



EcoFirst
CONSOLIDATED BHD

Management Response to MSWG's Questions

Operation and Financial Matters

Question 1(a)

In the segment reporting, the property development division reported revenue from external customers of RM28.2 million and a loss from operations of RM1.43 million in FY 2021.

This is in contrast to FY 2020 where this division recorded revenue from external customers of RM135.4 million and a profit from operating of RM49.9 million in FY 2020. (Pages 123 and 125 of AR)

Operation and Financial Matters

Question 1(a) – Cont'd

What was the reason for the loss from operations in FY 2021 and a profit in FY 2020?

- The reason for the loss from operations of RM1.43 million in FY 2021 compared to a profit from operations of RM49.9 million in FY 2020 is mainly due to the below:*

		FY 2021	FY 2020
(A)	Unit sold from Liberty @ Ampang Ukay	28 units	43 units
(B)	Profit/(Loss) from operation		
	(i) Upper East	(RM5.07 million)	RM0.107 million
	(i) Liberty @ Ampang Ukay	RM3.14 million	RM36.8 million
	(i) Pujian Development	RM0.425 million	RM13.3 million
(C)	Fair value adjustment gain on investment property for Retail in Liberty @ Ampang	Nil	RM5.84 million
(D)	Allowance of expected credit loss		
	(i) Ecofirst Land	RM3.63 million	Nil
	(i) Ecofirst Hartz	RM2.83 million	Nil

Question 1(b)

What is the outlook for the property development division in FY2022?

- *The overall property market in the residential and commercial sector is likely to remain soft throughout FY 2022. Going forward the property market is widely expected to recover on the back of a more positive outlook, following the recent acceleration in vaccine drive and relaxation of the MCO.*

Question 2(a)

The Group manages the leasing and administrative functions for South City Plaza mall, the retail areas in Seri Kembangan and Liberty @ Ampang Ukay, respectively under its property investment arm. (Page 23 of AR)

What were the occupancy rates of South City Plaza mall, retail areas in Seri Kembangan and Liberty @ Ampang Ukay respectively in FYs 2021 and 2020?

Occupancy Rate	FY 2021	FY 2020
South City Plaza Mall	81%	82%
Liberty @ Ampang Ukay	42%	8%

Question 2(b)

What were the gross and net yields of South City Plaza mall, retail areas in Seri Kembangan and Liberty @ Ampang Ukay for both FYs 2021 and 2020?

Gross Yield	FY 2021	FY 2020
South City Plaza Mall	4%	4%
Liberty @ Ampang Ukay – Commercial & Retail Lot	1%	NA

Net Yield	FY 2021	FY 2020
South City Plaza Mall	2%	2%
Liberty @ Ampang Ukay – Commercial & Retail Lot	0.5%	NA

Question 2(c)

What is the outlook of the retail spaces in South City Plaza mall, Seri Kembangan and Liberty @ Ampang Ukay in FY 2022?

- Outlook of the retail spaces in South City Plaza mall
- *Despite the weak retail sentiment for malls in Malaysia, the Management remains confident in improving the occupancy rate of South City Plaza mall.*
- *Over the last 5 years, South City Plaza mall had been rebranded as the country's largest digital devices accessories centre while also offering an exciting range of fashion, food and other lifestyle outlets.*
- Outlook of the retail spaces in Liberty @ Ampang Ukay.
- *Outlook for retail units at Liberty remains promising. As more residents move in to Liberty residential units, the demand for F&B spaces will increase.*

Question 3(a)

The Group's freehold retail units, commercial space and car park bays valued at RM33.13 million were completed in FY 2020. (Page 103 of AR)

There is a correction to the above MSWG caption on the Group's freehold retail units, commercial space and car park bays completed in FY 2020. The value should be read as RM38.97 million instead of RM33.13 million.

Where is the location of the freehold retail units, commercial space, and car par bays?

- The freehold retail units, commercial space and car park bays is located at Liberty @ Ampang Ukay.*

Question 3(b)

What are the occupancy rates of the freehold units and commercial space respectively for FY 2021?

Occupancy Rate	FY 2021
Liberty @ Ampang Ukay	42%

Question 3(c)

The gross rental yields of the freehold retail units and commercial space respectively for FY 2021.

Gross Yield	FY 2021
Liberty @ Ampang Ukay – Commercial & Retail Lot	1%

Question 4

What is the Group's average Quality Assessment System in Construction ("QLASSIC") scores for its completed landed and high-rise properties that were completed in FY 2021 and what is the industry average QLASSIC scores for these types of properties?

- *The QLASSIC is not applicable to the Group.*

Question 5

What is the remaining unsold completed units and value in Liberty @ Ampang Ukay as of September 2021 and when will the Group be launching the next property phase in Ampang Ukay?

- *As of September 2021, Liberty @ Ampang Ukay is only having 17 units Unsold and valued at RM6,540,500.*
- *The Group is targeting Q4 2022 the launching of its Phase 2 in Ampang Ukay.*

Corporate Governance Matters

Question 1(a)

The total fee for the internal audit function of the Group that was outsourced to a third party for FY 2021 was RM11,600. (Page 55 of AR)

Given that the fee is rather small (approximately RM967 per month), how does the audit committee assure itself that there would be adequate coverage and an effective audit function?

- *The fee of RM11,600 paid for the internal audit (“IA”) function was for one (1) IA assignment done on Pujian Development Sendirian Berhad.*
- *The Audit Committee had at every audit committee meeting, reviewed and discussed on the need to conduct IA review on the operations of the Group. Upon discussion with Management, the Audit Committee noted that there was no new development on the Group’s projects and/or activities and agreed that areas for IA review will be decided upon any new development on the Group or new risk are identified.*

Question 1(b)(i)

The internal auditor carried out an internal audit on Pujian Development Sendirian Berhad, (“PDSB”) covering customer service, facilities management and sales and marketing in FY 2021.

Why was PDSB selected for the audit for the whole FY 2021?

- *PDSB is the only active operational entity, hence being selected.*

Question 1(b)(ii)

What are the findings of the internal auditor on PDSB?

- *The findings were that the overall internal control environment is Average where controls and compliance are generally in place with minimum control issues. There are some minor improvements recommended here and there.*

Question 1(b)(iii)

What is PDSB's contribution to the Group's revenue and profit in FY 2021?

- *Revenue: RM11.396 million*
- *Profit after tax: RM9.577 million*



THANK YOU