

## **ECO WORLD INTERNATIONAL BERHAD**

(Company No. 1059850-A)

SUMMARY OF KEY MATTERS DISCUSSED AT THE FOURTH ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY HELD AT ECO ARDENCE SALES GALLERY, PT 8, PERSIARAN SETIA ALAM, ECO ARDENCE, 40170 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA ON WEDNESDAY, 28 MARCH 2018 AT 10.30 A.M.

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**The following questions were raised during the 4<sup>th</sup> AGM of the Company which were duly responded by the President & Chief Executive Officer of the Company:**

### **I. Operations in United Kingdom (“UK”) and Australia Projects (“the Projects”)**

**Q1. General enquiry on the recent acquisition of 12 development projects located across Greater London and South East of England from Be Living Holdings Limited (“Be Living”).**

The acquisition is a joint venture with Be Living whereby Eco World International Berhad (“EcoWorld International”) holds 70% equity interest to jointly develop the 12 development projects. The acquisition will be carried out in 2 stages; Stage 1 comprising 6 development projects wherein planning consent have been obtained (“Stage 1”) whilst Stage 2 sites are conditional upon approved planning consent being granted and additional land interest being acquired (“Stage 2”). The joint venture will also enable the Company to establish an immediate foot-print in the Build-To-Rent market which augurs well for EcoWorld International’s future growth prospects.

**Q2. What is the risk associated with Stage 2 acquisition?**

The risk associated with Stage 2 acquisition is minimal as the consideration sum will not be paid until planning consent has been obtained. To date, 2 development sites have obtained planning consent.

**Q3. What is the take-up rate for the Projects?**

The take-up rate for the Projects is 75%.

**Q4. Which countries the Company intends to venture into and what is the impact of Double Taxation Agreement based on the revenue derived from the Projects?**

For now, the Group is concentrating in UK (London) and Australia (Melbourne and Sydney). A detailed study of the taxation regime is essential prior to any foreign venture as compliance with the legislative structure in UK and Australia is an important part of managing business risks and operations. Under the new tax regime, as the project companies are trading through UK Permanent Establishment, the realised trading profits would be subjected to UK corporation tax.

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**Q5. Please explain on the competitive landscape in UK and Australia as compared to Malaysia.**

The Group is better positioned as compared to Malaysia due to a more diversified product offering that will also allow the Group to cater to mainstream market homebuyers and long term investors despite the competitive landscape in UK and Australia.

**II. Financials**

**Q6. What is the Group's strategy in handling foreign currency risk in view that cost and sales revenue are mostly denominated in GBP and AUD?**

The Group is exposed to the risk of fluctuation in foreign exchange rates as the Group reports its financial statements in RM while sales are denominated in GBP and AUD. A significant part of the currency risk is naturally hedged as most of the Group's expenditures are denominated in the same currency as sales.

**Q7. What is the sales target and strategies to increase sales for Financial Year ending ("FY") 2018, and what is the profit margin for each project?**

The sales target for FY 2018 is RM2.5 billion (inclusive of Be Living). Most of the projects of the Company are multi-phased and the Group is working to optimize development plans for the Be Living Stage 1 sites with the aim of bringing to market products that meet the demand of the mainstream segment as soon as possible.

The Company expects to achieve approximately 18% to 20% profit margin on cost.

**Q8. Will there be negative cash flow for the forthcoming financial year, underpinned by foreign currency exposure?**

Management will do its best to protect the Company against such business risks. Stage 1 consideration was funded via the proceeds raised from the Company's initial public offering. The Company is in the midst of issuing Islamic Medium Term Notes for its general corporate purposes, working capital requirements and/or for funding future site acquisitions.

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**III. Dividend**

**Q9. Will there be any dividend payout for FY2018?**

The Company will consider adopting a dividend policy when earnings have stabilized.

**IV. Business Strategy**

**Q10. What is the Company's near term strategy?**

For short-to-medium term, the Company will focus on addressing the impact arising from the uncertainties surrounding Brexit talks between UK and the European Union. The UK Government's "Help-to-Buy" scheme as well as the stamp duty relief for the purchase of residential properties priced up to GBP500,000 for the first home buyers will increase the buyers' purchasing power. The building of long term sustainability of our business in London would be the Company's priority. The joint venture with Be Living marks a significant step for the Group to gain substantial local market share due to the location and price points of the projects to be acquired.