named basis the top five Key Senior Management remuneration details including salary, bonus, benefits-in-kind and the emoluments in bands of RM50,000, the Board believes such disclosure may not be in the best interest of the Company having considered the highly competitive market for talents in the property development industry.

In June 2018, the Management had engaged Aon Hewitt Malaysia Sdn Bhd ("**Aon**") to undertake an independent review of the remuneration packages for Executive Directors and CFO. A comprehensive report by Aon on remuneration competitiveness and sufficiency to attract and retain the best talents in the industry was tabled to the NRC.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT****AC COMPOSITION**

The AC comprises three members who are Independent Non-Executive Directors and the AC is chaired by Dato' Seri Ahmad Johan Bin Mohammad Raslan, who is not the Chairman of the Board to ensure that the impairment of objectivity of the Board's reviews on AC findings and recommendations remain intact. All members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the AC. The AC has a policy that requires a former key audit partner to observe a cooling-off period of four years before being appointed as a member of AC and such practise was formalised and incorporated in the TOR of AC since January 2018.

**EXTERNAL AUDITORS**

An annual assessment on the External Auditors was conducted in September 2018, the AC was satisfied with the performance of the External Auditors. However, the AC and the Board were of the view that streamlining the number of audit firms used within the Group is necessary to achieve a more productive and efficient audit. The AC had reviewed the audit proposal from several audit firms and have considered amongst others, the firm's calibre, quality processes and technical expertise, strength of the audit team, engagement levels, audit governance and independence. Subsequently, the AC recommended to the Board the appointment of Messrs KPMG PLT as External Auditors of the Company for the financial year ending 31 October 2019 in place of the retiring auditors, Messrs Mazars PLT.

The AC meets twice a year with the External Auditors without the presence of the Management and Executive Directors to discuss any key area or issues that require the attention of the AC and Board.

Assurance from the External Auditors confirming that they are and have been independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements has been obtained from the External Auditors.

**INTERNAL AUDITORS**

Group Corporate Governance ("**GCG**") is in-charge of the internal audit function and assists the AC in reviewing, evaluating and monitoring the effectiveness of the Group's governance, risk management and internal control process. The AC meets twice a year with GCG personnel without the presence of the Management and Executive Directors to deliberate any key area or issues that require the attention of the AC and Board.

An annual assessment on the performance of GCG was also conducted by the AC in September 2018. Based on the annual evaluation conducted, the AC was satisfied with the performance of GCG for FY2018.

**AC MEMBERS' TRAININGS**

The AC members have attended various training programmes and seminars to broaden their knowledge and to keep abreast with the relevant progress and changes in law, regulations, internal control systems and the risk environment in which the Group operates.

**RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Board recognises the importance of a sound system of risk management and internal control to ensure good CG practices and to safeguard the shareholders' investments as well as the Group's assets.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the business. The Board through the RMC, which comprises majority Independent Non-Executive Directors, reviews the key risks identified to ensure proper management and mitigation of risks and report to the Board on a quarterly basis. The revised Risk Management Policy and Guidelines Documents were approved by the Board in June 2018. An overview of the Group's risk management and internal controls is set out in the Statement on Risk Management and Internal Control on pages 62 to 69 of this Annual Report.

The Board concluded that the risk management and internal control system of the Group are generally adequate and effective for FY2018.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### COMMUNICATION WITH STAKEHOLDERS

The Board is committed to maintain open channels of communication by continuous disclosure and dissemination of comprehensive and timely information of the Company in its best effort to strengthen its relationship with shareholders and stakeholders.

The Board recognises the importance of keeping shareholders, investors, research analysts, bankers and the media well informed of the Group's business performance, operations and corporate developments. The Board has established dedicated sections for corporate information on the Company's corporate website where information such as Company's announcements, Annual Report, governance matters as well as the contact details of designated person(s) to address are available for shareholders and stakeholders.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to both retail and institutional shareholders and investors via announcements of its quarterly results, Annual Report, corporate announcements to Bursa Malaysia and press conferences. Further updates of the Group's activities and business operations are also disseminated to shareholders and investors through dialogues with analysts and fund managers, investor relations roadshows and the media.

#### CONDUCT OF GENERAL MEETINGS

The AGM of the Company serves as the principal forum that provides opportunity for shareholders to raise concerns or questions. All Board members were present at the Fourth AGM of the Company held in March 2018. The Chairman, Chairman of each Board Committees, the President & CEO, CFO and External Auditors, if so required, will respond to shareholders' questions during the general meeting. In view that the AGM is an important means of communication with shareholders, the President & CEO will also present the overall performance and project updates of the Company during the AGM.

Shareholders who are unable to attend the AGM are allowed to appoint up to two proxies to attend, participate, speak and vote on their behalf. In line with good CG practices, the notice of the AGM was circulated at least 28 days before the date of AGM to enable shareholders to make the necessary arrangements to attend the AGM.

In accordance with the MMLR of Bursa Malaysia, all resolutions set out in the notice of Fourth AGM were voted by poll through electronic voting system. An independent scrutineer was appointed to validate all votes and results of the voting that were displayed on the screen.

A summary of the key matters discussed at the AGM will be published onto the Company's corporate website as soon as practicable after the conclusion of the AGM.

#### FUTURE PRIORITIES

The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders in the upcoming years. The areas to be prioritised by the Board will be principles that have not adopted by the Company as disclosed in the CG Report of 2018 Annual Report.

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

# AUDIT COMMITTEE REPORT

## TERMS OF REFERENCE

The TOR of AC is available at the Company's corporate website at [www.ecoworldinternational.com](http://www.ecoworldinternational.com).

## MEETINGS' ATTENDANCE

A total of six meetings were held during FY2018. Attendance of each AC member at the meetings are set out as below:

### DATO' SERI AHMAD JOHAN BIN MOHAMMAD RASLAN

 6/6

### TAN SRI AZLAN BIN MOHD ZAINOL

 6/6

### DATO' SIOW KIM LUN

 6/6

## COMPOSITION

The AC comprises three members, all of whom are Independent Non-Executive Directors and its current composition is as follows:

### Chairman

#### Dato' Seri Ahmad Johan Bin Mohammad Raslan

Independent Non-Executive Director

### Member

#### Tan Sri Azlan Bin Mohd Zainol

Independent Non-Executive Director

### Member

#### Dato' Siow Kim Lun

Independent Non-Executive Director

Both Dato' Seri Ahmad Johan Bin Mohammad Raslan and Tan Sri Azlan Bin Mohd Zainol are Fellow members of the Institute of Chartered Accountants in England and Wales and members of the Malaysian Institute of Accountants. The Company had complied with Paragraph 15.09 of the MMLR of Bursa Malaysia.

## MEETINGS

The Management were invited to attend AC meetings to provide explanations and answer queries. The External Auditors also attended the meetings to brief on audit matters and provide a review of the Group's financial position. Time was also set aside, twice in FY2018 to facilitate private discussions between the External Auditors and the AC without the presence of Management. These meetings were held to discuss the key audit challenges.

The Chief Audit Executive also met privately with the AC twice a year for discussions on internal audit related matters without the presence of Management. The Internal Auditors of JV entities were also invited to brief the AC via conferencing.

Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting and subsequently tabled to the Board for notation. The AC Chairman reported to the Board on activities that had been undertaken and key recommendations for the Board's consideration and decision.

## AUDIT COMMITTEE REPORT

### SUMMARY OF KEY ACTIVITIES OF THE AC

During the financial year, the AC has undertaken the following key activities and discharged its duties and responsibilities in accordance with its TOR:

#### External Audit

- Reviewed and discussed audit findings in relation to the Audited Financial Statements ("**AFS**") for FY2018 of the Company and the Group with the External Auditors.
- Reviewed and discussed the Audit Plan and AFS for FY2018 for JV entities with the JV's External Auditor.
- Reviewed, monitored and approved the non-audit services provided/to be provided by the External Auditors and its affiliates.
- Reviewed and assessed the independence, objectivity and capabilities of the External Auditors during the AC meeting held in September 2018.
- Reviewed the audit proposals received from several audit firms for recommendation to the Board for appointment of new External Auditors replacing the retiring External Auditors.
- Met with the External Auditors on 13 December 2017 and 26 June 2018 without the presence of the Executive Board members and Management.
- Reviewed the Audit Planning Memorandum for FY2018 with the External Auditors.

#### Financial Reporting

- Reviewed the quarterly results with Management and External Auditors for recommendation to the Board for approval and release to Bursa Malaysia.
- Reviewed AFS for FY2018 with Management and External Auditors and recommended to the Board for approval.

#### Related Party Transactions

- Reviewed all recurrent related party transactions ("**RRPT**") to be entered into by the Group to ensure that the transactions entered into were on an arm's length basis, on normal commercial terms and not detrimental to the interests of minority shareholders.
- Reviewed the circular to shareholders in relation to the proposed renewal of shareholders' mandate for existing RRPT of a revenue or trading nature and proposed new shareholders' mandate for additional RRPT before tabling to the Board for recommendation to the shareholders for approval.

#### Internal Audit

- Reviewed the Internal Audit Reports of EcoWorld-Ballymore prepared by Messrs BDO LLP ("**BDO**"), the Internal Auditors of EcoWorld-Ballymore for FY2018.
- Reviewed and deliberated on the Internal Audit Reports by GCG for Malaysia and Australia operations for FY2018.
- Met with the GCG team to discuss any issues or significant matters without the presence of the Executive Board members and Management on 26 March 2018 and 19 September 2018.
- Reviewed and approved the Internal Audit Annual Plan of GCG which covered the Malaysia and Australia operations and took note of the Internal Audit Annual Plan of BDO for EcoWorld-Ballymore and Messrs PricewaterhouseCoopers LLP ("**PwC**") for Eco World London Holdings Limited ("**EcoWorld London**") for the financial year ending 31 October 2019.
- Evaluated the performance of GCG during FY2018 as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency. The AC was satisfied with GCG's performance.
- Monitored the outcome of follow-up audits to ascertain the extent to which agreed action plans have been implemented by Management.
- Met with the Internal Auditors of EcoWorld-Ballymore, BDO without the presence of the Executive Board members and Management.

#### Other Activities

- Reviewed the tax structure, tax outlook and potential impacts on JV entities in UK.
- Reviewed and recommended to the Board for approval on the revised TOR of AC.
- Reviewed and recommended the Corporate Governance Overview Statement, Corporate Governance Report, Audit Committee Report, Additional Compliance Information and Statement on Risk Management and Internal Control to the Board for approval and inclusion in the 2018 Annual Report.

**AUDIT COMMITTEE REPORT****INTERNAL AUDIT FUNCTION**

The internal audit function is performed in-house and undertaken by GCG which is headed by Mr Santosh P Govindan Kutty Nair. Mr Santosh has a Master of Business Administration (Australia) and is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He is also a Chartered Member of the Institute of Internal Auditors Malaysia. Mr Santosh has 26 years of experience in the audit field which include nine years doing external audit and 17 years performing internal audit.

GCG performs the internal audits for Malaysia and Australia and works closely and coordinates with BDO and PwC who are undertaking the internal audit of EcoWorld-Ballymore and EcoWorld London respectively in view of their familiarity in UK regulations and environment.

GCG comprises three members as at 31 October 2018 and the Chief Audit Executive reports functionally to the AC and administratively to the President & CEO. GCG is guided by the International Standards for the Professional Practice of Internal Auditing ("**IIA**") laid down in the International Professional Framework issued by the IIA and its main responsibility is to provide an objective and independent evaluation of the adequacy and efficiency of the Group's risk management, internal control and governance processes implemented by Management. GCG personnel have also declared that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence in the September 2018 AC Meeting.

The Internal Audit Plan was prepared based on a risk-based approach for the approval of the AC. GCG had reviewed and tested the system of internal controls and key operating processes as to enhance the Group's internal control and governance processes. They also progressively issue detailed Internal Audit Reports to the AC. During the year, the gap analysis pertaining to the MCCG and the review of the risk management process was undertaken among other audits. Follow-ups on the implementation status of previously issued audit recommendations were performed and the follow-up reports were issued to the AC progressively. Review of the related party transactions were also performed on quarterly basis.

The total cost incurred for the internal audit function for FY2018 was approximately RM2.35 million (which included the portion of the fees incurred pertaining to UK operations amounting to RM465,000) (2017: RM2.19 million).

**CONTINUOUS TRAINING DEVELOPMENT**

The details of training programmes and seminars attended by each AC member during the financial year are set out in the Corporate Governance Overview Statement on pages 52 to 54 of this Annual Report.

**EVALUATION OF THE AC**

Each AC member has performed the self-evaluation assessment and the results were tabled to the NRC for review and discussion prior to presenting the Executive Reports to the Board for evaluation. The Board was satisfied that the AC members have carried out their duties in accordance with their TOR and was also satisfied with their performance throughout FY2018.

# 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 FY2018, issued in compliance with Paragraph 15.26(b) of the MMLR of Bursa Malaysia, Principle B of the MCCG, 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. 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 in the Group at all levels. It is assisted by the AC and the RMC of the Board, which are empowered by their terms of reference, to ensure independent oversight of internal control and risk management respectively.

Due to inherent limitations in the 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 the delegated oversight responsibilities.

### MANAGEMENT RESPONSIBILITY

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

<ul style="list-style-type: none"> <li>Identifying and evaluating the risks relevant to the Group's business, and the achievement of business objectives and strategies.</li> </ul>	<ul style="list-style-type: none"> <li>Implementing the policies approved by the Board.</li> </ul>
<ul style="list-style-type: none"> <li>Formulating relevant policies and procedures to manage these risks in accordance with the Group's strategic vision and overall risk appetite.</li> </ul>	<ul style="list-style-type: none"> <li>Implementing the remedial actions to address the compliance deficiencies as directed by the Board.</li> </ul>
<ul style="list-style-type: none"> <li>Designing, implementing and monitoring the effective implementation of risk management and internal control system.</li> </ul>	<ul style="list-style-type: none"> <li>Reporting in a timely manner to the Board any changes to the risks and the corrective actions taken.</li> </ul>



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**RISK MANAGEMENT**

**Risk Management Framework**

The Group has in place an Enterprise Risk Management (“ERM”) Framework which outlines the Group’s risks and on-going process for identifying, evaluating, managing, monitoring and communicating the risks faced by the Group throughout the year under review. 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.

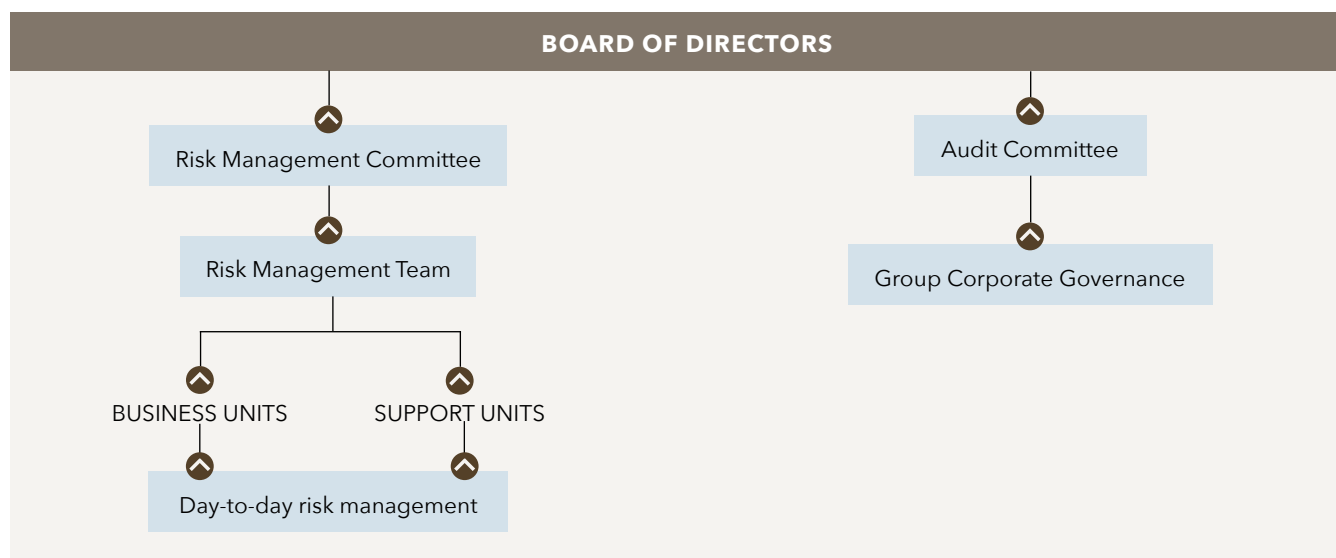
The Group’s risk management framework is benchmarked against the ISO31000:2018, Risk Management - Guidelines and is designed to embed ERM into key activities, initiatives and processes of the Group. The risk management framework that the Group adopts consists of five elements as reflected below:

Framework Elements	Descriptions
<b>Risk Governance</b>	Establish an approach in developing, supporting, and embedding the risk strategy and accountabilities.
<b>Risk Assessment</b>	Identify, asses and categories risks across our Group.
<b>Risk Qualification and Aggregation</b>	Measure, analyse and consolidate risks.
<b>Risk Monitoring and Reporting</b>	Report, monitor and conduct activities to provide insight on risk management strengths and weakness.
<b>Risk and Control Optimisation</b>	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 below is established for effective risk management.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management Oversight

The oversight role of the risk management is carried out by the RMC and the Board. The RMC of EcoWorld International is formed by representatives of the Board of Directors and is chaired by an independent director. The RMC is to ensure the risk management in the Group operates effectively based on the risk management policy approved by the Board. Significant risk issues evaluated by the RMC will be discussed at the Board meetings. The principal roles and responsibilities of the RMC are as follows:

- Provide oversight and direction to the Group's risk management process;
- Recommend to the Board high-level strategy which is aligned with the Group's strategic objectives;
- Communicate to the Board critical risks (present or potential) the Group face, their changes and management action plans to manage these risks;
- Assist in the risk appraisal of corporate proposals being evaluated by the Board;
- Recommend for the Board's approval the Group's risk management policies, strategies and risk tolerance levels and proposed changes thereto; and
- Review the effectiveness of the ERM framework.

The RMC is supported by the Risk Management Team, chaired by the President & CEO and includes representatives from all business divisions as well as relevant Head Office support departments. The Risk Management Team has been established to oversee the risk management matters within the Group. The Risk Management Team meets on a quarterly basis and the principal roles and responsibilities include:

- Communicate 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 departments;
- Aggregate the Group's risk position and report to the RMC on the risk situation;
- Provide guidance to the business units and departments on the Group's risk appetite and other criteria which, when exceeded, trigger an obligation to report upwards to the RMC and the Board;
- Identifying and communicating to the RMC the critical risks (present and potential) at the respective business units and departments, their changes and the management's action plans to manage the risks;

- Supervising ERM policy implementation at the Group level. This includes developing and updating the ERM system at the Group level after consulting with the RMC;
- Coordinating the issuance of company-wide uniform ERM standards, combined with the authority to set guidelines with the approval of the RMC;
- Training and communicating ERM details within the Group; and
- Reviewing and updating risk management methodologies applied at the relevant business units and department, especially those related to risk identification, measuring, controlling, monitoring and reporting.

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

- Manage the business units' and departments' risk profile;
- Report risk exposure to the Risk Management Team;
- Develop and implement action plans to manage risks;
- Report status of action plans to the Risk Management Team; 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 respective Department Heads. 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 Team meeting. Subsequently, this is presented to the RMC and the Board to ensure its continued application and relevance.

During the financial year, the risk management and internal controls were assessed by the RMC and reported to the Board.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Appetite and Tolerance

Risk appetite is defined as the level of risk the Group is prepared to accept to achieve its objectives measured in terms of variability of return (i.e. risk) in order to achieve a desired level of result (i.e. return) as set out in the risk parameters.

The Board, through the RMC and the Risk Management Team, establishes the risk parameters for the Group and relevant entities. The defined risk parameters, i.e. financial and non-financial parameters, are periodically reviewed by the Management and the Board in line with the Group's business strategies and operating environment. The financial parameters are based on the Group's risk appetite, which is defined as the level of risk the Group is prepared to accept to achieve its objectives. The Group's risk appetite can be expressed in terms of how much variability of return (i.e. risk) it 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.

### KEY RISKS

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

1

#### Weak Market Sentiment

The Group is dependent on the performance of the property industry in which the Group operates namely in the UK and Australia. The demand for properties among others could be affected by the weakness in the domestic and international economic environment, changes in Government policies, bank tightening lending policies and oversupply of certain products in the market. The residential units in the projects are currently sold on a "sell-then-build" basis. As such there may be a long period of time between the exchange of the sale and purchase agreement when a deposit is paid, and the completion of the contract when the balance of the price is paid upon handover of the residential unit. In that duration, there may be material changes to the property market, which may give rise to the possibilities that some purchasers may not be able to complete the purchase. During the financial year, the Group continued to face challenges of a subdued and soft property market

due to Brexit uncertainty. While demand and supply factors remain key components of the property market, the demand for properties are affected by speculations on the possibility of plummeting house prices, spiking mortgages and depreciation of the pound along with inflation.

The Group constantly reassesses its risk exposure and seeks to optimise the balance between opportunities and risks both in its operations and strategic direction in the UK and Australian property markets. This include entering into JVs with suitable partners to gain accelerated, wider and more extensive access in our target markets, particularly in the UK. The Group has embarked to supply BtR homes in London as part of realising the Group's ambitions of becoming a market leader in the BtR segment and rapidly expanding its presence in the property management business in the UK.

As part of the sales and marketing strategy, we constantly seek to enhance our image and brand name to reinforce brand loyalty which include emphasising on quality standards of our products together with variety of after-sales service beyond the completion of the development projects. We also adopt customised sales and marketing strategies for each of our individual projects with regular review of sales and marketing strategies to suit market conditions which ongoing review of the selling price list, design unit mix and sizes in all our projects to ensure that the products are value-optimised, competitive and attractive. Close follow-up with purchasers is also initiated to confirm the purchaser's ability to borrow for settlement of the balance due when units are handed over.

2

#### Adverse currency exchange rate

The Group's main source of funds are raised in RM, while the costs to be incurred by the UK and Australia projects are denominated in GBP and AUD respectively. Hence, any adverse fluctuation in foreign exchange rates may increase the overall costs, which in turn, affect the return on capital contribution. Thus, risk is mitigated by undertaking a cross currency interest rate swap from US Dollars to GBP to mitigate our exposure to the potential rising interest rates in the US apart from GBP being a natural hedge currency for the projects in UK. Furthermore, close monitoring of the movement of GBP and AUD against RM in order to decide on the timing of fund remittance to minimise potential losses from adverse currency exchange fluctuation.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

3

### Regulatory

The Group is subject to various government regulation. Any changes in prevailing laws or regulations in Malaysia and other countries in which we operate (i.e. UK and Australia) may have an impact to the Group. The Group has in place a compliance framework to minimise financial, reputational and operational risks arising from regulatory non-compliance. The constant keeping abreast of the latest changes and updates on the regulatory requirements that affect the Group's operations and necessary steps are taken to ensure compliance with the regulations as well as to assess and monitor the impact of such changes. For this purpose, regular discussions are held for example with our consultants, bankers and lawyers on compliance and regulatory related matters. Apart from that, training is provided to staff by internal and external parties to keep staff abreast of changes to laws, regulations and standards. The responsibilities of regulatory compliance are cascaded to the relevant Heads of Department and Business Units to ensure compliance and reporting.

4

### Non-Performing Contractors and JV Partners

The selection of contractors and JV partners and monitoring of their performance during the construction stage is a critical process, which determines the quality, cost efficiency and timely delivery of projects. Poor performance of contractors and JV partners may lead to quality issues, cost overrun and project delays. Extensive due diligence is performed before selecting JV partners and senior management plays an active role in governing the JV for example being members of the tender and procurement committee of the JV companies for the selection of contractors by way of a tender exercise. Selection of contractors is through a robust selection process where contractors are evaluated against our criteria such as track record, quality, pricing and timeliness to ensure transparency and enabling competent contractors to be awarded based on fixed sum contracts. Close supervision to monitor the construction progress and project timeline of the contractors along with quality assurance procedures to maintain our quality standards is also performed. Furthermore, project budgets are closely monitored against the actual construction cost and value management is conducted during the process of design development to optimise cost.

5

### Health and Safety

The Group is potentially exposed to health and safety risk during the period of construction. Any significant health and safety incident in any of our project sites could lead to significant liabilities and damage to our reputation. This risk is managed through a strong promotion of health and safety culture for all our project sites. This is expressed in several initiatives such as the development of health and safety policy which applies to all the construction sites. Site inspections by Health and Safety Officers are also conducted along with periodic site briefings to trade contractors to promote health and safety measures on-site which include safety awareness and training initiatives.

6

### Liquidity

The Group has an obligation to fulfil the equity requirements to the land costs, development costs, administrative costs, overhead costs and financing costs to be incurred by the overseas projects and investment companies. The Group is currently dependent on a combination of IPO proceeds and short and long-term borrowings to fund its operations. As a fast-growing Group which is reliant on a combination of both equity and borrowings to fund its operations, the Group may be adversely affected by shortfall in anticipated cash flows. The Group continues to strengthen its treasury function to monitor the Group's cash flow requirement and ensure adequate financial facilities to support the Group's current and future needs. The networking with key bankers is on continuous basis to be more aware of the respective bank lending appetite and to explore new funding opportunities. The Group also monitors its borrowing repayment maturity profiles and financial covenants and to ensure that its gearing is within acceptable level.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

7

### Talent Management

Key personnel are crucial to ensure the smooth running of the Group's operations as well as achieving the goals and objectives of the Group. The loss of key personnel may be detrimental to the Group. The continuing initiative in recruiting and developing highly skilled and competent people as well as grooming and developing younger members of the management team to gradually assume greater responsibilities as part of our succession plan in preparation of our anticipated growth is one of the initiatives taken. The Group also continues to implement and conduct various talent management and leadership programmes to further strengthen and improve the competency and capabilities of the human resources of the Group. The compensation and benefit packages are also benchmarked to industry on periodic basis.

8

### Cyber Security

Cyber-attacks can cause serious damage to the Group, in terms of leakages of confidential or data. The Group monitors and implements new control layers proactively to protect its critical business systems from the ever-changing cyber-threat landscape and challenges through appropriate security solution such as firewall and anti-virus. Apart from that, professionals were engaged to perform periodical system security testing. Various information technology ("IT") policies and procedures were developed and deployed. Roadshows were conducted to create and enhance staff awareness on the importance of cyber security.

## INTERNAL CONTROL

The key elements of the internal control system established by the Board that provides 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 which shall be observed by Directors and Employees of the Group. The Group's Code of Conduct and Business Ethics of Directors and Employees ("**Code**") was approved on 12 October 2017.

The Code will be reviewed periodically by Group Talent Management and evaluated by the RMC for the President & CEO approval and 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 with the exception of WBC.

### 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 current business environment. Accountability and responsibility for key processes have been established in the standard operating procedures.

### Compliance Framework

The Group has in place a compliance framework to minimise financial, reputational and operational risks arising from regulatory non-compliance. The Group has not noted any incidents of non-compliances to date.

### Talent Management

Robust recruitment strategies are in place to attract skilled and competent persons to join our Group. On-the-job training 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Financial Budgeting

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

### Performance Review

Regular and 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. Furthermore, quarterly senior management meetings are held to discuss the Group's financial performance, business development, operational and corporate issues.

### Investor Relations

Briefings are conducted periodically where the Group's financial performance, which has been approved by the Board, is communicated externally to fund managers, investment analysts and bankers who are given the opportunity to seek further clarification from the Senior Management.

### Information Technology Management

IT systems and communication channels are put in place to enable effective decision-making by providing management with timely and accurate information.

### 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. It is the Group's commitment to investigate any suspected serious misconduct or any breach reported, as well as to protect those who come forward to report such activities.

### Board Committees

Board has established several board committees to oversee the respective functions within the Group which include the AC, RMC, NRC & WBC. With the exception of the WBC, 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 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 and the control culture is instilled throughout these companies.

### INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house and undertaken by GCG which reports to the AC on the adequacy and effectiveness of the Group's governance, risk management and internal control systems.

A description of the activities of GCG during FY2018 can be found in the AC Report included in this Annual Report.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditor has reviewed this Statement of Risk Management and Internal Control as required by Paragraph 15.23 of the MMLR of Bursa Malaysia for FY2018. Their review was 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. This does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

### **CONCLUSION**

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

In addition, the Board has received assurance from the President & CEO and CFO 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 on 24 January 2019.

## ADDITIONAL COMPLIANCE INFORMATION

### UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

Proceeds totalling RM2,584 million were raised from the IPO which was completed on 3 April 2017. The status of the utilisation of these proceeds as at 31 October 2018 is as set out below:

Purpose	Proposed utilisation RM'mil	Actual utilisation RM'mil	Re-allocation RM'mil	Balance unutilised RM'mil	Intended timeframe for utilisation from completion date
Debt repayment					
- Repayment of bank borrowings	1,211	(1,159)	(52)	-	Within 6 months
- Repayment of advances	156	(143)	(13)	-	Within 6 months
Subtotal	1,367	(1,302)	(65)	-	
Settlement of the acquisition of Eco World Investment Co Ltd	38	(38)	-	-	Within 1 month
Working capital and/or future land acquisition(s)	1,126	(1,161)	76	41	Within 36 months
Estimated listing expenses	53	(42)	(11)	-	Within 3 months
<b>Total</b>	<b>2,584</b>	<b>(2,543)</b>	<b>-</b>	<b>41</b>	

### AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the external auditors and a firm affiliated to the external auditors' firm are as follows:

	Group RM	Company RM
Audit Fees	197,000	120,000
Non-audit Fees	28,000	19,000
<b>Total</b>	<b>225,000</b>	<b>139,000</b>

### MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial period except as disclosed in Note 32 of the audited financial statements for FY2018.



# DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("**Act**") to prepare the financial statements for each financial year which have been made out in accordance with applicable MFRSs, International Financial Reporting Standards ("**IFRSs**"), the requirements of the Act and the MMLR of Bursa Malaysia.

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 at the end of each financial year and of the results and cash flows of the Group and of the Company for that financial year then ended.

In preparing the financial statements, the Directors have:

- (i) adopted appropriate accounting policies and applied them consistently;
- (ii) made judgements and estimates that are reasonable and prudent; and
- (iii) adhered to all applicable approved accounting standards in Malaysia.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

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

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## CORPORATE INFORMATION

DOMICILE	: Malaysia
LEGAL FORM AND PLACE OF INCORPORATION	: Public company incorporated in Malaysia under the Companies Act 2016 and limited by shares
REGISTERED OFFICE	: Suite 59, Setia Avenue No. 2, Jalan Setia Prima S U13/S Setia Alam, Seksyen U13 40170 Shah Alam Selangor Darul Ehsan
PRINCIPAL PLACE OF BUSINESS	: Suite 59, Setia Avenue No. 2, Jalan Setia Prima S U13/S Setia Alam, Seksyen U13 40170 Shah Alam Selangor Darul Ehsan

## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

The directors hereby submit their report and 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 and joint ventures are disclosed in Notes 5 and 6 respectively to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

#### RESULTS

	Group	Company
	RM'000	RM'000
Profit/(Loss) for the year	35,526	(32,945)
Profit/(Loss) for the year attributable to:		
Owners of the parent	35,238	(32,945)
Non-controlling interests	288	-
	<u>35,526</u>	<u>(32,945)</u>

#### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend in respect of the current financial year.

#### RESERVES AND PROVISIONS

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

#### SUBSIDIARIES

Details of the subsidiaries are set out in Note 5 to the financial statements.

There is no qualified auditors' report on the financial statements of any subsidiary for the financial year in which this report is made.

As at the end of the financial year, none of the subsidiaries hold any shares in the Company or in other related corporations.

#### ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

**DIRECTORS' REPORT**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**WARRANTS 2017/2022**

The salient terms of the Warrants 2017/2022 are disclosed in Note 16 to the financial statements.

There were no Warrants 2017/2022 exercised during the financial year.

**SHARE OPTIONS**

No option was granted to any person to take up unissued shares of the Company during the financial year.

**DIRECTORS**

The directors of the Company who served since the date of the last report to the date of this report are as follows:

Tan Sri Azlan Bin Mohd Zainol  
Tan Sri Dato' Sri Liew Kee Sin\*  
Dato' Teow Leong Seng\*  
Cheah Tek Kuang  
Dato' Voon Tin Yow  
Choong Yee How\*  
Cheng Hsing Yao\*  
Tan Sri Datuk Dr Rebecca Fatima Sta Maria  
Dato' Seri Ahmad Johan Bin Mohammad Raslan  
Dato' Siow Kim Lun  
Pauline Wong Wan Voon

(Appointed on 2 April 2018)

\* *These directors are also directors of certain subsidiaries*

**DIRECTORS OF SUBSIDIARIES**

The following is a list of directors of the subsidiaries (excluding directors who are also directors of the Company) who served since the date of the last report to the date of this report:

Cheong Heng Leong  
Lord Jonathan Marland  
Sir Edward Udney-Lister  
Stephen Anthony Rae McGrath  
Edward Michael Fletcher  
Yap Foo Leong  
Jeffrey Ong Wee Ting  
Law Woo Hock  
Tan Swee Peng (Alternate Director to Dato' Teow Leong Seng)  
Foo Yuk Meng (Alternate Director to Cheong Heng Leong)

(Resigned on 26 September 2018)

## DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

### DIRECTORS' INTERESTS IN SHARES AND WARRANTS

The following directors, who held office at the end of the financial year, had interests in shares and Warrants as follows:

	Number of ordinary shares			
	At 1.11.2017	Acquired	Sold	At 31.10.2018
<b>Direct Interest:</b>				
Tan Sri Azlan Bin Mohd Zainol	5,120,000	-	-	<b>5,120,000</b>
Tan Sri Dato' Sri Liew Kee Sin	246,540,798	-	-	<b>246,540,798</b>
Dato' Teow Leong Seng	15,263,000	-	-	<b>15,263,000</b>
Cheah Tek Kuang	3,000,000	-	-	<b>3,000,000</b>
Dato' Voon Tin Yow	6,141,600	-	-	<b>6,141,600</b>
Dato' Siow Kim Lun	2,000,000	-	-	<b>2,000,000</b>
<b>Deemed Interest:</b>				
Tan Sri Azlan Bin Mohd Zainol <sup>(1)</sup>	58,200	-	-	<b>58,200</b>
Tan Sri Dato' Sri Liew Kee Sin <sup>(2)</sup>	45,700,000	-	-	<b>45,700,000</b>
Tan Sri Datuk Dr Rebecca Fatima Sta Maria <sup>(3)</sup>	5,000,000	-	-	<b>5,000,000</b>

	Number of Warrants 2017/2022			
	At 1.11.2017	Granted/ Acquired	Exercised/ Sold	At 31.10.2018
<b>Direct Interest:</b>				
Tan Sri Azlan Bin Mohd Zainol	2,048,000	-	-	<b>2,048,000</b>
Tan Sri Dato' Sri Liew Kee Sin	98,616,319	-	-	<b>98,616,319</b>
Dato' Teow Leong Seng	6,105,200	-	-	<b>6,105,200</b>
Cheah Tek Kuang	1,200,000	-	-	<b>1,200,000</b>
Dato' Voon Tin Yow	2,456,640	-	-	<b>2,456,640</b>
Dato' Siow Kim Lun	800,000	-	-	<b>800,000</b>
<b>Deemed Interest:</b>				
Tan Sri Azlan Bin Mohd Zainol <sup>(1)</sup>	27,280	-	-	<b>27,280</b>
Tan Sri Dato' Sri Liew Kee Sin <sup>(2)</sup>	18,280,000	-	-	<b>18,280,000</b>

<sup>(1)</sup> Deemed to have interest through his child pursuant to Section 59(11)(c) of the Companies Act 2016

<sup>(2)</sup> Deemed to have interest through his spouse and child pursuant to Section 59(11)(c) of the Companies Act 2016

<sup>(3)</sup> Deemed to have interest through her spouse pursuant to Section 59(11)(c) of the Companies Act 2016

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

**DIRECTORS' REPORT**  
 FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by directors, or the fixed salary of a full-time employee of the Company as shown in Note 32(b) 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 except for any benefit which may be deemed to have arisen from those transactions disclosed in Note 32 to the financial statements.

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, warrants or debentures of the Company or any other body corporate.

**INDEMNITY AND INSURANCE COSTS**

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company are RM50,000,000 and RM52,000 respectively.

**OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain the action 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 to be written off and that no allowance was required in respect of doubtful debts; and
  - (ii) 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.
- (b) At the date of this report, the directors are not aware of any circumstances:
  - (i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; or
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) 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.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Group and 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, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

## **DIRECTORS' REPORT**

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

### **OTHER STATUTORY INFORMATION (CONTINUED)**

- (e) 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 which would render any amount stated in the financial statements misleading.
- (f) 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) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

### **SIGNIFICANT EVENTS**

Details of significant events during the financial year are disclosed in Note 38 to the financial statements.

### **SUBSEQUENT EVENT**

Details of subsequent event after the financial year end is disclosed in Note 39 to the financial statements.

### **AUDITORS**

Auditors' remuneration is set out in Note 26 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, are not seeking re-appointment at the forthcoming annual general meeting.

### **APPROVAL OF THE DIRECTORS' REPORT**

This report is approved by the Board of Directors, and signed on behalf of the Board of Directors in accordance with a directors' resolution.

TAN SRI DATO' SRI LIEW KEE SIN  
Director

DATO' TEOW LEONG SENG  
Director

Kuala Lumpur  
Date: 24 January 2019



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ECO WORLD INTERNATIONAL BERHAD (INCORPORATED IN MALAYSIA)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Eco World International 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 85 to 156.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

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.

#### 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 for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no key audit matters to be communicated in respect of the audit of the financial statements of the Company.

##### (a) Impairment assessment of goodwill

As at 31 October 2018, the Group reported goodwill arising from acquisitions of subsidiaries with carrying amount of RM126,302,000 (2017: RM126,302,000) attributable to the property development cash-generating units ("CGUs") as detailed in Note 4 to the financial statements.

On an annual basis, the management is required to test these CGUs for impairment. This test involves significant management judgement to estimate the recoverable amount of each CGU. The management estimated the recoverable amount of the goodwill using value-in-use method based on cash flow projection covering a five-year period. The assumptions used in the cash flow projection are affected by the expectation of future market and economic conditions.

Any shortfall of the recoverable amount against the carrying amount of the goodwill would be recognised as impairment losses. The impairment assessment of goodwill is considered to be a key audit matter due to the extent of judgements and estimations required.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ECO WORLD INTERNATIONAL BERHAD (INCORPORATED IN MALAYSIA)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Key Audit Matters (continued)

(a) *Impairment assessment of goodwill (continued)*

Our response

Our audit procedures include the following:

- Understand the management's budgetary process over the determination of the forecasted revenues, future costs to complete and discount rates.
- Assessed the reasonableness of the key assumptions used by the management by agreeing them to the latest business plan approved by directors and market benchmarks.
- Assessed the appropriateness of the inputs used in the estimation of discount rates. We involved our own specialist to support our procedures.
- Checked the mathematical accuracy of the cash flow projection.
- Performed sensitivity analysis to estimate the possible downside changes to the key assumptions including the discount rates.

(b) *Carrying amount of investment in joint ventures and amounts owing by joint ventures*

The Group holds 75% (2017: 75%) of equity interest in Eco World-Ballymore Holding Company Limited, a company incorporated in Jersey.

During the financial year, the Group acquired 70% equity interest each in the following new joint ventures:

- Be Eco World Investment Company Limited, a company incorporated in Jersey; and
- Eco World London Development Company Limited (*formerly known as Be Eco World Development Management Company Limited*), a company incorporated in United Kingdom.

These joint ventures are accounted for using equity method.

As at 31 October 2018, the Group reported the carrying amount of investment in the joint ventures and amounts owing by the joint ventures amounting to RM209,012,000 (2017: RM104,907,000) and RM2,116,983,000 (2017: RM1,089,481,000) respectively as disclosed in Notes 6 and 8 to the financial statements.

The management assesses at the end of each reporting period, whether there is any indication that these balances may be impaired. As the joint ventures are engaged in property development activities and project management services, the management determines the recoverable amounts of these balances based on the cash flow projection of each property development project and the expected repayment of the owing by the joint ventures after meeting their external obligations.

We identified impairment assessment of these balances as a key audit matter due to their significance to the financial position of the Group and require significant management estimation.

**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF ECO WORLD INTERNATIONAL BERHAD (INCORPORATED IN MALAYSIA)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Key Audit Matters (continued)**

(b) *Carrying amount of investment in joint ventures and amounts owing by joint ventures (continued)*

Our response

Our audit procedures include the following:

- Held discussion with component auditors to concur our understanding of management's assessment including reviewing their work papers in assessing the appropriateness of accounting of joint ventures during the financial year.
- Held discussion with the management to understand the existence of impairment indicators.
- Evaluated and challenged the reasonableness of the key assumptions used by the management in the cash flow projection, including the forecasted revenue and future costs to complete the development.
- In respect of the discount rate, we performed similar procedures to those noted above for goodwill impairment.
- Held discussion with component auditors to concur our understanding of management's assessment including reviewing their work papers in assessing the appropriateness of forecasted selling prices and the future costs to complete the development based on the current market development and government regulations in the United Kingdom.
- Conducted visit at the project locations in the United Kingdom.
- Besides the above procedures and in response to the risk of recoverability of receivables, we assessed the expected repayment of amounts owing by joint ventures based on the cash flow projection prepared by the management.

(c) *Valuation of properties under development for sale*

As at 31 October 2018, the carrying amount of the Group's properties under development for sale amounted to RM461,836,000 (2017: RM366,717,000) as disclosed in Note 10 to the financial statements. The development projects of the Group are situated in Australia.

Properties under development for sale are stated at the lower of cost and net realisable value. The determination of the net realisable value requires estimations of expected future selling prices and future costs to complete the development including management's expectation on future property market.

A change in the Group's forecasted selling prices and future costs to complete the development could have a material impact on the carrying amount of the properties under development for sale. Therefore, there is a risk of forecasted selling prices falling below costs, resulting in losses when the properties are eventually sold.

This is considered as a key audit matter as the determination of net realisable value is affected by subjective elements within the future costs to complete and associated revenue over the development periods.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ECO WORLD INTERNATIONAL BERHAD (INCORPORATED IN MALAYSIA)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Key Audit Matters (continued)

(c) *Valuation of properties under development for sale (continued)*

##### Our response

Our audit procedures include the following:

- Held discussion with the management on the development plans and current status of the on-going development projects including their expected completion dates.
- Held discussion with component auditor in Australia to concur our understanding of the management's assessment of the impairment review including reviewing the work papers of the component auditor for the appropriateness of the forecasted selling prices by the management, estimation of the future costs to complete the development and sensitivity analysis surrounding these key estimations.
- Conducted visit at the project locations in Australia.

#### 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 on the other information that we obtained prior to the date of this auditors' report and 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, 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.

**INDEPENDENT AUDITORS' REPORT**  
 TO THE MEMBERS OF ECO WORLD INTERNATIONAL BERHAD (INCORPORATED IN MALAYSIA)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**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 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 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.

## **INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF ECO WORLD INTERNATIONAL BERHAD (INCORPORATED IN MALAYSIA)

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

#### **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 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 content of this report.

MAZARS PLT  
LLP0010622-LCA  
AF 001954  
Chartered Accountants

Kuala Lumpur  
Date: 24 January 2019

CHONG FAH YOW  
03004/07/2020 J  
Chartered Accountants

STATEMENTS OF FINANCIAL POSITION  
AS AT 31 OCTOBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	3	<b>6,366</b>	7,169	<b>888</b>	1,043
Goodwill	4	<b>126,302</b>	126,302	-	-
Investment in subsidiaries	5	-	-	<b>3,157,814</b>	50,047
Investment in joint ventures	6	<b>209,012</b>	104,907	-	-
Amounts owing by subsidiaries	7	-	-	-	1,891,346
Amounts owing by joint ventures	8	<b>2,116,983</b>	1,089,481	-	-
Deferred tax assets	9	<b>25,787</b>	19,316	-	-
		<b>2,484,450</b>	1,347,175	<b>3,158,702</b>	1,942,436
<b>Current assets</b>					
Properties under development for sale	10	<b>461,836</b>	366,717	-	-
Trade receivables	11	<b>5,605</b>	32	-	-
Other receivables, deposits and prepayments	12	<b>15,367</b>	5,368	<b>1,123</b>	5
Current tax assets		<b>1,188</b>	682	<b>680</b>	-
Derivative financial assets	13	<b>2,004</b>	-	<b>2,004</b>	-
Cash, bank balances and deposits	14	<b>436,960</b>	992,388	<b>390,452</b>	879,915
		<b>922,960</b>	1,365,187	<b>394,259</b>	879,920
<b>TOTAL ASSETS</b>		<b>3,407,410</b>	2,712,362	<b>3,552,961</b>	2,822,356

**STATEMENTS OF FINANCIAL POSITION**  
AS AT 31 OCTOBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	15	<b>2,592,451</b>	2,592,451	<b>2,592,451</b>	2,592,451
Warrant reserve	16	<b>276,418</b>	276,418	<b>276,418</b>	276,418
Cash flow hedge reserve	17	<b>(10)</b>	-	<b>(10)</b>	-
Exchange translation reserve		<b>(68,851)</b>	17,644	-	-
Accumulated losses		<b>(306,399)</b>	(341,637)	<b>(88,023)</b>	(55,078)
Equity attributable to owners of the parent		<b>2,493,609</b>	2,544,876	<b>2,780,836</b>	2,813,791
Non-controlling interests		<b>15,873</b>	2,768	-	-
<b>Total equity</b>		<b>2,509,482</b>	2,547,644	<b>2,780,836</b>	2,813,791
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	18	<b>605,440</b>	48,684	<b>527,224</b>	-
Hire purchase liability	19	<b>134</b>	-	-	-
Deferred tax liabilities	9	<b>1,883</b>	1,944	-	-
		<b>607,457</b>	50,628	<b>527,224</b>	-
<b>Current liabilities</b>					
Trade payables	20	<b>6,933</b>	1,512	-	-
Other payables and accruals	21	<b>36,540</b>	14,555	<b>14,244</b>	6,309
Amount owing to a corporate shareholder of a subsidiary	22	<b>15,465</b>	16,340	-	-
Amounts owing to subsidiaries	7	-	-	<b>19</b>	1,550
Borrowings	18	<b>230,638</b>	79,913	<b>230,638</b>	-
Hire purchase liability	19	<b>48</b>	-	-	-
Current tax liabilities		<b>847</b>	1,770	-	706
		<b>290,471</b>	114,090	<b>244,901</b>	8,565
<b>Total liabilities</b>		<b>897,928</b>	164,718	<b>772,125</b>	8,565
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,407,410</b>	2,712,362	<b>3,552,961</b>	2,822,356

The accompanying notes form an integral part of the financial statements



## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	23	<b>4,904</b>	488	-	-
Direct expenses		<b>(4,614)</b>	(5,813)	-	-
<b>Gross profit/(loss)</b>		<b>290</b>	(5,325)	-	-
Other income	24	<b>12,276</b>	27,569	<b>11,851</b>	78,476
Marketing expenses		<b>(10,242)</b>	(5,610)	-	-
Administrative and general expenses		<b>(74,775)</b>	(69,983)	<b>(32,281)</b>	(34,464)
Unrealised (loss)/gain on foreign exchange		<b>(6,915)</b>	34,527	<b>(4,102)</b>	37,034
Finance costs	25	<b>(8,810)</b>	(31,920)	<b>(8,807)</b>	(13,748)
Share of results in joint ventures		<b>117,195</b>	(36,509)	-	-
<b>Profit/(Loss) before tax</b>	26	<b>29,019</b>	(87,251)	<b>(33,339)</b>	67,298
Taxation	27	<b>6,507</b>	(223)	<b>394</b>	(1,621)
<b>Profit/(Loss) for the year</b>		<b>35,526</b>	(87,474)	<b>(32,945)</b>	65,677
Other comprehensive loss, net of tax <i>Items that may be reclassified to profit or loss subsequently:</i>					
Fair value adjustment on cash flow hedge		<b>(10)</b>	-	<b>(10)</b>	-
Exchange differences on translation of foreign operations		<b>(87,563)</b>	(16,554)	-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(52,047)</b>	(104,028)	<b>(32,955)</b>	65,677
<b>Profit/(Loss) for the year attributable to:</b>					
Owners of the parent		<b>35,238</b>	(87,633)	<b>(32,945)</b>	65,677
Non-controlling interests		<b>288</b>	159	-	-
		<b>35,526</b>	(87,474)	<b>(32,945)</b>	65,677
<b>Total comprehensive (loss)/income for the year attributable to:</b>					
Owners of the parent		<b>(51,267)</b>	(104,687)	<b>(32,955)</b>	65,677
Non-controlling interests		<b>(780)</b>	659	-	-
		<b>(52,047)</b>	(104,028)	<b>(32,955)</b>	65,677
<b>Earnings/(Loss) per share attributable to owners of the parent:</b>					
Basic earnings/(loss) per share (sen)	28	<b>1.47</b>	(5.76)		
Diluted earnings/(loss) per share (sen)*	28	<b>1.47</b>	(5.76)		

\* Anti-dilutive

The accompanying notes form an integral part of the financial statements

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

Note	Attributable to owners of the parent						Non-controlling interests RM'000	Total equity RM'000	
	Non-distributable				Distributable				
	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Exchange translation reserve RM'000	Accumulated losses RM'000	Total RM'000			
<b>Group</b>									
At 1 November 2016	246,541	49,158	-	34,698	(222,514)	107,883	4,788	112,671	
Other comprehensive (loss)/income for the year:									
- Exchange differences on translation of foreign operations	-	-	-	(17,054)	-	(17,054)	500	(16,554)	
(Loss)/Profit for the year	-	-	-	-	(87,633)	(87,633)	159	(87,474)	
Total comprehensive (loss)/income for the year	-	-	-	(17,054)	(87,633)	(104,687)	659	(104,028)	
<i>Transactions with owners of the parent:</i>									
Issuance of ordinary shares									
- Share issuance for public offering	15	2,584,151	-	-	-	2,584,151	-	2,584,151	
- Warrants		(276,418)	276,418	-	-	-	-	-	
Acquisition of a subsidiary	33	-	-	-	-	-	(1,282)	(1,282)	
Dividend declared to non-controlling interests of a subsidiary		-	-	-	-	-	(1,397)	(1,397)	
Transition to no-par value regime	15	49,158	(49,158)	-	-	-	-	-	
Share issue expenses		(10,981)	-	-	-	(31,490)	-	(42,471)	
At 31 October 2017		2,592,451	-	276,418	17,644	(341,637)	2,544,876	2,768	2,547,644

**STATEMENTS OF CHANGES IN EQUITY**  
 FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

	Attributable to owners of the parent						Non-controlling interests RM'000	Total equity RM'000
	Non-distributable				Distributable	Total RM'000		
	Share capital RM'000	Warrant reserve RM'000	Cash flow hedge reserve RM'000	Exchange translation reserve RM'000	Accumulated losses RM'000			
<b>Group</b>								
At 1 November 2017	2,592,451	276,418	-	17,644	(341,637)	2,544,876	2,768	2,547,644
Other comprehensive loss for the year:								
- Net change in fair value of cash flow hedge	-	-	(10)	-	-	(10)	-	(10)
- Exchange differences on translation of foreign operations	-	-	-	(86,495)	-	(86,495)	(1,068)	(87,563)
Profit for the year	-	-	-	-	35,238	35,238	288	35,526
Total comprehensive (loss)/ income for the year	-	-	(10)	(86,495)	35,238	(51,267)	(780)	(52,047)
Issuance of preference shares by a subsidiary to non-controlling interests	-	-	-	-	-	-	13,885	13,885
<b>At 31 October 2018</b>	<b>2,592,451</b>	<b>276,418</b>	<b>(10)</b>	<b>(68,851)</b>	<b>(306,399)</b>	<b>2,493,609</b>	<b>15,873</b>	<b>2,509,482</b>

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

	Note	Non-distributable			Distributable	Total equity RM'000	
		Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Cash flow hedge reserve RM'000		Accumulated losses RM'000
<b>Company</b>							
At 1 November 2016		246,541	49,158	-	-	(89,265)	206,434
Total comprehensive income for the year		-	-	-	-	65,677	65,677
<i>Transactions with owners of the parent:</i>							
Issuance of ordinary shares							
- Share issuance for public offering	15	2,584,151	-	-	-	-	2,584,151
- Warrants		(276,418)	-	276,418	-	-	-
Transition to no-par value regime	15	49,158	(49,158)	-	-	-	-
Share issue expenses		(10,981)	-	-	-	(31,490)	(42,471)
At 31 October 2017		2,592,451	-	276,418	-	(55,078)	2,813,791
Other comprehensive loss for the year:							
- Net change in fair value of cash flow hedge		-	-	-	(10)	-	(10)
Loss for the year		-	-	-	-	(32,945)	(32,945)
Total comprehensive loss for the year		-	-	-	(10)	(32,945)	(32,955)
<b>At 31 October 2018</b>		<b>2,592,451</b>	<b>-</b>	<b>276,418</b>	<b>(10)</b>	<b>(88,023)</b>	<b>2,780,836</b>

The accompanying notes form an integral part of the financial statements

## 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before tax	<b>29,019</b>	(87,251)	<b>(33,339)</b>	67,298
Adjustments for:				
Interest income	<b>(12,274)</b>	(22,341)	<b>(11,851)</b>	(71,090)
Dividend income	-	-	-	(4,145)
Loss on disposal of plant and equipment	<b>5</b>	24	-	-
Plant and equipment written off	<b>5</b>	70	<b>5</b>	-
Depreciation	<b>2,229</b>	2,968	<b>197</b>	184
Share of (profit)/loss in joint ventures	<b>(117,195)</b>	36,509	-	-
Finance costs	<b>8,810</b>	31,920	<b>8,807</b>	13,748
Listing expenses	-	1,022	-	1,022
Landholder duty	<b>269</b>	12,249	-	-
Unrealised loss/(gain) on foreign exchange	<b>6,915</b>	(34,527)	<b>4,102</b>	(37,034)
Operating loss before working capital changes	<b>(82,217)</b>	(59,357)	<b>(32,079)</b>	(30,017)
Changes in properties under development for sale	<b>(113,533)</b>	(36,371)	-	-
Changes in receivables	<b>(13,180)</b>	4,095	-	78
Changes in payables	<b>25,593</b>	5,546	<b>5,246</b>	6,702
Cash used in operations	<b>(183,337)</b>	(86,087)	<b>(26,833)</b>	(23,237)
Interest received	<b>295</b>	972	<b>246</b>	909
Net tax paid	<b>(2,939)</b>	(5,323)	<b>(992)</b>	(818)
Net cash used in operating activities	<b>(185,981)</b>	(90,438)	<b>(27,579)</b>	(23,146)

**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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of plant and equipment	(a)	<b>(1,431)</b>	(6,344)	<b>(47)</b>	(990)
Proceeds from disposal of plant and equipment		<b>2</b>	27	-	-
Advances to joint ventures		<b>(1,030,287)</b>	(274,865)	-	-
Investment in joint ventures		<b>(50,823)</b>	-	-	-
Advances to subsidiaries		-	-	<b>(1,217,951)</b>	(1,212,570)
Acquisition of a subsidiary (Note 33)		-	150	-	-
(Placements)/Withdrawal of deposits, debt service reserve and interest service reserve accounts		<b>(3,655)</b>	6,579	<b>(1,026)</b>	4,624
Landholder duty		<b>(269)</b>	(12,249)	-	-
Dividend received		-	-	-	4,145
Interest received		<b>11,979</b>	21,369	<b>11,605</b>	21,272
Net cash used in investing activities		<b>(1,074,484)</b>	(265,333)	<b>(1,207,419)</b>	(1,183,519)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Drawdown of borrowings	(b)	<b>794,254</b>	279,942	<b>760,180</b>	159,185
Repayment of borrowings	(b)	<b>(73,818)</b>	(1,211,264)	-	(492,125)
Proceeds from issuance of ordinary shares		-	2,584,151	-	2,584,151
Repayment to a shareholder		-	(153,622)	-	(96,440)
Repayment to a former shareholder of a subsidiary		-	(11,546)	-	(11,546)
Repayment to a former holding company		-	(630)	-	(630)
Repayment to a former holding company of a subsidiary		-	(13,144)	-	-
Advances from/(Repayment to) a corporate shareholder of a subsidiary	(b)	<b>14,130</b>	(58,270)	-	-
Finance costs		<b>(25,744)</b>	(36,092)	<b>(11,515)</b>	(12,199)
Listing expenses		-	(44,413)	-	(44,413)
Dividend paid to non-controlling interests of a subsidiary		-	(1,397)	-	-
Repayment of hire purchase	(b)	<b>(23)</b>	-	-	-
Net cash generated from financing activities		<b>708,799</b>	1,333,715	<b>748,665</b>	2,085,983

**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
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(551,666)</b>	977,944	<b>(486,333)</b>	879,318
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>986,680</b>	7,719	<b>879,915</b>	518
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>(7,417)</b>	1,017	<b>(4,156)</b>	79
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 14)</b>	<b>427,597</b>	986,680	<b>389,426</b>	879,915

Note (a)

Reconciliation of purchase of plant and equipment

Additions of plant and equipment (Note 3)	<b>1,638</b>	6,344	<b>47</b>	990
Less: Purchase consideration satisfied by hire purchase arrangement	<b>(207)</b>	-	-	-
Purchase of plant and equipment	<b>1,431</b>	6,344	<b>47</b>	990

**STATEMENTS OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

Note (b)

Reconciliation of liabilities arising from financing activities

	<b>Borrowings RM'000</b>	<b>Hire purchase liability RM'000</b>	<b>Amount owing to a corporate shareholder of a subsidiary RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
At 1 November 2017	128,597	-	16,340	144,937
Cash flows:				
Drawdown of borrowings	794,254	-	-	794,254
Repayment of borrowings	(73,818)	-	-	(73,818)
Repayment of hire purchase	-	(23)	-	(23)
Advances from a corporate shareholder of a subsidiary	-	-	14,130	14,130
Non-cash changes:				
Transaction cost on borrowings	(4,279)	-	-	(4,279)
Net change in fair value of derivative financial assets	2,014	-	-	2,014
Purchase of plant and equipment satisfied by hire purchase arrangement	-	207	-	207
Allotment of preference shares through capitalisation of advances	-	-	(13,885)	(13,885)
Unrealised gain on foreign exchange	(53)	-	-	(53)
Foreign exchange adjustments	(10,637)	(2)	(1,120)	(11,759)
At 31 October 2018	<u>836,078</u>	<u>182</u>	<u>15,465</u>	<u>851,725</u>

	<b>Borrowings RM'000</b>
<b>Company</b>	
At 1 November 2017	-
Cash flows:	
Drawdown of borrowings	760,180
Non-cash changes:	
Transaction cost on borrowings	(4,279)
Net change in fair value of derivative financial assets	2,014
Unrealised gain on foreign exchange	(53)
At 31 October 2018	<u>757,862</u>

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. GENERAL INFORMATION

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 ("Bursa Malaysia"). The addresses of the principal place of business and registered office of the Company are disclosed on page 73.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and joint ventures are disclosed in Notes 5 and 6 respectively to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A fair value measurement of a non-financial asset 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.

Fair value measurements are categorised as follows:

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

Level 2: Inputs are 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

Level 3: Inputs are unobservable inputs for the asset or liability.

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

#### (b) Changes in accounting policies

The significant accounting policies adopted by the Group and the Company are consistent with those of the previous financial year.

#### (c) Application of revised standards

In the current financial year, the Group and the Company have applied a number of amendments that become effective mandatorily for the financial periods beginning on or after 1 November 2017.

The adoption of the amendments does not have significant impact on the financial statements of the Group and of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Standards issued but not yet effective**

The Group and the Company have not applied the following new standards, amendments and Issues Committee Interpretations ("IC Interpretations") that have been issued by the Malaysian Accounting Standards Board ("MASB") and relevant to their operations but are not yet effective.

<b>New MFRSs, Amendments to MFRSs and IC Interpretations</b>		<b>Effective for financial periods beginning on or after</b>
Amendments to MFRS 1 and MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Standards issued but not yet effective (continued)**

The above new standards, amendments and IC Interpretations are not expected to have any significant financial impact on the Group or the Company upon their initial application except for MFRS 9, MFRS 15 and MFRS 16 discussed as follows:

***MFRS 9 Financial Instruments***

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities as well as general hedge accounting. It replaces MFRS 139 Financial Instruments: Recognition and Measurement and IC Interpretation 9 Reassessment of Embedded Derivatives. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch.

MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under MFRS 139), i.e. a loss event need not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Group and the Company have assessed the effects of adopting MFRS 9 on their financial assets and financial liabilities and concluded that the adoption will not have significant impact to the financial performance or position upon their initial application.

***MFRS 15 Revenue from Contracts with Customers***

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for the Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue - Barter Transactions Involving Advertising Services. The application of MFRS 15 will result in difference in timing of revenue recognition as compared with current accounting policies.

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

**(i) Timing of recognition for the sales of properties**

The Group's existing accounting policy is to recognise revenue on the basis of fair value of consideration received or receivable from the sale of properties when the significant risks and rewards of development units are transferred to purchasers. Upon adoption of 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.

**(ii) Accounting for incremental costs of obtaining a contract**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Standards issued but not yet effective (continued)**

***MFRS 15 Revenue from Contracts with Customers (continued)***

The Group is still gathering data and finalising the quantitative effects of applying MFRS 15. 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 statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group and the Company are currently assessing the impact to the financial statements upon adopting MFRS 16 on the mandatory effective date.

**(e) Significant accounting judgements and estimates**

The preparation of the Group's and the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

Although these estimates are based on the management's best knowledge of current events and actions, historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Significant accounting judgements and estimates (continued)*****Key Sources of Estimation Uncertainty***

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are as follows:

***Impairment of goodwill***

The management performs goodwill impairment test annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This impairment test requires an estimation of the value-in-use of the cash-generating units ("CGUs") to which the goodwill is allocated.

Estimating value-in-use requires the management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The value-in-use calculation is based on a discounted cash flow model.

***Impairment of non-financial assets (other than goodwill)***

The management assesses whether there are any indicators of impairment for all non-financial assets (other than goodwill) at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, the management estimates the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. The value-in-use calculation is based on a discounted cash flow model.

***Impairment of loans and receivables***

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

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

***Impairment of properties under development for sale***

Properties under development for sale are stated at lower of cost and estimated net realisable value. When it is probable that the total development costs will exceed the total projected revenue, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value of the property is subject to management judgement and the effect of assumptions in respect of development plan, timing of sale and the prevailing market conditions. The evaluation requires the management to consider the future demand for the properties under development. In any case, the amount represents the best estimate of the recoverable amount and is based on the evidence available at the reporting date. The management estimates forecasted selling price based on recent transactions or open market based measurements of the unsold units. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the properties.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Significant accounting judgements and estimates (continued)**

***Key Sources of Estimation Uncertainty (continued)***

*Income taxes*

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

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

*Recognition of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profits will be available in future against which the deductible temporary differences and tax losses can be utilised.

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

***Critical Judgements***

In the process of applying the Group's accounting policies, the management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

*Revenue from sale of properties*

The management exercises judgement in recognising revenue from sale of properties. Revenue from sale of properties is recognised when all conditions set out in the Group's revenue recognition policies are fulfilled. Thus, management judgement is involved in assessing the timing when all those conditions are met. When applying the revenue recognition policy, the management considers terms set out in the agreements with purchasers as well as other factors relevant to the property sale transactions.

*Joint arrangement*

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.

**(f) Subsidiaries**

In the Company's separate financial statements, investment in subsidiaries is stated at cost less impairment losses.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary disposed off is taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the parent and of all subsidiaries controlled by the parent made up to the end of the financial year.

The parent controls an entity only if the parent has all the following:

- (i) power over the entity;
- (ii) exposure, or rights, to variable returns from its involvement with the entity; and
- (iii) the ability to use its power over the entity to affect the amount of the returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

All subsidiaries are accounted for using the acquisition method from the date of acquisition, being the date on which the parent obtains control, and continue to be consolidated until the date that such control ceases. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

The parent attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The parent also attributes total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Change in ownership interest which does not result in a loss of control is accounted for within equity. Where the change in ownership interest results in loss of control, any remaining interest in the former subsidiary is re-measured at fair value and a gain or loss is recognised in profit or loss.

Under the acquisition method of accounting, the cost of an acquisition is measured at the aggregate of the fair values of the assets transferred, liabilities incurred and equity instruments issued at the date of exchange. Any consideration transferred is to be measured at fair value as of the acquisition date.

For each business combination, the Group measures at the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the acquiree's identifiable net assets at fair value.

At the acquisition date, goodwill is measured at the excess of (a) over (b) below:

- (a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) in a business combination achieved in stages, the fair value of the Group's previously held equity interest in the entity.
- (b) The net fair value of the identifiable assets acquired and the liabilities assumed.

A business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain ("negative goodwill") directly in profit or loss at the acquisition date.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Basis of consolidation (continued)**

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, and the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the acquisition date. Such transaction does not give rise to goodwill or gain on bargain purchase.

**(h) Interest in joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement 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.

Investment in joint ventures are accounted for using the equity method from the date on which the Group obtains joint control until the date the Group ceases to have a joint control over the joint ventures.

The financial statements of the joint ventures are prepared for the same reporting period as the Group.

When the Group's share of losses exceeds its interest in an equity accounted joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has legal or constructive obligations or has made payment on behalf of the joint venture.

When the Group transacts with the joint ventures, profits and losses resulting from the transactions with the joint ventures are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the joint ventures.

**(i) Lease**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

***Finance lease***

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

***Operating lease***

An operating lease is a lease other than a finance lease.

Operating lease income or rentals are credited or charged to profit or loss on a straight-line basis over the period of the lease.



**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) Plant and equipment**

**(i) Measurement basis**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group or the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

**(ii) Depreciation**

Work-in-progress is not depreciated.

Depreciation is calculated to write off the depreciable amount of other plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual rates used for this purpose are:

Furniture and fittings	10%
Office equipment	10%-20%
Computers	20%-33%
Motor vehicles	16%
Renovations and show unit	20%-25%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

**(k) Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

**(i) Initial recognition and measurement**

A financial instrument is recognised in the financial statements when and only when, the Company and its subsidiaries become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Financial instruments (continued)**

**(ii) Financial instrument categories and subsequent measurement**

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. The management determines the classification of the financial assets as set out below upon initial recognition.

*Loans and receivables*

This category comprises debt instruments that are not quoted in an active market, trade and other receivables, amounts owing by subsidiaries and joint ventures, and cash, bank balances and deposits.

They are included in current assets, except for maturities longer than 12 months after the reporting period, which are classified as non-current assets.

The subsequent measurement of financial assets in this category is at amortised cost using the effective interest method, less allowance for impairment losses. Any gains or losses arising from derecognition or impairment, and through the amortisation process of loans and receivables are recognised in profit or loss.

Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

The Group and the Company only have financial liabilities categorised as financial liabilities at amortised cost which are measured using the effective interest method.

**(iii) Derecognition of financial assets and liabilities**

A financial asset or part of it is derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Financial instruments (continued)****(iv) Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payment.

If any such evidence exists, the amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**(l) Derivative financial instruments and hedging**

The Group uses derivative financial instruments such as cross currency swap contracts to hedge its risks associated with foreign currency fluctuations.

On initial recognition, these derivative financial instruments are recognised at fair value on the date on which the derivative contracts are entered into, and are subsequently re-measured to their fair value at each reporting date.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

The fair value of forward contracts is determined by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of swap contracts is determined by reference to available market information. Where the quoted market prices are not available, fair values are based on management's best estimate and are arrived by reference to the market prices of another contract that is substantially similar.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedge item or transaction, the hedging instrument, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected to offset the changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

**Cash flow hedge**

A cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(l) Derivative financial instruments and hedging (continued)**

Cash flow hedge (continued)

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are transferred to the profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from other comprehensive income into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expired or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked.

If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from other comprehensive income into profit or loss.

**(m) Equity instrument**

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

Dividends to shareholders are deducted from equity in the period in which they are paid or payable.

Proceeds from the issuance of warrants, net of issuance costs, are credited to warrant reserve which is non-distributable. Warrant reserve are transferred to share capital account upon the exercise of warrants. Warrant reserve in relation to unexercised warrants at the expiry of the warrant period is transferred to accumulated losses.

**(n) Impairment of non-financial assets**

Non-financial assets are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the asset.

Recoverable amount is estimated for individual asset or, if it is not possible, for the CGU to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are charged to profit or loss.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Properties under development for sale**

Properties under development for sale comprise land costs, development costs and finance costs capitalised. Properties under development for sale are expected to be sold within the Group's normal operating cycle and are classified as current assets. Properties under development for sale are measured at the lower of cost and net realisable value.

**(p) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount can be measured reliably. Revenue is measured at fair value of consideration received or receivable.

- (i) Revenue from sale of properties is recognised when significant risks and rewards of development units are transferred to purchasers.
- (ii) Revenue earned from promoting and marketing services is recognised when the services are rendered.
- (iii) Interest income is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.
- (iv) Dividend income is recognised when the right to receive payment is established.

**(q) Employee benefits****(i) Short-term employee benefits**

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

**(ii) Post-employment benefits**

The Group and the Company make contributions to the respective countries' statutory pension schemes where its group entities are located. The legal or constructive obligation of the Group and of the Company is limited to the amount that it requires to contribute to such defined contribution plans. The Group's and the Company's contributions to such defined contribution plans are recognised in profit or loss in the period to which they relate.

**(r) Foreign currencies****(i) Foreign currency transactions**

Transactions in foreign currencies during the financial year are converted to the functional currency of an entity at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency of an entity at the rates of exchange ruling at the end of the reporting period. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency of an entity at the rates of exchange ruling at the date of the transactions. Foreign exchange differences on monetary items that form part of the net investment in the foreign operation are recognised in other comprehensive income and subsequently reclassified to profit or loss on settlement of the monetary items.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(r) Foreign currencies (continued)**

**(ii) Financial statements of foreign operations**

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

**(s) Income tax**

The income tax expense in profit or loss represents the aggregate amount of current tax and deferred tax.

Current tax is enacted tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

On the statements of financial position, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is only recognised for deductible temporary differences and unutilised tax losses to the extent that is probable that taxable profits will be available in future against which the deductible temporary differences and tax losses can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of:

- (i) goodwill; or
- (ii) an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on tax rates enacted or substantively enacted by the end of each reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

**(t) Borrowing costs**

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs ceases when that assets are completed or during extended periods when active development is interrupted.

The interest component of hire purchase payments is recognised in profit or loss over the hire purchase period so as to give a constant periodic rate of interest on the remaining tenure of the hire purchase liability.

Other borrowing costs are charged to profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(u) Provisions**

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

**(v) 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 of a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantee contracts are amortised in profit or loss over the period of the guarantee.

**(w) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions.

The Group's operating segments are organised and managed separately according to geographical location.

The chief operating decision-maker of the Group responsible for allocating resources and assessing performance of the operating segments is the management team of the Company.

**(x) Cash and cash equivalents**

For the purpose of statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits held with licensed financial institutions net of restricted balances, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(y) Goods and Services Tax ("GST") and Value Added Tax ("VAT")**

Revenue, expenses and assets are recognised net of GST/VAT, unless the GST/VAT is not recoverable from the tax authority. The amount of GST/VAT not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statements of financial position inclusive of GST/VAT recoverable or GST/VAT payable.

GST/VAT recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST/VAT levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**3. PLANT AND EQUIPMENT**

	Furniture and fittings RM'000	Office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Renovations and show unit RM'000	Total RM'000
<b>Group</b>						
<b>2018</b>						
<i>Cost</i>						
At 1 November 2017	904	867	842	22	8,362	10,997
Additions	1,047	58	65	216	252	1,638
Disposals	(5)	(4)	-	-	-	(9)
Write off	-	-	(15)	-	-	(15)
Foreign exchange adjustments	(72)	(2)	(37)	(3)	(205)	(319)
<b>At 31 October 2018</b>	<b>1,874</b>	<b>919</b>	<b>855</b>	<b>235</b>	<b>8,409</b>	<b>12,292</b>
<i>Accumulated depreciation</i>						
At 1 November 2017	133	236	493	7	2,959	3,828
Charge for the year	322	194	182	38	1,493	2,229
Disposals	(1)	(1)	-	-	-	(2)
Write off	-	-	(10)	-	-	(10)
Foreign exchange adjustments	(11)	-	(30)	(1)	(77)	(119)
<b>At 31 October 2018</b>	<b>443</b>	<b>429</b>	<b>635</b>	<b>44</b>	<b>4,375</b>	<b>5,926</b>
<b>Net carrying amount</b>						
<b>At 31 October 2018</b>	<b>1,431</b>	<b>490</b>	<b>220</b>	<b>191</b>	<b>4,034</b>	<b>6,366</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**3. PLANT AND EQUIPMENT (CONTINUED)**

	<b>Furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Computers RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Renovations and show unit RM'000</b>	<b>Work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>Group</b>							
<b>2017</b>							
<i>Cost</i>							
At 1 November 2016	449	231	398	18	1,888	225	3,209
Acquisition of a subsidiary (Note 33)	-	-	-	-	1,667	-	1,667
Additions	496	636	442	4	1,429	3,337	6,344
Disposals	(60)	-	-	-	-	-	(60)
Write off	(2)	-	-	-	(80)	-	(82)
Reclassification	-	-	-	-	3,562	(3,562)	-
Foreign exchange adjustments	21	-	2	-	(104)	-	(81)
At 31 October 2017	904	867	842	22	8,362	-	10,997
<i>Accumulated depreciation</i>							
At 1 November 2016	42	53	174	3	638	-	910
Charge for the year	98	183	318	4	2,365	-	2,968
Disposals	(9)	-	-	-	-	-	(9)
Write off	-	-	-	-	(12)	-	(12)
Foreign exchange adjustments	2	-	1	-	(32)	-	(29)
At 31 October 2017	133	236	493	7	2,959	-	3,828
<i>Net carrying amount</i>							
At 31 October 2017	771	631	349	15	5,403	-	7,169

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**3. PLANT AND EQUIPMENT (CONTINUED)**

	Furniture and fittings RM'000	Office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
<b>Company</b>						
<b>2018</b>						
<i>Cost</i>						
At 1 November 2017	18	160	252	18	814	1,262
Additions	-	5	42	-	-	47
Write off	-	-	(10)	-	-	(10)
<b>At 31 October 2018</b>	<b>18</b>	<b>165</b>	<b>284</b>	<b>18</b>	<b>814</b>	<b>1,299</b>
<i>Accumulated depreciation</i>						
At 1 November 2017	2	37	72	5	103	219
Charge for the year	2	33	78	3	81	197
Write off	-	-	(5)	-	-	(5)
<b>At 31 October 2018</b>	<b>4</b>	<b>70</b>	<b>145</b>	<b>8</b>	<b>184</b>	<b>411</b>
<b>Net carrying amount At 31 October 2018</b>	<b>14</b>	<b>95</b>	<b>139</b>	<b>10</b>	<b>630</b>	<b>888</b>
<b>2017</b>						
<i>Cost</i>						
At 1 November 2016	-	25	19	14	214	272
Additions	18	135	233	4	600	990
At 31 October 2017	18	160	252	18	814	1,262
<i>Accumulated depreciation</i>						
At 1 November 2016	-	5	6	2	22	35
Charge for the year	2	32	66	3	81	184
At 31 October 2017	2	37	72	5	103	219
<b>Net carrying amount At 31 October 2017</b>	<b>16</b>	<b>123</b>	<b>180</b>	<b>13</b>	<b>711</b>	<b>1,043</b>

Included in the plant and equipment of the Group is a motor vehicle acquired under unexpired hire purchase arrangement with carrying amount of RM172,000 (2017: RM Nil).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

4. GOODWILL

	Group	
	2018 RM'000	2017 RM'000
Goodwill on consolidation	<b>126,302</b>	126,302

Goodwill on consolidation arises from premium paid over the fair values of net assets of the subsidiaries acquired at their respective acquisition date. Goodwill is mainly attributable to the anticipated profitability of the acquired businesses and the benefit of expected synergies to arise after the acquisitions.

	Group	
	2018 RM'000	2017 RM'000
Goodwill on consolidation is attributable to the following CGUs:		
- Eco World-Ballymore Holding Company Limited ("EW-Ballymore Holding") and its subsidiaries	<b>108,000</b>	108,000
- Eco World Sydney Development Pty Ltd ("EW Sydney Development")	<b>18,302</b>	18,302
	<b>126,302</b>	126,302

Impairment test of goodwill

The recoverable amount of the CGU of EW-Ballymore Holding and its subsidiaries was determined based on value-in-use calculation. The calculation was determined using projected cash flows approved by the management covering a five-year period and a pre-tax discount rate of 11.01% (2017: 6.72%).

The recoverable amount of the CGU of EW Sydney Development was determined based on value-in-use calculation. The calculation was determined using projected cash flows approved by the management covering a five-year period and a pre-tax discount rate of 7.91% (2017: 7.02%).

With regard to the assessment of value-in-use, the management believes that no reasonable possible changes in any of the key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts as at 31 October 2018 and 31 October 2017.

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
Unquoted ordinary shares, at cost	<b>50,047</b>	50,047
Equity contribution to subsidiaries	<b>3,107,767</b>	-
	<b>3,157,814</b>	50,047

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**5. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Equity contribution to subsidiaries represents unsecured and interest free advances given to subsidiaries. The settlement of these advances is neither planned nor likely to occur in the foreseeable future, as the Company considered them as a long-term source of capital to its subsidiaries. As these advances are deemed as the Company's net shareholders' investment in its subsidiaries, they are stated at cost less impairment losses, if any.

During the financial year, the Company has deemed advances given to its subsidiaries as net shareholders' investment in the subsidiaries, and thus, do not expect repayment in the foreseeable future.

The subsidiaries of the Company are as follows:

	Equity interest		Place of incorporation	Principal activities
	2018 %	2017 %		
Eco World Investment Co Ltd ("EW Investment")*	<b>100</b>	100	Jersey	Investment holding
Fortune Quest Group Ltd ("Fortune Quest")	<b>100</b>	100	British Virgin Islands	Investment holding
Eco World Management & Advisory Services (UK) Limited ("EW Management")*	<b>75</b>	75	United Kingdom	Provision of advisory and project monitoring services
<i>Subsidiaries of EW Investment</i>				
Eco World International Marketing Sdn Bhd ("EW International Marketing")	<b>100</b>	100	Malaysia	Promoting and marketing services for international projects
Eco World ACE Co Ltd ("EW ACE")*	<b>100</b>	100	Jersey	Investment holding
Eco World Be Co Ltd ("EW Be")* ^	<b>100</b>	-	Jersey	Investment holding
<i>Subsidiaries of Fortune Quest</i>				
EW Sydney Development#	<b>100</b>	100	Australia	Property development
Eco World-Salcon Y1 Pty Ltd ("EWSalcon")#	<b>80</b>	80	Australia	Property development
Eco World (Macquarie) Pty Ltd ("EW Macquarie")# @	<b>100</b>	-	Australia	Property development

\* Audited by a firm other than Mazars PLT

# Audited by Mazars Risk and Assurance Pty Ltd, Australia

^ On 23 November 2017, EW Investment acquired 1 ordinary share of Great Britain Pound ("GBP") 1 each in EW Be, a company incorporated in Jersey. As a result, EW Be became a wholly-owned subsidiary of the Group.

@ On 8 November 2017, Fortune Quest incorporated a wholly-owned subsidiary, EW Macquarie, a company incorporated in Australia, with 100 ordinary issued and paid-up shares.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries

Details of the Group's subsidiaries that have material non-controlling interests at the end of the reporting periods are as follows:

	Proportion of ownership interests held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests*		Carrying amount of non-controlling interests	
	2018 %	2017 %	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
EW Management	25	25	1,726	1,396	7,910	6,184
EW-Salcon	20	20	(2,506)	(3,416)	7,963	(3,416)
					<b>15,873</b>	<b>2,768</b>

\* Amounts before intra-group elimination

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup elimination.

	EW Management RM'000	EW-Salcon RM'000	Total RM'000
<b>2018</b>			
<i>Assets and liabilities</i>			
Non-current assets	1,172	8,407	9,579
Current assets	34,018	165,050	199,068
Non-current liabilities	(187)	(33,860)	(34,047)
Current liabilities	(3,363)	(90,094)	(93,457)
Net assets	<b>31,640</b>	<b>49,503</b>	<b>81,143</b>
<i>Results</i>			
Revenue	21,319	-	21,319
Profit/(Loss) for the year	8,125	(8,718)	(593)
Total comprehensive income/(loss) for the year	<b>8,125</b>	<b>(8,718)</b>	<b>(593)</b>
<i>Cash flows</i>			
Net cash generated from/(used in) operating activities	5,716	(37,324)	(31,608)
Net cash used in investing activities	(991)	(3,297)	(4,288)
Net cash generated from financing activities	-	41,063	41,063
Net cash inflow	<b>4,725</b>	<b>442</b>	<b>5,167</b>

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**5. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

	EW Management RM'000	EW-Salcon RM'000	Total RM'000
<b>2017</b>			
<i>Assets and liabilities</i>			
Non-current assets	485	5,230	5,715
Current assets	27,856	148,665	176,521
Non-current liabilities	(87)	-	(87)
Current liabilities	(3,517)	(163,811)	(167,328)
Net assets/(liabilities)	<u>24,737</u>	<u>(9,916)</u>	<u>14,821</u>
<i>Results</i>			
Revenue	22,543	-	22,543
Profit/(Loss) for the year/period	9,324	(3,881)	5,443
Total comprehensive income/(loss) for the year/period	<u>9,324</u>	<u>(3,881)</u>	<u>5,443</u>
<i>Cash flows</i>			
Net cash generated from/(used in) operating activities	25,291	(2,639)	22,652
Net cash used in investing activities	(365)	(39)	(404)
Net cash (used in)/generated from financing activities	(5,583)	5,101	(482)
Net cash inflow	<u>19,343</u>	<u>2,423</u>	<u>21,766</u>

**6. INVESTMENT IN JOINT VENTURES**

	Group	
	2018 RM'000	2017 RM'000
Interests in joint ventures	<b>299,814</b>	248,203
Less: Group's share of losses	<b>(101,077)</b>	(159,102)
Foreign exchange adjustments	<b>10,275</b>	15,806
	<u><b>209,012</b></u>	<u>104,907</u>

On 16 March 2018, the Group announced the completion of the acquisition of, among others, the following companies:

- (i) 7 ordinary shares of GBP1 each in Be Eco World Investment Company Limited ("Be EW Investment") and subsequently on 22 May 2018, the Group subscribed for an additional 693 ordinary shares of GBP1 each in Be EW Investment, making up a total shareholding of 700 ordinary shares of GBP1 each; and
- (ii) 350 "A" ordinary shares of GBP1 each and 350 "B" ordinary shares of GBP1 each in Eco World London Development Company Limited (*formerly known as Be Eco World Development Management Company Limited*) ("EW London DMCo").

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6. INVESTMENT IN JOINT VENTURES (CONTINUED)

As a result, Be EW Investment and EW London DMCo became 70% owned joint ventures of the Group.

In the prior financial year, the Group capitalised the loan advanced to its joint venture, EW-Ballymore Holding, amounting to GBP7,500,000 (equivalent to RM41,873,000) by way of investment in the ordinary shares upon the allotment of 7,500,000 ordinary shares by EW-Ballymore Holding to the Group at an issue price of GBP1 each.

Pursuant to the contractual agreements, the Group requires unanimous consent with its joint venture partners for all significant decisions over the relevant activities of the joint ventures and their subsidiaries. Thus, the Group and its joint venture partners have joint control over the joint ventures. Accordingly, these arrangements are classified as joint ventures and the investment in joint ventures is accounted for using equity method.

Details of the joint ventures of the Group are as follows:

	Equity interest		Place of incorporation	Principal activities
	2018 %	2017 %		
<i>Held through EW ACE</i>				
EW-Ballymore Holding	75	75	Jersey	Investment holding
<i>Held through EW Be</i>				
Be EW Investment	70	-	Jersey	Investment holding
EW London DMCo	70	-	United Kingdom	Property development project management

The joint ventures are audited by firms other than Mazars PLT.

The joint ventures are private companies and therefore no quoted market prices are available for their shares.

The summarised consolidated financial information of the joint ventures is as follows:

	EW-Ballymore Holding RM'000	Be EW Investment RM'000	EW London DMCo RM'000	Total RM'000
<b>2018</b>				
<i>Assets and liabilities</i>				
Non-current assets	<b>86,436</b>	<b>106,172</b>	<b>937</b>	<b>193,545</b>
Current assets	<b>7,191,465</b>	<b>1,470,746</b>	<b>41,117</b>	<b>8,703,328</b>
Non-current liabilities	<b>(6,662,788)</b>	<b>(106,075)</b>	-	<b>(6,768,863)</b>
Current liabilities	<b>(317,428)</b>	<b>(1,488,469)</b>	<b>(42,061)</b>	<b>(1,847,958)</b>
Net assets/(liabilities)	<b>297,685</b>	<b>(17,626)</b>	<b>(7)</b>	<b>280,052</b>

The above assets and liabilities include:

Cash and bank balances	<b>754,229</b>	<b>45,494</b>	<b>13,403</b>	<b>813,126</b>
Non-current loans and borrowings	<b>(3,865,934)</b>	-	-	<b>(3,865,934)</b>
Current loans and borrowings	-	<b>(204,449)</b>	-	<b>(204,449)</b>

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**6. INVESTMENT IN JOINT VENTURES (CONTINUED)**

The summarised consolidated financial information of the joint ventures is as follows: (continued)

	EW-Ballymore Holding RM'000	Be EW Investment RM'000	EW London DMCo RM'000	Total RM'000
<b>2018</b>				
<i>Results</i>				
Revenue	<b>1,651,000</b>	<b>138,458</b>	<b>79,090</b>	<b>1,868,548</b>
Profit/(Loss) for the year/period	<b>150,054</b>	<b>(18,261)</b>	<b>(21)</b>	<b>131,772</b>
Total comprehensive income/(loss) for the year/period	<b>150,054</b>	<b>(18,261)</b>	<b>(21)</b>	<b>131,772</b>
The above profit/(loss) includes:				
Depreciation	-	-	<b>(1,836)</b>	<b>(1,836)</b>
Interest income	<b>62</b>	<b>502</b>	-	<b>564</b>
Interest expense	-	<b>(724)</b>	-	<b>(724)</b>
Taxation	<b>(39,904)</b>	<b>5,424</b>	<b>(10)</b>	<b>(34,490)</b>

	EW-Ballymore Holding RM'000
<b>2017</b>	
<i>Assets and liabilities</i>	
Non-current assets	22,409
Current assets	5,644,928
Non-current liabilities	(5,325,113)
Current liabilities	(187,472)
Net assets	<u>154,752</u>
The above assets and liabilities include:	
Cash and bank balances	149,758
Non-current loans and borrowings	<u>(2,942,019)</u>



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6. INVESTMENT IN JOINT VENTURES (CONTINUED)

The summarised consolidated financial information of the joint ventures is as follows: (continued)

	EW-Ballymore Holding RM'000
<b>2017</b>	
<i>Results</i>	
Revenue	77,080
Loss for the year	(48,678)
Total comprehensive loss for the year	<u>(48,678)</u>
The above loss includes:	
Taxation	<u>7,533</u>

Reconciliation of summarised consolidated financial information of the joint ventures to the Group's carrying amounts of its interests in the joint ventures is as follows:

	EW-Ballymore Holding RM'000	Be EW Investment RM'000	EW London DMCo RM'000	Total RM'000
<b>2018</b>				
Net assets/(liabilities) of the joint ventures	<b>297,685</b>	<b>(17,626)</b>	<b>(7)</b>	<b>280,052</b>
Fair value adjustment on net assets of the joint ventures acquired	<b>73,701</b>	<b>70,380</b>	<b>934</b>	<b>145,015</b>
	<b>371,386</b>	<b>52,754</b>	<b>927</b>	<b>425,067</b>
Proportion of ownership interest held by the Group	<b>75%</b>	<b>70%</b>	<b>70%</b>	<b>70%/75%</b>
The Group's share of net assets	<b>278,540</b>	<b>36,928</b>	<b>649</b>	<b>316,117</b>
Elimination of unrealised profits	<b>(101,517)</b>	<b>(5,588)</b>	<b>-</b>	<b>(107,105)</b>
The Group's share of net assets of the joint ventures	<b>177,023</b>	<b>31,340</b>	<b>649</b>	<b>209,012</b>
<i>The Group's share of results</i>				
The Group's share of profit/(loss)	<b>112,541</b>	<b>(12,783)</b>	<b>(15)</b>	<b>99,743</b>
The Group's share of total comprehensive income/(loss)	<b>112,541</b>	<b>(12,783)</b>	<b>(15)</b>	<b>99,743</b>

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**6. INVESTMENT IN JOINT VENTURES (CONTINUED)**

Reconciliation of summarised consolidated financial information of the joint ventures to the Group's carrying amounts of its interests in the joint ventures is as follows: (continued)

	<b>EW-Ballymore Holding RM'000</b>
<b>2017</b>	
Net assets of the joint venture	154,752
Fair value adjustment on net assets of the joint venture acquired	77,207
	<u>231,959</u>
Proportion of ownership interest held by the Group	75%
The Group's share of net assets	173,969
Elimination of unrealised profits	(69,062)
The Group's share of net assets of the joint venture	<u>104,907</u>
<i>The Group's share of results</i>	
The Group's share of loss	(36,509)
The Group's share of total comprehensive loss	<u>(36,509)</u>

The Group and the other joint venture partner of EW-Ballymore Holding are jointly committed to provide corporate guarantee for the above banking facilities based on the current proportion of the joint venture partners' existing equity interests in EW-Ballymore Holding. Further details of the financial guarantee are disclosed in Note 36 to the financial statements.

The payment of dividends by the joint ventures and their subsidiaries will depend upon their operating results and financial condition and shall have regard to their working capital needs, capital expenditure plans, availability of cash to fund such dividends or other distributions and any other relevant factors that their respective boards of directors deem relevant. In addition, covenants in existing loan agreements of the joint ventures and their subsidiaries, restrict the payment of dividends or other distributions until such loans are fully settled, unless the prior approval of the lenders is obtained, and/or other agreements (including shareholders' agreements) to which any of the joint ventures and their subsidiaries are parties to, may limit their ability to declare or pay cash dividends.

No dividends were received from the joint ventures during the financial years 2018 and 2017.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. INVESTMENT IN JOINT VENTURES (CONTINUED)**

The commitments relating to the Group's interests in the joint ventures are as follows:

	Group	
	2018 RM'000	2017 RM'000
Approved and contracted for commitment to fund joint ventures:		
- EW-Ballymore Holding ( <i>Note (a)</i> )	<b>178,386</b>	571,876
- Be EW Investment ( <i>Note (b)</i> )	<b>122,798</b>	-
- EW London DMCo ( <i>Note (b)</i> )	<b>1,755</b>	-
	<b>302,939</b>	571,876

*Note (a)*

The Group is committed to fund EW-Ballymore Holding by way of share subscription and shareholder's loans up to GBP330 million (2017: GBP330 million) in total over the life of the joint venture's development projects.

The Group has contributed GBP297 million as at 31 October 2018 (2017: GBP228 million), and accordingly, the Group has undrawn commitments of GBP33 million (2017: GBP102 million) (equivalent to approximately RM178 million (2017: RM572 million) based on exchange rate GBP1: RM5.3333 (2017: GBP1: RM5.5870)), if called.

The Group and the other joint venture partner are jointly committed to provide additional funding into EW-Ballymore Holding in the event that EW-Ballymore Holding is unable, on its own, to repay its banking facilities when due ("Increased Commitments"). The Increased Commitments shall be in the ratio of 75:25 based on the current proportion of the joint venture partners' existing equity interests in EW-Ballymore Holding.

The Group's share of the Increased Commitments is GBP90 million (2017: GBP90 million) (equivalent to approximately RM480 million (2017: RM503 million) based on exchange rate of GBP1: RM5.3333 (2017: GBP1: RM5.5870)). If funding in excess of the Increased Commitments is required to satisfy any claims from the banking facilities, the Group shall have the obligation to fund the excess amount should the other joint venture partner not fund its proportionate share. Any funding provided in excess of the Increased Commitments by one partner will result in a corresponding adjustment to the equity interest in the joint venture.

*Note (b)*

The Group and the other joint venture partner are jointly committed to provide additional funding into Be EW Investment and EW London DMCo to prevent a breach of a covenant or undertaking by the Be EW Investment group of companies or EW London DMCo under any third party finance agreement ("Additional Funding"). Any Additional Funding shall be in the ratio of 70:30 based on the current proportion of the joint venture partners' existing equity interests in Be EW Investment and EW London DMCo.

If a joint venture partner ("Funding Shareholder") funds the other partner's ("Non-Funding Shareholder") share of the Additional Funding ("Shortfall") and the Non-Funding Shareholder does not fund the Shortfall within the stipulated timeframe, the Funding Shareholder has an option to acquire all of the shares held by the Non-Funding Shareholder in Be EW Investment group of companies or EW London DMCo, as the case may be, at a discount or a portion of such shares at a nominal price.

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**7. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

The amounts owing by subsidiaries represent unsecured advances given to and payments on behalf of subsidiaries, which are repayable on demand. These balances are interest free (2017: 3.33% to 5.84% per annum).

The amounts owing to subsidiaries represent payment made on behalf by the subsidiaries, which are unsecured, interest free and repayable on demand.

During the financial year, the Company has deemed advances given to its subsidiaries as net shareholders' investment in the subsidiaries, as disclosed in Note 5 to the financial statements.

The currency exposure profile of the net amounts owing by/(to) subsidiaries is as follows:

	Company	
	2018 RM'000	2017 RM'000
RM	<b>3</b>	1,987
GBP	<b>(22)</b>	1,588,872
United States Dollar ("USD")	-	298,937
	<b>(19)</b>	1,889,796

**8. AMOUNTS OWING BY JOINT VENTURES**

	Group	
	2018 RM'000	2017 RM'000
Interest bearing at 9.33% (2017: 9.33%) per annum	<b>646,050</b>	492,946
Interest bearing at 6.00% per annum	<b>650,463</b>	-
Interest free	<b>820,470</b>	596,535
	<b>2,116,983</b>	1,089,481

The advances are unsecured and are repayable after the bank loan facilities of the joint ventures have been settled. The balances are denominated in GBP.

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**9. DEFERRED TAX ASSETS/(LIABILITIES)**

	Group	
	2018 RM'000	2017 RM'000
<u>Deferred tax assets</u>		
At 1 November	<b>19,316</b>	12,757
Acquisition of a subsidiary (Note 33)	-	2,855
Recognised in profit or loss	<b>8,173</b>	3,720
Foreign exchange adjustments	<b>(1,702)</b>	(16)
At 31 October	<b>25,787</b>	19,316
<u>Deferred tax liabilities</u>		
At 1 November	<b>(1,944)</b>	(1,826)
Recognised in profit or loss	<b>(107)</b>	(87)
Foreign exchange adjustments	<b>168</b>	(31)
At 31 October	<b>(1,883)</b>	(1,944)
Net deferred tax	<b>23,904</b>	17,372

The Group recognises deferred tax assets as it is probable that the Group would generate sufficient taxable profits in the foreseeable future against which these deferred tax assets can be utilised.

The deferred tax recognised is in respect of the following deductible/(taxable) temporary differences:

	Group	
	2018 RM'000	2017 RM'000
Unutilised tax losses	<b>30,305</b>	21,066
Difference between capital allowances claimed and accumulated depreciation on plant and equipment	<b>475</b>	618
Fair value adjustment arising from acquisition of a subsidiary	<b>(1,697)</b>	(1,856)
Other temporary differences	<b>(5,179)</b>	(2,456)
	<b>23,904</b>	17,372

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**9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised tax losses	<b>1,030</b>	-	<b>1,030</b>	-
Unabsorbed capital allowances	<b>4</b>	-	<b>4</b>	-
	<b>1,034</b>	-	<b>1,034</b>	-

The unutilised tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the Group operates.

**10. PROPERTIES UNDER DEVELOPMENT FOR SALE**

	Group	
	2018 RM'000	2017 RM'000
At 1 November	<b>366,717</b>	174,040
Acquisition of a subsidiary (Note 33)	-	152,908
Additions during the year	<b>127,597</b>	44,718
Foreign exchange adjustments	<b>(32,478)</b>	(4,949)
At 31 October	<b>461,836</b>	366,717

Freehold lands carried at RM264,565,000 (2017: RM288,844,000) are pledged as securities for the borrowings, as referred to in Note 18 to the financial statements. During the financial year, finance costs of RM14,064,000 (2017: RM8,348,000) was capitalised and included in properties under development for sale.

**11. TRADE RECEIVABLES**

The trade receivables represent amounts receivable from joint ventures for services rendered. These balances are recognised at their original billed amounts which represent their fair values on initial recognition.

The normal credit periods granted by the Group ranged between 30 to 60 (2017: 30 to 60) days. These balances are denominated in GBP.

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12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables	<b>1,118</b>	843	-	-
Less: Allowance for doubtful debts	<b>(203)</b>	(222)	-	-
	<b>915</b>	621	-	-
Deposit for acquisition of development properties	<b>5,191</b>	-	-	-
Prepayments	<b>3,334</b>	960	<b>1,118</b>	-
GST recoverable	<b>3,398</b>	2,085	-	-
VAT recoverable	<b>116</b>	157	-	-
Sundry deposits	<b>768</b>	963	<b>5</b>	5
Amount owing by a joint venture	<b>1,645</b>	582	-	-
	<b>15,367</b>	5,368	<b>1,123</b>	5

Deposit for acquisition of development properties represents initial deposit paid for the acquisition of 25 apartment units located in Macquarie Park, Sydney NSW 2113, Australia, by a subsidiary. The balance consideration of the development properties is disclosed in Note 31 to the financial statements.

GST recoverable pertains to net amount of GST recoverable from the Royal Malaysian Customs Department and Australian Taxation Office.

VAT recoverable pertains to net amount of VAT recoverable from the Her Majesty's Revenue and Customs.

The amount owing by a joint venture represents marketing-related expenses paid on behalf by a subsidiary and to be reimbursed from the joint venture.

The movements in the allowance for doubtful debts of other receivables are as follows:

	Group	
	2018 RM'000	2017 RM'000
At 1 November	<b>222</b>	219
Foreign exchange adjustments	<b>(19)</b>	3
At 31 October	<b>203</b>	222

**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)**

The currency exposure profile of other receivables, deposits and prepayments is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
RM	<b>2,733</b>	1,347	<b>1,123</b>	5
GBP	<b>3,706</b>	1,638	-	-
Australian Dollar ("AUD")	<b>8,928</b>	2,383	-	-
	<b>15,367</b>	5,368	<b>1,123</b>	5

**13. DERIVATIVE FINANCIAL ASSETS**

	2018 RM'000	2017 RM'000
<b>Group/Company</b>		
Cross currency swaps		
- cash flow hedge	2,004	-

	2018		2017	
	Notional amount RM'000	Fair value RM'000	Notional amount RM'000	Fair value RM'000
<b>Group/Company</b>				
Cross currency swaps				
- cash flow hedge	<b>125,520</b>	<b>2,004</b>	-	-

During the financial year, the Company obtained a new revolving credit facility denominated in USD amounting to USD30,000,000 as disclosed in Note 18(f) to the financial statements, and at the same time entered into cross currency swaps. The cross currency swaps were used to manage the foreign currency exposure arising from the revolving credit facility.



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**14. CASH, BANK BALANCES AND DEPOSITS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash on hand and at banks	<b>33,184</b>	30,183	<b>11,138</b>	700
Deposits held with licensed financial institutions	<b>403,776</b>	962,205	<b>379,314</b>	879,215
	<b>436,960</b>	992,388	<b>390,452</b>	879,915
Less: Restricted balances	<b>(9,363)</b>	(5,708)	<b>(1,026)</b>	-
Cash and cash equivalents	<b>427,597</b>	986,680	<b>389,426</b>	879,915

Included in the restricted balances of the Group and of the Company are RM9,036,000 and RM1,026,000 (2017: RM5,350,000 and RM Nil) respectively, which are held in the Interest Service Reserve Accounts, Debt Service Reserve Accounts ("DSRA"), Financial Service Reserve Account and Trust Reimbursement Account that must be maintained at any time during the tenure of borrowings as disclosed in Note 18 to the financial statements and hence, they are not available for general use.

Included in the restricted balances of the Group is also RM327,000 (2017: RM358,000), which is held with a licensed financial institution and is pledged as a security of bank guarantee to the landlord of a subsidiary in connection with the lease payments.

The deposits held with licensed financial institutions of the Group and of the Company earn effective interest rates ranged between 0.08% to 3.72% and 0.15% to 3.72% (2017: 0.10% to 3.57% and 2.90% to 3.57%) per annum, respectively. These deposits have maturity periods of less than 12 months.

The currency exposure profile of cash, bank balances and deposits is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
RM	<b>374,016</b>	882,759	<b>370,567</b>	879,915
GBP	<b>49,372</b>	97,670	<b>19,585</b>	-
AUD	<b>13,272</b>	11,959	-	-
USD	<b>300</b>	-	<b>300</b>	-
	<b>436,960</b>	992,388	<b>390,452</b>	879,915

**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. SHARE CAPITAL**

	Number of ordinary shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
<u>Issued share capital</u>				
At 1 November	<b>2,400,000</b>	246,541	<b>2,592,451</b>	246,541
During the year:				
Issuance of ordinary shares (Note (a))	-	2,153,459	-	2,584,151
Issuance of Warrants (Note (b))	-	-	-	(276,418)
Transfer from share premium (Note (c))	-	-	-	49,158
Share issue expenses	-	-	-	(10,981)
At 31 October	<b>2,400,000</b>	2,400,000	<b>2,592,451</b>	2,592,451

*Note (a)*

On 3 April 2017, the Company completed its Initial Public Offering ("IPO") for 2,153,459,200 new ordinary shares at an issue price of RM1.20 each. The IPO resulted in an increase in the ordinary share capital of the Company from 246,540,800 ordinary shares to 2,400,000,000 ordinary shares. The total IPO proceeds raised was RM2,584,151,040 and the shares were listed on Bursa Malaysia on 3 April 2017.

*Note (b)*

On 30 March 2017, the Company issued 960,000,000 free warrants ("Warrants") pursuant to the IPO on the basis of two (2) Warrants for every five (5) shares held immediately after the IPO but prior to the listing on Bursa Malaysia. The Warrants were valued based on the theoretical fair value of RM0.32 per Warrant determined based on the Trinomial Option Pricing Model. The Warrants were listed on Bursa Malaysia on 3 April 2017. The salient terms of the Warrants are disclosed in Note 16 to the financial statements.

*Note (c)*

With the new Companies Act 2016 ("CA 2016") coming into effect on 31 January 2017, the credit balance in the share premium account of RM49,158,000 has been reclassified to the ordinary share capital account. Such credit balances may be utilised for purposes set out pursuant to Section 618(3) of CA 2016, within twenty-four (24) months from the effective date of CA 2016.

The reclassification does not give rise to the change in the number of shares in issue or the relative entitlement of any of the Company's shareholders.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share without restrictions at the general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. WARRANT RESERVE**

The warrant reserve arose from the 960,000,000 Warrants issued pursuant to the IPO, as disclosed in Note 15 to the financial statements.

The salient terms of the Warrants are as follows:

- (a) The Warrants are constituted by a Deed Poll executed on 20 February 2017;
- (b) The Warrants are traded separately on Bursa Malaysia;
- (c) The Warrants are exercisable at any time during the tenure of five (5) years commencing from the date of listing on Bursa Malaysia, i.e. 3 April 2017 to 4 April 2022 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and cease to be valid;
- (d) The exercise price is RM1.45 per Warrant ("Exercise Price"). The Exercise Price and/or the number of outstanding Warrants may from time to time be adjusted, calculated or determined by the Board of Directors in consultation with an approved investment bank and certified by the Company's auditors;
- (e) Each Warrant entitles the holder to subscribe for one (1) new share at the Exercise Price at any time during the Exercise Period subject to the terms and conditions of the Deed Poll;
- (f) The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise the Warrants;
- (g) The new shares to be issued arising from the exercise of the Warrants shall upon allotment and issue, rank equally in all respects with the then existing issued and fully paid-up shares;
- (h) The Warrant holders shall not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid prior to the relevant date of those new shares; and
- (i) The Warrants are governed by the Laws of Malaysia.

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

**17. CASH FLOW HEDGE RESERVE**

The cash flow hedge reserve arises from changes in fair value of derivatives under cash flow hedge.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. BORROWINGS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Non-current</b>				
<i>Secured</i>				
Term loan I (Note a)	<b>44,490</b>	48,684	-	-
Term loan II (Note b)	<b>33,726</b>	-	-	-
<i>Unsecured</i>				
Medium term notes ("MTNs") (Note c)	<b>527,224</b>	-	<b>527,224</b>	-
	<b>605,440</b>	48,684	<b>527,224</b>	-
<b>Current</b>				
<i>Secured</i>				
Term loan III (Note d)	-	79,913	-	-
<i>Unsecured</i>				
Term loan IV (Note e)	<b>105,668</b>	-	<b>105,668</b>	-
Revolving credit (Note f)	<b>124,970</b>	-	<b>124,970</b>	-
	<b>230,638</b>	79,913	<b>230,638</b>	-
	<b>836,078</b>	128,597	<b>757,862</b>	-
Represented by:				
- Term loans	<b>183,884</b>	128,597	<b>105,668</b>	-
- Revolving credit	<b>124,970</b>	-	<b>124,970</b>	-
- MTNs	<b>527,224</b>	-	<b>527,224</b>	-
	<b>836,078</b>	128,597	<b>757,862</b>	-
Repayable:				
- not later than 1 year	<b>230,638</b>	79,913	<b>230,638</b>	-
- later than 1 year but not later than 5 years	<b>605,440</b>	48,684	<b>527,224</b>	-
	<b>836,078</b>	128,597	<b>757,862</b>	-

**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**18. BORROWINGS (CONTINUED)**

(a) The term loan I is secured by the following:

- first ranking mortgage over a freehold land for development disclosed in Note 10 to the financial statements;
- General Security Agreement over all the present and after-acquired property of EW Sydney Development;
- guarantee and indemnity from the Company;
- Specific Security Agreement over the Proceeds Account, Operating Account and Term Deposit Account; and
- Builder's Side Deed between EW Sydney Development and the lenders.

The effective interest rate for the current financial year is 3.53% (2017: 3.41%) per annum.

The term loan is denominated in AUD and falls due for repayment in November 2020.

(b) The term loan II is secured by the following:

- first ranking mortgage over a freehold land for development disclosed in Note 10 to the financial statements;
- General Security Deed over all the present and after-acquired property of EW-Salcon;
- guarantee from the Company;
- Account Control Deed over the DSRA, Proceeds Account, Project Account and Insurance Proceeds Account; and
- Builder's Side Deed between EW-Salcon, the security agent and the builder.

The effective interest rate for the current financial year is 4.52% per annum.

The term loan is denominated in AUD and falls due for repayment in April 2022.

(c) The MTNs are issued under an unrated Islamic MTN ("Sukuk Murabahah") Programme of RM800.0 million in nominal value ("Sukuk Murabahah Programme") by the Company. The Sukuk Murabahah Programme has a tenure of twenty (20) years from 27 April 2018. The tenure of each Sukuk Murabahah issued shall be more than one (1) year and up to twenty (20) years, provided that the Sukuk Murabahah matures on or prior to the expiry of the Sukuk Murabahah Programme.

The proceeds raised from the Sukuk Murabahah shall be utilised by the Company for its general corporate purposes, working capital requirements and/or for future financing of the Company, its subsidiaries and/or joint ventures.

On 27 April 2018, the Company completed an issuance of Sukuk Murabahah of RM180.0 million in nominal value ("First Issuance") with a tenure of five (5) years from the date of issuance. The Sukuk Murabahah under the First Issuance bears a periodic payment rate of 6.65% per annum and falls due for repayment in April 2023.

On 25 October 2018, the Company then completed the second issuance of Sukuk Murabahah of RM350.0 million in nominal value ("Second Issuance") with a tenure of three (3) years from the date of issuance. The Sukuk Murabahah under the Second Issuance bears a periodic payment rate of 6.40% per annum and falls due for repayment in October 2021.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**18. BORROWINGS (CONTINUED)**

(d) The term loan III was secured by the following:

- first ranking mortgage over a freehold land for development disclosed in Note 10 to the financial statements;
- General Security Agreement over all the present and after-acquired property of EW-Salcon;
- guarantee from the Company; and
- Specific Security Agreement over the DSRA.

The effective interest rate for the current financial year was 3.32% (2017: 3.25%) per annum.

The term loan was denominated in AUD and was fully repaid in the current financial year.

(e) The effective interest rate of the term loan IV for the current financial year is 3.22% per annum. The term loan is denominated in GBP and falls due for repayment in July 2019.

(f) The effective interest rate of the revolving credit for the current financial year is 4.60% per annum. The revolving credit is denominated in USD and falls due for repayment in August 2019. Cross currency swaps, as disclosed in Note 13 to the financial statements, were used to hedge or manage the Company's foreign exchange rate risk.

The Company and its subsidiaries have complied with the financial ratios of their borrowing facilities during the financial years ended 31 October 2018 and 31 October 2017.

**19. HIRE PURCHASE LIABILITY**

	Group	
	2018 RM'000	2017 RM'000
Outstanding hire purchase instalments due:		
- not later than one year	<b>51</b>	-
- later than one year but not later than five years	<b>134</b>	-
	<b>185</b>	-
Unexpired term charges	<b>(3)</b>	-
	<b>182</b>	-
Outstanding principal amount due:		
- not later than one year	<b>48</b>	-
- later than one year but not later than five years	<b>134</b>	-
	<b>182</b>	-

The hire purchase liability is unsecured and denominated in AUD. It bears an effective interest rate of 6.60% per annum.

**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**20. TRADE PAYABLES**

Included in trade payables is amount owing to a related company amounting to RM707,000 (2017: RM127,000).

The trade payables are non-interest bearing and expected to be settled within the normal credit terms.

The currency exposure profile of trade payables is as follows:

	Group	
	2018 RM'000	2017 RM'000
GBP	<b>234</b>	223
AUD	<b>5,992</b>	1,162
Singapore Dollar ("SGD")	<b>707</b>	127
	<b>6,933</b>	1,512

**21. OTHER PAYABLES AND ACCRUALS**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other payables	<b>6,493</b>	2,850	<b>4,366</b>	366
Retention sums	<b>8,831</b>	-	-	-
Deposit received	<b>30</b>	30	-	-
VAT payable	<b>1,054</b>	115	-	-
Accruals	<b>19,157</b>	11,492	<b>9,829</b>	5,934
Amounts owing to related companies	<b>975</b>	68	<b>49</b>	9
	<b>36,540</b>	14,555	<b>14,244</b>	6,309

The retention sums are payable to a contractor upon the expiry of the defect liability periods.

VAT payable pertains to net amount of VAT payable to the Her Majesty's Revenue and Customs.

The amounts owing to related companies represent marketing-related expenses paid on behalf of and office expenses payable by subsidiaries of the Company to the subsidiaries and a joint venture of Eco World Development Group Berhad ("EW Berhad") where certain directors of the Company are also the directors of EW Berhad.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**21. OTHER PAYABLES AND ACCRUALS (CONTINUED)**

The currency exposure profile of other payables and accruals is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
RM	<b>15,632</b>	8,684	<b>14,244</b>	6,309
GBP	<b>3,505</b>	2,388	-	-
USD	<b>8</b>	5	-	-
AUD	<b>16,654</b>	3,463	-	-
SGD	<b>741</b>	15	-	-
	<b>36,540</b>	14,555	<b>14,244</b>	6,309

**22. AMOUNT OWING TO A CORPORATE SHAREHOLDER OF A SUBSIDIARY**

The amount owing to a corporate shareholder of a subsidiary represents advances from Salcon Development Sdn Bhd, a non-controlling interest in EW-Salcon.

The amount is unsecured, interest free and repayable on demand. The amount is denominated in AUD.

**23. REVENUE**

Revenue represents the agreed value of services, net of GST and VAT, rendered during the current financial year.

**24. OTHER INCOME**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest income from:				
- subsidiaries	-	-	-	48,909
- trust and deposits	<b>11,979</b>	21,369	<b>11,605</b>	21,272
- others	<b>295</b>	972	<b>246</b>	909
Dividend income	-	-	-	4,145
Realised gain on foreign exchange	-	5,186	-	3,241
Others	<b>2</b>	42	-	-
	<b>12,276</b>	27,569	<b>11,851</b>	78,476



NOTES TO THE FINANCIAL STATEMENTS  
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25. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Facility fee on borrowings	529	7,991	529	2,450
Interest on borrowings	8,278	21,037	8,278	9,302
Interest on shareholder's advances	-	2,892	-	1,996
Interest on hire purchase	3	-	-	-
	<b>8,810</b>	31,920	<b>8,807</b>	13,748

26. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) before tax is stated after charging:				
Auditors' remuneration:				
- statutory audit				
- current year	365	156	97	47
- prior years	143	-	23	-
- non-statutory audit	7,678	42	19	9
Depreciation	2,229	2,968	197	184
Loss on disposal of plant and equipment	5	24	-	-
Plant and equipment written off	5	70	5	-
Directors' remuneration:				
- salaries, allowances and bonuses	17,576	14,313	12,161	9,357
- director fee	1,117	903	1,117	903
- defined contribution plan	1,623	1,242	1,435	1,108
- others	868	951	319	444
Employee benefits expense (Note 29)	22,941	23,829	11,628	11,238
Landholder duty	269	12,249	-	-
Listing expenses	-	1,022	-	1,022
Rental expenses:				
- office premises	2,791	3,074	180	165
- office equipment	86	96	36	27
Realised loss on foreign exchange	2,833	-	10	-

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**27. TAXATION**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax				
- Malaysian tax				
- current year	<b>23</b>	1,620	-	1,620
- prior years	<b>(394)</b>	1	<b>(394)</b>	1
- Foreign tax				
- current year	<b>1,931</b>	2,265	-	-
- prior years	<b>(1)</b>	(30)	-	-
	<b>1,559</b>	3,856	<b>(394)</b>	1,621
Deferred tax				
- Malaysian tax				
- current year	<b>138</b>	(688)	-	-
- prior years	<b>(3)</b>	250	-	-
- Foreign tax				
- current year	<b>(7,138)</b>	(3,206)	-	-
- prior years	<b>(1,063)</b>	11	-	-
	<b>(8,066)</b>	(3,633)	-	-
	<b>(6,507)</b>	223	<b>(394)</b>	1,621

The Group operates in a multi-jurisdictional tax environment.

The Malaysian income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

The corporate tax rates of entities within the Group outside Malaysia are as follows:

- (a) subsidiaries incorporated in Jersey and the British Virgin Islands: 0% (2017: 0%);
- (b) subsidiary incorporated in the United Kingdom: 19% (2017: 19%); and
- (c) subsidiaries incorporated in Australia: 30% (2017: 30%).

NOTES TO THE FINANCIAL STATEMENTS  
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**27. TAXATION (CONTINUED)**

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rates to the (loss)/profit before tax as a result of the following differences:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Accounting (loss)/profit before tax and share of results in joint ventures	<b>(88,176)</b>	(50,742)	<b>(33,339)</b>	67,298
Tax at applicable tax rates	<b>(13,422)</b>	911	<b>(8,002)</b>	16,152
Tax effect arising from non-taxable income	<b>(2,722)</b>	(4,577)	<b>(2,722)</b>	(16,314)
Tax effect arising from non-deductible expenses	<b>11,346</b>	3,657	<b>10,972</b>	1,782
Adjustments attributable to prior years	<b>(1,461)</b>	232	<b>(394)</b>	1
Deferred tax asset not recognised	<b>(248)</b>	-	<b>(248)</b>	-
	<b>(6,507)</b>	223	<b>(394)</b>	1,621

**28. EARNINGS/(LOSS) PER SHARE**

Basic:

Basic earnings/(loss) per share has been calculated by dividing the Group's profit/(loss) for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year. The weighted average number of ordinary shares in issue is calculated as follows:

	Group	
	2018	2017
Profit/(Loss) for the year attributable to owners of the parent (RM'000)	<b>35,238</b>	(87,633)
Number of ordinary shares at beginning of the year ('000)	<b>2,400,000</b>	246,541
Effect of share issued pursuant to:		
- Issuance of ordinary shares ('000)	-	1,274,376
Weighted average number of ordinary shares ('000)	<b>2,400,000</b>	1,520,917
Basic earnings/(loss) per ordinary share (sen)	<b>1.47</b>	( 5.76)

**NOTES TO THE FINANCIAL STATEMENTS**  
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**28. EARNINGS/(LOSS) PER SHARE (CONTINUED)**

Diluted:

Diluted earnings/(loss) per share has been calculated by dividing the Group's profit/(loss) for the year attributable to owners of the parent by the weighted average number of ordinary shares that would have been in issue upon full exercise of the Warrants, adjusted for the number of such shares that would have been issued at fair value.

However, in the event that the potential exercise of the Warrants gives rise to an anti-dilutive effect on earnings/(loss) per share, the potential exercise of the Warrants is not taken into account in calculating diluted earnings/(loss) per share.

As at 31 October 2018 and 31 October 2017, the basic and diluted earnings/(loss) per share are equal as the unexercised Warrants has no dilutive effect on the earnings/(loss) per share, as the Warrants' Exercise Price is higher than the market price per ordinary share.

**29. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries, wages, bonuses and allowances	<b>19,445</b>	20,355	<b>9,991</b>	9,718
Defined contribution plan	<b>1,799</b>	1,896	<b>1,183</b>	1,159
Other staff benefits	<b>1,697</b>	1,578	<b>454</b>	361
	<b>22,941</b>	23,829	<b>11,628</b>	11,238

**30. LEASE COMMITMENTS**

	Group	
	2018 RM'000	2017 RM'000
The future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than 12 months	<b>3,294</b>	3,248
Later than 1 year but not later than 5 years	<b>3,930</b>	7,456
	<b>7,224</b>	10,704

Operating lease payments represent non-cancellable rentals payable for the use of office premises.

NOTES TO THE FINANCIAL STATEMENTS  
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31. CAPITAL COMMITMENTS

	Group	
	2018 RM'000	2017 RM'000
Approved and contracted for:		
- Balance consideration for acquisition of 25 apartment units located at 1-3 Lachlan Avenue, Macquarie Park, Sydney NSW 2113, Australia	95,048	-
- Acquisition of plant and equipment	26	905
	<b>95,074</b>	905

32. RELATED PARTY DISCLOSURES

The Group and the Company have a relationship with their subsidiaries, joint ventures, related companies, a shareholder, a former holding company of a subsidiary and a corporate shareholder of a subsidiary.

(a) Other than those disclosed elsewhere in the financial statements, significant related party transactions determined on a basis negotiated between the Group and its related parties during the financial year are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Transactions with joint ventures</b>				
Revenue	3,906	488	-	-
Advances to joint ventures	1,029,865	274,865	-	-
Interest receivable	59,170	39,567	-	-
<b>Transactions with a shareholder</b>				
Advances received	-	19,500	-	19,500
Interest charged	-	2,892	-	1,996
<b>Transactions with subsidiaries</b>				
Advances to subsidiaries	-	-	1,217,951	1,212,570
Settlement on behalf to a corporate shareholder of a subsidiary	-	-	-	61,195
Interest receivable	-	-	-	48,909
Purchase of plant and equipment	-	-	2	-
<b>Transaction of a subsidiary with its former holding company</b>				
Interest charged	-	220	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
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**32. RELATED PARTY DISCLOSURES (CONTINUED)**

- (a) Other than those disclosed elsewhere in the financial statements, significant related party transactions determined on a basis negotiated between the Group and its related parties during the financial year are as follows: (continued)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Transactions with wholly-owned subsidiaries of EW Berhad where certain directors of the Company are also the directors of EW Berhad</b>				
Agent fees paid or payable	<b>834</b>	325	-	-
Support service fees paid or payable	<b>144</b>	81	<b>144</b>	81
Purchase of plant and equipment	-	649	-	644
<b>Transaction with a joint venture of EW Berhad where certain directors of the Company are also the directors of EW Berhad</b>				
Rental paid or payable	<b>1,018</b>	330	-	-
<b>Transaction with a company where a director has interest</b>				
Rental paid or payable	<b>180</b>	165	<b>180</b>	165
<b>Transaction with a company where a director of a subsidiary has interest</b>				
Consultancy fees paid or payable	<b>834</b>	278	-	-
<b>Transaction of a subsidiary with its corporate shareholder</b>				
Advances received	<b>14,130</b>	1,709	-	-

NOTES TO THE FINANCIAL STATEMENTS  
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32. RELATED PARTY DISCLOSURES (CONTINUED)

- (a) Other than those disclosed elsewhere in the financial statements, significant related party transactions determined on a basis negotiated between the Group and its related parties during the financial year are as follows: (continued)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Transactions with related companies of GLL EWI (HK) Limited, a substantial shareholder of the Company</b>				
Corporate advisory and placement fee payable	-	5,556	-	5,556
Insurance fee payable	-	39	-	19
Interest charged	-	1,073	-	688
Interest received	<b>12</b>	126	<b>12</b>	126

- (b) Key management personnel remuneration

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The remuneration of the key management personnel during the financial year is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Directors</b>				
Salaries, allowances and bonuses	<b>17,576</b>	14,313	<b>12,161</b>	9,357
Director fee	<b>1,117</b>	903	<b>1,117</b>	903
Defined contribution plan	<b>1,623</b>	1,242	<b>1,435</b>	1,108
Others	<b>868</b>	951	<b>319</b>	444
	<b>21,184</b>	17,409	<b>15,032</b>	11,812
<b>Other key management personnel</b>				
Salaries, allowances and bonuses	<b>3,791</b>	3,735	<b>3,245</b>	2,159
Defined contribution plan	<b>450</b>	448	<b>385</b>	259
Others	<b>22</b>	22	<b>19</b>	14
	<b>4,263</b>	4,205	<b>3,649</b>	2,432
Total remuneration	<b>25,447</b>	21,614	<b>18,681</b>	14,244

**NOTES TO THE FINANCIAL STATEMENTS**  
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**33. ACQUISITION OF A SUBSIDIARY**

In prior financial year, a wholly-owned subsidiary of the Company, Fortune Quest, acquired 80 ordinary shares in EW-Salcon for a cash consideration of AUD120,000. Consequently, EW-Salcon became an 80% owned subsidiary of the Group.

EW-Salcon is a property development company that owns a parcel of land held for development at South Yarra, Victoria, Australia. The Group intends to use the site to construct a residential development. The management considers that at the date of acquisition, EW-Salcon constituted group of net assets, rather than business, as EW-Salcon had not carried out any active development at the site.

**(i) Assets acquired and liabilities recognised at the date of acquisition:**

	<b>2017 RM'000</b>
<i>Assets</i>	
Plant and equipment	1,667
Properties under development for sale	152,908
Deferred tax assets	2,855
Other receivables and prepayments	1,330
Cash and bank balances	1,995
<i>Liabilities</i>	
Other payables and accruals	(1,113)
Amount owing to the then shareholder	(76,814)
Borrowings	(83,698)
<b>Net liabilities acquired</b>	<b>(870)</b>
Net liabilities acquired	(870)
Non-controlling interests	1,282
<b>Purchase consideration</b>	<b>412</b>

**(ii) Effects of acquisition on cash flows:**

	<b>2017 RM'000</b>
Consideration paid in cash	(412)
Add: Cash and cash equivalents of a subsidiary acquired	562
<b>Net cash inflow on acquisition</b>	<b>150</b>



**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**33. ACQUISITION OF A SUBSIDIARY (CONTINUED)**

**(iii) Impact of the acquisition to the Group:**

The Group's revenue and loss for the prior financial year attributable to EW-Salcon were RM Nil and RM2,141,000 respectively.

Had EW-Salcon been acquired since 1 November 2016, the Group's revenue and loss for the prior financial year would have been RM488,000 and RM92,540,000 respectively. These figures are presented solely for illustrative purpose to provide reference for comparison in future periods.

**34. SEGMENTAL REPORTING**

The Group is principally involved in property development and investment in property development projects.

The Group's operating and reportable segments are business units operating in different geographical locations.

**(a) By geographical segments**

For the management purposes, the Group is organised into several geographical locations of the world, and has three reportable geographical segments as follows:

- (i) United Kingdom - the areas of operation are principally property development activities and provision of advisory and project monitoring services.
- (ii) Australia - the area of operation is principally property development activities.
- (iii) Malaysia - the areas of operation are investment holding and promoting and marketing services activities.

Transactions between segments are entered into in the normal course of business and determined on a basis negotiated between the parties involved. The effects of such inter-segmental transactions are eliminated on consolidation.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**34. SEGMENTAL REPORTING (CONTINUED)**

**(a) By geographical segments (continued)**

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
<b>2018</b>					
<b>REVENUE</b>					
External revenue	-	-	4,904	-	4,904
Inter-segment revenue	21,319	-	676	(21,995)	-
Total revenue	21,319	-	5,580	(21,995)	4,904
<b>RESULTS</b>					
Segment results	(26,595)	(23,887)	(32,016)	-	(82,498)
Share of results in joint ventures	117,195	-	-	-	117,195
Depreciation	(285)	(722)	(1,222)	-	(2,229)
Unrealised loss on foreign exchange	(1)	(2,775)	(4,139)	-	(6,915)
Other income	179	148	11,949	-	12,276
Finance costs	-	(3)	(8,807)	-	(8,810)
Profit/(Loss) before tax	90,493	(27,239)	(34,235)	-	29,019
Taxation	(2,036)	8,307	236	-	6,507
Profit/(Loss) for the year	88,457	(18,932)	(33,999)	-	35,526
<b>SEGMENT ASSETS, LIABILITIES AND OTHER INFORMATION</b>					
Additions to non-current assets	1,019	473	146	-	1,638
Segment assets	2,467,015	527,905	412,490	-	3,407,410
Segment liabilities	3,719	118,213	775,996	-	897,928

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

34. SEGMENTAL REPORTING (CONTINUED)

(a) By geographical segments (continued)

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
<b>2017</b>					
<b>REVENUE</b>					
External revenue	-	-	488	-	488
Inter-segment revenue	22,543	-	963	(23,506)	-
Total revenue	22,543	-	1,451	(23,506)	488
<b>RESULTS</b>					
Segment results	(11,295)	(26,904)	(39,751)	-	(77,950)
Share of results in a joint venture	(36,509)	-	-	-	(36,509)
Depreciation	(64)	(275)	(2,629)	-	(2,968)
Unrealised (loss)/gain on foreign exchange	(1)	(2,913)	37,441	-	34,527
Other income	40	256	27,273	-	27,569
Finance costs	(18,163)	(9)	(13,748)	-	(31,920)
(Loss)/Profit before tax	(65,992)	(29,845)	8,586	-	(87,251)
Taxation	(2,323)	3,283	(1,183)	-	(223)
(Loss)/Profit for the year	(68,315)	(26,562)	7,403	-	(87,474)
<b>SEGMENT ASSETS, LIABILITIES AND OTHER INFORMATION</b>					
Additions to non-current assets	402	182	5,760	-	6,344
Segment assets	1,401,599	419,030	891,733	-	2,712,362
Segment liabilities	3,646	151,424	9,648	-	164,718

(b) By business segments

For management purposes, the Group is organised into property development as primary segment. Other activities include investment holding and promotion and marketing activities. They are managed separately when making decisions on resource allocation. The entire revenue of the Group for the financial year (2017: 100%) is contributed by a wholly-owned subsidiary of the Company which is involved in the promotion and marketing services rendered to the joint ventures.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**35. CLASSIFICATION OF FINANCIAL INSTRUMENTS**

The table below provides an analysis of financial instruments:

**(a) Classification of financial instruments**

**(i) Financial assets**

	Loans and receivables RM'000	Derivative used for hedging RM'000	Total RM'000
<b>Group</b>			
<b>2018</b>			
Trade receivables	5,605	-	5,605
Other receivables	3,328	-	3,328
Amounts owing by joint ventures	2,116,983	-	2,116,983
Derivative financial assets	-	2,004	2,004
Cash, bank balances and deposits	436,960	-	436,960
	<b>2,562,876</b>	<b>2,004</b>	<b>2,564,880</b>
<b>2017</b>			
Trade receivables	32	-	32
Other receivables	2,166	-	2,166
Amount owing by a joint venture	1,089,481	-	1,089,481
Cash, bank balances and deposits	92,388	-	92,388
	<b>2,084,067</b>	<b>-</b>	<b>2,084,067</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

35. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

(i) Financial assets (continued)

	Loans and receivables RM'000	Derivative used for hedging RM'000	Total RM'000
<b>Company</b>			
<b>2018</b>			
Other receivables	5	-	5
Derivative financial assets	-	2,004	2,004
Cash, bank balances and deposits	390,452	-	390,452
	<b>390,457</b>	<b>2,004</b>	<b>392,461</b>
<b>2017</b>			
Other receivables	5	-	5
Amounts owing by subsidiaries	1,891,346	-	1,891,346
Cash, bank balances and deposits	879,915	-	879,915
	<b>2,771,266</b>	<b>-</b>	<b>2,771,266</b>

(ii) Financial liabilities

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>At amortised cost</b>				
Trade payables	6,933	1,512	-	-
Other payables and accruals	35,486	14,440	14,244	6,309
Amount owing to a corporate shareholder of a subsidiary	15,465	16,340	-	-
Amounts owing to subsidiaries	-	-	19	1,550
Borrowings	836,078	128,597	757,862	-
Hire purchase liability	182	-	-	-
	<b>894,144</b>	<b>160,889</b>	<b>772,125</b>	<b>7,859</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**35. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Fair value of financial instruments**

**(i) Cash, bank balances and deposits, receivables and payables**

The carrying amounts of cash, bank balances and deposits, receivables and payables of the Group and of the Company at the reporting date reasonably approximate or are at their fair values in view of their short term nature or because they are re-priced to market rates at regular intervals.

**(ii) Borrowings**

The carrying amounts of the floating rate borrowings of the Group and of the Company are reasonable approximations of their fair values because they will be re-priced to market interest rates on or near reporting date.

The carrying amounts and fair values of the fixed rate borrowings of the Group and of the Company are as follows:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>2018</b>				
Fixed rate borrowings	<b>527,224</b>	<b>533,257</b>	<b>527,224</b>	<b>533,257</b>

There were no fixed rate borrowings in the prior financial year.

The fair values of the fixed rate borrowings of the Group and of the Company are categorised as Level 2 in the fair value measurement hierarchy, as they are estimated by discounting the future contractual cash flows at current market rates provided by the financial institution.

There has been no transfer between the fair value measurement hierarchy during the financial year.

**(iii) Derivative financial assets**

The carrying amount of the derivative financial assets of the Group and of the Company at the reporting rate approximate or is at the fair value in view of its short term nature.

The fair value of the derivative financial assets of the Group and of the Company is categorised as Level 2 in the fair value measurement hierarchy, as it is estimated by discounting the future contractual cash flows at the current market rate available for similar instruments.

There has been no transfer between the fair value measurement hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's and the Company's activities are exposed to a variety of financial risks including liquidity and cash flow risks, interest rate risk, foreign currency risk, credit risk and cash flow hedge risk. The Group's and the Company's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group and of the Company. The Group does not hold or issue derivative instruments for speculative purposes.

Financial risk management is carried out through risk review, internal control systems and adherence to the financial risk management policies. There is detailed system for the reporting and forecasting of cash flows from the operations to ensure that risks are promptly identified and appropriate mitigating actions taken. The Group and the Company always maintain sufficient facility headroom to cover risks. The Board regularly reviews these risks and approves the policies covering the management of these risks. There has been no change to exposure of financial risks or the manner in which they are managed, except for the use of cross currency swaps as indicated below.

**(i) Liquidity and cash flow risks**

Liquidity and cash flow risks are the risks that the Group and the Company will not be able to meet their financial obligations when they fall due.

The Group and the Company seek to ensure that they maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that the Group and the Company, through efficient working capital management, must be able to convert their current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of their businesses, the Group and the Company also seek to maintain sufficient credit lines available to meet their liquidity requirements while ensuring effective working capital management.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(i) Liquidity and cash flow risks (continued)**

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.

	Less than 1 year RM'000	Between 1 and 5 years RM'000	Total RM'000
<b>Group</b>			
<b>2018</b>			
<b>Financial liabilities</b>			
Trade payables	6,933	-	6,933
Other payables and accruals	35,486	-	35,486
Amount owing to a corporate shareholder of a subsidiary	15,465	-	15,465
Borrowings	275,053	697,878	972,931
Hire purchase liability	51	134	185
Total undiscounted financial liabilities	<u>332,988</u>	<u>698,012</u>	<u>1,031,000</u>
Financial guarantee contracts	<u>1,199,388</u>	<u>2,723,851</u>	<u>3,923,239</u>
<b>2017</b>			
<b>Financial liabilities</b>			
Trade payables	1,512	-	1,512
Other payables and accruals	14,440	-	14,440
Amount owing to a corporate shareholder of a subsidiary	16,340	-	16,340
Borrowings	82,643	52,122	134,765
Total undiscounted financial liabilities	<u>114,935</u>	<u>52,122</u>	<u>167,057</u>
Financial guarantee contracts	<u>109,590</u>	<u>2,855,649</u>	<u>2,965,239</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Liquidity and cash flow risks (continued)

	Less than 1 year RM'000	Between 1 and 5 years RM'000	Total RM'000
<b>Company</b>			
<b>2018</b>			
<b>Financial liabilities</b>			
Other payables and accruals	14,244	-	14,244
Amounts owing to subsidiaries	19	-	19
Borrowings	271,905	614,164	886,069
Total undiscounted financial liabilities	286,168	614,164	900,332
Financial guarantee contracts	1,202,536	2,807,565	4,010,101
<b>2017</b>			
<b>Financial liabilities</b>			
Other payables and accruals	6,309	-	6,309
Amounts owing to subsidiaries	1,550	-	1,550
Total undiscounted financial liabilities	7,859	-	7,859
Financial guarantee contracts	111,241	2,907,771	3,019,012

The management has determined the differentials and estimated the fair value of the intra group financial guarantees to be immaterial and the requirements to reimburse is remote.

(ii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates.

The Group's and the Company's exposure to changes in interest rate risk relates primarily to the bank borrowings. The Group does not generally hedge interest rate risk.

A sensitivity analysis has been performed based on the Group's outstanding floating rate of bank borrowings as at year end. If interest rate increases or decreases by 50 basis points with all other variables held constant, the consolidated profit after tax would decrease or increase by approximately RM1,161,000 (2017: RM Nil) as a result of higher or lower interest expense on these borrowings.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(iii) Foreign currency risk**

The Group is exposed to foreign currency risk mainly as a result of translation of foreign operations to RM and foreign currency transactions entered into in currencies other than its functional currency.

The following table demonstrates the sensitivity of the Group's profit/(loss) after tax and other comprehensive loss to a reasonably possible change in the GBP, AUD and USD exchange rates against RM with all other variables held constant.

	Increase/(Decrease) in profit/(loss) after tax	
	2018 RM'000	2017 RM'000
<b>Group</b>		
Change in currency rates of:		
GBP		
- Strengthen by 5%	<b>103,313</b>	59,311
- Weaken by 5%	<b>(103,313)</b>	( 59,311)
AUD		
- Strengthen by 5%	<b>(4,715)</b>	(6,761)
- Weaken by 5%	<b>4,715</b>	6,761
USD		
- Strengthen by 5%	<b>(6,234)</b>	-
- Weaken by 5%	<b>6,234</b>	-

	Increase/(Decrease) in other comprehensive loss	
	2018 RM'000	2017 RM'000
<b>Group</b>		
Change in currency rates of:		
GBP		
- Strengthen by 5%	<b>2,633</b>	(993)
- Weaken by 5%	<b>(2,633)</b>	993
USD		
- Strengthen by 5%	<b>(74)</b>	410
- Weaken by 5%	<b>74</b>	(410)

As other foreign currency denominated monetary items as at the reporting date are not material, the sensitivity analysis has not been presented.

**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**(iv) Credit risk**

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group and the Company have a gain position.

As at the end of the reporting period, amounts owing by joint ventures which is included in trade and other receivables amounted to RM6,252,000 (2017: RM614,000). The directors of the Company closely monitor the Group's credit risk exposure arising from the joint ventures by reviewing their financial positions on a regular basis and are confident in recovering the outstanding balances.

As at 31 October 2018, the Group is also exposed to credit risk in respect of unsecured advances to the joint ventures amounting to RM2,116,983,000 (2017: RM1,089,481,000). The directors of the Company closely monitor the Group's credit risk exposure arising from amounts due from the joint ventures and are confident in recovering the outstanding balances.

The credit risk on cash, bank balances and deposits of the Group and of the Company is limited as these balances are placed with or transacted with financial institutions which are creditworthy.

The Group and the Company are exposed to credit risk in relation to corporate guarantees in respect of the banking facilities granted to EW-Ballymore Holding. The Group and the Company monitor the results of EW-Ballymore Holding and its repayment on an on-going basis. The maximum exposure of the Group and of the Company to credit risk amounting to RM3,705,935,000 (2017: RM2,774,409,000) and RM3,705,935,000 (2017: RM2,774,409,000) respectively.

As at the reporting date, there was no indication that EW-Ballymore Holding would default on repayment.

**(v) Cash flow hedge risk**

The Company entered into cross currency swaps to hedge the variability of cash flow risk in relation to the foreign currency denominated borrowings of RM125,520,000 (2017: RM Nil). The cross currency swaps have the same notional value of RM125,520,000 (2017: RM Nil) and is to be settled in full upon maturity.

The following table indicates the tenure in which the cash flows associated with the cross currency swaps with carrying amount of RM2,014,000 (2017: RM Nil) that are expected to occur and affect profit or loss.

	<b>2018</b> <b>Within 1 year</b> <b>RM'000</b>
Cross currency swaps (gross settled):	
Outflow	<b>(123,506)</b>
Inflow	<b>125,520</b>
	<b>2,014</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**37. CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to support the Group's stability and growth.

The Group actively and regularly reviews and manages its capital structure and when necessary, obtains financial support from its lenders, debt and equity capital raising exercises to ensure optimal capital structure and shareholder returns.

The principal form of capital is share capital and when necessary, borrowings as included in the statements of financial position.

During the financial year, the Company provided financial support to certain subsidiaries.

There was no change in the Group's approach to capital management during the financial year.

At the end of the financial year, the gearing ratios are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Borrowings (Note 18)	<b>836,078</b>	128,597	<b>757,862</b>	-
Less: Cash, bank balances and deposits (Note 14)	<b>(436,960)</b>	(992,388)	<b>(390,452)</b>	(879,915)
Net debt/(cash)	<b>399,118</b>	(863,791)	<b>367,410</b>	(879,915)
Total equity attributable to owners of the parent	<b>2,493,609</b>	2,544,876	<b>2,780,836</b>	2,813,791
<b>Net gearing ratio</b>	<b>0.16</b>	N/A	<b>0.13</b>	N/A

N/A - Not applicable

**38. SIGNIFICANT EVENTS**

The following events have taken place during the financial year:

- (a) Acquisition of 70% equity interest in 12 development projects and a development management entity in UK
- (i) On 8 November 2017, the Company announced that it had entered into heads of agreement with Be Living Holdings Limited ("Be Living") to acquire a 70% equity interest in 12 development projects in Greater London and the South East of England and a development management entity.
- (ii) On 15 December 2017, EW Be, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Be Living to acquire 70% equity interests in Eco World London Holdings Limited (*formerly known as Be Eco World Holdings Limited*) ("EW London"), Be EW Investment and EW London DMCo (collectively, "Stage 1 Acquisition").

**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

**38. SIGNIFICANT EVENTS (CONTINUED)**

(a) Acquisition of 70% equity interest in 12 development projects and a development management entity in UK (continued)

(iii) On 16 March 2018, the Stage 1 Acquisition was completed for a provisional purchase consideration of GBP63.76 million (equivalent to about RM348.47 million<sup>(a)</sup>), which includes entities that hold 6 development projects. EW London had on the same day entered into conditional sale and purchase agreements with Be Living for the acquisition of interests in entities that hold or will hold another 6 development projects ("Stage 2 Acquisition").

(iv) On 22 May 2018, following the completion of the Stage 1 Acquisition, a share for share exchange was undertaken such that Be EW Investment is structured as the immediate holding company of EW London. Be EW Investment and EW London remain as 70% owned joint ventures of the Company.

(v) On 30 May 2018, the acquisition of Be Here Holdings Limited, the entity that holds the Aberfeldy Village project ("Aberfeldy Village Acquisition") was completed, forming part of the Stage 2 Acquisition, for a provisional purchase consideration of GBP13.09 million. Of this amount, GBP9.16 million (equivalent to about RM48.52 million) was paid by EW Be based on its indirect 70% equity interest in EW London, whilst the remaining 30% was paid by Be Living.

(vi) On 20 August 2018, the acquisition of Be Living 1 Limited, the entity that holds the Kew Bridge project ("Kew Bridge Acquisition") was completed, forming part of the Stage 2 Acquisition, for a provisional purchase consideration of GBP15.51 million. Of this amount, GBP10.86 million (equivalent to about RM56.68 million) was paid by EW Be based on its indirect 70% equity interest in EW London, whilst the remaining 30% was paid by Be Living.

(b) Acquisition of apartment units to be developed as "Macquarie Park Project" in Sydney, Australia

(i) On 24 November 2017, EW Macquarie, an indirect wholly-owned subsidiary of the Company, entered into a conditional put and call option agreement ("Option Agreement") with the owners of 25 apartment units ("Vendors") in respect of the acquisition of such units in the strata scheme comprised by Strata Plan 6481 ("Strata Scheme"), located at 1-3 Lachlan Avenue, Macquarie Park, Sydney, NSW 2113, Australia ("Properties").

On 5 February 2018, the Option Agreement has become unconditional. EW Macquarie had subsequently entered into a definitive sale and purchase agreement with each of the Vendors to acquire the Properties. As disclosed in Note 39(a)(i) to the financial statements, the acquisition of the Properties was completed on 9 November 2018 following the full settlement of the total purchase consideration of AUD33.8 million (equivalent to RM102.45 million<sup>(b)</sup>).

EW Macquarie has commenced the strata renewal process to acquire the remaining 5 apartment units and is running this process in tandem with negotiation with the owners of the remaining 5 apartment units.

Following acquisition of all apartment units in the Strata Scheme, EW Macquarie proposes to redevelop the land into a residential-led with a small commercial component development to be known as the "Macquarie Park Project".

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2018

### 38. SIGNIFICANT EVENTS (CONTINUED)

- (c) Issuance of Sukuk Murabahah under the Sukuk Murabahah Programme
- (i) On 27 April 2018, the Company completed an issuance of Sukuk Murabahah of RM180.0 million in nominal value ("First Issuance") with a tenure of five (5) years from the date of issuance. The Sukuk Murabahah under the First Issuance bears a periodic payment rate of 6.65% per annum and falls due for repayment in April 2023.
  - (ii) On 25 October 2018, the Company then completed the second issuance of Sukuk Murabahah of RM350.0 million in nominal value ("Second Issuance") with a tenure of three (3) years from the date of issuance. The Sukuk Murabahah under the Second Issuance bears a periodic payment rate of 6.40% per annum and falls due for repayment in October 2021.

The Sukuk Murabahah Programme of RM800.0 million in nominal value has a tenure of twenty (20) years from 27 April 2018. The proceeds raised from the Sukuk Murabahah shall be utilised by the Company for its general corporate purposes, working capital requirements and/or for future financing of the Company, its subsidiaries and/or joint ventures.

*Notes:*

- (a) *Based on the exchange rate of GBP1.00 : RM5.4654 as at 16 March 2018, being the last full market day prior to the announcement dated 19 March 2018.*
- (b) *Based on the exchange rate of AUD1.00 : RM3.0315 as at 8 November 2018, being the last full market day prior to the announcement dated 9 November 2018.*

### 39. SUBSEQUENT EVENT

The following event has taken place subsequent to the financial year end:

Acquisition of apartment units to be developed as "Macquarie Park Project" in Sydney, Australia

As stated in Note 38(b)(i) to the financial statements, on 24 November 2017, EW Macquarie entered into the Option Agreement with the Vendors in respect of the acquisition of the Properties. The Option Agreement became unconditional on 5 February 2018. EW Macquarie had subsequently entered into a definitive sale and purchase agreement with each of the Vendors to acquire the Properties.

The acquisition of the Properties was thereafter completed on 9 November 2018 following the full settlement of the total purchase consideration of AUD33.8 million (equivalent to RM102.45 million<sup>(a)</sup>).

*Note:*

- (a) *Based on the exchange rate of AUD1.00 : RM3.0315 as at 8 November 2018, being the last full market day prior to the announcement dated 9 November 2018.*

### 40. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue on 24 January 2019 by the Board of Directors.

## STATEMENT BY DIRECTORS (PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, Tan Sri Dato' Sri Liew Kee Sin and Dato' Teow Leong Seng, being the directors of Eco World International Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 85 to 156 are drawn up 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 of the Group and of the Company for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a directors' resolution.

TAN SRI DATO' SRI LIEW KEE SIN  
Director

DATO' TEOW LEONG SENG  
Director

Kuala Lumpur  
Date: 24 January 2019

## STATUTORY DECLARATION (PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, Dato' Teow Leong Seng (IC No: 581212-10-6981), being the director primarily responsible for the financial management of Eco World International Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 85 to 156 are correct.

I hereby make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the above named )  
DATO' TEOW LEONG SENG )  
at Kuala Lumpur in the )  
Federal Territory )  
this 24 January 2019 ) DATO' TEOW LEONG SENG  
(MIA CA 3871)

Before me,

Baloo A/L T. Pichai  
No. W663

Commissioner for Oaths  
Kuala Lumpur

## LIST OF PROPERTIES AS AT 31 OCTOBER 2018

(i) Details of the development properties held by the Group are as follows:

No.	Location	Description	Date of Acquisition	Land Area (Sq. M)	Tenure	Net Book Value (RM'000)
1.	<b>West Village, Parramatta</b> Lot 100 in Deposited Plan 792374 Lot 504 in Deposited Plan 701136/ 76-82 and 100, Church Street Parramatta New South Wales 2150 Australia	Land under development and held for development	30 November 2015	4,778	Freehold	300,827
2.	<b>Yarra One, Melbourne</b> 16-22, Claremont Street South Yarra, Victoria 3141 Australia	Land under development and held for development	10 April 2017	2,128	Freehold	161,009
						<u>461,836</u>

(ii) Details of the development properties held by the a Joint Venture, EcoWorld-Ballymore are as follows:

No.	Location	Description	Date of Acquisition	Land Area (Sq. M)	Tenure	Net Book Value <sup>^#</sup> (RM'000)
1.	<b>Eco World - Ballymore London City Island Company Limited</b> EGL442847/Land at Middle Wharf Baldwins Upper Wharf and Crown Wharf, Orchard Place London E14 United Kingdom	Development site for the London City Island Phase 2 Project	11 January 2015	23,553	Freehold	1,299,070
	EGL489449/Land on the west side of Orchard Place London E14 United Kingdom			526	Leasehold Expiring : Year 2130	
2.	<b>Eco World - Ballymore Embassy Gardens Company Limited</b> TGL423144/Phase 2 Embassy Gardens Nine Elms Lane London SW8 5BL United Kingdom	Development site for the Embassy Garden Phase 2 Project	11 January 2015	22,015	Freehold	2,626,465
3.	<b>Eco World - Ballymore Arrowhead Quay Company Limited</b> NGL501731 and EGL531989/ Land at South Quay Isle of Dogs London E14 United Kingdom	Development site for the Wardian London Project	11 January 2015	5,463	Freehold	1,565,497



**LIST OF PROPERTIES**  
AS AT 31 OCTOBER 2018

(iii) Details of the development properties held by the a Joint Venture, EcoWorld London are as follows:

No.	Location	Description	Date of Acquisition	Land Area (Sq. M)	Tenure	Net Book Value <sup>^#</sup> (RM'000)
1.	<b>Be (M&amp;J) LLP</b> The Quadrant Kilburn Lane London W10 4AH United Kingdom	Development site for Moberly Project (Kensal Rise)	16 March 2016	6,600	Leasehold	192,919
	Jubilee Sports Centre Caird Street London W10 4RR United Kingdom	Development site for Jubilee Project (Maida Hill)	16 March 2016	5,900	Leasehold	
2.	<b>Prime Place (Millbrook) LLP</b> Millbrook Park Project Office Inglis Way London NW7 1FJ United Kingdom	Development site for Millbrook Park Project	17 December 2015	10,800	Freehold	243,050
3.	<b>Be Living (Lampton) LLP</b> Nantly House 33, Lampton Road Middlesex TW3 4DN United Kingdom	Development site under framework agreement with London Borough of Hounslow for Nantly House Project	N/A*	N/A*	N/A*	18,048
4.	<b>Barking Wharf Limited</b> Abbey Retail Park Abbey Road Barking IG11 7BL United Kingdom	Development site for Barking Wharf Phase 1	23 March 2017	12,800	Freehold	106,866
5.	<b>Be (Barking) LLP</b> Tesco Car Park Highbridge Rd Barking IG11 7BS United Kingdom	Development site for Barking Wharf Phase 2	8 September 2017	10,000	Freehold	5,939

**LIST OF PROPERTIES**  
AS AT 31 OCTOBER 2018

(iii) Details of the development properties held by the a Joint Venture, EcoWorld London are as follows: (continued)

No.	Location	Description	Date of Acquisition	Land Area (Sq. M)	Tenure	Net Book Value <sup>^#</sup> (RM'000)
6.	<b>Prime Place (Woking Island Site) LLP</b> Station Approach Woking Surrey GU22 7PY United Kingdom	Development site for Woking Project	26 January 2016	1,638	Freehold	50,489
7.	<b>Prime Place (Woking Goldsworth Road North) LLP</b> 15-29 Goldsworth Road Woking GU21 6JT United Kingdom	Development site for Woking Project	26 January 2016	1,700	Freehold	27,872
8.	<b>Goldsworth Road Development LLP</b> 30-32 Goldsworth Road Woking GU21 6JT United Kingdom	Development site for Woking Project	12 October 2015	3,885	Freehold	116,122
9.	<b>Aberfeldy New Village LLP</b> Aberfeldy Marketing Gallery Lighterman Point 2A Abbott Road London E14 0ND United Kingdom	Development site for Aberfeldy Village Project Phase 3 - 8	23 March 2017	66,000	Leasehold	213,111
10.	<b>Kew Bridge Gate Developments LLP</b> Kew Bridge Community Stadium Brentford Brentford TW8 0EX United Kingdom	Development site for Kew Bridge Project	30 August 2018	47,300	Leasehold	669,483

Notes:

<sup>^</sup> Based on the exchange rate of GBP1.00 : RM5.3333, being the closing rate for GBP to RM as at 31 October 2018

<sup>#</sup> These amounts represent 100% of the net book value of the properties held by the joint ventures

\* Not applicable due to no ownership of land

## STATISTICS ON SHAREHOLDINGS AS AT 18 JANUARY 2019

**Issued share capital** : 2,400,000,000  
**Class of share** : Ordinary shares  
**Voting rights** : One vote per ordinary share

### Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	14	0.09	225	0.00
100 - 1,000	3,565	23.25	2,164,550	0.09
1,001 - 10,000	7,831	51.07	40,092,619	1.67
10,001 - 100,000	3,488	22.75	112,540,000	4.69
100,001 to less than 5% of issued shares	432	2.82	746,210,906	31.09
5% and above of issued shares	3	0.02	1,498,991,700	62.46
Total	15,333	100.00	2,400,000,000	100.00

### DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	No. of Ordinary Shares held			
	Direct	%	Indirect	%
Tan Sri Azlan Bin Mohd Zainol	5,120,000	0.21	67,200 <sup>(1)</sup>	negligible
Tan Sri Dato' Sri Liew Kee Sin	246,540,798	10.27	45,700,000 <sup>(2)</sup>	1.90
Dato' Teow Leong Seng	15,263,000	0.64	-	-
Cheah Tek Kuang	3,000,000	0.13	-	-
Dato' Voon Tin Yow	6,141,600	0.26	-	-
Choong Yee How	-	-	-	-
Cheng Hsing Yao	-	-	-	-
Tan Sri Datuk Dr Rebecca Fatima Sta Maria	-	-	5,000,000 <sup>(3)</sup>	0.21
Dato' Seri Ahmad Johan Bin Mohammad Raslan	-	-	-	-
Dato' Siow Kim Lun	2,000,000	0.08	-	-
Pauline Wong Wan Voon	-	-	-	-

<sup>(1)</sup> Deemed interested by virtue of his child's interest in the Company pursuant to Section 59(11)(c) of the Companies Act 2016 ("the Act")

<sup>(2)</sup> Deemed interested by virtue of his spouse and child's interest in the Company pursuant to Section 59(11)(c) of the Act

<sup>(3)</sup> Deemed interested by virtue of her spouse's interest in the Company pursuant to Section 59(11)(c) of the Act

**STATISTICS ON SHAREHOLDINGS**  
AS AT 18 JANUARY 2019

**SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS**

Name	No. of Ordinary Shares held			
	Direct	%	Indirect	%
Tan Sri Dato' Sri Liew Kee Sin	246,540,798	10.27	45,700,000 <sup>(1)</sup>	1.90
Eco World Capital (International) Sdn Bhd	648,000,000	27.00	-	-
GLL EWI (HK) Limited	648,000,000	27.00	-	-
Sinarmas Harta Sdn Bhd	78,726,900	3.28	648,000,000 <sup>(2)</sup>	27.00
Dato' Leong Kok Wah	2,000,000	0.08	726,726,900 <sup>(3)</sup>	30.28
Syabas Tropikal Sdn Bhd	-	-	726,726,900 <sup>(4)</sup>	30.28
Eco World Development Group Berhad	-	-	648,000,000 <sup>(2)</sup>	27.00
Davos Investment Holdings Private Limited	-	-	648,000,000 <sup>(5)</sup>	27.00
Hong Leong Investment Holdings Pte Ltd	-	-	648,000,000 <sup>(5)</sup>	27.00
Kwek Holdings Pte Ltd	-	-	648,000,000 <sup>(5)</sup>	27.00
GLL (Malaysia) Pte Ltd	-	-	648,000,000 <sup>(5)</sup>	27.00
GuocoLand Limited	-	-	648,000,000 <sup>(5)</sup>	27.00
GuocoLand Assets Pte Ltd	-	-	648,000,000 <sup>(5)</sup>	27.00
Guoco Group Limited	-	-	648,000,000 <sup>(5)</sup>	27.00
GuoLine Overseas Limited	-	-	648,000,000 <sup>(5)</sup>	27.00
GuoLine Capital Assets Limited	-	-	648,000,000 <sup>(5)</sup>	27.00
Hong Leong Company (Malaysia) Berhad	-	-	648,000,000 <sup>(5)</sup>	27.00
HL Holdings Sdn Bhd	-	-	648,000,000 <sup>(5)</sup>	27.00
Hong Realty (Private) Limited	-	-	648,000,000 <sup>(5)</sup>	27.00
Kwek Leng Kee	-	-	648,000,000 <sup>(5)</sup>	27.00
Kwek Leng Beng	-	-	648,000,000 <sup>(5)</sup>	27.00
Tan Sri Quek Leng Chan	-	-	648,000,000 <sup>(5)</sup>	27.00

<sup>(1)</sup> Deemed interested by virtue of his spouse and child's interest in the Company pursuant to Section 59(11)(c) of the Act

<sup>(2)</sup> Deemed interested by virtue of its interest in Eco World Capital (International) Sdn Bhd pursuant to Section 8 of the Act

<sup>(3)</sup> Deemed interested by virtue of his interest in Syabas Tropikal Sdn Bhd pursuant to Section 8 of the Act

<sup>(4)</sup> Deemed interested by virtue of its interest in Sinarmas Harta Sdn Bhd pursuant to Section 8 of the Act

<sup>(5)</sup> Deemed interested by virtue of their interest in GLL EWI (HK) Limited pursuant to Section 8 of the Act

**STATISTICS ON SHAREHOLDINGS**  
AS AT 18 JANUARY 2019

**THIRTY (30) LARGEST SHAREHOLDERS**

No.	Name of Shareholders	No. of Shares	%
1	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - CIMB INVESTMENT BANK BERHAD FOR ECO WORLD CAPITAL (INTERNATIONAL) SDN BHD (SSCA)	648,000,000	27.00
2	GLL EWI (HK) LIMITED	648,000,000	27.00
3	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW KEE SIN	202,991,700	8.46
4	AMANAHRAYA TRUSTEES BERHAD AMANAHA SAHAM BUMIPUTERA	119,930,600	5.00
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	78,885,900	3.29
6	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR SINARMAS HARTA SDN BHD	49,738,700	2.07
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	47,174,400	1.97
8	LIEW KEE SIN	43,549,098	1.81
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIEW TIAN XIONG (MY2690)	40,500,000	1.69
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SINARMAS HARTA SDN BHD (M09)	28,988,200	1.21
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ECO WORLD DEVELOPMENT HOLDINGS SDN BHD (PB)	22,000,000	0.92
12	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE TIAM LEE	20,000,000	0.83
13	AMANAHRAYA TRUSTEES BERHAD AMANAHA SAHAM MALAYSIA 2-WAWASAN	15,000,000	0.63
14	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOW LEONG SENG	14,200,000	0.59
15	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN SARA (MIXED ASSET CONSERVATIVE) 1	11,359,300	0.47
16	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	9,429,600	0.39
17	SIGMA SELEKSI SDN BHD	6,809,200	0.28
18	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN IMBANG (MIXED ASSET BALANCED) 2	6,750,000	0.28
19	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SWEE YEE (M09)	6,382,200	0.27
20	VOON TIN YOW	6,056,000	0.25

## STATISTICS ON SHAREHOLDINGS

AS AT 18 JANUARY 2019

### THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares	%
21	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN EQUITY 3	5,644,300	0.24
22	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND ZYEF FOR VANGUARD GLOBAL EX-U.S. REAL ESTATE INDEXFUND	5,329,593	0.22
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAH LILY (E-BBB/SNG)	5,147,100	0.21
24	AZLAN BIN MOHD ZAINOL	5,120,000	0.21
25	AMANAHRAYA TRUSTEES BERHAD AMANAHA SAHAM MALAYSIA 3	5,000,000	0.21
26	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAYASANKARAN A/L K.K.SANKARAN	5,000,000	0.21
27	KENANGA NOMINEES (TEMPATAN) SDN BHD KHO CHAI YAM	4,341,900	0.18
28	AMANAHRAYA TRUSTEES BERHAD AMANAHA SAHAM NASIONAL	4,225,000	0.17
29	AMANAHRAYA TRUSTEES BERHAD ASN IMBANG (MIXED ASSET BALANCED) 1	3,500,000	0.15
30	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW TIAN XIONG	3,500,000	0.15
		<b>2,072,552,791</b>	<b>86.36</b>

## STATISTICS ON WARRANTHOLDINGS AS AT 18 JANUARY 2019

**No. of warrants issued** : 960,000,000  
**Exercise price of warrants** : RM1.45  
**Expiry date** : 4 April 2022

### Distribution of Warrantholdings

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
Less than 100	1,271	12.53	62,531	0.01
100 - 1,000	3,378	33.31	1,466,580	0.15
1,001 - 10,000	3,396	33.48	13,094,044	1.36
10,001 - 100,000	1,683	16.59	59,951,806	6.25
100,001 to less than 5% of issued warrants	412	4.06	285,828,359	29.77
5% and above of issued warrants	3	0.03	599,596,680	62.46
Total	10,143	100.00	960,000,000	100.00

### DIRECTORS' WARRANTHOLDINGS AS PER REGISTER OF DIRECTORS' WARRANTHOLDINGS

Name	No. of Warrants held			
	Direct	%	Indirect	%
Tan Sri Azlan Bin Mohd Zainol	2,048,000	0.21	27,280 <sup>(1)</sup>	negligible
Tan Sri Dato' Sri Liew Kee Sin	98,616,319	10.27	18,280,000 <sup>(2)</sup>	1.90
Dato' Teow Leong Seng	6,105,200	0.64	-	-
Cheah Tek Kuang	1,200,000	0.13	-	-
Dato' Voon Tin Yow	2,456,640	0.26	-	-
Choong Yee How	-	-	-	-
Cheng Hsing Yao	-	-	-	-
Tan Sri Datuk Dr Rebecca Fatima Sta Maria	-	-	-	-
Dato' Seri Ahmad Johan Bin Mohammad Raslan	-	-	-	-
Dato' Siow Kim Lun	800,000	0.08	-	-
Pauline Wong Wan Voon	-	-	-	-

<sup>(1)</sup> Deemed interested by virtue of his child's interest in the Company pursuant to Section 59(11)(c) of the Act

<sup>(2)</sup> Deemed interested by virtue of his spouse and child's interest in the Company pursuant to Section 59(11)(c) of the Act

**STATISTICS ON WARRANTHOLDINGS**  
AS AT 18 JANUARY 2019

**THIRTY (30) LARGEST WARRANTHOLDERS**

No.	Name of Warrantholders	No. of Warrant	%
1	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT-CIMB INVESTMENT BANK BERHAD FOR ECO WORLD CAPITAL (INTERNATIONAL) SDN BHD (SSCA)	259,200,000	27.00
2	GLL EWI (HK) LIMITED	259,200,000	27.00
3	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW KEE SIN	81,196,680	8.46
4	LIEW KEE SIN	17,419,639	1.81
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIEW TIAN XIONG (MY2690)	16,200,000	1.69
6	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR SINARMAS HARTA SDN BHD	12,987,000	1.35
7	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SINARMAS HARTA SDN BHD (M09)	11,595,280	1.21
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ECO WORLD DEVELOPMENT HOLDINGS SDN BHD (PB)	8,800,000	0.92
9	TEE TIAM LEE	8,000,000	0.83
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	7,388,860	0.77
11	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SWEE YEE (M09)	7,100,000	0.74
12	SINARMAS HARTA SDN BHD	6,908,480	0.72
13	TEOW LEONG SENG	6,105,200	0.64
14	KOAY BEE LI	5,676,800	0.59
15	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR IAM TRADITIONAL ASIAN GROWTH FUND	5,655,900	0.59
16	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PHUA SIN MO	3,015,500	0.31
17	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FRANCIS CHAI KIM LUNG	2,873,000	0.30
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LOO ENG CHOON (MP0270)	2,775,000	0.29
19	SIGMA SELEKSI SDN BHD	2,723,680	0.28
20	BOON SIM FAH	2,542,000	0.26



**STATISTICS ON WARRANTHOLDINGS**  
 AS AT 18 JANUARY 2019

**THIRTY (30) LARGEST WARRANTHOLDERS (CONTINUED)**

No.	Name of Warrantheolders	No. of Warrant	%
21	TAN HENG TA	2,495,500	0.26
22	TEH KOK HONG	2,450,000	0.26
23	VOON TIN YOW	2,422,400	0.25
24	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHI LEONG MING	2,200,000	0.23
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG KOK WENG (MY2166)	2,050,000	0.21
26	AZLAN BIN MOHD ZAINOL	2,048,000	0.21
27	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM WEI YUEN (MARGIN)	1,893,000	0.20
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KEAN PING	1,700,000	0.18
29	LOW WEE LI	1,674,000	0.17
30	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	1,591,280	0.17
		<u>747,887,199</u>	<u>77.90</u>

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting ("**AGM**") of Eco World International Berhad ("**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 10.30 a.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 the Explanatory Note (i)**
- 2 To approve the payment of Directors' Fees for the financial year ended 31 October 2018. **Ordinary Resolution 1 [Please refer to the Explanatory Note (ii)]**
- 3 To re-elect the following Directors who are retiring pursuant to Clause 114(1) of the Constitution of the Company:-
  - (i) Tan Sri Azlan Bin Mohd Zainol **Ordinary Resolution 2**
  - (ii) Tan Sri Dato' Sri Liew Kee Sin **Ordinary Resolution 3**

Dato' Seri Ahmad Johan Bin Mohammad Raslan who is retiring pursuant to Clause 114(1) of the Constitution of the Company, has expressed his intention not to seek for re-election. Hence, he will retain office until the close of the Fifth AGM.
- 4 To re-elect Ms Pauline Wong Wan Voon who is retiring pursuant to Clause 121 of the Constitution of the Company. **Ordinary Resolution 4**
- 5 To appoint Messrs KPMG PLT as Auditors of the Company in place of the retiring auditors, Messrs Mazars PLT and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

A Notice of Nomination in relation to the appointment of Messrs KPMG PLT as Auditors of the Company, subject to their consent to act being obtained, in place of the retiring auditors, Messrs Mazars PLT, a copy of which is annexed and marked "Annexure A" has been received by the Company to propose the following ordinary resolution:

"THAT Messrs KPMG PLT having consented to act, be and is hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Mazars PLT, to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to fix their remuneration."

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

- 6 **Directors' Benefits payable to the Independent Directors from the date of the forthcoming AGM until the next AGM of the Company** **Ordinary Resolution 6 [Please refer to the Explanatory Note (iii)]**

To approve the payment of Directors' Benefits to the Independent Directors of the Company from the date of the forthcoming AGM until the next AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING

7 **Authority to issue and allot shares**

"THAT subject always to the Companies Act 2016 ("**Act**"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Section 76 of the Act to issue and allot shares in the Company to such persons, at any time until the conclusion of the next AGM 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 ten per centum (10%) of the total number of issued shares of the Company for the time being."

**Ordinary Resolution 7**  
**[Please refer to the**  
**Explanatory Note (iv)]**

8 **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") and Proposed New Shareholders' Mandate for Additional RRPT ("Proposed Shareholders' Mandate")**

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia, the Company and/or its subsidiaries and/or joint ventures ("**Group**") be and is/are hereby authorised to enter into any of the transactions falling within the types of existing and additional recurrent related party transactions of a revenue or trading nature of the Group from time to time with related parties who may be a Director, a major shareholder of the Group or a person connected with such a Director and major shareholder, as specified in Section 2.2 of the Company's Circular dated 26 February 2019 which are necessary for the day to day operations and are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the 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.

**Ordinary Resolution 8**  
**[Please refer to the**  
**Explanatory Note (v)]**

THAT the mandate given by the shareholders of the Company shall only continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the next AGM, 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 of the Company in a general meeting,

whichever is 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 powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

## NOTICE OF ANNUAL GENERAL MEETING

- 9 To transact any other business for which due notice shall have been given in accordance with the Act.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)  
TAN AI NING (MAICSA 7015852)  
Company Secretaries

Selangor Darul Ehsan  
26 February 2019

### NOTES:

- i. In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 March 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
- ii. A member entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead at the same meeting. A proxy may but need not be a member of the Company. There shall be no restriction to the qualification of the proxy. Where a member appoints up to two (2) proxies, the appointments shall be invalid unless the member specifies the proportions of his/her shareholdings to be represented by each proxy.
- iii. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- iv. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it is 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 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.
- v. The instrument appointing a proxy by a member who is entitled to attend and vote at the AGM, shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- vi. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar of our Company, Boardroom Share Registrars Sdn Bhd (*formerly known as Symphony Share Registrars Sdn Bhd*) at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.
- vii. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, all the resolutions set out in the notice of general meeting will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

## NOTICE OF ANNUAL GENERAL MEETING

**EXPLANATORY NOTES****(i) Item 1 of the Agenda: Audited Financial Statements**

Agenda item no. 1 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.

**(ii) Ordinary Resolution 1 - Directors' Fees for the financial year ended 31 October 2018**

The payment of the Directors' Fees of RM1,116,667 in respect of the financial year ended 31 October 2018 will only be made if the proposed Ordinary Resolution 1 has been passed at the forthcoming AGM pursuant to Clause 122 of the Constitution of the Company.

**(iii) Ordinary Resolution 6 - Directors' Benefits payable to the Independent Directors from the date of the forthcoming AGM until the next AGM of the Company**

The Directors' Benefits payable to the Independent Directors up to RM230,000 from the date of the forthcoming AGM until the next AGM of the Company will only be made by the Company as and when incurred if the proposed Ordinary Resolution 6 has been passed at the forthcoming AGM. In determining the estimated total amount of the Directors' Benefits, the Board has considered the number of scheduled and special meetings for the Board and Board Committees as well as the number of Independent Directors involved in the meetings.

**(iv) Ordinary Resolution 7 - Authority to issue and allot shares**

The proposed Ordinary Resolution 7 is the general mandate for issuance of shares by the Company pursuant to Section 76 of the Act, the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia. The mandate, if passed, will provide flexibility for the Company and empower the Directors to issue and allot new shares speedily in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for purpose of funding future investments project(s), working capital and/or acquisitions. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

**(v) Ordinary Resolution 8 - Proposed Shareholders' Mandate**

The proposed Ordinary Resolution 8, if passed, will allow the Group to enter into the existing and additional Recurrent Related Party Transactions under the Proposed Shareholders' Mandate pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Company or affecting the business opportunities available to the Company. The Proposed Shareholders' Mandate is subject to renewal on an annual basis.

Please refer to the Circular to Shareholders dated 26 February 2019 for further information.

**Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

## NOTICE OF ANNUAL GENERAL MEETING

### ANNEXURE A

#### NOTICE OF NOMINATION OF MESSRS KPMG PLT AS AUDITORS

Date: 16 January 2019

The Board of Directors  
**Eco World International Berhad**  
Suite 59, Setia Avenue  
No. 2, Jalan Setia Prima S U13/S  
Setia Alam, Seksyen U13  
40170 Shah Alam  
Selangor Darul Ehsan

Dear Sirs,

#### **NOMINATION OF AUDITORS**

We, being a shareholder of Eco World International Berhad ("**EWI**"), hereby give notice of our intention to nominate Messrs KPMG PLT for appointment as Auditors of EWI, subject to their consent to act, to replace the retiring Auditors, Messrs Mazars PLT and to propose the following ordinary resolution to be tabled at the forthcoming Annual General Meeting of EWI:-

*"THAT Messrs KPMG PLT be hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Mazars PLT, to hold office until the conclusion of the next Annual General Meeting of the Company and that authority be hereby given to the Directors of the Company to determine their remuneration."*

Yours faithfully,

**ECO WORLD CAPITAL (INTERNATIONAL) SDN. BHD.**

Duly signed

---

LIEW TIAN XIONG  
Director

# PROXY FORM

## ECO WORLD INTERNATIONAL BERHAD

(COMPANY NO. 1059850-A)  
(INCORPORATED IN MALAYSIA)

I/We, \_\_\_\_\_ NRIC/Passport/Company No. \_\_\_\_\_  
(NAME IN FULL AND IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

and telephone no. / email address \_\_\_\_\_ being a member/members of **ECO WORLD**

**INTERNATIONAL BERHAD ("Company")**, hereby appoint \_\_\_\_\_  
(NAME IN FULL AND BLOCK LETTERS)

NRIC No \_\_\_\_\_ of \_\_\_\_\_  
(FULL ADDRESS)

\_\_\_\_\_ (Proportion: \_\_\_\_\_%)

and/or failing him/her, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(NAME IN FULL AND BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

(Proportion : \_\_\_\_\_%) or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Fifth Annual General Meeting ("**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 10.30 a.m. and, at any adjournment thereof.

I/We indicate with an "x" in the spaces below how I/we wish my/our vote to be cast.

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	Approval for the payment of Directors' Fees		
Ordinary Resolution 2	Re-election of Tan Sri Azlan Bin Mohd Zainol		
Ordinary Resolution 3	Re-election of Tan Sri Dato' Sri Liew Kee Sin		
Ordinary Resolution 4	Re-election of Ms Pauline Wong Wan Voon		
Ordinary Resolution 5	To appoint Messrs KPMG PLT as Auditors of the Company in place of the retiring auditors, Messrs Mazars PLT		
Ordinary Resolution 6	Approval for the Payment of Directors' Benefits		
Ordinary Resolution 7	Authority to issue and allot shares		
Ordinary Resolution 8	Proposed Shareholders' Mandate		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019

Subject to the abovestated voting instructions, my/our proxy/proxies may vote or abstain from voting on any resolutions as \*he/\*she/\*they may think fit.

If appointment of proxy is under hand  ..... Signed by* individual member/*officer or attorney of member/ *authorised nominee of ..... (beneficial owner)	No. of shares held: ..... Securities Account No: ..... (CDS Account No.) (Compulsory) Date:
If appointment of proxy is under seal  The Common Seal of ..... was hereto affixed in accordance with its Constitution in the presence of:  ..... Director ..... Director/Secretary ..... In its capacity as *member/*attorney of member/ *authorised nominee of ..... (beneficial owner)	Seal         No. of shares held: ..... Securities Account No: ..... (CDS Account No.) (Compulsory) Date:

\* Strike out whichever is not desired. Unless otherwise instructed, the proxy may vote as he/she thinks fit.

Fold this flap for sealing

Then fold here

Affix Stamp

**Boardroom Share Registrars Sdn Bhd (378993-D)**  
*(formerly known as Symphony Share Registrars Sdn Bhd)*  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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**NOTES:**

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**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the Fifth Annual General Meeting dated 26 February 2019.





[www.ecoworldinternational.com](http://www.ecoworldinternational.com)

Eco World International Berhad (1059850-A)

Suite 59, Setia Avenue, No. 2, Jalan Setia Prima S U13/S, Setia Alam, Seksyen U13  
40170 Shah Alam, Selangor Darul Ehsan, Malaysia

T +603 3361 2552 | F +603 3341 3530 | E [ewi@ecoworldinternational.com](mailto:ewi@ecoworldinternational.com)