

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5283
COMPANY NAME : ECO WORLD INTERNATIONAL BERHAD
FINANCIAL YEAR : October 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is primarily responsible for the Group's overall corporate governance ("CG") and effective oversight of Management's performance, risk assessment and business operations to ensure compliance with all the applicable laws, rules and regulations.</p> <p>The Board continues to strengthen the existing CG practices by embracing the latest CG regime under the Malaysian Code on Corporate Governance ("MCCG") and regulatory framework in order to remain relevant with the developments in market practice and regulations. The Board has in place policies such as Board Diversity Policy, Code of Conduct and Business Ethics, Whistleblowing Policy, Directors Remuneration Policy and Key Management Personnel Remuneration Policy to promote good CG.</p> <p>The Board leads and provides stewardship to the Group's strategic direction by formulating and implementing strategic plan. It also oversees the operations of the Group to maximise shareholders' value. In discharging its fiduciary duties and responsibilities, the Board is guided by its Board Charter which outline the duties and responsibilities of the Board and the matters that are specifically reserved for the Board, as well as those which the Board may delegate to the Board Committees and the President & Chief Executive Officer ("President & CEO").</p> <p>In October 2018, the Board reviewed the overall performance of the Group for financial year 2018. The Business Budget and Plan 2019 was discussed and deliberated with constructive views shared and valuable insights provided during the meeting.</p> <p>In relation to the acquisition of 70% equity interest in 12 Development Projects in United Kingdom ("UK") and a Development Management entity from Be Living Holdings Limited, the six projects of Stage 1 Acquisitions were completed on 16 March 2018. Subsequently, two projects under Stage 2</p>

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	<p>Acquisitions, namely Aberfeldy Village and Kew Bridge were then completed on 30 May 2018 and 20 August 2018 respectively.</p> <p>The indirect wholly owned subsidiary of the Company, Eco World (Macquarie) Pty Ltd had entered into definitive sale and purchase agreements with the owners of 25 out of thirty 30 apartment units located at 1-3, Lachlan Avenue, Macquarie Park, Sydney, NSW 2113, Australia on 19 October 2018 to redevelop the land into a residential development. The acquisition for the 25 units was completed on 9 November 2018.</p> <p>Another significant milestone achieved was the signing of sale and forward funding of new Build-to-Rent residential and commercial units under the Barking Abbey Retail Park and Kew Bridge projects between our joint venture entity, Eco World London Holdings Limited ("EcoWorld London") and Invesco Real Estate and its beneficiary, on 3 December 2018.</p> <p>The Board through the Audit Committee ("AC") reviews the adequacy of internal controls and integrity of the Group's financial and non-financial reporting. Details of the Company's internal control system are set out in Pages 62 to 69 of the Statement on Risk Management and Internal Control of 2018 Annual Report.</p> <p>Through the Risk Management Committee ("RMC"), the Board oversees the risk management framework of the Group and continuously reviews the adequacy and effectiveness of the Group's risk management and internal control system which is embedded in all aspects of the Group's activities. The Board through RMC develops, executes and maintains the risk management system to ensure that the Group's corporate objectives and strategies are achieved within the acceptable risk appetite of the Group. The RMC monitors and manages the significant risks faced by the business throughout the financial year under review.</p> <p>The Board is assisted by the Nomination and Remuneration Committee ("NRC") to ensure orderly succession of Board, President & CEO and Chief Financial Officer ("CFO"). Successor for Key Senior Management and key critical positions have been identified and groomed under the leadership management programme. During the financial year 2018, the NRC had also assessed the performance and reviewed the remuneration package of the Executive Directors and CFO to ensure they are in line with the market practices.</p> <p>The Board through Whistleblowing Committee ("WBC") shall investigate any whistleblowing cases lodged by the whistleblowers and to carry out using the appropriate channels, resources and expertise.</p>
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		The Board is committed to highest standards of transparency and accountability in the disclosure of information to the shareholders and stakeholders. Hence, the Board, Management and employees comply with the Disclosure and Communication Policy which was established to keep the market informed and to deliver long term sustainable value for the shareholders and stakeholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is led by Tan Sri Azlan Bin Mohd Zainol, the Independent Non-Executive Chairman and Tan Sri Dato' Sri Liew Kee Sin, the Executive Vice Chairman.</p> <p>The Chairman:</p> <ul style="list-style-type: none"> • encourage openness and provides leadership for the Board to perform its duties effectively; • leads the meetings effectively and support active participation including allowing dissenting views to be freely expressed; • provides objective views and decisions to resolve issues when there are differing views between the Board and Management; • set the board agenda with Management and Company Secretary and ensure Board receive complete and accurate information for deliberation at the meetings; and • leads the Board in establishing and monitoring good CG practices and ensures these practices are regularly communicated to all stakeholders. <p>The key responsibilities of the Chairman and Executive Vice Chairman have been clearly specified in the Board Charter which is available on the Company's corporate website at www.ecoworldinternational.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The distinct and separate roles and responsibilities of the Chairman, Executive Vice Chairman and the President & CEO of the Company are provided in the Board Charter, which is available on the Company's corporate website.</p> <p>The positions are held by different individuals to ensure there is a clear and proper balance of power and authority. The Chairman, Tan Sri Azlan Bin Mohd Zainol, leads and manages the Board by focusing on strategy, governance and compliance matters of the Group.</p> <p>Tan Sri Dato' Sri Liew Kee Sin, the Executive Vice Chairman is responsible for strategic planning, business development and overseeing the Group's business operations, formulation of high level-strategies and directing its overall growth and business operation.</p> <p>The President & CEO, Dato' Teow Leong Seng focuses on the day-to-day management and business of the Group and is responsible for implementation of the Board's policies and decisions. The responsibilities of the President & CEO, amongst others, are: to assure that the Group's corporate identity, products and services are of high standards and are reflective of the market environment; regular reviews of the performance of heads of divisions and departments who are responsible for all functions contributing to the success of the Group and to assess potential business opportunities and promote the highest degree of CG and ethics across the Group.</p>
Explanation for departure	:	
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Measure	:	
Timeframe	:	

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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two Company Secretaries. Both of them are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. Both of them are Fellowship members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The roles and responsibilities of the Company Secretary are provided in the Board Charter, which is available on the Company's corporate website.</p> <p>The Board has unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary plays an advisory role to the Board, particularly with regard to the CG issues and Directors' responsibilities in complying with relevant legislation and regulations.</p> <p>The Company Secretary attends all the Board and Board Committee meetings and ensures all discussions and deliberations during meetings are accurately recorded and properly maintained. The Company Secretary also acts as the custodian of the Company's statutory records to ensure compliance with the statutory requirements such as Companies Act 2016 and Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").</p> <p>The Company Secretary also facilitates proper communications and ensures the effective flow of information between the Board, Board Committees and the Management.</p> <p>During the financial year 2018, the Company Secretary attended various trainings and seminars to keep abreast of relevant changes in law and regulations and to ensure regulatory compliance by the Board.</p> <p>The Company Secretary plays an important role in ensuring that the proceedings in general meetings are in place and properly managed. During the day of the general meetings, the Company Secretary will assist the Chairman and the Board in facilitating the conduct of the meetings and ensures the minutes are properly recorded.</p>

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		<p>To ensure the Company complies with the relevant rules and regulations, the Company Secretary will send notices on the closed period for trading in the Company’s listed securities to the Board and Principal Officers on a quarterly basis.</p> <p>The Company Secretary also facilitated the annual assessment on the effectiveness of the Board, Board Committees and individual Directors. The results were collated and tabled at the NRC Meeting in December 2018 and subsequently to the Board for deliberation.</p> <p>The Board was satisfied with the overall performance and support rendered by the Company Secretary in discharging their duties and responsibilities as Officer of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board and Board Committees receive sufficient, reliable and timely information in advance of the meetings and are provided with all the necessary resources to enable them to fulfil their responsibilities and to undertake their duties in an effective manner.</p> <p>The Board meets at least five times a year with additional meetings if required. Prior to Board meetings, all Directors are furnished with the notice of the meeting which sets out the matters to be discussed at least seven days prior to the meetings.</p> <p>As part of the Company's green initiatives and to improve meeting efficiency, the Company has implemented a paperless board portal for all Board and Board Committees meetings, which enables digital access to meeting materials instead of distributing hard copies. The core board papers are uploaded via board portal at least five business days prior to the meetings for the Board to review, obtain further clarification and to enable focused and constructive deliberation at the meetings. The board papers contained comprehensive management reports, minutes of meetings, detailed proposal papers and supporting documents to enable the Board to discharge its duties effectively.</p> <p>The Board has direct access to the Management and unrestricted access to any information relating to the business and affairs in discharging their duties. The Board may request additional information or clarification from the Management in order to make informed and timely decisions.</p> <p>All deliberations and decisions at the Board and Board Committees' meetings are properly recorded in the minutes, including matters where directors abstained from deliberation and/or voting. The action items identified and highlighted during meetings are conveyed to the Management for their attention and action.</p> <p>Upon the conclusion of each meeting, the minutes of meetings will be circulated to all the Board and Board Committees for their comments prior to the confirmation at the next meeting. The Directors may request for clarification before the minutes are being confirmed. The minutes will be signed by the Chairman</p>

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		of the meeting as a correct record upon confirmation by the Board and Board Committees.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Board, Board Committees, Individual Directors, Independent Directors as well as Senior Independent Director are clearly defined in the Board Charter, which is subject to periodic review and revise as and when required. To be in line with the latest MCCG, the Board Charter was reviewed and approved by the Board in October 2018. The Board Charter is available on the Company's corporate website.</p> <p>In discharging its fiduciary duties, the Board has established and delegated specific tasks to the following Board Committees, which have the authority to examine and report to the Board:</p> <p>(i) <u>AC</u> The AC assists the Board in fulfilling the Board's responsibilities on the integrity of the Group's financial reporting and its audit processes.</p> <p>(ii) <u>NRC</u> The NRC assists the Board to propose potential candidates as Director for the Board's consideration. It also assesses the effectiveness, size and composition of the Board and recommends remuneration packages for Executive Directors and Non-Executive Directors of the Group.</p> <p>(iii) <u>RMC</u> The RMC assists the Board to evaluate the Group's level of risk tolerance, assess and monitor risks, review the Group's internal controls system and engage with Management to periodically test the adequacy and effectiveness of the risk management and internal control system.</p> <p>(iv) <u>WBC</u> The WBC assists the Board to ensure that investigations on any whistleblowing cases are carried out using the appropriate channels, resources and expertise.</p>

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		<p>With the exception of the WBC, all the other Board Committees operate within their respective terms of references (“TOR(s)”) which were approved by the Board. The TORs of each Board Committees are available on the Company’s corporate website.</p> <p>The Board takes full responsibility for the oversight and overall performance of the Group. The Board reserves full decision-making powers on the following matters:</p> <ul style="list-style-type: none"> a) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions; b) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures; c) Strategic investments, mergers and acquisitions and corporate exercises; d) Limits of authority; e) Treasury policies; f) Risk management policies; and g) Key human resource issues.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is committed to maintain a high standard of code of conduct and business ethics which shall be observed by Directors and employees of the Group. The Code of Conduct and Business Ethics of Directors and Employees ("Code") is available on the Company's corporate website. The Code was approved by the Board in October 2017 and it will be reviewed periodically to ensure it remains current and relevant in addressing any ethical issues that may arise within the Group.</p> <p>The Directors and employees of the Group are responsible for safeguarding the business and reputation of the Group. The Code was formulated to provide clear direction on conduct of business, general workplace behaviour and dealing with stakeholders.</p> <p>The Board encourages all employees and stakeholders to report suspected inappropriate behaviour or misconduct involving fraud, corruption or abuse of power. No individual will be discriminated or suffer any act of retaliation for reporting in good faith.</p> <p>All new employees will be briefed during the induction programme and are required to read and sign the declaration that they will abide to the Code during their service with the Group.</p>
Explanation for departure	:	
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Measure	:	
Timeframe	:	

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Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Whistleblowing Policy has been established to provide a platform for the employees and members of the public who have concerns about suspected misconduct (including fraud, bribery, theft, abuse of power and violation of rules and regulations) to come forward and express these concerns without fear of punishment or unfair treatment.</p> <p>The Board is committed to preserve its culture of openness, accountability and integrity when dealing with suspected fraud, corruption, dishonest practices or any violation of laws and regulations.</p> <p>All reports are encouraged to be in writing to ensure a clear understanding of the concerns and the whistleblower reporting form is available on the Company's corporate website.</p> <p>Any employee or member of the public who is aware of any improper conduct within the Group is encouraged to disclose directly to the WBC at whistleblow@ecoworldinternational.com.</p> <p>The Board assures that all reports will be treated in the strictest confidence and will be promptly investigated. Incidents of retaliation against individual reporting a violation or assisting in investigations will be resulted in disciplinary action. The WBC will ensure that the investigations are carried out using the appropriate channels, resources and expertise.</p> <p>During the financial year 2018, there were no cases reported to the WBC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board comprised of the following 11 Directors, whom majority are Independent Directors:</p> <p>(i) six Independent Non-Executive Directors; (ii) three Non-Independent Non-Executive Directors; and (iii) two Executive Directors.</p> <p>The profiles of the Independent Non-Executive Directors are set out in Pages 32 to 42 of the 2018 Annual Report.</p> <p>All the six Independent Non-Executive Directors, which constitute 54.5% of the Board had satisfied the independence test under the MMLR of Bursa Malaysia which assessment was conducted on an annual basis to ensure that they are independent and free from any business or relationship which could materially interfere with their independent judgement or the ability to act in the best interests of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders’ approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders’ approval through a two-tier voting process.

Application	:	Not Applicable – No Independent Director(s) serving beyond nine years.
Explanation on application of the practice	:	<p>The Board has adopted the policy that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of nine years, an Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-Independent Director.</p> <p>In the event that the Board intends to retain the Director as an Independent Director, the Board must justify the decision and seek annual shareholders’ approval at the general meetings.</p> <p>The Board was satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on application of the practice	:	

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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to encourage diversity and inclusion in the workplace. With the recommendation of the NRC, the Board reviewed and approved the Board Diversity Policy in October 2017.</p> <p>The NRC is delegated with the responsibilities of assessing and recommending potential candidates to be appointed as Directors based on the required mix of skills, knowledge, expertise and experience, time commitment, integrity and competencies in meeting the needs of the Company. The ultimate decision on the appointment is solely at the discretion of the Board. The detailed criteria and procedures in selecting potential candidates to be appointed as Directors are set out in the TOR of the NRC which is available on the Company's corporate website.</p> <p>Ms Pauline Wong Wan Voon was appointed as Independent Non-Executive Director on 2 April 2018. The NRC had reviewed and assessed her experience, skills, time commitment and expertise and was satisfied that she had fulfilled the required criteria by the Board. Thereafter, the NRC recommended her appointment to the Board for approval.</p> <p>The Board undertook annual review on the composition of the Board in term of mix of skills, experience, age, gender and competencies. The Board decided to maintain the Board size of 11 despite the maximum number of Directors as stated in the Constitution is 15. The Board was satisfied that its composition reflected the balance of Independent and Non-Independent Directors with a mix of highly qualified and experienced Directors in leadership, strategic planning, finance, banking and risk management. These combination of different professions and skills provide different perspectives to the Board in leading the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board recognises the challenges in achieving the right balance of gender diversity in the Company.</p> <p>The Company was listed on Bursa Malaysia on 3 April 2017 comprising 100% male Directors. The Board took cognizant of the gender diversity as promoted in the MCCG and had taken steps to appoint women directors to the Board. This is reflected in the current composition whereby two out of 11 Directors are women.</p> <p>Tan Sri Datuk Dr Rebecca Fatima Sta Maria was appointed as the first woman director of the Company on 27 April 2017.</p> <p>Subsequently, during the financial year 2018, Ms Pauline Wong Wan Voon was appointed as the second woman director of the Company on 2 April 2018. The female representatives stood at 18.2% of the Board composition as at 31 October 2018.</p> <p>With respect to the Key Senior Management, the Company has achieved the target of 30% women holding key positions within the Group, namely the CFO and the Chief of Global Sales & Marketing.</p> <p>The Board supports gender diversity at all level. Nevertheless, the appointment on the Board must always be based on merit, with regards to the skill sets, background and experience and whether such appointment will further strengthen the Board holistically.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	The Board will take the necessary steps to source for suitable women directors to be appointed on the Board and endeavour to meet the threshold of 30% as soon as practicable.
Timeframe	:	5 years

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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC is responsible to identify and select the potential candidates as Director through various channels and avenues to identify suitably qualified candidates.</p> <p>During the financial year 2018, the NRC had actively sourced for suitable Independent woman director to be appointed as member of the Board. Apart from recommendation by existing board members, NRC also relies on the external sources such as 30% Club Malaysia for consideration before recommending to the Board for approval.</p> <p>Based on the recommendation of the existing board members, Ms Pauline Wong Wan Voon was appointed as Independent Non-Executive Director of the Company on 2 April 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>Both Nomination Committee and Remuneration Committee were established by the Board on 12 September 2014. Thereafter, the Nomination Committee and Remuneration Committee were combined and known as NRC on 14 December 2017.</p> <p>Currently, Mr Cheah Tek Kuang is the Chairman of the NRC, who is also the Senior Independent Non-Executive Director of the Company.</p> <p>Clause 2.2 of the TOR of the NRC states that the Chairman of the NRC shall be an Independent Director or Senior Independent Director appointed by the Board. The role of Senior Independent Director is set out in the Board Charter which is available on the Company's corporate website.</p>
Explanation for departure	:	
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Measure	:	
Timeframe	:	

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Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC carried out the annual assessment to determine the effectiveness of its Board, Board Committees, Individual Directors and performance and contribution of each director in respect of financial year 2018.</p> <p>The process was facilitated by Boardroom Corporate Services (KL) Sdn Bhd. Overall, the Board was satisfied with the current approach as each director is able to provide unbiased opinion and recommendation to improve the governance process of the Group. The Board will continue with the existing practice and will consider engaging an independent expert for the annual assessment on a periodic basis in the future.</p> <p>The evaluation process started with the development of the evaluation forms by NRC, which were approved by the Board. Various factors for assessment were considered in the evaluation forms including its size, structure, composition, mix of skill and experience, time commitment, integrity etc. The approved evaluation forms were uploaded to the board portal for assessment by each directors.</p> <p>The preparation of the evaluation forms and collation of the results were facilitated by the Company Secretary and tabled to NRC for review and discussion. After discussion by the NRC, the results were then presented to the Board. The deliberations of the NRC and Board were minuted in the respective meetings.</p> <p>Based on the results of the assessment for the financial year 2018, the Board and NRC were satisfied with the outcome of the following results:</p> <ul style="list-style-type: none">(i) The Board has the relevant mix of skills and experience to function effectively and it demonstrated strong commitment in discharging their duties and responsibilities;(ii) The Chairman of the Board demonstrates effective leadership and all Directors have unrestricted access to the Chairman; and(iii) The Independent Directors are independent and free from any business or other relationship which could

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- Corporate Governance Report for the financial year ended 31 October 2018

		<p>interfere with the exercise of independent judgement and objective.</p> <p>To further improve the effectiveness of the Board moving forward, the following focus areas have been identified:</p> <ul style="list-style-type: none"> a) To consider increasing the number of independent directors who have expertise in property development and to include it a criteria for future appointments; b) To have greater in-depth discussions during meetings on financial challenges and business outlook; c) To address the training needs of the Board in respect of the follow areas: <ul style="list-style-type: none"> i) Update on prevailing laws and regulations in UK and Australia; ii) Property development in UK and Australia; and iii) Accounting, Financial Reporting and Taxations.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company’s desire to attract and retain the right talent in the board and senior management to drive the company’s long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company’s website.

Application	: Applied
Explanation on application of the practice	<p>: The Board believes in a remuneration policy that fairly supports the Directors’ responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders’ value. The Board’s objective is to offer a competitive remuneration package in order to attract, develop and retain talented individuals to serve as Directors of the Company.</p> <p>In determining the remuneration package of the Key Senior Management, factors that were taken into consideration such as individual responsibilities, skills, expertise and contributions to the Group’s performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.</p> <p>The Board has reviewed and approved both the Directors Remuneration Policy and Key Management Personnel Remuneration Policy to set appropriate level of remuneration for the Directors and Key Senior Management. The remuneration policies are available on the Company’s corporate website.</p> <p>The remuneration package for each individual Executive Directors is structured to reflect his experience, performance and scope of responsibilities. Whilst, the remuneration of Independent Non-Executive Directors is in the form of annual Directors’ Fees and meeting allowances which reflect the diverse experience, skill sets and the level of responsibilities expected of the Independent Non-Executive Directors concerned. The Non-Independent Non-Executive Directors do not receive any remuneration.</p> <p>The remuneration package of the Key Senior Management is in the form of salary, benefits and bonus against their Key Performance Indicators (“KPI”).</p> <p>In June 2018, the NRC reviewed the performance of the Executive Directors and the CFO of the Company to determine</p>

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- Corporate Governance Report for the financial year ended 31 October 2018

		<p>the salary increment. The Management has engaged the independent consultant, namely, Aon Hewitt Malaysia Sdn Bhd, to review the remuneration packages for the Executive Directors and CFO. The NRC and the Board were satisfied with the performance of the Executive Directors and CFO and had approved the proposed salary increment accordingly.</p> <p>In December 2018, the NRC and the Board reviewed the Director's Fees and Benefits payable for Independent Directors and recommended the same for shareholders' approval at the forthcoming Fifth Annual General Meeting ("AGM") of the Company. The NRC and Board had also reviewed and approved the year-end bonus for the eligible employees based on the Performance Management Framework of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The NRC, which comprises wholly of Independent Directors, assists the Board on matters relating to the remuneration of the Board, President & CEO and CFO. The TOR of the NRC is available on the Company's corporate website. The Board was satisfied with the performance of NRC in discharging its functions in accordance to its TOR.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied																																																														
Explanation on application of the practice	:	<p>In line with the best CG practice, disclosure of the Board's remuneration on a named basis has been made in the 2018 Annual Report.</p> <p>Details of the Board's remuneration for financial year ended 31 October 2018 are set out below:</p> <p>(i) <u>Executive Directors</u></p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Director</th> <th>Salary and Bonus[^]</th> <th>Allowance</th> <th>Benefits in Kind</th> <th>Total</th> </tr> <tr> <th colspan="4">(RM'000)</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Dato' Sri Liew Kee Sin</td> <td>8,166</td> <td>304</td> <td>165</td> <td>8,635</td> </tr> <tr> <td>Dato' Teow Leong Seng</td> <td>4,721</td> <td>207</td> <td>154</td> <td>5,082</td> </tr> </tbody> </table> <p>(ii) <u>Non-Executive Directors</u></p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Director</th> <th>Fees[@]</th> <th>Allowance⁺</th> <th>Total</th> </tr> <tr> <th colspan="3">(RM'000)</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Azlan Bin Mohd Zainol</td> <td>200</td> <td>48</td> <td>248</td> </tr> <tr> <td>Cheah Tek Kuang</td> <td>200</td> <td>42</td> <td>242</td> </tr> <tr> <td>Dato' Voon Tin Yow</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Choong Yee How</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Cheng Hsing Yao</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Tan Sri Datuk Dr Rebecca Fatima Sta Maria</td> <td>200</td> <td>26</td> <td>226</td> </tr> <tr> <td>Dato' Seri Ahmad Johan Bin Mohammad Raslan</td> <td>200</td> <td>30</td> <td>230</td> </tr> <tr> <td>Dato' Siow Kim Lun</td> <td>200</td> <td>44</td> <td>244</td> </tr> <tr> <td>Pauline Wong Wan Voon[#]</td> <td>117</td> <td>8</td> <td>125</td> </tr> </tbody> </table> <p>[^] Include EPF and Socso Contributions ⁺ Meeting allowance paid to the Independent Non-Executive Directors for each of the Board and Board Committee meetings attended [#] Appointed on 2 April 2018 [@] The Directors' Fees proposed to be paid to the Independent Non-Executive Directors for the financial year ended 31 October 2018 will be tabled at the forthcoming Fifth AGM for shareholders' approval</p> <p>The overall remuneration package of Independent Non-Executive Directors which consists of Directors' Fee and Meeting Allowance is subject to shareholders' approval annually. The interested directors shall abstain from voting in</p>	Name of Director	Salary and Bonus [^]	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	Name of Director	Fees [@]	Allowance ⁺	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 [#]	117	8	125
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		respect of their direct and/or indirect shareholdings on the resolution relating thereto.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure												
Explanation on application of the practice	:													
Explanation for departure	:	<p>The Board is of the view that it would not be in its best interest of the Company to make such detailed disclosure of Key Senior Management's remuneration on a named basis. Accordingly, such details are not disclosed in the annual report in view of the competitive market for talents in the property development industry and to support the Company's effort in attracting and retaining highly talented personnel.</p> <p>Details of our top five Key Senior Management's total remuneration (in bands of RM50,000) during the financial year ended 31 October 2018 is set out below:</p> <table border="1" data-bbox="564 1178 1382 1464"> <thead> <tr> <th>Total Remuneration (in bands of RM50,000)</th> <th>No. of Key Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM1,050,001 to RM1,100,000</td> <td>1</td> </tr> <tr> <td>RM1,100,001 to RM1,150,000</td> <td>1</td> </tr> <tr> <td>RM1,500,001 to RM1,550,000</td> <td>1</td> </tr> <tr> <td>RM1,600,001 to RM1,650,000</td> <td>1</td> </tr> <tr> <td>RM2,600,001 to RM2,650,000</td> <td>1</td> </tr> </tbody> </table> <p>The Company always benchmarks the remuneration of the Key Senior Management within the property industry and ensures that their remuneration commensurate with the scope of work, responsibilities as well as performance against KPI.</p>	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
Total Remuneration (in bands of RM50,000)	No. of Key Senior Management													
RM1,050,001 to RM1,100,000	1													
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RM2,600,001 to RM2,650,000	1													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
Measure	:	The Board will continuously monitor and consider the appropriateness of the disclosure in the future.												
Timeframe	:													

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- *Corporate Governance Report for the financial year ended 31 October 2018*

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on application of the practice	:	

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC comprises three members who are Independent Non-Executive Directors.</p> <p>The AC is chaired by Dato' Seri Ahmad Johan Bin Mohammad Raslan, while the Chairman of the Board is Tan Sri Azlan Bin Mohd Zainol. Having the positions of Board Chairman and Chairman of AC assumed by different individuals allows the Board to objectively review AC's findings and recommendations.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The AC has a policy that requires a former key audit partner to observe a cooling-off period of at least four years before being appointed as member of AC. The Board with the recommendation of AC after review, had approved the incorporation of the said policy in the TOR of AC, which is available on the Company’s corporate website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>Guided by its TOR, the AC had on September 2018 undertaken an annual assessment on the suitability, effectiveness and independence of its External Auditors, Messrs Mazars PLT ("Mazars") for the financial year ended 31 October 2018.</p> <p>AC would recommend to the Board the appointment or re-appointment of an external auditors after considering, amongst others, the following criteria as stated in its TOR:</p> <ul style="list-style-type: none">• adequacy of the experience and resources of the external auditors;• persons assigned to the audit;• external auditor's audit engagements;• size and complexity of the audit;• number and experience of supervisory and professional staff assigned to the audit; and• the performance of the external auditors and its independence. <p>Based on the assessment conducted, the AC was satisfied with the performance of Mazars for the financial year 2018. 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 having considered Messrs KPMG PLT's international affiliation with KPMG International Cooperative, its profile, resources, experience, the professional staff to be assigned to the audit engagement of the Company, fee and engagement proposal as well as the size and complexity of the Group's operations, is of the opinion that Messrs KPMG PLT will be able to meet the audit obligations of the Company. 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, Mazars.</p>
Explanation for departure	:	

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- Corporate Governance Report for the financial year ended 31 October 2018

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on application of the practice	:	<p>During the financial year 2018, the AC consist of three members, all of whom are Independent Directors. The members of the AC are as follows:</p> <ul style="list-style-type: none">(i) Dato' Seri Ahmad Johan Bin Mohammad Raslan (Chairman);(ii) Tan Sri Azlan Bin Mohd Zainol (Member); and(iii) Dato' Siow Kim Lun (Member). <p>The profile of the above Independent Directors are set out in Pages 32 to 42 of the 2018 Annual Report.</p>

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>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.</p> <p>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.</p> <p>With their vast working experience and knowledge, they are able to understand matters under the purview of AC and provide sound advice to the Board.</p> <p>An annual assessment on the term of office and performance of the AC was undertaken by the Board through the NRC for the financial year 2018 and the Board was satisfied with the performance of the AC.</p> <p>The AC was mindful of the introduction of the new financial reporting standards, <i>MFRS 9 - Financial Instruments</i> and <i>MFRS 15 - Revenue from Contracts with Customers</i>. To prepare for such implementation, the AC was briefed by an independent audit firm on the new reporting standards. The Management had thereafter performed an impact assessment on the financial results of the Group.</p> <p>The AC undertook continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The trainings attended by the AC during the financial year 2018 are set out in Pages 52 to 54 of the Corporate Governance Overview Statement in the 2018 Annual Report.</p>
Explanation for departure	:	

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- Corporate Governance Report for the financial year ended 31 October 2018

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The RMC will assist in the design and implementation of risk management framework and ensure internal control systems are in place. The Board through RMC reviews the key risk identified and assesses the impact of such risk. The deliberation and assessment of risk profiles, control measures and action plans are discussed at RMC meetings.</p> <p>The Enterprise Risk Management Framework consists of five elements which is in line with globally accepted risk management standards as below:</p> <ul style="list-style-type: none"> (i) Risk Governance; (ii) Risk Assessment; (iii) Risk Quantification and Aggregation; (iv) Risk Monitoring and Reporting; and (v) Risk and Control Optimisation. <p>An overview of the Group’s risk management and internal controls are set out in Pages 62 to 69 of the Statement on Risk Management and Internal Control in the 2018 Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board through the RMC oversees the risk management matters of the Group. The 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, reviewing and communication.</p> <p>All key risks are captured in a risk template and reviewed by the respective business units. The risk template includes detailed assessment of risks as well as the corresponding mitigating controls implemented or to be implemented. All risks are consolidated and presented for deliberation during the quarterly Risk Management Team meeting which comprised head of departments of various business units. Subsequently, the reports will be presented to the RMC to ensure its continued application and relevance.</p> <p>The Board had received assurance from the President & CEO and CFO that the Group’s risk management and internal control system are operating effectively in all material aspects based on the management and internal control framework of the Group.</p> <p>Upon assessment of all material aspects, the Board concluded that the risk management and internal control system of the Company is generally adequate and effective for the financial year 2018. The details of the Group’s risk management and internal controls system are set out in Pages 62 to 69 of the Statement on Risk Management and Internal Control in the 2018 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on application of the practice	:	<p>As at 31 October 2018, the RMC comprised four members, majority of whom are Independent Non-Executive Directors. The composition of the RMC is as follows:</p> <ul style="list-style-type: none">(i) Mr Cheah Tek Kuang (Chairman);(ii) Tan Sri Azlan Bin Mohd Zainol (Member);(iii) Dato' Teow Leong Seng (Member); and(iv) Ms Pauline Wong Wan Voon (Member). <p>Ms Pauline Wong Wan Voon was appointed as member of RMC on 28 June 2018.</p> <p>The profile of the above Directors are set out in Pages 32 to 42 of the 2018 Annual Report.</p>

ECO WORLD INTERNATIONAL BERHAD

- Corporate Governance Report for the financial year ended 31 October 2018

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	: Applied
Explanation on application of the practice	<p data-bbox="563 573 1388 909">: The Internal Audit function is performed in-house and undertaken by Group Corporate Governance (“GCG”), which is led by the Chief Audit Executive (“CAE”). GCG works closely with Messrs BDO LLP (“BDO”) who is undertaking the Internal Audit of Eco World-Ballymore Holding Company Limited (“EcoWorld-Ballymore”) and recently, Messrs PricewaterhouseCoopers LLP (“PwC”) who is undertaking the Internal Audit of EcoWorld London pertaining to the UK operations in view of the firm’s familiarity in the regulations and environment.</p> <p data-bbox="563 943 1388 1279">The GCG’s primary role is to provide independent, reasonable and objective assurance in addition to consulting services designed to add value and improve efficiency of the operations within the Group. It assists the Group to achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. GCG performs its audit based on the internal audit methodology which is developed in line with the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing.</p> <p data-bbox="563 1312 1388 1615">GCG reports functionally to the AC and administratively to the President & CEO. The Annual Internal Audit Plan for the financial year ended 31 October 2018 was prepared on a risk-based approach and approved by the AC. All audit engagements were carried out based on the approved plan. The Internal Audit reports from the audit engagements carried out were tabled at the quarterly AC meetings. Follow-up audits were also conducted to ascertain the status of implementation of the agreed upon action plans.</p> <p data-bbox="563 1648 1388 1816">The AC had in September 2018 conducted an annual assessment on the performance of the Internal Audit function. The AC was satisfied with the competency, experience and resources of the Internal Audit function in discharging its roles and responsibilities.</p> <p data-bbox="563 1850 1388 1951">During the financial year 2018, the Internal Auditors attended various internal and external training programmes, aimed at maintaining and enhancing the desired competency levels.</p>

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		A summary of the activities undertaken by GCG for the financial year 2018 is set out in Page 61 of the 2018 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit function is undertaken by GCG, which is led by the CAE, Mr Santosh P.Govindan Kutty Nair who holds a Masters in Business Administration (Australia). He is a member of Malaysian Institute of Certified Public Accountants (MICPA), a member of the Malaysian Institute of Accountants (MIA) and a chartered member of the Institute of Internal Auditors Malaysia (IIAM).</p> <p>CAE oversees three Internal Audit staff in the department and works closely with BDO and PwC who are the Internal Auditors for EcoWorld-Ballymore and EcoWorld London respectively pertaining to the UK operations.</p> <p>All staff of GCG including the CAE are free from any relationship or conflicts of interest, which could impair their objectivity and independence. All staff of GCG have signed the independence declaration and this was noted by the AC in the meeting held in September 2018.</p> <p>The Internal Audit function is guided by the Internal Audit Charter and Internal Audit Methodology which was approved by the AC. Both documents were developed in line with Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing.</p> <p>The AC carried out the annual assessment of the performance of the Internal Audit function and was satisfied with the performance of the Internal Audit function for the financial year 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company recognises the importance of high standards of transparency, accountability and timely information in building a long-term relationship with shareholders and stakeholders. The Company seeks to achieve this through proper communication with investors, financial analysts, media and the public. The Company has in place a Disclosure and Communication Policy that enables the Company to disclose comprehensive and material information to the shareholders and stakeholders.</p> <p><u>General Meetings</u></p> <p>The Board recognise the importance of general meetings which serves as the principal forum for dialogue and interaction between the Board and shareholders. The Board, President & CEO, CFO and External Auditors, if so required, will respond to shareholders' questions during the meeting. The Chairman will provide ample time for the Questions and Answers Session at the general meetings. All relevant comments and suggestions given by shareholders and proxies were noted by the Management for consideration.</p> <p><u>Annual Reports</u></p> <p>The annual report provides comprehensive, updated information of the Group, which includes among others, the vision and mission statements, Board and Key Senior Management, Corporate Governance Overview Statement, President's Management Discussion and Analysis of the Group's financial performance, sustainability statement and audited financial statements of the Group.</p> <p><u>Corporate Website</u></p> <p>The Company's corporate website, which is accessible to the public, also serves as another platform to communicate with the shareholders, investors and the general public. The Investor Relations section includes information such as announcements made to Bursa Malaysia, annual reports, press releases, corporate presentations and annual general meetings.</p>

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	<p>To facilitate the stakeholders' understanding of the Company in respect of governance policies, the Company has uploaded various documents such as Board Charter, Whistleblowing Policy, Code of Conduct and Business Ethics, Constitution as well as the remuneration policies of Directors and Key Senior Management personnel on the Company's corporate website.</p> <p><u>Press Release</u></p> <p>The Company issues press releases periodically and regularly to communicate with its stakeholders on corporate and business developments. Press releases are circulated in print, digital and broadcast for wider publicity and effective media coverage.</p> <p><u>Investor Relations</u></p> <p>The Company's Investor Relations Department plays an important role in providing ongoing updates on the Group's development by conducting regular dialogues and discussions with fund managers, financial analysts and shareholders.</p> <p>During the financial year 2018, the President & CEO, CFO and our Investor Relations personnel met with various institutional investors at the following events:</p> <table border="1" data-bbox="564 1111 1382 1388"> <thead> <tr> <th>Date</th> <th>Activities</th> </tr> </thead> <tbody> <tr> <td>15 December 2017</td> <td>4Q 2017 Analyst Briefing</td> </tr> <tr> <td>23 & 24 January 2018</td> <td>Invest Malaysia 2018</td> </tr> <tr> <td>28 March 2018</td> <td>Fourth AGM</td> </tr> <tr> <td>28 June 2018</td> <td>2Q 2018 Analyst Briefing</td> </tr> <tr> <td>23 July 2018</td> <td>Non-deal roadshow with Fund Managers and Analysts</td> </tr> </tbody> </table> <p>Any enquiries on investor related matters may be directed to the following persons:</p> <p>Ms Melissa Tan Swee Peng Chief Financial Officer Email: melissa.tan@ecoworldinternational.com</p> <p>Mr Saw Xiao Jun Senior Manager – Investor Relations Email: xiaojun.saw@ecoworldinternational.com</p>	Date	Activities	15 December 2017	4Q 2017 Analyst Briefing	23 & 24 January 2018	Invest Malaysia 2018	28 March 2018	Fourth AGM	28 June 2018	2Q 2018 Analyst Briefing	23 July 2018	Non-deal roadshow with Fund Managers and Analysts
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28 June 2018	2Q 2018 Analyst Briefing												
23 July 2018	Non-deal roadshow with Fund Managers and Analysts												
<p>Explanation for departure</p>	<p>:</p>												
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>													

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Measure	:		
Timeframe	:		

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Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The current reporting in 2018 Annual Report provides financial and non-financial information, including Corporate Governance Report and Sustainability Report, which are fairly comprehensive on the overview of the business and operations of the Group.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	To be in line with the practice, the Board will continue to move towards a more integrated approach from its existing reporting and will consider the adoption of integrated reporting at an appropriate time in the future based on a globally recognised framework.
Timeframe	:	5 years

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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>In line with the recommendations of the MCCG, the notice of the Fourth AGM together with the 2017 Annual Report were sent to the shareholders on 27 February 2018, which is at least 28 days before the date of the AGM held on 28 March 2018.</p> <p>The additional time given to the shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives or proxies.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>All the Directors attended the Fourth AGM and Extraordinary General Meeting (“EGM”) held on 28 March 2018 to engage directly with shareholders. The Management and External Auditors were also present to respond to any questions raised by shareholders.</p> <p>At the Fourth AGM, the President & CEO gave a presentation on the financial performance of the Group, acquisitions of Be Living Holdings Limited (UK) and Macquarie Park’s land (Australia) as well as progress updates on UK and Australia projects.</p> <p>The Board encourages shareholders to actively participate during the Questions and Answers Session at all general meetings. All questions raised by shareholders and proxies were attended accordingly.</p> <p>Summary of key matters discussed during the Fourth AGM are published on the Company’s corporate website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Fourth AGM and EGM held on 28 March 2018 at Eco Ardence Sales Gallery is located within the vicinity of Klang Valley and is easily accessible by shareholders.</p> <p>The Board encourages participation at the general meetings and will adhere to the Listing Requirements on poll voting for all resolutions set out in the notice of the general meetings. Therefore, electronic poll voting was adopted at Fourth AGM and EGM.</p> <p>Symphony Share Registrars Sdn Bhd, the Share Registrar of the Company was appointed as Poll Administrator to conduct the polling process and Malaysian Issuing House Sdn Bhd was appointed as the Independent Scrutineer to administer the whole polling process and verify the poll results.</p> <p>Personalised wristbands embedded the barcode, issued by the Poll Administrator, were given to the shareholders during the registration. The Poll Administrator briefed the shareholders and proxies the electronic polling procedures and slides on the electronic polling process was displayed on-screen before the commencement of the electronic polling. The polling process was conducted upon the completion of the deliberation of all items transacted at the Fourth AGM and EGM. Each counter was equipped with laptop and barcode reader to allow the shareholders and proxies to cast their vote in efficient and effective manners.</p> <p>The Independent Scrutineer verified poll results and the Chairman of the meeting announced the results for each resolution during Fourth AGM and EGM. The voting results of all votes cast in respect of each resolution were displayed on-screen. Subsequently, the poll results were announced via Bursa LINK immediately on the same day.</p> <p>The Constitution of the Company allows the Company to hold its general meetings at more than one venue using any</p>

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	<p>technology ensuring all shareholders are able to participate in the general meetings.</p> <p>Taking into account the intended outcome of this practice, the Board will continue to monitor technological developments available to facilitate voting in absentia and allow remote participation by shareholders and the Board may consider implementing the same in the future.</p>
	<p>Alternatively, shareholders who are unable to attend the general meetings may appoint their proxies or representatives to vote on their behalf at all general meetings of the Company in accordance with the Constitution of the Company.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>: To be in line with the practice, the Board will closely monitor the development in the market for future consideration.</p>
<p>Timeframe</p>	<p>: </p>

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**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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