ANNUAL
REPORT
2016

EASTERN & ORIENTAL
BERHAD

# THE E&O GROUP

The E&O Group (**Eastern & Oriental Berhad**) is a listed company on Bursa Malaysia that has established a reputation as the premier lifestyle property developer of exclusive addresses for the discerning.

In Kuala Lumpur, E&O's landmark properties include **The Mews, St Mary Residences, Dua Residency, Idamansara** and **Seventy Damansara**, all located in the most prime and prestigious neighbourhoods of the capital city.

In Penang, **Seri Tanjung Pinang** is the island's first masterplanned seafront development that is now a highly sought-after and thriving community to locals as well as expatriates from over 20 nationalities.

In Johor's southern development corridor of Iskandar Malaysia, E&O has embarked on **Avira**, a 207-acre wellness-themed development within Bandar Medini Iskandar that has easy accessibility to the Second Link connection to Singapore.

In its expansion overseas, E&O's international foray into real estate investment and development is focused within prime locations in London, including **Princes House** along Kingsway, **ESCA House** in Bayswater, and a commercial property in **Hammersmith**.

E&O's leading position as a lifestyle developer is anchored by its niche in luxury hospitality derived from its namesake, the iconic **Eastern & Oriental Hotel**, a cherished heritage landmark in George Town established in 1885. Along the popular beachfront, **Lone Pine Hotel** stands as the only boutique resort on Batu Ferringhi and the Group has further leveraged on its experience and expertise in hospitality management with the opening of **E&O Residences** serviced apartments in Kuala Lumpur.

**www.easternandoriental.com**

# PURPOSE

E&O designs and builds properties that cater to the lifestyle aspirations of discerning individuals.

# VALUES

At E&O, we do things differently, always for the better, with sincerity, integrity and passion.

# EXPECT NOTHING ORDINARY

Enriched by our heritage,
crafting legacies for the future

Our inheritance of values such as grace,
refinement and appreciation of beauty,
has emboldened us to seek fresh interpretations
of the old to forge ahead and create anew

# 10-YEAR GROUP FINANCIAL HIGHLIGHTS

| (RM'000) | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| **STATEMENTS OF COMPREHENSIVE INCOME** | | | | | | | | | | |
| Revenue | 422,183 | 449,497 | 497,141 | 605,536 | 492,151 | 271,271 | 352,375 | 304,449 | 516,399 | 518,444# |
| Profit/(Loss) before tax | 54,755 | 202,136 | 167,173 | 187,271 | 171,172 | 48,154 | 93,276 | (38,124) | 194,565 | 91,618# |
| Income tax expense | (15,926) | (45,470) | (47,389) | (50,505) | (43,433) | (11,948) | (18,630) | 6,067 | (34,789) | (22,654)# |
| Profit/(Loss) attributable to owners of the parent | 37,191 | 152,088 | 113,239 | 129,556 | 123,296 | 32,880 | 70,765 | (37,276) | 128,854 | 61,178 |
| **STATEMENTS OF FINANCIAL POSITION** | | | | | | | | | | |
| Issued and Paid-up capital | 1,259,784 | 1,252,095 | 1,135,622 | 1,135,622 | 1,133,463 | 842,592 | 761,644 | 591,995 | 419,061 | 358,961 |
| Weighted Average Number of stock units | 1,240,722 | 1,221,324 | 1,217,332 | 1,106,182 | 1,093,675 | 1,059,935 | 1,063,967 | 666,211 | 532,804 | 415,252 |
| Shareholders' Fund | 1,638,405 | 1,599,974 | 1,474,912 | 1,389,868 | 1,289,523 | 1,058,237 | 1,043,259 | 814,371 | 729,686 | 606,733 |
| **RATIOS** | | | | | | | | | | |
| Net Earnings/(Loss) per stock unit (sen) | 3.0 | 12.5 | 9.3 | 11.7 | 11.3 | 3.0 | 6.6 | (5.6) | 24.2 | 14.7 |
| Net Dividend per stock unit (sen) | ^ | ** | 3.00 | 3.38 | 3.19 | 1.50 | 2.85 | – | 3.70 | 2.92 |
| Net Assets per stock unit attributable to owners of the parent (RM)* | 1.31 | 1.31 | 1.33 | 1.26 | 1.17 | 1.21 | 1.25 | 1.25 | 1.55 | 1.41 |

* Net assets per stock unit is computed based on the number of ordinary stock units in issue net of treasury stock units at:
- 31.3.2016 of 1,254,944,463
- 31.3.2015 of 1,222,654,764
- 31.3.2014 of 1,106,182,310
- 31.3.2013 of 1,106,182,310
- 31.3.2012 of 1,104,023,810
- 31.3.2011 of 813,202,612
- 31.3.2010 of 753,979,637
- 31.3.2009 of 584,065,285
- 31.3.2008 of 416,531,076
- 31.3.2007 of 358,188,263

\# In accordance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations, Putrajaya Perdana Berhad was a disposal group held for sale and accordingly was classified as Discontinued Operation. The comparatives of the Discontinued Operation in FYE 2007 has been reclassified and restated accordingly.

** The Company distributed a total of 24,601,619 treasury stock units, being payment of the first and final dividend by way of distribution of treasury stock units at the ratio of one (1) treasury stock unit for every fifty (50) ordinary stock units held in the Company.

^ Proposed first and final single-tier dividend of 2 sen per stock unit, to be approved by the stockholders at the forthcoming Annual General Meeting.

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# MESSAGE FROM OUR CHAIRMAN

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Eastern & Oriental Berhad (E&O) for 2015/2016.

2015 was a challenging year for world markets, and Malaysia was not exempted. The latter half of the year saw the country grappling with contractions on the economic front, following unanticipated global commodity and currency shocks, financial market turbulence and the sudden reversal of capital flows. Despite these challenges, the Malaysian economy grew 5.0% in 2015 with growth in 2016 expected to hover at approximately 4-4.5%.

Globally, recovery remained sluggish, with inconsistent growth in the United Kingdom and United States of America. The Eurozone and Japan are at risk of stagnation and we are seeing a slowdown in the emerging markets of China, Russia and Brazil.

Amidst this turbulent background, the E&O Group remains resilient, steadfastly focusing on building long-term value for our stakeholders. E&O's key property projects continue to draw inspiration from the 130-year old flagship luxury heritage E&O Hotel, our namesake that defines the brand and values we stand for – to do things differently, always for the better, with sincerity, integrity and passion.

Andorra Skyloft Terraces, Seri Tanjung Pinang

Steered by this unwavering commitment, we continue to chart meaningful progress despite the overall cautious market sentiment. Our recent product offerings achieved commendable sales in excess of RM1.1 billion for financial year 2015/2016.

The encouraging response to our launches in these challenging market conditions reassures us that strategically-located properties bearing a strong E&O marque of innovative design and craftsmanship will continue to attract demand.

Another example of E&O's innovative lead is to capture other emerging trends impacting the premier property development landscape. This centres on the increasing emphasis, backed by global spending trends, on wellness. The first example would be our upcoming project in Kuala Lumpur called Conlay Place. This will be the first wellness-infused homes in the region to be constructed according to the internationally-recognised WELL Building Standard® Pilot Programme for Multi-Family Residences guidelines. These guidelines are pioneered by Delos and administered by the International WELL Building Institute. A joint-venture project with Japan's largest property company Mitsui Fudosan Co Ltd, Conlay Place will showcase urban residences imbued with scientifically-proven elements tailored to promote the well-being of its inhabitants.

E&O's presence in Iskandar Johor and the Greater Klang Valley also embraces this spirit of building and nurturing wellness. The Avira development in Medini Iskandar, a collaborative effort with our esteemed partners Khazanah Nasional Berhad and Temasek Holdings Private Limited, will see its first handover of homes in 2016. On a 135-acre tract of land at Elmina West in Shah Alam, Selangor, planning and conceptualisation is underway to create a wellness-themed commercial and lifestyle residential development.

Parallel to our initiatives in developing these properties, we have recently launched EOS Wellness to provide services to complement the structural wellness elements in our property projects.

At the international level, the Group's operations in the United Kingdom (UK) are progressing steadily with the focus being placed on realising our property development plans for ESCA House, Bayswater and the 1.2-acre freehold commercial land at Hammersmith, West London.

Meanwhile, we have reviewed and reached the consensus to terminate our plans to list our UK outfit Eastern & Oriental PLC (E&O PLC) on the AIM market in light of a host of market uncertainties, which have resulted in an overall cautious mood among potential investors. Notwithstanding this, we continue to nurture E&O PLC as a strategic platform to drive our real estate investment and development activities in London, and ultimately to establish the E&O brand internationally.

Despite the challenges, we remain committed to being a proactive and responsible corporate citizen by continuing with community engagement programmes that we initiated and that have gained traction over the years. At the request of participating schools, we have ramped up our Think Green programmes for younger children in kindergarten and primary levels. With our partner, the Consumers Association of Penang, the Think Green programme continues to evolve to ensure focused and sustained community engagement in the area of environmental consciousness, with events widely reported in the local media.

Moving forward, we will continue our efforts to build and grow the E&O brand, whilst strengthening our commitment to E&O shareholders. Our focus will be on realising the value of STP2 in full compliance of all regulatory approvals and conditions, mobilising the sale of existing inventory as well as rolling out new and innovative product offerings. Underscoring this will be our attention to prudent cashflow management as we maintain our agility and flexibility to respond to opportunities in this challenging market environment.

"AMIDST THIS TURBULENT BACKGROUND, THE E&O GROUP REMAINS RESILIENT, STEADFASTLY FOCUSING ON BUILDING LONG-TERM VALUE FOR OUR STAKEHOLDERS."

2016 will see several changes at the Board and senior leadership levels of the Group. On 11 August 2016, Mr Eric Chan Kok Leong will step down from his position as Deputy Managing Director. Eric has been instrumental in steering the Group's business direction and performance since 2003, but has recently expressed his intention to step away from corporate life to spend time with his family. The Board, Management and employees across the E&O Group would like to record our deepest appreciation to him; we will miss his wise counsel and steady hand.

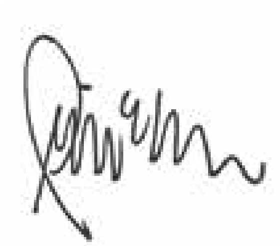
We are honoured to welcome on board Mr Kok Tuck Cheong (TC Kok) as Managing Director effective 1 July 2016. TC is a successful banker, with a career spanning several decades. He not only commands the respect of the financial community, but having worked closely with many of the major property developers in Malaysia, knows E&O particularly well. TC's strengths and in-depth experience in financial planning and strategic business management in his previous position as Chief Executive Officer of AmInvestment Bank is an invaluable asset, and we are delighted he has agreed to help chart the future of E&O going forward.

With TC's appointment, Dato' Seri Terry Tham, currently Group Managing Director, will assume the role of Executive Deputy Chairman.

The Group would also like to record our deepest thanks and appreciation to Board member Tan Sri Dato' Seri Abd Wahab Bin Maskan who resigned in 18 November 2015, for providing his invaluable insight and guidance drawn from many years of extensive experience in the property development industry. We welcome to the Board Dato' Ir Jauhari bin Hamidi, Managing Director of Sime Darby Property Berhad, who was appointed as Non-Independent Non-Executive Director on 25 November 2015.

On behalf of the E&O Group, I would like to express sincere appreciation to all our stakeholders – shareholders, customers, business and banking partners, regulatory authorities and the media for their continued and invaluable support.

And a heartfelt thank you to all our E&O family, who continue to be loyal, passionate and committed advocates of the E&O business and brand.



**DATO' AZIZAN ABDUL RAHMAN**
Chairman, Eastern & Oriental Berhad
*June 2016*

# EXECUTIVE DEPUTY CHAIRMAN'S OPERATIONAL REVIEW

## FINANCIAL PERFORMANCE

The past 12 months of FY 2015/2016 have been weighed down by subdued property market conditions where buyers and investors alike, are adopting a 'wait and see' stance. Banks remained cautious exercising more stringent loan approval criteria resulting in fewer home loans approved.

Adapting to this challenging environment, the Group has restrategised and intensified its marketing efforts. Amongst others, we have extended our marketing reach and initiated new approaches to drive sales. On the back of that, we have achieved a revenue of RM604.8 million and profit after tax of RM38.8 million for the financial year ended 31 March 2016 despite these testing times.

There is however, a shortfall of RM135 million to our cumulative 3-year PAT target (2014-2016) of RM450 million compared to the actual of RM315 million. Nonetheless, if viewed from the broader and longer term context of the Group's performance, we have recorded the highest annual new property sales amounting to RM1.1 billion in FY2015/2016 which will support the next two years revenue and profit after tax.

Avira Garden Terraces, Iskandar Malaysia

On the whole, the steady results for 2015/2016 have been achieved through the Group's consistent discipline and prudence in managing its business while always heeding the need to be flexible and agile to adapt to market changes and challenges.

"ADAPTING TO THIS CHALLENGING ENVIRONMENT, THE GROUP HAS RESTRATEGISED AND INTENSIFIED ITS MARKETING EFFORTS."

# CORPORATE DEVELOPMENTS

## AWARD OF SERI TANJUNG PINANG PHASE 2 LAND RECLAMATION CONTRACT

On 28 October 2015, E&O's subsidiary Tanjung Pinang Development Sdn Bhd (TPD issued a letter of award (LOA) to China Communications Construction Company (Malaysia) (CCCC(M)), to undertake the land reclamation works for Seri Tanjung Pinang Phase 2 (STP2). CCCC(M) is a wholly owned Malaysian subsidiary of China Communications Construction Company Limited.

The LOA serves primarily as an acceptance of the tender to reclaim Phase 2A of STP2, an area of approximately 384 acres (inclusive of the 131 acres along the Gurney Drive foreshore which TPD is reclaiming for the Penang State Government) (Package 1) for a contract sum of approximately RM1.035 billion. The prescribed period to complete reclamation works under Package 1 shall be approximately 30 months from the formal acceptance of the LOA by CCCC(M).

## SYNDICATED BANKING FACILITY FOR SERI TANJUNG PINANG PHASE 2

Tanjung Pinang Development Sdn Bhd had on 30 October 2015 accepted the Banking Facility amounting to RM1,084,000,000 offered by two local financial institutions, Maybank Islamic Bank Berhad (MIB) and RHB Islamic Bank Berhad (RHBIB). The purpose of the Banking Facility is to finance the proposed land reclamation works and infrastructure works in relation to Phase 2A of STP2.

Dato' Azizan Abdul Rahman (4th from right) and Dato' Seri Tham Ka Hon (5th from right) with senior representatives of Maybank Islamic Bank Berhad and RHB Islamic Bank Berhad

## PROPOSED LISTING OF UK UNIT ON AIM OF THE LONDON STOCK EXCHANGE

On 20 April 2016, the Group announced via its advisors that in view of the uncertain global market conditions and exchange rate volatility, the Board has resolved to terminate the proposed admission of the entire issued and to be issued ordinary shares (with matching warrants) of its indirect wholly-owned subsidiary Eastern & Oriental PLC (E&O PLC), to trading on AIM of the London Stock Exchange.

Save for approximately £1.35 million (RM8.31 million based on the average exchange rate of £1.00:RM6.1553 for the financial year ended 31 March 2016) costs in relation to the Proposed Admission, which will be expensed off to the consolidated statements of comprehensive income for the financial year ended 31 March 2016, the termination of the Proposed Admission is not expected to have an impact on the consolidated earnings per share and net assets per share of the Company for the financial year ended 31 March 2016.

## PROPERTY DEVELOPMENT

Our efforts to weather the challenging market conditions include proactive measures to step up our sales and marketing initiatives, which also saw us extending our reach to new markets regionally. These efforts, reinforced by the E&O brand, track record and well-positioned products in strategic locations have enabled us to achieve commendable sales in excess of RM1 billion for 2015/2016, driven by our properties across Penang, Kuala Lumpur and Iskandar Johor.

In Penang, our first executive apartments The Tamarind continued to receive overwhelming response. The second tower was launched in November 2015 and is close to 85% sold to-date. These sales were complemented by take-up of our other products in Penang including the 18 East at Andaman condominiums, Andorra Skyloft Terraces and Amaris Seafront Terraces.

These Penang projects are among the final few offerings at our maturing Seri Tanjung Pinang Phase 1 masterplanned development. Our focus for the future is on the second phase of Seri Tanjung Pinang for which E&O has secured the rights to reclaim 760 acres off the northeast coast of Tanjung Tokong.

Over and above the concession rights to reclaim 760 acres, E&O is also reclaiming 131-acres off the Gurney Drive foreshore for the Penang State Government at our own cost. The Penang State Government has made known that a public park, Gurney Wharf, is slated to be created within the 131-acres on Gurney Drive foreshore.

E&O, knowing how special Gurney Drive is to Penangites, took the initiative to commission leading local and international architects to produce a concept masterplan for Gurney Wharf for the consideration of the state government. These experts include Malaysia's GDP Architects who produced the overall masterplan; Grant Associates for the landscaping and Jerde International for the retail F&B component. The Penang State Government held a public exhibition on the proposed concept masterplan and received highly positive public response on the plans for Gurney Wharf.

More details on the progress of the STP2 project are provided in the box article "Seri Tanjung Pinang Phase 2 Update".

Moving on to our project in Johor, we launched the second phase of Avira Garden Terraces in Medini Iskandar in early 2016, buoyed by the successful debut of the first phase. We are preparing to hand over the first phase of garden terraces to pioneer homeowners on schedule in July 2016.

In the Kuala Lumpur city centre, we have focused our efforts on finalising the concept for the upcoming Conlay Place condominiums at the intersection of Jalan Conlay and Jalan Kia Peng. Conlay Place, which is slated for launch by the second half of 2016, is a joint-venture project with Mitsui Fudosan Asia Pte Ltd, an indirect wholly-owned subsidiary of Japanese real estate giant Mitsui Fudosan Co Ltd.

Meanwhile, our team in the UK is preparing for the handover of E&O's first London project, Princes House in Kingsway, by the second half of 2016. Our other two projects, ESCA House has obtained planning approval while the application for planning approval is still being finalised for the 1.2 acre freehold land at Hammersmith where Landmark House and Thames Tower are currently situated on.

"OUR EFFORTS TO WEATHER THE CHALLENGING MARKET CONDITIONS INCLUDE PROACTIVE MEASURES TO STEP UP OUR SALES AND MARKETING INITIATIVES, WHICH ALSO SAW US EXTENDING OUR REACH TO NEW MARKETS REGIONALLY."

# SERI TANJUNG PINANG PHASE 2 UPDATE

The financial year under review saw E&O charting several milestones to operationalise the Seri Tanjung Pinang Phase 2 (STP2) project.

### RECLAMATION CONTRACTOR

The reclamation contractor for STP2 was identified in October 2015 after conducting a rigorous tender process that included the pre-qualification of potential contractors prior to the closure of tender submission in May 2015. The contract was awarded to China Communications Construction Company (M) Sdn Bhd (CCCC (M)), which was among a shortlist of reputable international firms, on the collective merit of its technical competency, track record, local project experience as well as contract competitiveness.

### PROJECT FINANCING

Separately, E&O secured the financing for STP2 of up to RM1.084 billion in syndicated banking facilities from Maybank Islamic Bank Berhad (MIB) and RHB Islamic Bank Berhad (RHBIB). The syndicated banking facilities will be used to part-finance the reclamation and infrastructure works of the STP2 project in Penang.

## HISTORY OF SERI TANJUNG PINANG

- **1982** – Project mooted under administration of the late Tun Lim Chong Eu
- **1990** – Concession agreement signed
- **1997** – Reclamation work started
- **1998** – Asian Financial Crisis, reclamation work suspended
- **1999** – Reclamation work revived
- **2000** – Project halted for a second time
- **2003** – E&O takes over
- **2005** – Phase 1 reclamation completed
- **2005** – E&O's first launch of terraced homes
- **2006** – Ariza homes handed over to purchasers
- **APR 2011** – Received approval-in-principle for STP2

- **2012-2013** – Consultants appointed for proposed STP2 masterplan
- **AUG 2013** – Public Dialogue on STP2 Detailed Environmental Impact Assessment (DEIA) study
- **APR 2014** – Approval of DEIA by Federal Department of Environment
- **JUN 2014** – Endorsement of STP2 masterplan by Penang State Government
- **DEC 2014** – Grant of Planning Permission for STP2 by Penang State authorities
- **DEC 2014** – Call for Pre-Q Tender
- **MAY 2015** – Tender submission deadline
- **JUN 2015** – Approval of Commencement of Works by Penang State authotities
- **JUL 2015** – Ex-gratia payment to affected fishermen
- **OCT 2015** – Appointment of STP2 reclamation contractors
- **DEC 2015** – Secured STP2 RM1.084bn banking facility

- **FEB 2016** – Began installation of anti-climb secure fencing along Gurney Drive
- **MAR 2016** – Began installation of silt curtains at sea
- **MAY 2016** – Completed installation of fencing along Gurney Drive

## COMMENCEMENT OF WORKS APPROVAL

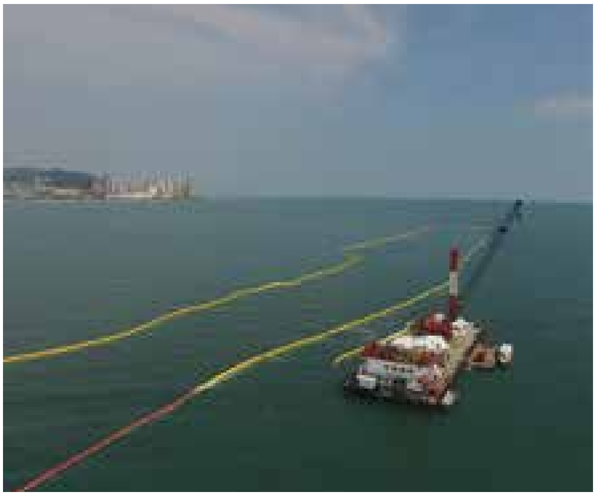
Since the approval of the Detailed Environmental Impact Assessment (DEIA) study by the Federal Department of Environment in April 2014, E&O has gone on to obtain endorsement for the STP2 masterplan (June 2014) as well as the Planning Permission for the project (Dec 2014). In consistently maintaining a compliance record, E&O received the approval from the Penang State authorities for Commencement of Works (COW) in June 2015, the green light to start reclamation works for STP2.

## FENCING INSTALLATION

Fencing installed for public safety along Gurney Drive reclamation area

The mobilisation of works commenced with the installation of secure anti-climb fencing along the perimeter of the reclamation area at Gurney Drive on 29 February 2015. The anti-climb mesh material selected for the fence ensures a secure and safe waterfront during the project development period in line with authorities' requirements. Contrasting with the standard solid metal sheet hoarding commonly used by the property and construction industry, E&O has invested in a specially-designed permeable mesh fencing material which enables the public to continue enjoying the sea view and breeze. This same security anti-climb fencing is used by E&O at its Seri Tanjung Pinang Quayside Seafront Resort Condominiums. Fencing installation works were completed in late May 2016.

## SILT CURTAIN INSTALLATION



Installation of silt curtains at sea

As the fencing works took place on land, silt curtains were being installed at sea in adherence with the conditions and criteria set by the Department of Environment in line with the approved DEIA study. These works were completed in April 2016 with the silt curtains functioning as a flexible barrier to trap sediment in water bodies. This curtain is generally weighted at the bottom to ensure that sediment does not travel under the curtain, which is supported at the top through a flotation system.

## EX-GRATIA PAYMENT TO FISHERMEN

The project approval conditions also obligated E&O contribute a financial sum for an ex-gratia payment to be made to the fishermen and their assisting crew from the affected areas of the STP2 reclamation project. E&O has issued a cheque amounting to RM2.042 million to the Penang State Treasury for disbursement to eligible recipients. The list of eligible recipients comprises about 200 fishermen and assisting crew members (*awak-awak*) from Tanjung Bungah, Tanjung Tokong, Bagan Jermal and Gurney Drive as identified by the Fisheries Development Authority of Malaysia. Thus far, ex-gratia payment cheques have been disbursed by the Penang State government at two ceremonies in July and October 2015.

## INFORMATION SHARING

Working with the project's technical consultants, E&O sponsored a special briefing session on "Effective & Innovative Environmental Compliance Programme for STP2" from 18-19 April 2016. This session, held in response to a request from the Department of Environment (DOE) for a workshop on reclamation monitoring compliance, served as an information-sharing platform benefitting agencies from Federal level, Penang and other states. It was also an opportunity to show E&O's full compliance of conditions put in practice.

Officiated by YB Phee Boon Poh, Penang State Exco and Chairman of the State Committee for Welfare, Caring Society & Environment, the well-received workshop was attended by 50 DOE representatives and the Directors of DOE Federal Territory and Penang, Director of Penang Municipal Council, Director, Department of Irrigation & Drainage, Penang, as well as a host of representatives from various relevant government departments and authorities. A follow-up workshop will be held in late 2016 and will include all other relevant approving authorities and agencies.

## KEEPING STAKEHOLDERS INFORMED

Mindful of the need to keep the public and relevant authorities informed on the progress of the STP2 project, E&O initiated several exemplary measures which were over and above its regulatory obligations. This included the initiative to issue weekly updates to the media on the progress of fencing installation along Gurney Drive, from the beginning up to the completion of the process. At the same time, progress reports on the overall project were provided on a monthly basis to the Penang state authorities.

# THE MEWS

*www.the-mews.com*

The Mews Serviced Residences convey an understated stylish simplicity, reflecting the merging of cultures between its two joint-venture partners, E&O and Mitsui Fudosan Residential.

Tucked away on the edge of Jalan Yap Kwan Seng, The Mews is removed from the clamour of the city yet within easy reach of the Kuala Lumpur business centre and its main attractions.

Sited on 1.3 acres of prime real estate, construction of two 38-storey towers consisting of 256 units of serviced apartments is underway and is targeted for completion in 2017. The Mews will feature one to three-bedroom freehold serviced apartments and penthouses ranging from 923 square feet to 2,619 square feet.

# CONLAY PLACE

With E&O venturing into the wellness portfolio as one of the Group's complementary lifestyle pillars, we will soon be launching our latest development at Jalan Conlay – an innovative freehold condominium that will set a benchmark for property development in the region.

In partnership with the Mitsui Fudosan Group, E&O's Conlay project will showcase state-of-the-art wellness offerings that are meticulously designed to focus exclusively on the health and wellbeing of residents. This development is the first project in Southeast Asia built for WELL Multifamily Residential Certification Pilot Programme pioneered by Delos and administered by the International WELL Building InstituteTM.

This development consists of layouts from one to two-bedroom units. And its location right at the heart of Kuala Lumpur city centre offers the convenience of city living that is complemented with a better and healthier living space.

Conlay Place is expected to be available for preview in mid-2016.

Artist's impression

Artist's impression

# SERI TANJUNG PINANG

*www.seritanjungpinang.com*

Seri Tanjung Pinang (STP) is Penang Island's first and largest masterplanned seafront development. Developed in two phases by E&O, this world-class waterfront community is conceptualised to celebrate the best facets of island living.

Situated along Penang's northeast coast, STP commands a prime location between the UNESCO World Heritage City of George Town and the popular beaches of Batu Ferringhi.

It is a showcase of residential enclaves and a festive retail marina that brings to life the concept of living by-the-sea for the more than 20 nationalities residing there. Residences at STP range from courtyard terraced homes inspired by Penang's unique Straits-eclectic architecture, to award-winning seafront villas.

As the first phase of this 240-acre development is nearing completion, implementation of STP Phase 2 is currently in progress, in accordance with the 1990 Concession Agreement for the project.

# QUAYSIDE SEAFRONT RESORT CONDOMINIUMS

*www.quaysideresort.com*

Seven towers dotted over 21 acres of landscaped gardens in a gated and guarded enclave, Quayside Condominiums are by far the lowest density resort condominium in Penang.

The first phase of Quayside comprising two low-rise and two high-rise towers have been completed and handed over to owners. The second phase, launched as the Andaman Series, is made up of three high-rise towers with 75% of their units aligned to face the Andaman Sea, Straits Quay Marina, the tree-lined waterpark or Gurney Drive skyline.

The final tower under the Andaman Series is called 18 East, based on the geographical coordinates that place it at the heart of E&O's masterplanned flagship property, Seri Tanjung Pinang (STP). Standing tall at the most prime sea fronting spot on STP Phase 1, the 18 East is the most premium tower in the Andaman Series that offers the best ocean views.

At the heart of the landmark Quayside development is 4.5 acres devoted to an exceptional residents' private waterpark. Fully completed and ready to be enjoyed, the waterpark includes a variety of pools, waterfalls, slides, cascades, fountains, sandy beach lagoons and spa pavilions conceptualised by award-winning American landscape designer, Geyer Coburn Hutchins of Seattle.

Other completed recreational facilities include a central club house with private cinema, games and event rooms, tennis courts, fully equipped gymnasium and playground, all for the exclusive use of condominium residents.

A seafront promenade links the development to Straits Quay, Penang's only festive retail marina, offering the convenience and multiplicity of restaurants, shops and entertainment a leisurely stroll away.

# 18 EAST AT ANDAMAN


# THE TAMARIND

*www.thetamarindpenang.com*

The Tamarind is E&O's first offering of executive apartments targeted at young families and professionals aspiring to a home in Penang's coveted address of Seri Tanjung Pinang.

Sited on a 7-acre freehold parcel of land, The Tamarind consists of two towers of 552 units each, with typical units featuring three bedrooms and two bathrooms measuring from 1,047 square feet.

Unique to the development is its complement of dedicated residents' facilities covering 2.2 acres within which are sited a private meticulously landscaped 1-acre waterscape of beach, free-form swimming and wading pools as well as a multipurpose hall, al fresco function area, gymnasium, jogging track, yoga centre and kids' crèche.

Launched in early 2015, the development is targeted for completion in 2019.

Artist's impression

Artist's impression

Artist's impression

# SEAFRONT & SKYLOFT TERRACES

Amaris Terraces By-the-Sea®

Designed for tropical living, the Seafront and Skyloft Terraces are among the final set of landed properties within the masterplanned development of Seri Tanjung Pinang. Highly coveted, the Amaris Terraces By-The-Sea® open up to sea views while the Andorra Skyloft Terraces are defined by the generous-seized internal courtyard and sunny roof deck reminiscent of gracious Penang homes of old.

Three-storeys high with layouts and private elevators to encourage multi-generational living both Amaris and Andorra range in size from 5,262 square feet for an intermediate unit to 6,540 square feet for a corner unit.

Amaris Terraces By-the-Sea®

Andorra Skyloft Terraces

Andorra Skyloft Terraces

Artist's impression

# AVIRA

*www.avira-medini.com.my*

Avira is a 207-acre wellness-themed development in Iskandar Malaysia, developed by Nuri Merdu Sdn Bhd, which is a joint-venture between E&O and the wholly-owned subsidiaries of Khazanah Nasional Berhad and Temasek Holdings (Private) Limited.

Strategically located in Medini Central, the area that has been earmarked to become the Central Business District of Iskandar Puteri within Iskandar Malaysia, Avira is just 10 minutes from the Second Link to Singapore and enjoys convenient accessibility via a comprehensive network of routes and expressways.

With "Living in Wellness" as its integral theme, Avira aims to prolong quality active years through wellness by promoting physical vitality and mental clarity, which will be achieved through holistic, non-invasive programmes supported by scientifically-proven methods, technologies and diagnostics.

Core to achieving this is a dedicated purpose-built Wellness Centre located in a 12.5-acre Wellness Sanctuary. This will be fringed by a natural mangrove forest reserve and residential units comprising terrace and semi-detached homes, bungalows, condominiums, service apartments, as well as a retail village.



Artist's impression


Artist's impression

# PRINCES HOUSE

*www.princeshouselondon.com*


In 2012, E&O acquired Princes House along Kingsway, a prime freehold office property in central London within walking distance to Covent Garden, the Royal Opera House, theatres of the West End and landmark hotels such as The Savoy.

E&O is converting and refurbishing this 1920s neo-classical building into a total of 54 units comprising 20 residential units and 34 serviced apartments, with approximately 40,000 square feet of net sellable area.

The units at Princes House range from compact 366 square feet studio apartments to a 2,580 square feet penthouse, with the majority comprising 1-, 2- and 3-bedroom units. Launched in February 2014, the project is slated for completion in the second half of 2016.


Artist's impression

Artist's impression

# ESCA HOUSE

Artist's impression

Acquired by E&O in November 2014, the 1919-built ESCA House is situated in London's Zone One area of Bayswater along Palace Court, a road so named for its walking-distance proximity to the royal enclave of Kensington Palace Gardens.

Within the City of Westminster and the Royal Borough of Kensington and Chelsea, arguably the most affluent district in central London, Bayswater is also recognised as one of the most cosmopolitan and culturally diverse areas in the city.

From Queensway underground station, Marble Arch, Bond Street and Oxford Circus are respectively two, three and four direct stops away on the Central line. From Bayswater station, the first three stops along the Circle & District lines, are Notting Hill, High Street Kensington and Gloucester Road, home to the National History Museum.

ESCA House is currently a low-built building of approximately 27,000 square feet gross internal area comprising office and residential units. Planning permission has been obtained for E&O to redevelop the building into a 6-level residential development comprising approximately 26 private residential units with a net internal area of about 31,500 square feet and underground car parks.


# HAMMERSMITH

E&O acquired a 1.2-acre freehold commercial site in Hammersmith, West London in January 2015. The acquired site is prominently located along the A4 which is the principal road connecting Central London to Heathrow airport via the M4 motorway. Currently, two existing and connected office buildings occupy the 1.2 acre site, the 11-storey Thames Tower and 15-storey Landmark House, which were both constructed during the 1960s.

This investment will provide rental income from the commercial tenancies at Landmark House. With its location in the established commercial hub of Hammersmith, this prime freehold parcel represents a significant refurbishment or redevelopment opportunity for E&O in the future. Subject to the relevant authority approvals, there is the potential to create Grade A office space and residential accommodation in an area where demand for quality new build property is strong.

Established offices based in Hammersmith include Bechtel, Disney, L'Oreal, Sony Ericsson, AOL UK, Accor UK, GE Capital and US Airways to name a few. Supported by excellent connectivity, Hammersmith's London Underground stations provide access to the Piccadilly, Hammersmith & City and District lines. The two stations are within two minutes walking distance from the site.

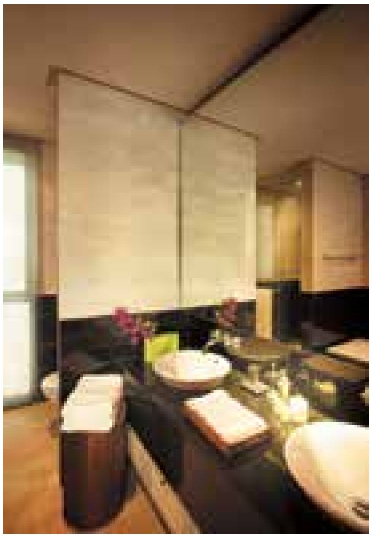
**ST MARY RESIDENCES**
Condominiums,
Jalan Tengah

**DUA RESIDENCY**
Condominiums,
Jalan Tun Razak

**SEVENTY DAMANSARA**
3-Storey Detached Homes, Damansara Heights

**IDAMANSARA**
3-Storey Semi-Detached and Detached Homes, Damansara Heights

### ARIZA
Terraced Homes,
Seri Tanjung Pinang



### AVALON & ACACIA
3-Storey Semi-Detached
and Detached Homes,
Seri Tanjung Pinang

Artist's impression

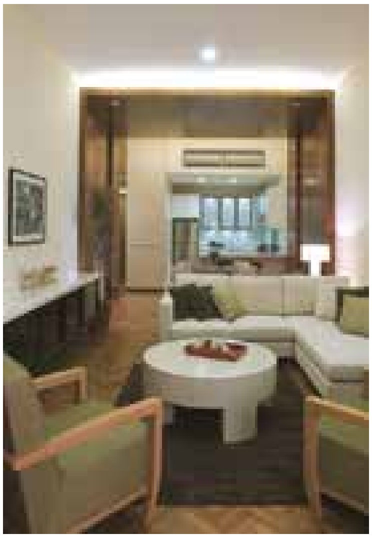
Artist's impression

### CAYMAN & CASPIAN
Super Semi-Detached
Homes, Seri Tanjung
Pinang

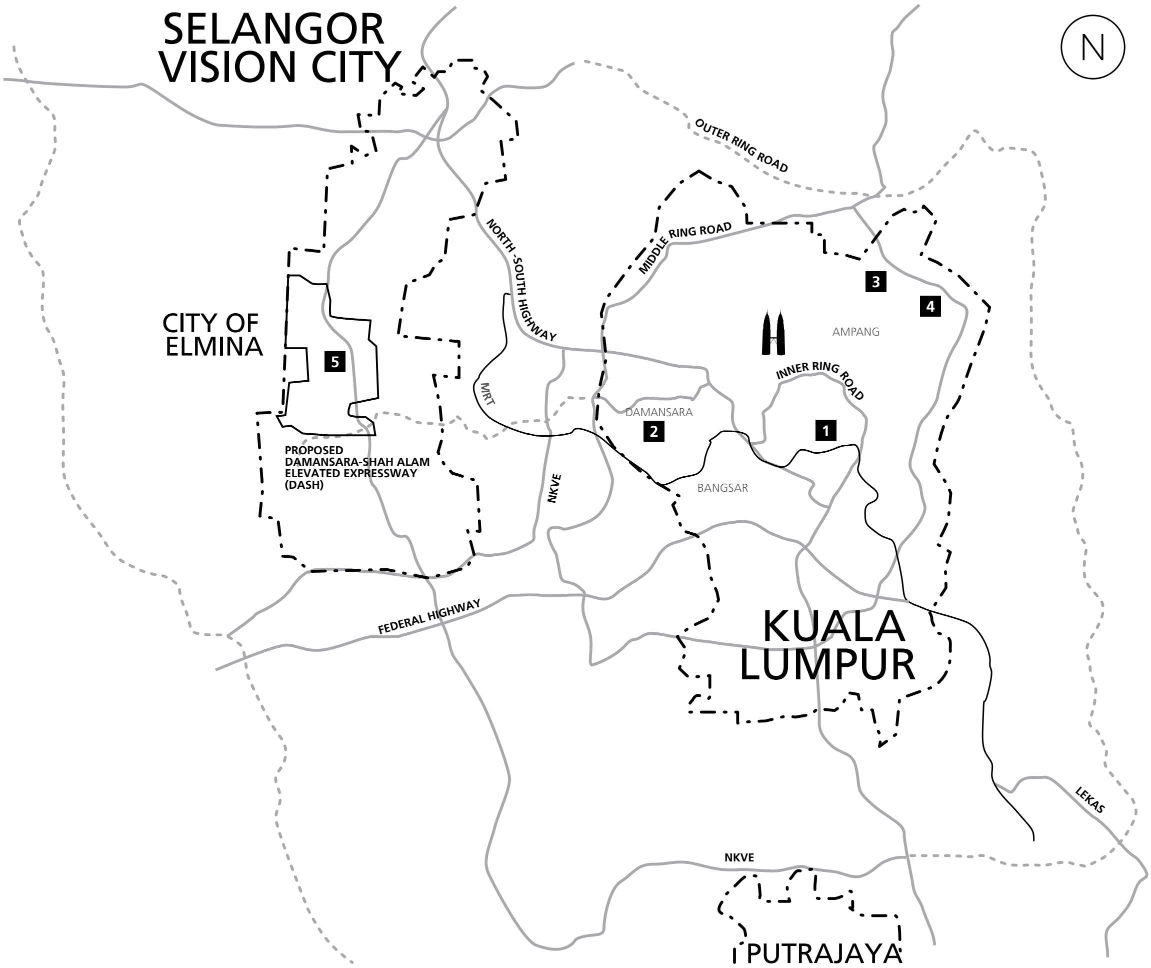
**SKYE & ABREZZA**
3-Storey
Villas By-The-Sea™,
Seri Tanjung Pinang

**MARTINIQUE**
2-Storey
Villas By-The-Sea™,
Seri Tanjung Pinang

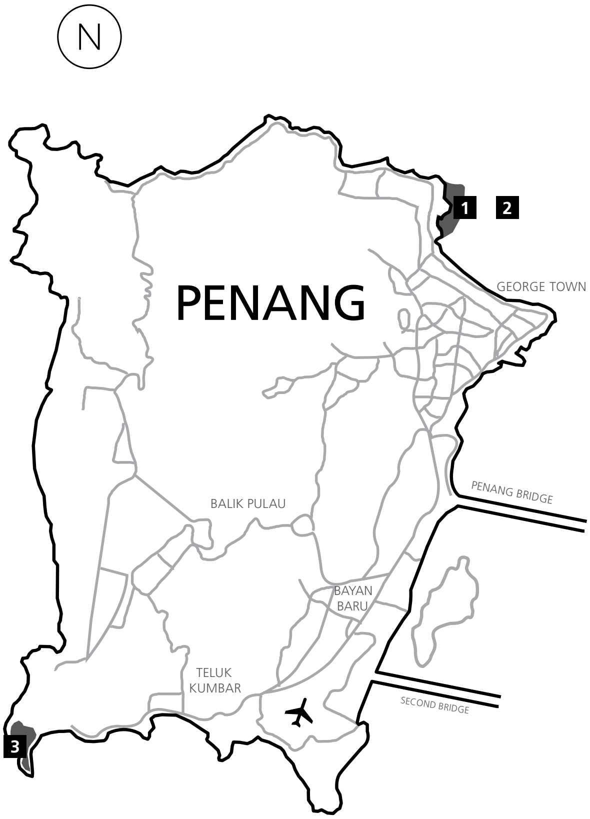
**SUITES AT STRAITS QUAY**
1- and 2-bedroom
Serviced Residence,
Seri Tanjung Pinang



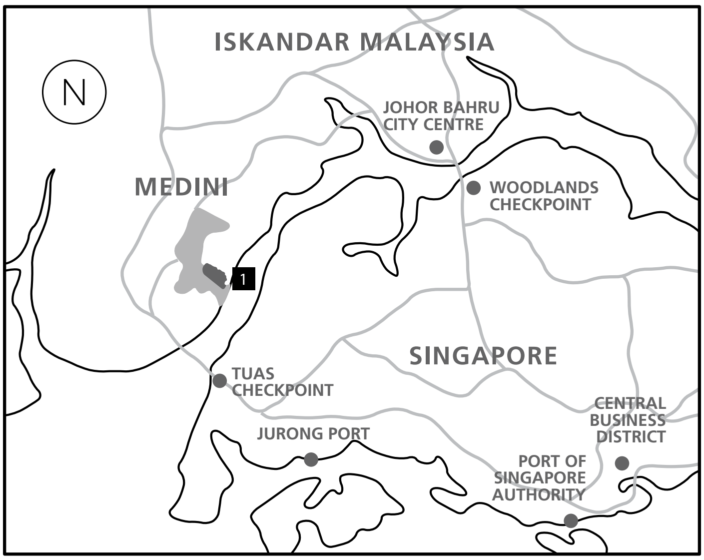
## LIST OF MAJOR LANDBANKS




| LANDBANKS | ACRES |
|---|---|
| 1. Jalan Liew Weng Chee (Off Jalan Yap Kwan Seng) | 0.9 |
| 2. Jalan Teruntung, Damansara Heights (The Peak) | 3.8 |
| 3. Ukay Heights, Ulu Kelang | 2.7 |
| 4. Kemensah Heights, Ulu Kelang | 309.5 |
| 5. Elmina West, Selangor | 135 |




| LANDBANKS | ACRES |
|---|---|
| 1. Seri Tanjung Pinang, Tanjung Tokong, Phase 1 | 2.8 |
| 2. Seri Tanjung Pinang, Tanjung Tokong, Phase 2 | 760 |
| 3. Gertak Sanggul | 348 |




| LANDBANKS | ACRES |
|---|---|
| 1. Avira, Medini, Iskandar Malaysia | 82.7 |

Straits Quay, Penang

## PROPERTY INVESTMENT

E&O's Property Investment arm holds E&O-developed residential units and commercial/retail space over the medium term. Although it does not form a significant part of the group's property portfolio, it is complimentary to the property development business. We will continue to review the portfolio actively for optimal returns to the Group.

Dua Annexe, Kuala Lumpur

St Mary Place, Kuala Lumpur

# HOSPITALITY & LIFESTYLE

E&O's core business of property development is supported by a complementary cache of lifestyle elements which underpins the Group's distinctive position as a developer of premier lifestyle properties. The Hospitality & Lifestyle Division is spearheaded by the Group's hallmark heritage hotels in Penang, the 130-year old Eastern & Oriental Hotel and the boutique Lone Pine Hotel. E&O has also extended its operational expertise in hospitality and lifestyle to the management of serviced suites at E&O Residences Kuala Lumpur. E&O has also launched EOS Wellness in 2016 in line with efforts to nurture a wellness pillar as a complement to the Group's core of property development.

E&O Hotel Heritage Wing

**HOTEL PROPERTIES PERFORMANCE**

| DESCRIPTION | EASTERN & ORIENTAL HOTEL | | LONE PINE HOTEL | | E&O RESIDENCES | |
|---|---|---|---|---|---|---|
| | FY2015 | FY2016 | FY2015 | FY2016 | FY2015 | FY2016 |
| OCCUPANCY | 61% | 73% | 65% | 69% | 58% | 74% |
| OCCUPIED ROOMS - NET (room days) | 49,363 | 61,355 | 21,433 | 22,600 | 42,478 | 54,038 |
| NO OF AVAILABLE ROOMS (room days) | 81,388 | 83,830 | 32,873 | 32,940 | 73,000 | 73,200 |
| AVERAGE ROOM RATE (RM) | 580 | 560 | 490 | 425 | 423 | 456 |

**Eastern & Oriental Hotel : Heritage Wing**

*www.eohotels.com*

1885 Restaurant


EASTERN & ORIENTAL HOTEL

**Victory Annexe**

*www.eohotels.com*

**Lone Pine Hotel**

*www.lonepinehotel.com*

## E&O Residences Kuala Lumpur

*www.eoresidences.com*

**EOS Wellness**

*www.eos-wellness.com*

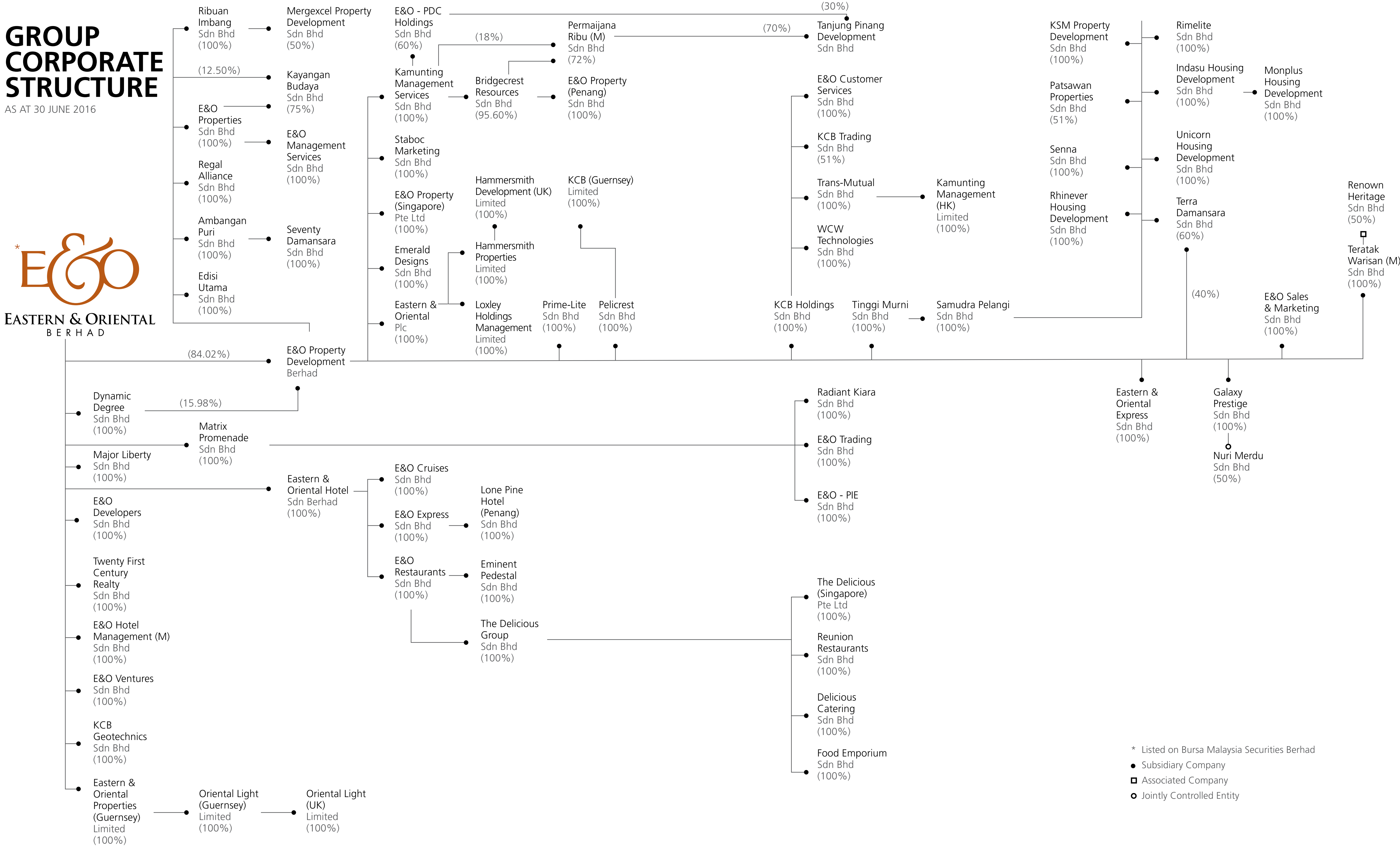
# LOOKING AHEAD

Moving forward, our strategy in the short- to medium-term is to focus on:

- the timely completion of the reclamation of Seri Tanjung Penang 2A;
- proactively manage a healthy inventory level to ensure prudent cashflow and gearing management;
- to further develop the wellness concept and incorporate it into our upcoming property development project; and
- to execute existing projects in the UK and to further explore development management opportunities in the UK and the EU in partnership with institutional investors.

# GROUP CORPORATE STRUCTURE

AS AT 30 JUNE 2016




* Listed on Bursa Malaysia Securities Berhad
● Subsidiary Company
□ Associated Company
○ Jointly Controlled Entity

# CORPORATE INFORMATION

**DIRECTORS**

Dato' Azizan bin Abd Rahman – *Chairman*
Dato' Seri Tham Ka Hon – *Executive Deputy Chairman*
Mr Kok Tuck Cheong – *Managing Director*
Mr Chan Kok Leong – *Deputy Managing Director*
Mdm Kok Meng Chow – *Finance Director*
Tan Sri Dato' Seri Mohd Bakke bin Salleh
Dato' Ir Jauhari bin Hamidi
Encik Kamil Ahmad Merican
Datuk Vijeyaratnam a/l V. Thamotharam Pillay
Mr Christopher Martin Boyd
Ms Tan Kar Leng @ Chen Kar Leng

**COMPANY SECRETARY**

Ang Hong Mai (MAICSA REG No. 0864039)

**MAIN BANKERS**

Affin Bank Berhad
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad
Bank of Toyko-Mitsubishi UFJ (M) Berhad

**AUDITORS**

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
T 03-7495 8000
F 03-2095 9076

**REGISTRAR**

Metra Management Sdn Bhd
30.02, 30th Floor
Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
T 03-2698 3232
F 03-2694 8571

**REGISTERED OFFICE**

Level 3A (Annexe)
Menara Milenium
8 Jalan Damanlela
Damansara Heights
50490 Kuala Lumpur
T 03-2095 6868
F 03-2095 9898

**STOCK EXCHANGE LISTING**

Main Market of Bursa Malaysia Securities Berhad

**WEBSITE**

www.easternandoriental.com

# DIRECTORS' PROFILE

**DATO' AZIZAN BIN ABD RAHMAN**
*Independent Non-Executive Director / Chairman*

Dato' Azizan bin Abd Rahman, a Malaysian, aged 66 was appointed as Independent Non-Executive Director/Chairman of Eastern & Oriental Berhad on 6 November 2003. He is the Chairman of the Nomination, Remuneration and Scheme Committee.

Dato' Azizan started his career as a Shipping Executive in Harper Gilfillan (M) Sdn Bhd after graduating from University of Malaya in 1973 with a Bachelor of Arts degree. In 1975, he joined Pernas MISC Shipping Agencies Sdn Bhd as its first Branch Manager in the new Johor Port. He later became Penang Branch Manager and MISC Marketing Manager in Kuala Lumpur. In 1981, he was attached to Panocean Tankers Limited in London in their Chartering Department.

Dato' Azizan left MISC to join JF Apex Securities Berhad in 1982 as Director and shareholder and launched his career in stockbroking and finance. As a stockbroker, he was an active member of the stockbrokers fraternity and had held the post of President of the Association of Stockbroking Companies of Malaysia until he left the industry. Dato' Azizan is a Director of Apex Equity Holdings Berhad and TH Plantations Berhad.

Dato' Azizan has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

**DATO' SERI THAM KA HON**
*Executive Deputy Chairman*

Dato' Seri Tham Ka Hon, a Malaysian, aged 63, is the Executive Deputy Chairman of Eastern & Oriental Berhad. He previously held the position of Managing Director of the E&O Group from 16 May 1994 until 30 June 2016. Prior to that, he served as Executive Director at Land & General Group, in-charge of the property division, from 1988 to 1994.

Trained in actuarial science, Dato' Seri Tham's earlier innovative property projects include 202 Desa Cahaya, Kampung Warisan and Sri Se-Ekar in Kuala Lumpur. In 1994, he acquired Jack Chia Enterprise Berhad which owned the Eastern & Oriental Hotel in Penang, recognising the potential brand value such an iconic heritage landmark could be built upon. He undertook the restoration and refurbishment of the historic 131-year old Hotel, on which The E&O Group proudly takes its namesake.

Leveraging on luxury hospitality, Dato' Seri Tham further extended E&O's expertise in developing premier properties in prime areas, cultivating the E&O marque with Dua Residency, Idamansara and Seventy Damansara in the capital city. In Penang, Dato' Seri Tham led E&O to assume the rights and obligations for the 980-acre reclamation concession off Tanjung Tokong in 2003, creating the island's first seafront masterplanned development, Seri Tanjung Pinang (STP). With STP Phase 1 successfully reaching development maturity, the focus is to realise the reclamation and development of STP Phase 2. Taking the E&O brand abroad, Dato' Seri Tham identified prime sites in Central London with redevelopment and development potential for residential and commercial properties.

Dato' Seri Tham is currently a substantial stockholder of the Company. He has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

**MR KOK TUCK CHEONG**
*Managing Director*

Mr Kok Tuck Cheong, a Malaysian, aged 60, is the Managing Director of Eastern & Oriental Berhad. He was appointed a Director and Managing Director of Eastern & Oriental Berhad on 1 July 2016.

Mr Kok holds a Bachelor of Science (Honours) in Commerce and Accountancy and a Master of Science in Financial Managerial Controls from the University of Southampton, United Kingdom. He started his career in investment banking with AmInvestment Bank Berhad ("AmInvestment Bank"), where he began in line functions and progressed to managerial roles and thereafter served in various leadership positions at the bank. He retired from AmInvestment Bank as its Chief Executive Officer and Managing Director after serving for 34 years with the last 10 years focused on strategic development and management of the various businesses.

Mr Kok has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

**MR CHAN KOK LEONG**
*Deputy Managing Director*

Mr Chan Kok Leong, a Malaysian, aged 46, is the Deputy Managing Director of Eastern & Oriental Berhad. He joined E&O Property Development Berhad in 2003 as Director of Corporate & Investment. He was appointed Executive Director and a Board Member of Eastern & Oriental Berhad on 11 May 2006. In 2011, he was promoted to the position of Deputy Managing Director.

Mr Chan has more than 20 years experience in corporate finance and financial investment, which also encompassed areas relating to property development and marketing. He holds a Master in Business Administration and is a member of the Malaysian Association of Certified Public Accountants. He is currently the Executive Director of E&O Property Development Berhad and is also a Director of Performing Arts Centre of Penang.

Mr Chan has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

**MADAM KOK MENG CHOW**
*Finance Director*

Madam Kok Meng Chow, a Malaysian, aged 56, is the Finance Director of Eastern & Oriental Berhad. She was appointed to the Board of Eastern & Oriental Berhad on 11 August 2008. She is a member of the Risk Management Committee.

Madam Kok holds a Bachelor of Economics (Accounting) degree from Monash University of Australia. She is a member of the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Accountants, Australia, as well as a certified member of the Financial Planning Association of Malaysia. She has more than 30 years working experience, both local and in Australia, covering auditing, finance and accounting; and has received a 25-year long membership certificate of recognition from the Institute of Chartered Accountants in Australia in March 2010. Currently, she is the Finance Director of E&O Property Development Berhad and an Alternate Director of the Performing Arts Centre of Penang.

Madam Kok has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. She has had no convictions for any offences within the past 10 years.

**TAN SRI DATO' SERI MOHD BAKKE BIN SALLEH**
*Non-Independent Non-Executive Director*

Tan Sri Dato' Seri Mohd Bakke bin Salleh, a Malaysian, aged 62, a Non-Independent Non-Executive Director was appointed to the Board of Eastern & Oriental Berhad on 29 November 2011. He is a nominee director representing Sime Darby Berhad, a major stockholder of the Company.

Tan Sri Dato' Seri Mohd Bakke holds a Bachelor of Science (Economics) degree from the London School of Economics, United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

Tan Sri Dato' Seri Mohd Bakke is currently the President & Group Chief Executive and a Director of Sime Darby Berhad. He also sits on the Boards of Sime Darby Property Berhad, Yayasan Sime Darby, and Malaysian Industry-Government Group for High Technology. Tan Sri Dato' Seri Mohd Bakke is also a Council Member for the Northern Corridor Implementation Authority.

Tan Sri Dato' Seri Mohd Bakke was the Group President & Chief Executive Officer of Felda Global Ventures Holdings Berhad. He had also served as the Group Managing Director of Felda Holdings Berhad, Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji and a Director, Property Division of Pengurusan Danaharta Nasional Berhad. He had previously worked with several subsidiaries within the Permodalan Nasional Berhad Group. He was the Managing Director of Federal Power Sdn Bhd, Managing Director of Syarikat Perumahan Pegawai Kerajaan Sdn Bhd and Group General Manager of Island & Peninsular Group.

Tan Sri Dato' Seri Mohd Bakke has no family relationship with any Director and/or major stockholder of the Company nor has any personal interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

**DATO' IR JAUHARI BIN HAMIDI**
*Non-Independent*
*Non-Executive Director*

Dato' Ir Jauhari bin Hamidi, a Malaysian, aged 57, a Non-Independent Non-Executive Director was appointed to the Board of Eastern & Oriental Berhad on 25 November 2015. He is a nominee director representing Sime Darby Berhad, a major stockholder of the Company. He is a member of the Nomination, Remuneration and Scheme Committee.

Dato' Ir Jauhari is a Registered Professional Engineer with the Board of Engineers Malaysia and a corporate member of the Institute of Engineers Malaysia. He has undergone the Harvard Business School's Senior Management Development Programme. Dato' Ir Jauhari holds a Bachelor of Science (Hons) degree in Civil and Structural Engineering from University College Cardiff, Wales, United Kingdom.

Dato' Ir Jauhari is currently the Managing Director of Sime Darby Property Berhad. He has served in various capacities within the Sime Darby Berhad Group including Director of the Special Projects portfolio, Executive Vice President of the Utilities Division, Managing Director of Sime UEP Properties Berhad and Executive Vice President, Energy & Utilities Division (Non-China). Dato' Ir Jauhari also sits on the Board of Kuala Lumpur Golf & Country Club Berhad.

Dato' Ir Jauhari has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

**ENCIK KAMIL AHMAD MERICAN**
*Non-Independent*
*Non-Executive Director*

Encik Kamil Ahmad Merican, a Malaysian, aged 66, a Non-Independent Non-Executive Director was appointed to the Board of Eastern & Oriental Berhad on 26 April 1999. He is a member of the Nomination, Remuneration and Scheme Committee.

Encik Kamil graduated in Architecture from Universiti Teknologi Malaysia and the Architectural Association in London. He has worked in various architectural firms in London and Malaysia and possesses vast experience in the architectural field. He is the founding partner of GDP Architects Malaysia, which has gained a reputation as one of Malaysia's leading design and architecture firms. He is currently the Chief Executive Officer of GDP Architects Sdn Bhd. Encik Kamil was a member of the 2013 Master Jury for the Aga Khan Award for Architecture and a recipient of a 2007 Award. He has been appointed as the Steering Committee Member for 2016 Aga Khan Award for Architecture. He has also served as a member of the steering committee of the Greater Kuala Lumpur Council (PEMANDU) since 2010. He has also been made Adjunct Professor of the Faculty of Architecture, University of Malaya and has been the external examiner for both Universiti Teknologi Malaysia and University of Malaya. He also sits on the Board of E&O Property Development Berhad and Amcorp Properties Berhad.

Encik Kamil has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

**DATUK VIJEYARATNAM A/L V. THAMOTHARAM PILLAY**
*Independent Non-Executive Director*

**MS TAN KAR LENG @ CHEN KAR LENG**
*Independent Non-Executive Director*

Datuk Vijeyaratnam a/l V. Thamotharam Pillay, a Malaysian, aged 64, an Independent Non-Executive Director was appointed to the Board of Eastern & Oriental Berhad on 28 July 2003. He is the Chairman of the Audit Committee and a member of the Risk Management Committee and the Nomination, Remuneration and Scheme Committee.

Datuk Vijeyaratnam is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He has considerable experience covering auditing, financial planning, general management and corporate advisory in various business environments. He is currently the Managing Director of his own corporate advisory and consultancy firm. Datuk Vijeyaratnam also sits on the Board of Magnum Berhad.

Datuk Vijeyaratnam has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

Ms Tan Kar Leng @ Chen Kar Leng, a Malaysian, aged 72 was appointed as Independent Non-Executive Director of Eastern & Oriental Berhad on 3 December 2012. She is the Chairman of the Risk Management Committee and a member of the Audit Committee.

Ms Chen holds a LLB (Hons) Upper II from the University of Singapore (now National University of Singapore). She is an Advocate & Solicitor. She was called to the Malaysian Bar in January 1968. She has been with the law firm of SKRINE since then. She was a partner of SKRINE from 1974, first in the Litigation Division and thereafter in the Corporate Division. She retired as a partner of SKRINE at the end of 2009 but was retained as a consultant by the firm. She is currently a member of the Advocates & Solicitors Disciplinary Board appointed by the Chief Justice of Malaya. Ms Chen also sits on the Board of HSBC Bank Malaysia Berhad.

Ms Chen has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. She has had no convictions for any offences within the past 10 years.

**MR CHRISTOPHER MARTIN BOYD**
*Independent Non-Executive Director*

Mr Christopher Martin Boyd, a British citizen with permanent residence in Malaysia, aged 69, was appointed to the Board of Eastern & Oriental Berhad on 11 August 2008 as a Non-Independent Non-Executive Director. He was redesignated to an Independent Non-Executive Director on 17 June 2014. Mr Boyd is a member of the Audit Committee, the Risk Management Committee and the Nomination, Remuneration and Scheme Committee.

Mr Boyd is a Fellow of the Royal Institution of Chartered Surveyors and the Royal Institution of Surveyors Malaysia. He is also a member of the Singapore Institute of Surveyors and Valuers and an Associate of the Australian Property Institute. Mr Boyd was a partner of Jones Lang Wootton Malaysia from 1974 to 1981; a Director of Jones Lang Wootton Singapore from 1981 to 1985 and a partner of Knight Frank Baillieu Malaysia from 1986 to 1995. From 1995 to 2001, he was Managing Director of MUI Properties Berhad and remains on the board as a Non-Executive Independent Director. Currently, he is the Executive Chairman of Savills (Malaysia) Sdn Bhd, a firm engaged in property valuation, estate agency, property management and research.

Mr Boyd has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. He has had no convictions for any offences within the past 10 years.

# CORPORATE SOCIAL RESPONSIBILITY

## POLICY & OBJECTIVES

The E&O Group's corporate social responsibility initiatives are anchored upon our values of doing things differently and for the better, with sincerity, integrity and passion. Guided by this, we demonstrate our commitment to corporate social responsibility by conducting our business in a fair and responsible manner whilst balancing the interests of our diverse stakeholders.

**MAKING A DIFFERENCE IN DIVERSE COMMUNITIES**

E&O's interaction with various communities are aimed to promote long-term meaningful community engagement. As an organisation that has strong roots as well as a growing presence in Penang, E&O saw the significance of going beyond corporate philanthropy initiatives and providing strong support in various communities.

By sowing seeds that enrich the lives of people and communities, we believe we are able to deliver value and meaningful social impact to our diverse stakeholders in Penang.



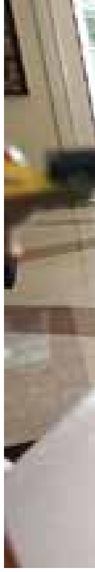
**Place Making For The Community**

In Penang, E&O takes pride as the only developer using food-growing and composting in the urban context to nurture and develop communities at Seri Tanjung Pinang (STP), employing various place-making tools to make Straits Green a catalyst for holistic and healthy lifestyles.

Straits Green is a 4-acre public park, a vital green space in STP which provides communities with more than just a recreational space. Set up by E&O at a cost of RM4 million and maintained at an estimated RM30,000 monthly, Straits Green features a unique and interactive waterplay area for children, a community food garden, as well as a space for weekly exercise activities open to the public at no charge that was rolled out by E&O volunteer employees.

With efficient planning and place-making, Straits Green is now a sustainable and vibrant public space that encourages interaction and fosters meaningful relationships with nearby communities. The community food garden, dedicated to E&O's Think Green community education programme, started out with a keyhole mulch bed and a compost bay. Today, it has evolved into a food and knowledge-sharing avenue with various vegetable beds, a unique PVC pipe garden fence and galvanised steel raised beds that are organically constructed by participating students of the Think Green programme. Additional compost bays were built to increase the capacity for landscape waste composting, collected from organic material from STP's common landscaped areas which are ultimately returned to enrich the soil.

From its inception in 2013, Straits Green has welcomed communities of all walks of life to enjoy the public space. Apart from weekly exercise activities, Straits Green is a venue that holds festive open houses, community events, sharing of food resources and most significantly, a platform that provides inspiration for organic urban gardening ideas - in line with E&O's aim to foster eco-consciousness and interaction within the community.

**Nurturing Young Minds With Think Green Community Education Programme**

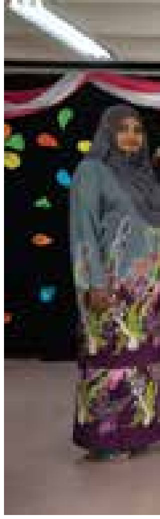
E&O's Think Green education programme aims to nurture and inculcate eco-consciousness, healthy living and community spirit through a food garden. The Think Green food garden at Straits Green serves as an outdoor classroom for local communities, partners and employees to come together in a proactive manner and embrace volunteerism, earth care practices and community building.

The Think Green programme started off with a pilot project in 2013, partnering with 120 students from three primary schools in the Tanjong Tokong community – SK Tanjong Tokong, SJKT Azad and SJKC Hun Bin. Following positive response for the pilot project from teachers, students and parents, Think Green took on a concentrated approach in 2014, delving deeper by creating monthly educational workshops with SK Tanjong Tokong, as well as monthly early childhood garden sessions with Tadis Ar-Rasyiddin pre-schoolers.

In January 2015, Think Green organised its first Think Green Pop-Up Booth event at Straits Quay, involving 150 students from the four partnering schools in Tanjong Tokong. Forty students from SK Tanjung Tokong proudly demonstrated to their peers from SJKT Azad, SJKC Hun Bin, Tadis Ar-Rasyiddin and the public how to make recycled self-watering planters and propagate herbs. The event was a testament that this programme has nurtured students' confidence and motivation to make a difference in their community through a peer-to-peer knowledge sharing platform, whilst extending its reach to the wider society.

Seeing the accomplishments from the inaugural Think Green Pop-Up event, the students enthusiastically welcomed the idea of the second Pop-Up event in January 2016. Held at Beach Street under 'Project Occupy Beach Street' that encourages family-friendly community activities every Sunday, the second event involved a larger scale of public engagement and successfully saw the school students teaching their peers and the public steps to make their own PVC urban garden planters and impart their knowledge on preparation of soil mixes, choosing healthy cuts and ensuring the plants thrive.

Within the last year, Think Green activities continue to evolve and enhance to serve as a platform for students to nurture community spirit and unity. Activities such as a treasure hunt and kolam-making activity at Straits Quay provided students exposure and opportunities to work with their peers from different schools and races.



**Reaching Out To Special Communities**

Aside from our core corporate social responsibility initiative anchored by the Think Green programme, E&O also actively supported and contributed to other communities, including special needs groups, through meaningful engagements in line with the Group's aim to uphold the interest of the communities it operates in.

These engagements included visits and time spent with the children at Penang Hospital's paediatric ward, the senior citizens at Evershine Old Folks Home as well as with the cancer patients and volunteers of Pure Lotus Hospice of Compassion, the special children of SK Pendidikan Khas Persekutuan Pulau Pinang. E&O also reached out to the students in need from selected schools through an annual contribution of schooling necessities as well as the victims the Ranau earthquake in Sabah by contributing RM50,000 to aid the provision of water supply sources and installation of water tanks.


**Communities In Collaboration**

The Think Green site has brought together diverse groups from headmasters, teachers, and students from partnering schools and the local kindergarten, E&O employees, as well as local NGOs and urban food growing enthusiasts. A notable acknowledgment must be made to the Natural Farming Unit from the Consumers Association of Penang (CAP), who play a vital role as our key community engagement partner providing invaluable expertise and enthusiasm in Think Green's ongoing awareness and education programmes.

Landscapers working at Straits Green are also constantly engaged and given training on organic composting and fertilising to ensure natural practices onsite. All landscape waste from Straits Green is composted at the compost bays at the Think Green site and reused for growing herbs and vegetables as well as for the plants at Straits Green. This means close to 3 tonnes of landscape waste from Straits Green is composted instead of heading to the landfills.

E&O's food garden has also sparked interest and inspired the Quayside residents to set up a small community food garden and compost site within the property. With this addition, there are now three compost sites within Seri Tanjung Pinang, two in residential areas and one at the Straits Green.


**SUPPORT FOR ARTS AND CULTURE**

E&O maintains a close affinity with the arts and culture scene, demonstrated by our continued support for initiatives and activities aligned to George Town's position as a UNESCO World Heritage Site as well as the annual George Town Festival. The Group also sponsors State-led cultural events and festivals in Penang, such as the annual Penang State Chinese New Year celebration to which E&O contributes RM200,000 every year.

As an advocate for Penang's rich tapestry of history and culture, E&O aims to cultivate this appreciation amongst the younger generation. Students from SMK Tanjung Bungah were recently treated to a tour of the E&O Gallery, a social history gallery at the E&O Hotel set up through a collaboration between the hotel and Think City Sdn Bhd, as an effort to nurture a deeper sense of understanding towards Penang's history and one of the island's prized heritage icons.


Photo courtesy of Claes Chong


Photo courtesy of shipng.com


Photo courtesy of The Star, Malaysia


Photo courtesy of The Star, Malaysia

While E&O continues with these efforts, the Group's position as a proponent of arts and culture is reinforced by its instrumental role in the setting up of the Performing Arts Centre of Penang (penangpac) and support in its ongoing operations. E&O had provided the bulk of the RM8 million start-up financing and construction expertise, joining hands with Malaysia's foremost performing arts group The Actors Studio (TAS) in the running of this 30,000 square feet facility.

Sited within the Straits Quay festive retail marina at Seri Tanjung Pinang, penangpac is making the performing arts more accessible to the public and it is E&O's honour to invite special needs groups with complimentary tickets to attend performances. The penangpac programme includes dance, music and theatre, local and international productions that are both traditional and contemporary, held at penangpac's facilities, which include a 300-seat proscenium theatre and a 150-seater experimental black box theatre. In the multi-functional studios, regular classes are conducted to nurture interest and talent in the local performing arts scene.

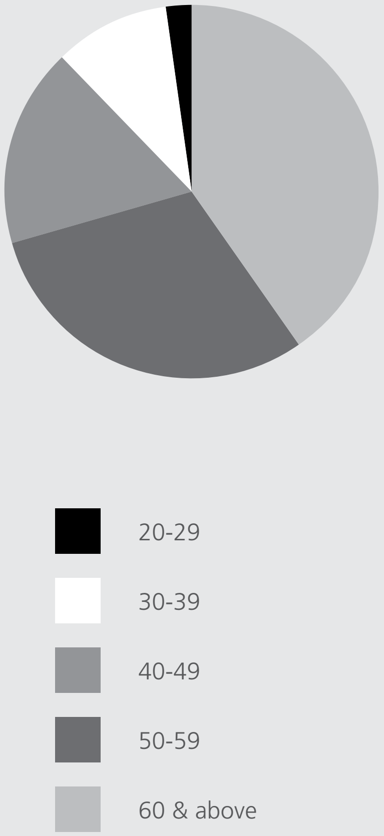

## TRANSPARENCY IN THE MARKETPLACE

In maintaining transparency and accountability to our shareholders, the Group continually provides clear and timely information to the marketplace through regular press releases, roadshows, briefings, meetings and interviews with members of the media, investment community and analysts.

Shareholders and invited participants like the Minority Shareholders Watchdog Group (MSWG) are briefed directly on the company's performance and plans at annual and extraordinary general meetings.

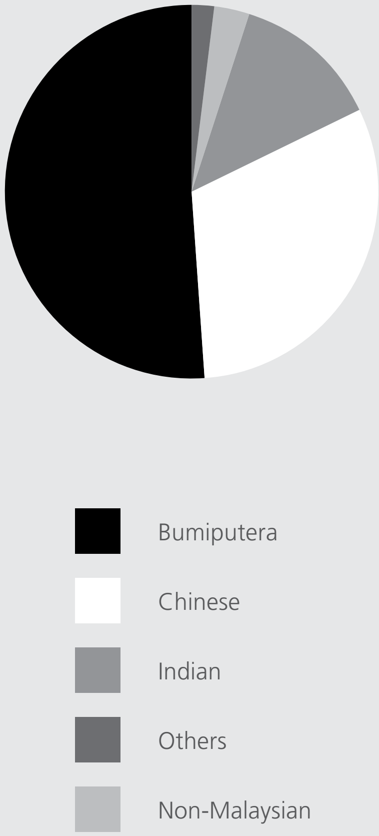
The Group's corporate information is accessible in the public domain and regularly updated at **www.easternandoriental.com**. The corporate newsletter, E&O Edition, is produced twice a year to articulate the Group's position as a lifestyle property developer as well as provide updates on key company activities.

**BY AGE**




**BY GENDER**


**BY ETHNICITY**




## PROMOTING A CARING AND DYNAMIC WORKPLACE

Recognising that employees are our greatest asset, the Group has put in place a range of human resource policies to ensure that staff welfare are taken care of, which includes a marked-to-market compensation and benefits plan. To facilitate the continuous development and motivation of staff members, the Group's Human Capital Department implements a range of training programmes based on an annual comprehensive training plan for the workforce across all levels and functions. The Group also facilitates a healthy and balanced workforce through the provision of financial support to the E&O Sports Club, a recreational and sports club run by the staff members.

Mindful that a diverse and dynamic workforce is vital for business growth and sustainability, the Group nurtures an environment and culture of equal opportunity with a rich mix of gender, age and ethnicity as shown in the diagram above.

# DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made in accordance with applicable approved accounting standards and which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted and consistently applied appropriate accounting policies;
- made judgments and estimates that are prudent and reasonable; and
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Eastern & Oriental Berhad ("the Board") recognises the importance of establishing and maintaining good corporate governance throughout the Group. The Board adopts where appropriate the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") in conducting the business and affairs of the Group. The Board remains committed in employing the principles of integrity, transparency and professionalism to safeguard shareholders' investments and protect the interests of all stakeholders.

This statement outlines how the Group has applied the principles and recommendations as set out in the Code throughout the financial year ended 31 March 2016.

**PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES**

*Board Roles and Responsibilities*

The Group is led and controlled by the Board which has overall responsibility for setting goals and strategic directions, establishing goals for management and monitoring the achievement of these goals, overseeing the process of evaluating the adequacy and effectiveness of internal controls, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.

The Board is guided by a Board Charter which sets out the roles and responsibilities of the Board. The Board Charter further defines the roles and responsibilities of the Chairman and the Managing Director. The Board Charter is available on the Company's website (www.easternandoriental.com).

As set out in the Board Charter, the Board is responsible for:

- reviewing and adopting a strategic plan including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability;
- overseeing the conduct of the Group's business and building sustainable value for shareholders;
- reviewing the procedures to identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing senior management;
- developing and implementing a Corporate Disclosure Policy (including an investor relations programme) for the Group;
- reviewing the adequacy and integrity of the Group's internal control and management information systems, including those for compliance with applicable laws, regulations, rules, directives and guidelines;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- ensuring that the Company's financial statements are true and fair and conform with the accounting standards;
- overseeing matters relating to occupational health and safety and compliance with relevant laws and regulations; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.

The Board has delegated certain responsibilities to Board Committees, namely, the Audit Committee, the Nomination, Remuneration and Scheme Committee and the Risk Management Committee which operate in accordance with the Terms of Reference approved by the Board and delegated the day-to-day management of the business of the Group to Executive Directors and Management subject to an agreed authority limit.

The diagram below shows a brief overview of the Board Committees of the Company:

**BOARD OF DIRECTORS**

**Audit Committee**

**Responsibilities**

- Oversight on the Group's financial reporting
- Review quarterly financial results, unaudited and audited financial statements
- Monitoring of internal control systems

**Nomination, Remuneration and Scheme Committee**

**Responsibilities**

- Nomination of new Directors
- Annual assessment of the Board, the Board Committees and the contribution of each individual Director
- Recommending to the Board the remuneration of Executive Directors and Non-Executive Directors
- Administering the Company's Long-Term Stock Incentive Plan 2012

**Risk Management Committee**

**Responsibilities**

- Identification, monitoring and managing of significant risks faced by the Group
- Formulate and implement risk management policies and strategies

*Code of Conduct and Whistle-Blowing Policy*

The Company has established a Code of Ethics and a Code of Conduct that set out the principles and standards of business ethics and conduct of the Group.

The Directors of the Group are required to abide by the Company's Code of Ethics in performance of their duties. The objective of the Code of Ethics is to enhance the standard of corporate governance and corporate behaviour to achieve a standard of ethical behaviour for Directors based on acceptable beliefs and values and to uphold the spirit of professionalism, objectivity, transparency, and accountability in line with the legislation, regulations and environmental and social responsibility guidelines governing the Company.

In an effort to promote and maintain high ethical standards at all times, the Directors and employees of the Group are required to comply with the Company's Code of Conduct. The Code of Conduct is established to promote a corporate culture which engenders ethical conduct that permeates throughout the Group. It is formulated with the intention of achieving the following aims:

- To emphasise the Company's commitment to ethics and compliance with the applicable laws and regulations;
- To set forth basic standards of ethical and legal behaviour within the Group;
- To include noble characteristics in performing duties so as to improve work quality and productivity;
- To improve self-discipline in order to provide the Group with good and quality service; and
- To enhance skills in the implementation of duties and to be able to adapt to the work environment.

The Company has also established a Whistle-Blowing Policy so that any officer or employee of the Group can report genuine concerns relating to any malpractice or improper conduct of the Group's businesses to the Deputy Managing Director or the Chairman of the Audit Committee. Any whistle-blowing officer or employee acting in good faith is protected from retaliation for raising such allegations. Procedures are in place for investigations and appropriate follow-up action.

*Sustainability*

The Company has established a Sustainability Policy which aims to integrate the principles of sustainability into the Group's strategies, policies and procedures. This is to ensure that the Board and senior management are involved in the implementation and review of this policy. The policy also aims to create a culture of sustainability within the Group, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

The Board recognises the importance of workplace diversity and is committed to provide fair and equal opportunities within the Group. The Group practices equal employment opportunity approach as it values the different attributes, knowledge, experiences, capabilities and skills each individual brings to the workplace.

Details of the Corporate Social Responsibility are presented on pages 78 to 89 of this Annual Report.

*Company Secretary*

The Company Secretary is responsible to the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with.

The Company Secretary ensures that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions.

The Company Secretary had and will constantly keep herself abreast, through continuous training on the regulatory changes and development.

*Supply and Access to Information*

The Board recognises that the decision-making process is largely dependent on the quality of information furnished. All Directors on the Board and committees of the Board have full and unrestricted access to senior management and the Company Secretary on all matters requiring information for deliberation. Information provided to the Board is compiled into reports via the Board papers which are circulated to Directors in a timely manner to enable them to discharge their duties and responsibilities effectively. All Directors have the consent of the Board, whether via the Board or in his or her individual capacity to take independent professional advice at the Company's expense where necessary, in the furtherance of their duties. A Director may consult the Chairman and other Board members prior to seeking any independent professional advice.

**PRINCIPLE 2: STRENGTHEN COMPOSITION**

For the financial year under review, the Board has ten (10) members, of whom three (3) are Executive Directors, four (4) are Independent Non-Executive Directors and three (3) are Non-Independent Non-Executive Directors. The Company has complied with the requirement for one third (1/3) of its members to be independent as stated in Paragraph 15.02(1) of the Main Market Listing Requirements ("MMLR") of Bursa Securities. There is no individual Director or group of Directors who dominates the Board's decision making.

The wide mix of different skill sets and professional diversity of the members provides an atmosphere where deliberations draw a wide range of viewpoints which are at times challenged before a decision is arrived at. The Board acknowledges that a well-balanced board will benefit the organisation in promptly appraising matters and to competently arrive at decisions which will enhance the performance of the Group.

The Board is satisfied that it has the optimal size that meets the needs of the kind of businesses the Company is involved in as well as the diversity of the Company's shareholders, employees, customers, stakeholders and communities.

The profile of Directors is set out on pages 72 to 77 of this Annual Report.

*Nomination, Remuneration and Scheme Committee*

The Company had merged the Nomination Committee, the Remuneration Committee and the Scheme Committee into a single committee known as the Nomination, Remuneration and Scheme Committee ("NRSC") on 17 June 2014.

Currently, the NRSC comprises of five (5) members, all of whom are Non-Executive Directors, with a majority being Independent Directors:

| DIRECTORS |
|---|
| Dato' Azizan bin Abd Rahman<br>*(Chairman, Independent Non-Executive Director)* |
| Datuk Vijeyaratnam a/l V. Thamotharam Pillay<br>*(Member, Independent Non-Executive Director)* |
| Encik Kamil Ahmad Merican<br>*(Member, Non-Independent Non-Executive Director)* |
| Mr Christopher Martin Boyd<br>*(Member, Independent Non-Executive Director)* |
| Dato' Ir Jauhari bin Hamidi<br>*(Member, Non-Independent Non-Executive Director) (Appointed on 02.03.2016)* |
| Tan Sri Dato' Seri Abd Wahab bin Maskan<br>*(Member, Non-Independent Non-Executive Director) (Ceased on 18.11.2015)* |

The NRSC is primarily responsible for nominating new Directors, assessing annually the effectiveness of the Board, Board Committees and the contribution of each individual Director, recommending to the Board the remuneration of Executive Directors and Non-Executive Directors and administering the Company's Long-Term Stock Incentive Plan 2012 ("LTIP") in accordance with such power and duties conferred upon it under the By-Laws of the aforesaid scheme.

A summary of the activities undertaken by the NRSC for the financial year ended 31 March 2016 are as follows:

- reviewed and recommended the appointment of a Non-Independent Non-Executive Director;
- reviewed and recommended the appointment of a NRSC member;
- reviewed the effectiveness of the Board and the Board Committees for financial year ended 31 March 2016;
- reviewed the independence of the Independent Directors for financial year ended 31 March 2016;
- reviewed the training needs of the Directors; and
- reviewed the vesting of LTIP to the eligible employees.

*Board Membership Criteria*

The NRSC is responsible for determining the appropriate character, skills, and experience for the Board as a whole and its individual members with the objective of having a Board with diverse composition, backgrounds and experience in business. All Directors are expected to be individuals with integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the duties of the Board.

In evaluating the suitability of individual Board members, the Board takes into account several factors, including skills, knowledge, expertise, experience, professionalism and time commitment to effectively discharge his or her role as a Director, contributions, background, character, integrity and competence. The Board is mindful of the importance of gender, age and ethnic diversity in the composition of the Board.

The Board currently has two (2) female Directors. With the current composition, the Board feels that its members have the necessary knowledge, experience, diverse range of skills and competencies to enable them to discharge their duties and responsibilities effectively.

In accordance with the Company's Articles of Association, at least one third (1/3) or the number nearest to one third (1/3) of the Directors, including the Managing Director, shall be subject to retirement by rotation once in every three (3) years. In accordance with Section 129(6) of the Companies Act, 1965, Directors over the age of seventy (70) are required to retire annually. All retiring Directors shall be eligible for re-election or re-appointment.

Names of Directors who are seeking re-election and re-appointment at the coming Annual General Meeting ("AGM") are shown in the notice of the AGM on page 277.

*Board Evaluation*

The NRSC is responsible for conducting an annual performance evaluation of the Board, Board Committees and individual Directors. The annual evaluation includes an assessment of the independence of Independent Directors.

The Board has formalised a Directors' Assessment Policy which sets out the procedures and criteria used in the assessments of Board, Board Committees, individual Directors and independence of Independent Directors.

The criteria used in the assessment of the Board and Board Committees include Board Structure, Board Operations, Board roles and responsibilities, Board Chairman's role and responsibilities and Board Committees.

For Individual Directors, the criteria used in the assessment include contribution to interaction, quality of input, understanding of role, commitment and Director's training needs.

The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and the Independent Director's involvement in any significant transaction with the Group.

The NRSC had reviewed the annual evaluation of Board, Board Committees and individual Directors for the financial year ended 31 March 2016 and has subsequently submitted its findings to the Board. The Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board is of the view that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

*Directors' Remuneration*

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering and growing the Group to achieve its long term goals and to enhance its shareholder value. In this respect, the Board has formalised a Directors' Remuneration Policy which aims to attract, develop and retain high performing and motivated Directors with a competitive remuneration package.

The NRSC is responsible for evaluating, deliberating and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices. The NRSC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Director and performance of the Group.

The NRSC recommends the Directors' fees payable to Non-Executive Directors of the Board and this recommendation is deliberated and decided by the Board before it is presented at the AGM for shareholders' approval.

The remuneration in the form of fees for the Non-Executive Directors, as members of the Board and Board Committees for the financial year ended 31 March 2016 is as follows:

| BOARD/COMMITTEE | CHAIRMAN (RM'000/YEAR) | MEMBER (RM'000/YEAR) |
|---|---:|---:|
| Board | 200 | 65 |
| Audit Committee | 30 | 20 |
| Risk Management Committee | 30 | 20 |
| Nomination, Remuneration and Scheme Committee | 60 | 30 |

The aggregate remuneration of the Executive Directors and Non-Executive Directors for the financial year ended 31 March 2016 is as follows:

| | SALARIES/FEES (RM'000) | OTHER EMOLUMENTS (INCLUDING BONUS, ALLOWANCES, BENEFITS-IN-KIND) (RM'000) | TOTAL (RM'000) |
|---|---|---|---|
| Executive Directors | 2,145 | 9,539 | 11,684 |
| Non-Executive Directors | 1,001 | 44 | 1,045 |
| Total | 3,146 | 9,583 | 12,729 |

**PRINCIPLE 3: REINFORCE INDEPENDENCE**

The Board recognises the importance of independence and objectivity in its decision-making process which is in line with the Code.

*Annual Assessment of Independence*

An Independent Director of the Company is a Director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. The Board, via the NRSC assesses an Independent Director's independence to ensure on-going compliance with this requirement annually.

For the financial year ended 31 March 2016, the Board assessed the independence of its Independent Non-Executive Directors, namely, Dato' Azizan bin Abd Rahman, Datuk Vijeyaratnam a/l V. Thamotharam Pillay, Ms Tan Kar Leng @ Chen Kar Leng and Mr Christopher Martin Boyd, based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

*Tenure of Independent Directors*

The Board is mindful of the recommendation of the Code on limiting the tenure of Independent Directors to nine (9) years of service. However, the Board may, in appropriate cases and subject to the assessment of the NRSC on an annual basis, retain an Independent Director who has served a consecutive or cumulative term of nine (9) years to continue to serve as Independent Director subject to shareholders' approval.

Currently, the Company has two (2) long serving Independent Non-Executive Directors, Dato' Azizan bin Abd Rahman and Datuk Vijeyaratnam a/l V. Thamotharam Pillay, whose tenure is more than nine (9) years. The NRSC has reviewed and recommended to the Board for them to continue to act as Independent Directors of the Company.

The NRSC is of the view that the Independent Directors have carried out their responsibilities in good faith in the best interest of the Company and have safeguarded the interests of the minority shareholders of the Company. There are significant advantages to be gained from the long serving Independent Directors who possess tremendous insight and knowledge of the Company's affairs.

The Board recognises that its current composition has the right mix of skills, objectivity and in-depth experience required for the Group's businesses and endeavour to retain Dato' Azizan bin Abd Rahman and Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Directors. The Board believes that there are significant advantages to be gained in promoting continuity as they have proven to have good understanding of the Company's businesses enabling them to provide independent views and judgment in the best interest of the Company. In this respect, the Board recommended that they continue to serve as Independent Directors subject to shareholders' approval at the forthcoming AGM of the Company.

*Chairman and Managing Director*

The roles of the Chairman and the Managing Director are distinct and separate to engender accountability and facilitate clear division of responsibilities to ensure that there is a balance of power and authority in the Company.

Dato' Azizan bin Abd Rahman is the Chairman of the Board whilst the Group Managing Director is Dato' Seri Tham Ka Hon. The Chairman is responsible for ensuring Board effectiveness and standards of conduct while the Group Managing Director is responsible for the overall management of the Group, including the smooth running of the businesses and implementation of strategies and policies.

The Board delegates to the Group Managing Director (supported by Executive Directors and the Management) the implementation of the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long term value for its shareholders.

**PRINCIPLE 4: FOSTER COMMITMENT**

*Time Commitment*

The Board meets at least four (4) times a year or more when circumstances require. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

Senior management and/or external advisors may be invited to attend Board meetings to advise and/or furnish the Board with information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.

All Board meetings are furnished with proper agendas with due notice issued and Board papers and reports are prepared by the Management and circulated prior to the meetings to all Directors with sufficient time for their review for effective discussion and decision-making during the meetings.

All pertinent issues discussed at the Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary.

The Board met five (5) times during the financial year under review. The details of Directors' attendance are set out as follows:

| DIRECTORS | TOTAL MEETINGS ATTENDED | % |
|---|---|---|
| Dato' Azizan bin Abd Rahman<br>*(Chairman, Independent Non-Executive Director)* | 5/5 | 100 |
| Dato' Seri Tham Ka Hon<br>*(Managing Director)* | 5/5 | 100 |
| Mr Chan Kok Leong<br>*(Deputy Managing Director)* | 4/5 | 80 |
| Mdm Kok Meng Chow<br>*(Finance Director)* | 5/5 | 100 |
| Tan Sri Dato' Seri Mohd Bakke bin Salleh<br>*(Non-Independent Non-Executive Director)* | 5/5 | 100 |
| Encik Kamil Ahmad Merican<br>*(Non-Independent Non-Executive Director)* | 5/5 | 100 |
| Datuk Vijeyaratnam a/l V. Thamotharam Pillay<br>*(Independent Non-Executive Director)* | 4/5 | 80 |
| Mr Christopher Martin Boyd<br>*(Independent Non-Executive Director)* | 5/5 | 100 |
| Ms Tan Kar Leng @ Chen Kar Leng<br>*(Independent Non-Executive Director)* | 4/5 | 80 |
| Dato' Ir Jauhari bin Hamidi<br>*(Non-Independent Non-Executive Director) (Appointed on 25.11.2015)* | 2/2 | 100 |
| Tan Sri Dato' Seri Abd Wahab bin Maskan<br>*(Non-Independent Non-Executive Director) (Resigned on 18.11.2015)* | 0/3 | * |

* *Tan Sri Dato' Seri Abd Wahab bin Maskan was on medical leave and was not able to attend all three meetings prior to his resignation.*

The Board is satisfied with the level of the time commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings.

It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the MMLR of Bursa Securities allows a Director to sit on the boards of five (5) listed issuers.

*Directors' Training*

All Directors of the Company have full opportunity to attend training through seminars, workshops and conferences. Directors are mindful of the need to enhance competency by improving on their skills and knowledge to stay abreast with the ever-changing business environment, regulatory requirements and corporate governance developments.

The Board has reviewed the training needs of the Directors and two (2) in-house training sessions for Directors and senior management were held during financial year ended 31 March 2016.

Details of training attended by Directors during the financial year ended 31 March 2016 are as follows:

| DIRECTORS | SEMINARS/WORKSHOPS/COURSES |
|---|---|
| Dato' Azizan bin Abd Rahman | • Khazanah Megatrends Forum 2015 - Harnessing Creative Disruption (unlocking the power inclusive innovation)<br>• Sustainability Symposium: Responsible Business. Responsible Investing<br>• Sustainability Engagement Series for Directors/Chief Executive Officer |
| Dato' Seri Tham Ka Hon | • Sustainability reporting awareness training |
| Mr Chan Kok Leong | • Khazanah Megatrends Forum 2015 - Harnessing Creative Disruption (unlocking the power inclusive innovation)<br>• EPF Global Private Equity Summit 2015<br>• Sustainability reporting awareness training |
| Mdm Kok Meng Chow | • FIABCI-PIP Property Conference 2015<br>• Khazanah Megatrends Forum 2015 - Harnessing Creative Disruption (unlocking the power inclusive innovation)<br>• Future of Auditor Reporting – The Game Changer for Boardroom<br>• Sustainability Engagement Series for Chief Financial Officers / Chief Sustainability Officers<br>• Sustainability reporting awareness training<br>• Women Power |
| Tan Sri Dato' Seri Mohd Bakke bin Salleh | • Down to a Simmer: Prospects for Asia in 2015 and Beyond<br>• Competitive Advantage through Innovation<br>• Sustainable & Regenerative Health<br>• The Business of Innovation 2015<br>• FELT Leadership Training Programme<br>• Briefing on Goods and Services Tax |
| Encik Kamil Ahmad Merican | • State of Malaysia Architecture Talk<br>• Sustainability reporting awareness training |
| Datuk Vijeyaratnam a/l V. Thamotharam Pillay | • Sustainability Engagement Series for Directors/Chief Executive Officer |
| Mr Christopher Martin Boyd | • Lead the Change: Getting Women on Boards<br>• Corporate Governance Breakfast Series: Bringing the best out of Boardroom |
| Ms Tan Kar Leng @ Chen Kar Leng | • Sustainability reporting awareness training<br>• Corporate Governance Breakfast Series for Directors: Future of Auditor Reporting – The Game Changer for Boardroom |
| Dato' Ir Jauhari bin Hamidi *(appointed on 25.11.2015)* | • Performance Driven Transformation through Mindset Change<br>• Workshop on Corporate Governance |

**PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING**

*Financial Reporting*

The Board is committed to provide a balanced, fair and comprehensive assessment of the Company's state of affairs in its financial statements. To ensure this, adequate financial processes are in place, aimed at keeping the Group's accounting records and transactions in accordance with accepted accounting standards. This ensures the preparation of annual financial statements that present a true and fair view of the state of affairs of the Group and Company at the reporting dates.

The Board is also committed to ensure that it presents a balanced and comprehensive assessment of the operation and financial results of the Group on a quarterly basis via its interim financial reports. It releases the quarterly financial report upon the Board's approval and in any event not later than two (2) months after the end of each quarter of its financial year for public announcement together with the required disclosure of the MMLR of Bursa Securities. These quarterly reports are published in a condensed format with full financial statements prepared.

The Audit Committee ("AC") is entrusted with the responsibility of assisting the Board with regard to the Company's internal and external audit functions, financial statements and internal accounting and control systems, matters that may significantly impact the financial condition or affairs of the business and to ensure that the financial statements of the Company comply with the applicable financial reporting standards in Malaysia and the Companies Act, 1965.

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors. The composition of the AC, including its roles and responsibilities are set out on pages 108 to 112 under the AC Report of this Annual Report.

*Suitability and Independence of Internal and External Auditors*

The Board maintains a transparent and professional relationship with the external auditors of the Company through the AC. The AC invites the external auditors to attend its meetings as and when required, before commencement of the year end audit and upon completion of their audit. The internal auditors meet the AC at least four (4) times a year. During such meetings, the auditors highlight and discuss the nature, scope of the audit, audit programme, internal controls and issues that may require the attention of the AC or the Board.

In compliance with MMLR of Bursa Securities and the Code, the AC within its duties reviews the scope of work, independence, objectivity and findings and recommendations of the audits conducted by both the external and internal auditors.

The AC ensures that the external audit function is independent of the activities it audits, and reviews the contracts for the provision of non-audit services by the external auditors and ensures that it will not give rise to instances of conflict of interests.

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

**PRINCIPLE 6: RECOGNISE AND MANAGE RISKS**

The Board is responsible for the establishment of a sound system of risk management and internal control and has established a Risk Management Committee ("RMC") which comprises of four (4) members:

| DIRECTORS |
|---|
| Ms Tan Kar Leng @ Chen Kar Leng<br>*(Chairman, Independent Non-Executive Director)* |
| Datuk Vijeyaratnam a/l V. Thamotharam Pillay<br>*(Member, Independent Non-Executive Director)* |
| Mr Christopher Martin Boyd<br>*(Member, Independent Non-Executive Director)* |
| Mdm Kok Meng Chow<br>*(Member, Finance Director)* |

The RMC is responsible for implementing risk management policies and strategies approved by the Board. It monitors and manages principal risk exposure by ensuring that Management has taken the necessary steps to mitigate such risks and recommends actions, where necessary.

*Internal Audit Function*

The Board maintains a sound system of internal controls to manage the day-to-day running of the businesses of the Group. The Board delegated the AC with the overall responsibility of reviewing the adequacy and the integrity of the system of internal controls.

The membership, terms of reference and function of the AC as well as summary of the activities of the internal audit function are detailed in the AC Report of this Annual Report.

**PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

*Corporate Disclosure Policies and Procedures*

The Board has formalised a set of Corporate Disclosure Policies and Procedures ("CDPP") which is aimed at developing an effective Investor Relations programme and strategy to communicate fairly and accurately, the corporate vision, strategies, developments, financial results and prospects to investors, the financial community and other stakeholders.

The CDPP serves as a guide to promote and demonstrate a high standard of integrity and transparency through timely, accurate, quality and full disclosure. The Board has identified spokespersons in the handling and disclosure of material information.

*Leverage on Information Technology for Effective Dissemination of Information*

The Group maintains regular and proactive communication with its shareholders and stakeholders. The Group has a Group Strategy & Communications Department, which provides the avenue for two-way communication between the Group and its shareholders, investors and the media.

The Group maintains a corporate website at www.easternandoriental.com which provides information relating to financial results, press releases, announcements, analyst reports and investor presentations. The public can also direct queries through a dedicated email contact provided in the said website.

**PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

The AGM is the principal forum for dialogue with shareholders. Notices of AGM and annual reports are sent to the shareholders at least 21 days ahead of the meeting date to enable shareholders to have sufficient time to peruse the annual report and papers supporting the resolutions proposed.

At the AGM, shareholders would be given the opportunity to ask questions regarding resolutions being proposed before putting the resolutions to vote as well as matters relating to the Group's operations in general. The Board encourages participation at general meetings and encourages poll voting by informing the shareholders of their right to demand for poll.

The Company ensures transparency and good corporate governance by promptly disseminating corporate information (such as all major corporate developments, financial performance and other relevant information) to the shareholders and investors via announcements to Bursa Securities and dialogues with analysts and the media.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Set out below is the Board of Directors' ("the Board") Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 31 March 2016 ("Financial Year") pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

The Company and its subsidiaries' ("the Group") risk management and internal control systems, in all material aspects, are in accordance with the guidelines provided to the Directors as set out in the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.*

## BOARD'S RESPONSIBILITY

The Board acknowledges and affirms its overall responsibility for the Group's systems of risk management and internal control and for reviewing the adequacy and effectiveness of the systems. These responsibilities are delegated to the Audit Committee and Risk Management Committee, which are empowered by their respective terms of reference.

Due to the inherent limitation in the risk management and internal control systems, such systems are designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate these risks. Such systems can only provide reasonable and not absolute assurance against fraud, material misstatement or loss.

## RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group's business operations and has oversight over this area through the Risk Management Committee. The risk management practices of the Group serves as the on-going process used for identifying, evaluating, monitoring and managing significant risks of the Group for the year under review and up to the date of approval of this Statement.

Key aspects of the risk management framework are set out below.

(i) The Risk Management Committee comprises of three (3) Independent Non-Executive Directors and one (1) Executive Director who bring a mix of relevant business and management knowledge and experience.

(ii) The Risk Management Committee meets on a quarterly basis to discuss and deliberate on the significant risks affecting the Group. Risk profiles, control procedures and status of action plans are presented and deliberated in the Risk Management Committee meetings. The Risk Management Committee will meet with different management teams quarterly, for updates.

(iii) There is a structured risk management framework, which outlines the Group's risk management system and defines management's responsibilities. Quarterly risk assessments are undertaken by management to identify and update risks. Outcome of the assessments are brought to the attention of executive management.

(iv) Any significant risks that require the Board's attention are escalated for deliberation.

(v) Key risks are highlighted to the internal audit function to develop internal audit plan, ensuring proper controls are in place to mitigate those risks. The internal audit function performs a walk-through of significant risk areas to confirm management's assessment of risks and the effectiveness of internal controls.

(vi) The risk management framework and activities are reviewed by the internal audit function annually.

## INTERNAL AUDIT FUNCTION

The Group's independent internal audit function is outsourced to a professional service firm to assist the Board and Audit Committee in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The outsourced internal auditors report directly to the Audit Committee and the risk-based internal audit plans are tabled to the Audit Committee for review and approval. A description of the activities of the internal audit function can be found in the Audit Committee report included in this Annual Report.

Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report.

## OTHER KEY ELEMENTS OF THE GROUP'S CONTROL ENVIRONMENT

*(i) Organisation Structure & Delegation Procedures*

There is an organisational structure in place, which formally defines lines of responsibility and delegation of authority. In addition, authorisation limits are documented and formalised.

*(ii) Documented Policies & Procedures*

Clearly defined policies and procedures are documented. These policies and procedures are subject to regular review and update to reflect changing risks or to address operational deficiencies.

*(iii) Strategic planning, monitoring and reporting*

- There is strategic planning and annual budgeting planning process where financial budget and capital expenditure proposal are approved by the Board;
- Actual performances compared with budget are reviewed and monitored closely by the management; and
- Updates on the Group's performances are provided to the Board periodically.

*(iv) Human Resource Policy*

- Documented policies and guidelines covering hiring and termination of employees, training programmes and performance appraisal to enhance the level of employees' competency in carrying out their duties and responsibilities;
- Specific KPIs on financial performance and operational performance were set and linked to employees' performance appraisals; and
- E&O values, which emphasise positive work habits have been communicated to all employees.

The Group's risk management process, internal audit review and internal control system do not apply to associate and jointly controlled entities where the Group does not have full management control over them. However, the Group's interest in these companies is served through representation on their respective joint management committees or boards. This representation provided the Board with access to review and monitor the performance of these investments. The Board is provided with periodic reports and information on their performances.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Securities Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the Financial Year. Their limited assurance review was performed in accordance with the Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

Based on their review, nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the systems of risk management and internal control.

## CONCLUSION

The Board has received assurance from the Managing Director and Finance Director that the Group's risk management and internal control systems have operated adequately and effectively for the Financial Year under review, in all material aspects.

The assurance has been given based on the internal controls established and maintained by the Group, work performed and reports provided by the internal audit function, management letters provided by external auditors, reviews performed by management and various Board Committees as well as reliance on written confirmations by management.

The Board is of the view that the existing internal control and risk management systems were adequate and effective for the Financial Year to address the risks which the Group considers relevant and material to its operations. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This statement is made in accordance with the Board's resolution dated 26 May 2016.

# AUDIT COMMITTEE REPORT

## COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee during the financial year ended 31 March 2016 were as follows:

**Datuk Vijeyaratnam a/l V. Thamotharam Pillay**
*Independent Non-Executive Director (Chairman)*

**Mr Christopher Martin Boyd**
*Independent Non-Executive Director (Member)*

**Ms Tan Kar Leng @ Chen Kar Leng**
*Independent Non-Executive Director (Member)*

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### Structure of the Audit Committee

The Audit Committee shall be appointed by the board of directors ("the Board") and shall comprise at least three (3) Directors with the majority of the members to be Independent Directors. All the Audit Committee members must be Non-Executive Directors. No Alternate Director shall be appointed as a member of the Audit Committee. At least one (1) member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or if he is not a member of Malaysian Institute of Accountants, he must have at least three (3) years' working experience and;

(i) He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
(ii) He must be a member of one of the associations of accountants as specified in Part II of the First Schedule of the Accountants Act 1967; or
(iii) Fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

The Chairman of the Audit Committee shall be an Independent Director and be elected from amongst their members. All members of the Audit Committee, including the Chairman, will hold office until otherwise determined by the Board. In the event of any vacancy in the Audit Committee resulting in the non-compliance with the Main Market Listing Requirements ("MMLR") of Bursa Securities, the Board shall within three (3) months of that event, appoint such new member(s) as may be required to comply with the MMLR of Bursa Securities.

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

### Objectives

The objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, accounting and reporting practices of the Group. The Audit Committee will endeavour to adopt practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company's shareholders.

**Authority**

The Audit Committee is authorised by the Board to:

(i) Investigate any matter within its terms of reference;
(ii) Have the resources which are required to perform its duties;
(iii) Have full and unrestricted access to any information pertaining to the Company;
(iv) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function activity (if any);
(v) Obtain independent professional or other advice; and
(vi) Convene any meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

**Functions**

1. To review the following and report the same to the Board:

    (i) With the external auditors, the audit plan;

    (ii) With the external auditors, their evaluation of the system of internal controls;

    (iii) With the external auditors, their audit report;

    (iv) The assistance given by the employees of the Company to the external auditors;

    (v) The adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

    (vi) The internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

    (vii) The quarterly results and year end financial statements, prior to the approval of the Board, focusing particularly on:
    - changes in or implementation of major accounting policy;
    - significant and unusual events arising;
    - the going concern assumption; and
    - compliance with accounting standards, regulatory and other legal requirements.

    (viii) Any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

    (ix) Any letter of resignation from the external auditors of the Company; and

    (x) Whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.

2. To recommend the nomination of a person or persons as external auditors.

3. To ensure external audit function is independent of the activities it audits and to review the contracts for the provision of non-audit services by the external auditors and ensure it will not give rise to conflict of interests.

4. To ensure the internal audit function is independent of the activities it audits and the head of internal audit reports directly to the Audit Committee. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of risk management, internal control and governance processes within the Company.

5. To carry out such other functions as may be agreed by the Audit Committee and the Board.

**Meetings and Reporting Procedures**

The Audit Committee shall hold at least four (4) meetings a year and to form a quorum for any meeting, the majority of members present must be Independent Directors.

The Executive Directors, head of internal audit and a representative of the external auditors normally attend the meetings. Other members of the Board, senior management and employees may attend the meeting upon invitation of the Audit Committee. However, the Audit Committee should meet with external auditors without Executive Directors present at least twice a year.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, the head of internal audit and external auditors in order to be kept informed of matters affecting the Company.

The Company Secretary shall be the secretary of the Audit Committee and as a reporting procedure, the minutes of the meeting shall be circulated to all members of the Board.

The Audit Committee held five (5) meetings during the financial year ended 31 March 2016. The details of attendance of the Audit Committee Members are as follows:

| NAME OF COMMITTEE MEMBERS | TOTAL MEETINGS ATTENDED | % |
|---|---|---|
| 1 Datuk Vijeyaratnam a/l V. Thamotharam Pillay | 5/5 | 100 |
| 2 Mr Christopher Martin Boyd | 5/5 | 100 |
| 3 Ms Tan Kar Leng @ Chen Kar Leng | 4/5 | 80 |

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee carried out the following activities during the financial year ended 31 March 2016.

**Financial Statements**

(i) Reviewed the Group's quarterly results and year-end financial statements before tabled them to the Board for deliberation and its release to Bursa Securities;
(ii) Reviewed the external auditors' reports in relation to audit, accounting and internal control issues arising from the audit and updates of the developments on accounting standards issued by the Malaysian Accounting Standard Board;
(iii) Reviewed the audit plan, strategy and scope of the external auditors prior to the commencement of the annual audit; and
(iv) Reviewed the independence of the external auditor.

**Internal Control**

(i) Reviewed the internal audit plans, scope and coverage of the audit; and
(ii) Reviewed the internal auditors' observations, recommendations for improvements and management's response thereto and ensure all significant issues are addressed by management on a timely basis.

**Related Party Transactions**

(i) Reviewed the related party transactions that arose within the Group to ensure that the transactions were at arm's length basis and on normal commercial terms; and
(ii) Reviewed the recurrent related party transactions procedures on whether the procedures are sufficient to ensure that the recurrent related party transactions are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

## SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

The internal audit function of the Group was outsourced to a professional service firm which reported independently to the Audit Committee and its role encompasses the evaluation of the adequacy and effectiveness of the Group's internal control system to provide reasonable assurance to the members of the Audit Committee.

The major internal audit activities undertaken during the financial year ended 31 March 2016 are as follows:

(i) Formulated annual risk-based audit plan which was presented to the Audit Committee for approval and reviewed the resource requirements for audit executions;
(ii) Performed internal audit reviews in accordance with the approved annual audit plan including an assessment on risk management framework;
(iii) Reviewed recurrent related party transactions to ascertain if the transactions were at arm's length basis and on normal commercial terms;
(iv) Reviewed the internal controls system and compliance with established policies and procedures as well as statutory requirements;
(v) Issued internal audit reports incorporating audit recommendations and management response;
(vi) Followed up on the implementation of corrective action plans to ensure satisfactory actions have been taken to address previous internal audit findings; and
(vii) Attended Audit Committee meetings to table and discuss the audit reports and followed up on matters raised.

The summary of business processes reviewed are as follows:

| ENTITY | BUSINESS PROCESSES REVIEWED |
|---|---|
| Eastern & Oriental Berhad | Review of Recurrent Related Party Transactions |
| | Review of Risk Management Framework |
| | Corporate Planning and Corporate Investment |
| Eastern & Oriental Hotel Sdn Bhd | Human Resource Management |
| E&O Express Sdn Bhd | Human Resource Management |
| E&O Property (Penang) Sdn Bhd | Project Closure |
| | Property Handover |
| E&O Trading Sdn Bhd | Procurement |
| | Security Management |
| E&O Sales and Marketing Sdn Bhd | Sales and Marketing |
| KCB Trading Sdn Bhd | Project Management |

The results of the quarterly audit reviews were discussed with senior management and subsequently, the audit findings, including the recommendations for improvement were presented to the Audit Committee at their scheduled meetings. In addition, follow up reviews of the implementation of action plans are carried out to ensure that corrective actions have been implemented in a timely manner and the results of follow up reviews were also reported to the Audit Committee at their scheduled meetings.

The internal audit reviews conducted did not reveal weaknesses that have resulted in any material losses, contingencies or uncertainties requiring separate disclosure in the Annual Report.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2016 amounted to RM232,990.

# OTHER COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS

During the financial year under review, the cash proceeds of RM285.264 million arising from the Company's issuance of a total of RM350 million in nominal value of Redeemable Convertible Medium Term Notes ("RCMTNs-A Issue") has been fully utilised as follows:

| PURPOSE | AMOUNT TO BE UTILISED RM'000 | UTILISED AS AT 31 MARCH 2016 RM'000 | UNUTILISED AS AT AT 31 MARCH 2016 RM'000 |
|---|---|---|---|
| Investments, land acquisition and/or property development expenditure | 272,224 | 272,224 | – |
| General working capital of the Group | 11,452 | 11,452 | – |
| RCMTNs-A issue costs | 1,588 | 1,588 | – |
| **Total** | **285,264** | **285,264** | **–** |

## 2. SHARE BUY-BACK

For the financial year under review, the details of the share buy-backs are as follows:

*Stock Units Bought Back*

| MONTH | UNITS | LOWEST PRICE (RM) | HIGHEST PRICE (RM) | AVERAGE PRICE (RM) | CONSIDERATION PAID (RM) |
|---|---|---|---|---|---|
| December 2015 | 1,000 | 1.55 | 1.55 | 1.55 | 1,594.90 |

The Company had on 27 October 2015 distributed a total of 24,601,619 treasury stock units as payment of the first and final dividend of one (1) treasury stock unit for every fifty (50) ordinary stock units of RM1.00 each held in the Company for financial year ended 31 March 2015.

As at 31 March 2016, there were 4,838,781 stock units held in treasury.

## 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

**WARRANTS**

During the financial year under review, there were no warrants exercised. The number of outstanding warrants as at 31 March 2016 was 222,300,415.

**RCMTNs-A**

During the financial year under review, there were no RCMTNs-A converted. The nominal value of outstanding RCMTNs-A as at 31 March 2016 was RM350 million.

## 4. INFORMATION IN RELATION TO LONG-TERM STOCK INCENTIVE PLAN

The Company has established a Long-Term Stock Incentive Plan ("LTIP") of up to 10% of the issued and paid-up ordinary stock units of the Company (excluding treasury stock units) comprising a performance-based restricted stock unit incentive plan ("PSU Award") and a restricted stock unit incentive plan ("RSU Award") for eligible employees and executive directors of the Company and its subsidiaries (excluding dormant subsidiaries). The effective date of implementation of the LTIP is on 26 February 2013 and is in force for a period of 10 years from the LTIP effective date. Information of the LTIP is set out in Note 34 of the financial statements.

Brief details on the number of ordinary stock units of RM1.00 each ("LTIP Stock Units") awarded, vested and outstanding since the implementation of the LTIP on 26 February 2013 and during the financial year ended 31 March 2016 under the PSU Award and RSU Award are set out in the table below:

| FOR THE PERIOD FROM 26 FEBRUARY 2013 TO 31 MARCH 2013 | TYPE OF GRANT | TOTAL | DIRECTORS AND CHIEF EXECUTIVE | OTHER ELIGIBLE EMPLOYEES |
|---|---|---|---|---|
| Number of LTIP Stock Units Granted | PSU Award for FY12/13 | 1,499,000 | 444,000 | 1,055,000 |
| | RSU Award for FY12/13 | 12,679,100 | 1,796,000 | 10,883,100 |
| | **Total** | **14,178,100** | **2,240,000** | **11,938,100** |
| Number of LTIP Stock Units Vested | PSU Award for FY12/13 | – | – | – |
| | RSU Award for FY12/13 | – | – | – |
| | **Total** | **–** | **–** | **–** |
| Number of LTIP Stock Units Forfeited | PSU Award for FY12/13 | – | – | – |
| | RSU Award for FY12/13 | – | – | – |
| | **Total** | **–** | **–** | **–** |
| Number of LTIP Stock Units Outstanding | PSU Award for FY12/13 | 1,499,000 | 444,000 | 1,055,000 |
| | RSU Award for FY12/13 | 12,679,100 | 1,796,000 | 10,883,100 |
| | **Total** | **14,178,100** | **2,240,000** | **11,938,100** |
| **FOR THE PERIOD FROM 1 APRIL 2013 TO 31 MARCH 2014** | **TYPE OF GRANT** | **TOTAL** | **DIRECTORS AND CHIEF EXECUTIVE** | **OTHER ELIGIBLE EMPLOYEES** |
| Number of LTIP Stock Units Granted | PSU Award for FY13/14 | 906,000 | 283,000 | 623,000 |
| | RSU Award for FY13/14 | 3,680,900 | 230,000 | 3,450,900 |
| | **Total** | **4,586,900** | **513,000** | **4,073,900** |
| Number of LTIP Stock Units Vested | PSU Award for FY12/13 | – | – | – |
| | RSU Award for FY12/13 | – | – | – |
| | PSU Award for FY13/14 | – | – | – |
| | RSU Award for FY13/14 | – | – | – |
| | **Total** | **–** | **–** | **–** |

| FOR THE PERIOD FROM 1 APRIL 2013 TO 31 MARCH 2014 | TYPE OF GRANT | TOTAL | DIRECTORS AND CHIEF EXECUTIVE | OTHER ELIGIBLE EMPLOYEES |
|---|---|---|---|---|
| Number of LTIP Stock Units Forfeited | PSU Award for FY12/13 (1) | (106,000) | – | (106,000) |
| | RSU Award for FY12/13 (1) | (1,023,700) | – | (1,023,700) |
| | PSU Award for FY13/14 (1) | (8,000) | – | (8,000) |
| | RSU Award for FY13/14 (1) | (357,800) | – | (357,800) |
| | **Total** | **(1,495,500)** | **–** | **(1,495,500)** |
| Number of LTIP Stock Units Outstanding | PSU Award for FY12/13 | 1,393,000 | 444,000 | 949,000 |
| | RSU Award for FY12/13 | 11,655,400 | 1,796,000 | 9,859,400 |
| | PSU Award for FY13/14 | 898,000 | 283,000 | 615,000 |
| | RSU Award for FY13/14 | 3,323,100 | 230,000 | 3,093,100 |
| | **Total** | **17,269,500** | **2,753,000** | **14,516,500** |

| FOR THE PERIOD FROM 1 APRIL 2014 TO 31 MARCH 2015 | TYPE OF GRANT | TOTAL | DIRECTORS AND CHIEF EXECUTIVE | OTHER ELIGIBLE EMPLOYEES |
|---|---|---|---|---|
| Number of LTIP Stock Units Granted | PSU Award for FY14/15 | 680,000 | 198,000 | 482,000 |
| | RSU Award for FY14/15 | 2,360,475 | 163,000 | 2,197,475 |
| | **Total** | **3,040,475** | **361,000** | **2,679,475** |
| Number of LTIP Stock Units Vested | PSU Award for FY12/13 | – | – | – |
| | RSU Award for FY12/13 | (5,678,700) | (898,000) | (4,780,700) |
| | PSU Award for FY13/14 | – | – | – |
| | RSU Award for FY13/14 | (9,300) | – | (9,300) |
| | PSU Award for FY14/15 | – | – | – |
| | RSU Award for FY14/15 | – | – | – |
| | **Total** | **(5,688,000)** | **(898,000)** | **(4,790,000)** |
| Number of LTIP Stock Units Forfeited | PSU Award for FY12/13 (1) | (33,000) | – | (33,000) |
| | RSU Award for FY12/13 (1) | (479,000) | – | (479,000) |
| | PSU Award for FY13/14 (1) | (21,000) | – | (21,000) |
| | RSU Award for FY13/14 (1) | (443,800) | – | (443,800) |
| | PSU Award for FY14/15 (1) | (15,000) | – | (15,000) |
| | RSU Award for FY14/15 (1) | (263,175) | – | (263,175) |
| | **Total** | **(1,254,975)** | **–** | **(1,254,975)** |

| FOR THE PERIOD FROM 1 APRIL 2014 TO 31 MARCH 2015 | TYPE OF GRANT | TOTAL | DIRECTORS AND CHIEF EXECUTIVE | OTHER ELIGIBLE EMPLOYEES |
|---|---|---|---|---|
| Number of LTIP Stock Units Outstanding | PSU Award for FY12/13 | 1,360,000 | 444,000 | 916,000 |
| | RSU Award for FY12/13 | 5,497,700 | 898,000 | 4,599,700 |
| | PSU Award for FY13/14 | 877,000 | 283,000 | 594,000 |
| | RSU Award for FY13/14 | 2,870,000 | 230,000 | 2,640,000 |
| | PSU Award for FY14/15 | 665,000 | 198,000 | 467,000 |
| | RSU Award for FY14/15 | 2,097,300 | 163,000 | 1,934,300 |
| | **Total** | **13,367,000** | **2,216,000** | **11,151,000** |

| FOR THE PERIOD FROM 1 APRIL 2015 TO 31 MARCH 2016 | TYPE OF GRANT | TOTAL | DIRECTORS AND CHIEF EXECUTIVE | OTHER ELIGIBLE EMPLOYEES |
|---|---|---|---|---|
| Number of LTIP Stock Units Granted | PSU Award for FY15/16 | – | – | – |
| | RSU Award for FY15/16 | – | – | – |
| | **Total** | **–** | **–** | **–** |
| Number of LTIP Stock Units Vested | PSU Award for FY12/13 | (2,013,300) | (657,500) | (1,355,800) |
| | RSU Award for FY12/13 | (5,983,380) | (985,200) | (4,998,180) |
| | PSU Award for FY13/14 | – | – | – |
| | RSU Award for FY13/14 | – | – | – |
| | PSU Award for FY14/15 | – | – | – |
| | RSU Award for FY14/15 | – | – | – |
| | **Total** | **(7,996,680)** | **(1,642,700)** | **(6,353,980)** |
| Number of LTIP Stock Units Forfeited | PSU Award for FY12/13 (1) | – | – | – |
| | RSU Award for FY12/13 (1) | (72,970) | – | (72,970) |
| | PSU Award for FY13/14 (1) | (728,700) | (232,900) | (495,800) |
| | RSU Award for FY13/14 (1) | (309,000) | – | (309,000) |
| | PSU Award for FY14/15 (1) | (29,700) | – | (29,700) |
| | RSU Award for FY14/15 (1) | (231,150) | – | (231,150) |
| | **Total** | **(1,371,520)** | **(232,900)** | **(1,138,620)** |

| FOR THE PERIOD FROM 1 APRIL 2015 TO 31 MARCH 2016 | TYPE OF GRANT | TOTAL | DIRECTORS AND CHIEF EXECUTIVE | OTHER ELIGIBLE EMPLOYEES |
|---|---|---|---|---|
| Number of LTIP Stock Unit Adjusted | PSU Award for FY12/13 | 653,300 | 213,500 | 439,800 |
| | RSU Award for FY12/13 | 558,650 | 87,200 | 471,450 |
| | PSU Award for FY13/14 | 85,700 | 27,500 | 58,200 |
| | RSU Award for FY13/14 | 268,300 | 22,300 | 246,000 |
| | PSU Award for FY14/15 | 65,200 | 19,200 | 46,000 |
| | RSU Award for FY14/15 | 204,580 | 15,800 | 188,780 |
| | **Total** | **1,835,730** | **385,500** | **1,450,230** |
| Number of LTIP Stock Units Outstanding | PSU Award for FY12/13 | – | – | – |
| | RSU Award for FY12/13 | – | – | – |
| | PSU Award for FY13/14 | 234,000 | 77,600 | 156,400 |
| | RSU Award for FY13/14 | 2,829,300 | 252,300 | 2,577,000 |
| | PSU Award for FY14/15 | 700,500 | 217,200 | 483,300 |
| | RSU Award for FY14/15 | 2,070,730 | 178,800 | 1,891,930 |
| | **Total** | **5,834,530** | **725,900** | **5,108,630** |

Note: (1) These LTIP Stock Units were forfeited as they were granted to eligible employees who resigned subsequent to the grant dates, but prior to vesting dates.

Non-Executive Directors are not eligible to participate in the LTIP.

The details of the LTIP Stock Units awarded to Directors and senior management who are key personnel in the Company since the commencement of the LTIP and during the financial year are as follows:

(i) There is no aggregate maximum applicable in percentage.
(ii) The actual percentage awarded to them is 8.1%.

5. **DEPOSITORY RECEIPT PROGRAMME**

During the financial year under review, the Company did not sponsor any depository receipt programme.

6. **SANCTIONS AND/OR PENALTIES**

During the financial year under review, there was no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

7. **NON-AUDIT FEES**

During the financial year ended 31 March 2016, non-audit fees paid to Messrs Ernst & Young by the Company and its subsidiaries amounted to approximately RM33,000.

8. **VARIATION IN RESULTS**

There were no variances of 10% or more between the results for the financial year under review and the unaudited results previously announced.

9. **PROFIT GUARANTEE**

During the financial year under review, the Company did not issue any profit guarantee.

10. **MATERIAL CONTRACTS**

Other than those disclosed in Note 35 to the financial statements in this Annual Report, there was no material contract entered into by the Company and its subsidiaries involving the interest of the Company's Directors and/or its major stockholders either still subsisting as at 31 March 2016 or entered into since the end of the previous financial year ended 31 March 2015.

## 11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

On 29 September 2015, the Company had obtained stockholders' mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties.

The aggregate value of transactions conducted pursuant to the stockholders' mandate for the financial year ended 31 March 2016 are as follows:

| CATEGORIES OF TRANSACTIONS | TRANSACTING PARTIES | RELATED PARTIES | VALUE OF TRANSACTIONS RM'000 |
|---|---|---|---|
| Receipt of interior design services, architectural services, building consultancy services, project management services and graphic design services | GDP Projects Sdn Bhd and GDP Architects Sdn Bhd | Kamil Ahmad Merican[1] | 650 |
| Receipt of interior design services and trading of interior design products | Interiors International (M) Sdn Bhd | Dato' Seri Tham Ka Hon[2] | 231 |
| Purchase of properties sold by E&O Group | Datuk Vijeyaratnam a/l V. Thamotharam Pillay | Datuk Vijeyaratnam a/l V. Thamotharam Pillay[3] | 10,575 |
| | Chan Kok Leong | Chan Kok Leong[4] | 10,541 |
| | Chan Choy Yin and spouse | Chan Kok Leong[4] | 1,189 |
| | Dato' Azizan bin Abd Rahman and spouse | Dato' Azizan bin Abd Rahman[5] | 5,489 |
| | Kon Pik Sia | Kon Pik Sia[6] | 1,277 |
| | Lum Kah Fatt | Lum Kwok Weng @ Lum Kok Weng[7] | 708 |

**Notes:**

(1) Kamil Ahmad Merican is a Director of the Company and is a Director and a major shareholder of GDP Projects Sdn Bhd. He is the Chief Executive Officer of GDP Architects Sdn Bhd.

(2) The Directors and major shareholders of Interiors International (M) Sdn Bhd are Datin Tham Oi Fah ("DTOF") and her spouse. DTOF is the sister of Dato' Seri Tham Ka Hon ("DSTKH"). DSTKH is a Director and major stockholder of the Company.

(3) Datuk Vijeyaratnam a/l V. Thamotharam Pillay is an Independent Non-Executive Director of the Company.

(4) Chan Kok Leong is the Deputy Managing Director of the Company. Chan Choy Yin is the sister of Chan Kok Leong.

(5) Dato' Azizan bin Abd Rahman is the Chairman of the Company.

(6) Kon Pik Sia is a Director of the Company's subsidiaries.

(7) Lum Kwok Weng @ Lum Kok Weng ("LKW") is a Director of the Company's subsidiaries. Lum Kah Fatt is the son of LKW.

# FINANCIAL STATEMENTS 2016

# DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries, associate and joint ventures are disclosed in Notes 18, 19 and 20 to the financial statements respectively.

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

**RESULTS**

| | GROUP RM'000 | COMPANY RM'000 |
|---|---|---|
| Profit for the financial year | 38,829 | 8,710 |
| Attributable to: | | |
| Owners of the parent | 37,191 | 8,710 |
| Non-controlling interests | 1,638 | – |
| | 38,829 | 8,710 |

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from amount due from subsidiaries written off, impairment loss on interest in subsidiaries and reversal of impairment loss on other receivables of the Company as disclosed in Notes 6 and 8 to the financial statements respectively.

**DIVIDEND**

Dividend paid by the Company since 31 March 2015 was as follows:

| | RM'000 |
|---|---|
| In respect of the financial year ended 31 March 2015 as reported in the Directors' report of that year: | |
| Stock dividend by way of distribution of 24,601,619 treasury stock units on 27 October 2015 on the basis of one (1) treasury stock unit for every fifty (50) ordinary stock units held in the Company | 23,164 |

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the current financial year ended 31 March 2016, of 2.00%, amounting to total dividend payable of approximately RM25,098,889 (subject to change on the number of ordinary stock units entitled to dividend on date of book closure) will be proposed for stockholders' approval. This is computed based on the issued and paid-up capital as at 31 March 2016, excluding treasury stock units held by the Company of 4,838,781 units. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2017.

**DIRECTORS**

The Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Azizan bin Abd Rahman
Dato' Seri Tham Ka Hon
Kamil Ahmad Merican
Datuk Vijeyaratnam A/L V.Thamotharam Pillay
Chan Kok Leong
Kok Meng Chow
Christopher Martin Boyd
Tan Sri Dato' Seri Mohd Bakke bin Salleh
Tan Kar Leng @ Chen Kar Leng
Dato' Ir Jauhari bin Hamidi *(appointed on 25 November 2015)*
Tan Sri Dato' Seri Abd Wahab bin Maskan *(resigned on 18 November 2015)*

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the stock units granted and awarded under the Company's Long-Term Stock Incentive Plan ("LTIP").

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 10 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

### DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in ordinary stock units, warrants and LTIP in the Company during the financial year were as follows:

### INTEREST IN THE COMPANY

| | NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH | | | |
|---|---|---|---|---|
| | 1 APRIL 2015 | ACQUIRED | SOLD | 31 MARCH 2016 |
| **Direct interests:** | | | | |
| Dato' Azizan bin Abd Rahman | 8,030,000 | 160,600 | – | 8,190,600 |
| Dato' Seri Tham Ka Hon | 46,475,000 | 929,500 | – | 47,404,500 |
| Kamil Ahmad Merican | 2,062,500 | 41,250 | – | 2,103,750 |
| Chan Kok Leong | 6,600,000 | 751,548 | – | 7,351,548 |
| Kok Meng Chow | 677,350 | 1,065,553 | (200,000) | 1,542,903 |
| Christopher Martin Boyd | 11,000 | 220 | – | 11,220 |
| **Indirect interests:** | | | | |
| Dato' Seri Tham Ka Hon | 86,808,877 | 4,382,465 | – | 91,191,342 |

| | NUMBER OF WARRANTS | | | |
|---|---|---|---|---|
| | 1 APRIL 2015 | GRANTED | EXERCISED | 31 MARCH 2016 |
| **Direct interests:** | | | | |
| Dato' Azizan bin Abd Rahman | 1,460,000 | – | – | 1,460,000 |
| Dato' Seri Tham Ka Hon | 8,450,000 | – | – | 8,450,000 |
| Kamil Ahmad Merican | 375,000 | – | – | 375,000 |
| Chan Kok Leong | 1,200,000 | – | – | 1,200,000 |
| Kok Meng Chow | 177,700 | – | – | 177,700 |
| Christopher Martin Boyd | 2,000 | – | – | 2,000 |
| **Indirect interests:** | | | | |
| Dato' Seri Tham Ka Hon | 15,783,432 | – | – | 15,783,432 |

| | NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH AWARDED UNDER THE LTIP | | | |
|---|---|---|---|---|
| | 1 APRIL 2015 | ADJUSTMENT | EXERCISED | 31 MARCH 2016 |
| Chan Kok Leong | 1,053,500 | 228,600 | (607,400) | 674,700 |
| Kok Meng Chow | 1,162,500 | 156,900 | (1,035,300) | 284,100 |

None of the other Directors in office at the end of the financial year had any interest in ordinary stock units, warrants and LTIP in the Company or its related corporations during the financial year.

## ISSUE OF STOCK UNITS

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,252,094,164 to RM1,259,783,244 by way of issuance of 2,013,300 and 5,675,780 new ordinary stock units of RM1.00 each pursuant to the vesting and exercise of the Performance-based Restricted Stock Unit Incentive Plan ("PSU Award") and Restricted Stock Unit Incentive Plan ("RSU Award") at a price of RM1.12 and RM1.23 per stock unit respectively.

The new ordinary stock units issued during the financial year rank pari passu in all respects with the existing ordinary stock units of the Company.

## WARRANTS 2015/2019

222,300,415 Warrants 2015/2019 issued on 22 January 2015 carries the entitlement to the registered holders to subscribe for one (1) new stock unit of RM1.00 each in the Company at an exercise price of RM2.60 each, exercisable at any time from the issue date up to the close of business at 5.00 pm in Malaysia on the maturity date on 21 July 2019 ("Exercise Period"). Any warrant not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

The new stock units to be issued arising from the exercise of warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary stock units of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new stock units arising from the exercise of warrants. The salient terms of the Warrants 2015/2019 are disclosed in Note 30(b) to the financial statements.

As at 31 March 2016, the entire allotted warrants remained unexercised.

## TREASURY STOCK UNITS

During the financial year, 24,601,619 treasury stock units were distributed as stock dividends to the stockholders on 27 October 2015 on the basis of one (1) treasury stock unit for every fifty (50) existing ordinary stock units of RM1.00 each held at the entitlement date on 6 October 2015.

During the financial year, the Company repurchased 1,000 of its issued ordinary stock units from the open market at an average price of RM1.55 per stock unit. The total consideration paid for the repurchase including transaction costs was RM1,595. The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2016, the Company held as treasury stock units a total of 4,838,781 of its 1,259,783,244 issued ordinary stock units. Such treasury stock units are held at a carrying amount of RM4,556,759 and further relevant details are disclosed in Note 32 to the financial statements.

## LONG-TERM STOCK INCENTIVE PLAN ("LTIP")

The LTIP of the Company was approved by its stockholders at an Extraordinary General Meeting held on 27 September 2012. The LTIP was implemented on 26 February 2013.

The salient features, terms and details of the LTIP are disclosed in Note 34(b) to the financial statements.

During the financial year, the Board of Directors approved an adjustment to restore the parity to the eligible employees and Executive Directors in terms of dilution in value of stock units to be received under PSU Award and RSU Award, as a results of the previous financial year bonus issue of 111,149,554 stock units of RM1.00 each in the Company on the basis of one (1) bonus stock unit for every ten (10) existing stock units held in the Company.

## OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in respect of these financial statements; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

## SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 41 to the financial statements.

## SUBSEQUENT EVENT

Details of a subsequent event are disclosed in Note 42 to the financial statements.

## AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 June 2016.

**DATO' AZIZAN BIN ABD RAHMAN** **DATO' SERI THAM KA HON**

# STATEMENT BY DIRECTORS

**PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Dato' Azizan bin Abd Rahman and Dato' Seri Tham Ka Hon, being two of the Directors of Eastern & Oriental Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 132 to 262 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and the cash flows for the financial year then ended.

The information set out in Note 43 on page 263 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 June 2016.

**DATO' AZIZAN BIN ABD RAHMAN** **DATO' SERI THAM KA HON**

# STATUTORY DECLARATION

**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Kok Meng Chow, being the Director primarily responsible for the financial management of Eastern & Oriental Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 132 to 263 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Kok Meng Chow
at Kuala Lumpur in the Federal Territory
on 23 June 2016

**KOK MENG CHOW**

Before me,
**KAPT. (B) JASNI BIN YUSOFF**
No. W465
Commissioner of Oaths

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF EASTERN & ORIENTAL BERHAD (INCORPORATED IN MALAYSIA)**

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Eastern & Oriental Berhad, which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 132 to 262.

*Directors' responsibility for the financial statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia ("Act"), we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 43 on page 263 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**ERNST & YOUNG**
AF: 0039
Chartered Accountants

**LOW KHUNG LEONG**
No. 2697/01/17 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 June 2016

# STATEMENTS OF COMPREHENSIVE INCOME

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

| | NOTE | GROUP 2016 RM'000 | GROUP 2015 RM'000 | COMPANY 2016 RM'000 | COMPANY 2015 RM'000 |
|---|---|---|---|---|---|
| Revenue | 4 | **422,183** | 449,497 | **51,045** | 75,047 |
| Cost of sales | 5 | **(259,492)** | (222,770) | **–** | – |
| **Gross profit** | | **162,691** | 226,727 | **51,045** | 75,047 |
| Other income | 6 | **61,589** | 138,273 | **43,527** | 21,335 |
| Administrative expenses | | **(84,515)** | (87,602) | **(24,719)** | (30,499) |
| Selling and marketing expenses | | **(27,557)** | (21,400) | **–** | – |
| Other expenses | | **(47,075)** | (30,855) | **(28,917)** | (3,220) |
| **Operating profit** | | **65,133** | 225,143 | **40,936** | 62,663 |
| Finance costs | 7 | **(52,569)** | (35,363) | **(32,226)** | (25,588) |
| Share of results of an associate | | **20,342** | 539 | **–** | – |
| Share of results of joint ventures | | **21,849** | 11,817 | **–** | – |
| **Profit before tax** | 8 | **54,755** | 202,136 | **8,710** | 37,075 |
| Income tax expense | 11 | **(15,926)** | (45,470) | **–** | (45) |
| **Profit for the financial year** | | **38,829** | 156,666 | **8,710** | 37,030 |
| **Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):** | | | | | |
| Foreign currency translation | | **(1,240)** | (476) | **–** | – |
| **Total comprehensive income for the financial year** | | **37,589** | 156,190 | **8,710** | 37,030 |
| **Profit attributable to:** | | | | | |
| Owners of the parent | | **37,191** | 152,088 | **8,710** | 37,030 |
| Non-controlling interests | | **1,638** | 4,578 | **–** | – |
| | | **38,829** | 156,666 | **8,710** | 37,030 |
| **Total comprehensive income for the financial year attributable to:** | | | | | |
| Owners of the parent | | **35,951** | 151,612 | **8,710** | 37,030 |
| Non-controlling interests | | **1,638** | 4,578 | **–** | – |
| | | **37,589** | 156,190 | **8,710** | 37,030 |
| **Earnings per stock unit attributable to owners of the parent (sen):** | | | | | |
| Basic | 12(a) | **3.00** | 12.45 | | |
| Diluted | 12(b) | **2.98** | 12.30 | | |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT 31 MARCH 2016**

| | NOTE | 2016 RM'000 | 2015 RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | **333,476** | 350,355 |
| Land held for property development | 15(a) | **1,082,576** | 492,868 |
| Investment properties | 16 | **495,391** | 389,397 |
| Intangible assets | 17 | **366** | 468 |
| Investment in an associate | 19 | **6,341** | 17,149 |
| Investment in joint ventures | 20 | **107,738** | 89,774 |
| Investment securities | 21 | **2,382** | 2,853 |
| Deferred tax assets | 22 | **5,252** | 5,388 |
| Trade and other receivables | 24 | **39,515** | 2,455 |
| | | **2,073,037** | 1,350,707 |
| **Current assets** | | | |
| Property development costs | 15(b) | **1,014,617** | 946,894 |
| Inventories | 23 | **212,357** | 208,477 |
| Trade and other receivables | 24 | **55,881** | 203,516 |
| Prepayments | | **17,242** | 3,395 |
| Tax recoverable | | **17,772** | 906 |
| Accrued billings in respect of property development costs | | **116,256** | 155,413 |
| Cash and bank balances | 25 | **247,294** | 201,192 |
| | | **1,681,419** | 1,719,793 |
| Assets of disposal group classified as held for sale | 26 | **4,269** | – |
| | | **1,685,688** | 1,719,793 |
| **Total assets** | | **3,758,725** | 3,070,500 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT 31 MARCH 2016** (CONT'D)

| | NOTE | 2016 RM'000 | 2015 RM'000 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Current liabilities** | | | |
| Loans and borrowings | 27 | **178,040** | 464,665 |
| Provisions | 28 | **15,643** | 31,153 |
| Trade and other payables | 29 | **134,304** | 150,913 |
| Provision for retirement benefits | 34(a) | **96** | 7 |
| Income tax payable | | **2,935** | 6,386 |
| | | **331,018** | 653,124 |
| Liabilities directly associated with disposal group classified as held for sale | 26 | **2,741** | – |
| | | **333,759** | 653,124 |
| **Net current assets** | | **1,351,929** | 1,066,669 |
| **Non-current liabilities** | | | |
| Provision for retirement benefits | 34(a) | **405** | 463 |
| Loans and borrowings | 27 | **1,340,299** | 699,524 |
| Provisions | 28 | **278** | 295 |
| Trade and other payables | 29 | **354,482** | 25,112 |
| Deferred tax liabilities | 22 | **42,346** | 44,895 |
| | | **1,737,810** | 770,289 |
| **Total liabilities** | | **2,071,569** | 1,423,413 |
| **Net assets** | | **1,687,156** | 1,647,087 |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 30 | **1,259,784** | 1,252,095 |
| Share premium | 31 | **10,821** | 32,446 |
| Treasury stock units | 32 | **(4,557)** | (27,720) |
| Reserves | 33 | **372,357** | 343,153 |
| | | **1,638,405** | 1,599,974 |
| **Non-controlling interests** | | **48,751** | 47,113 |
| **Total equity** | | **1,687,156** | 1,647,087 |
| **Total equity and liabilities** | | **3,758,725** | 3,070,500 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# COMPANY STATEMENT OF FINANCIAL POSITION

**AS AT 31 MARCH 2016**

| | NOTE | 2016 RM'000 | 2015 RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | **1,928** | 2,391 |
| Intangible assets | 17 | **–** | 1 |
| Interest in subsidiaries | 18 | **1,596,518** | 1,434,297 |
| Trade and other receivables | 24 | **311** | 292 |
| | | **1,598,757** | 1,436,981 |
| **Current assets** | | | |
| Trade and other receivables | 24 | **167,610** | 477,545 |
| Prepayments | | **231** | 671 |
| Cash and bank balances | 25 | **6,530** | 6,845 |
| | | **174,371** | 485,061 |
| **Total assets** | | **1,773,128** | 1,922,042 |
| **EQUITY AND LIABILITIES** | | | |
| **Current liabilities** | | | |
| Loans and borrowings | 27 | **25,084** | 50,183 |
| Provisions | 28 | **39** | 39 |
| Trade and other payables | 29 | **53,784** | 296,896 |
| | | **78,907** | 347,118 |
| **Net current assets** | | **95,464** | 137,943 |
| **Non-current liability** | | | |
| Loans and borrowings | 27 | **341,989** | 233,882 |
| **Total liabilities** | | **420,896** | 581,000 |
| **Net assets** | | **1,352,232** | 1,341,042 |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 30 | **1,259,784** | 1,252,095 |
| Share premium | 31 | **10,821** | 32,446 |
| Treasury stock units | 32 | **(4,557)** | (27,720) |
| Reserves | 33 | **86,184** | 84,221 |
| **Total equity** | | **1,352,232** | 1,341,042 |
| **Total equity and liabilities** | | **1,773,128** | 1,922,042 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

| | | ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | NON-DISTRIBUTABLE | | | | | DISTRIBUTABLE | | | |
| | NOTE | SHARE CAPITAL RM'000 | SHARE PREMIUM RM'000 | TREASURY STOCK UNITS RM'000 | FOREIGN CURRENCY TRANSLATION RESERVE RM'000 | OTHER RESERVE RM'000 | LTIP RESERVE RM'000 | RETAINED PROFITS RM'000 | TOTAL RM'000 | NON-CONTROLLING INTERESTS RM'000 | TOTAL EQUITY RM'000 |
| **At 1 April 2015** | | 1,252,095 | 32,446 | (27,720) | (1,245) | – | 14,579 | 329,819 | 1,599,974 | 47,113 | 1,647,087 |
| Profit for the financial year | | – | – | – | – | – | – | 37,191 | 37,191 | 1,638 | 38,829 |
| Other comprehensive income | | – | – | – | (1,240) | – | – | – | (1,240) | – | (1,240) |
| Total comprehensive income for the financial year | | – | – | – | (1,240) | – | – | 37,191 | 35,951 | 1,638 | 37,589 |
| **Transactions with owners** | | | | | | | | | | | |
| Issue of ordinary stock units: | | | | | | | | | | | |
| - Pursuant to LTIP vested | 30(a) | 7,689 | 1,539 | – | – | – | (9,228) | – | – | – | – |
| Purchase of treasury stock units | | – | – | (1) | – | – | – | – | (1) | – | (1) |
| Arising from redemption of preference shares | | – | – | – | – | 956 | – | (956) | – | – | – |
| LTIP expense | | – | – | – | – | – | 2,481 | – | 2,481 | – | 2,481 |
| Stock dividend distributed to stockholders | 13 | – | (23,164) | 23,164 | – | – | – | – | – | – | – |
| Total transactions with owners | | 7,689 | (21,625) | 23,163 | – | 956 | (6,747) | (956) | 2,480 | – | 2,480 |
| **At 31 March 2016** | | **1,259,784** | **10,821** | **(4,557)** | **(2,485)** | **956** | **7,832** | **366,054** | **1,638,405** | **48,751** | **1,687,156** |
| **At 1 April 2014** | | 1,135,622 | 142,145 | (27,720) | (769) | – | 14,558 | 211,076 | 1,474,912 | 42,535 | 1,517,447 |
| Profit for the financial year | | – | – | – | – | – | – | 152,088 | 152,088 | 4,578 | 156,666 |
| Other comprehensive income | | – | – | – | (476) | – | – | – | (476) | – | (476) |
| Total comprehensive income for the financial year | | – | – | – | (476) | – | – | 152,088 | 151,612 | 4,578 | 156,190 |
| **Transactions with owners** | | | | | | | | | | | |
| Issue of ordinary stock units: | | | | | | | | | | | |
| - Pursuant to LTIP vested | 30(a) | 5,323 | 2,156 | – | – | – | (7,479) | – | – | – | – |
| - Bonus issue | 30(a) | 111,150 | (111,150) | – | – | – | – | – | – | – | – |
| Costs of bonus issue | | – | (705) | – | – | – | – | – | (705) | – | (705) |
| Award of LTIP to employees | | – | – | – | – | – | 7,500 | – | 7,500 | – | 7,500 |
| Dividend on ordinary stock units | 13 | – | – | – | – | – | – | (33,345) | (33,345) | – | (33,345) |
| Total transactions with owners | | 116,473 | (109,699) | – | – | – | 21 | (33,345) | (26,550) | – | (26,550) |
| **At 31 March 2015** | | 1,252,095 | 32,446 | (27,720) | (1,245) | – | 14,579 | 329,819 | 1,599,974 | 47,113 | 1,647,087 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

| | | NON-DISTRIBUTABLE | | | | DISTRIBUTABLE | |
|---|---|---|---|---|---|---|---|
| | NOTE | SHARE CAPITAL RM'000 | SHARE PREMIUM RM'000 | TREASURY STOCK UNITS RM'000 | LTIP RESERVE RM'000 | RETAINED PROFITS RM'000 | TOTAL EQUITY RM'000 |
| **At 1 April 2015** | | 1,252,095 | 32,446 | (27,720) | 14,579 | 69,642 | 1,341,042 |
| Profit for the financial year, representing total comprehensive income for the financial year | | – | – | – | – | 8,710 | 8,710 |
| **Transactions with owners** | | | | | | | |
| Issue of ordinary stock units: | | | | | | | |
| - Pursuant to LTIP vested | 30(a) | 7,689 | 1,539 | – | (9,228) | – | – |
| Purchase of treasury stock units | | – | – | (1) | – | – | (1) |
| LTIP expense | | – | – | – | 2,481 | – | 2,481 |
| Stock dividend distributed to stockholders | 13 | – | (23,164) | 23,164 | – | – | – |
| Total transactions with owners | | 7,689 | (21,625) | 23,163 | (6,747) | – | 2,480 |
| **At 31 March 2016** | | **1,259,784** | **10,821** | **(4,557)** | **7,832** | **78,352** | **1,352,232** |
| **At 1 April 2014** | | 1,135,622 | 142,145 | (27,720) | 14,558 | 65,957 | 1,330,562 |
| Profit for the financial year, representing total comprehensive income for the financial year | | – | – | – | – | 37,030 | 37,030 |
| **Transactions with owners** | | | | | | | |
| Issue of ordinary stock units: | | | | | | | |
| - Pursuant to LTIP vested | 30(a) | 5,323 | 2,156 | – | (7,479) | – | – |
| - Bonus issue | 30(a) | 111,150 | (111,150) | – | – | – | – |
| Costs of bonus issue | | – | (705) | – | – | – | (705) |
| Award of LTIP to employees | | – | – | – | 7,500 | – | 7,500 |
| Dividend on ordinary stock units | 13 | – | – | – | – | (33,345) | (33,345) |
| Total transactions with owners | | 116,473 | (109,699) | – | 21 | (33,345) | (26,550) |
| **At 31 March 2015** | | 1,252,095 | 32,446 | (27,720) | 14,579 | 69,642 | 1,341,042 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

| | 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Profit before tax | **54,755** | 202,136 |
| Adjustments for: | | |
| Impairment loss on financial assets: | | |
| - trade receivables | **420** | 680 |
| - other receivables | **9** | 186 |
| Amortisation of intangible assets | **154** | 115 |
| Depreciation of property, plant and equipment | **20,163** | 20,636 |
| Bad debts written off | **11** | 93 |
| Net gain from fair value adjustment of investment properties | **(20,434)** | (7,836) |
| Unwinding of discounts - net | **1,218** | (668) |
| Net fair value loss on investment securities at fair value through profit or loss | **471** | 844 |
| Interest expense | **50,446** | 34,514 |
| Inventories written off | **67** | – |
| Property, plant and equipment written off | **1,155** | 399 |
| Impairment loss on property, plant and equipment | **2,130** | – |
| Reversal of impairment loss on: | | |
| - trade receivables | **–** | (186) |
| - other receivables | **–** | (26) |
| Net (gain)/loss on disposal of: | | |
| - a subsidiary | **–** | (100,738) |
| - property, plant and equipment | **(81)** | 62 |
| - investment property | **–** | (6,198) |
| Net unrealised gain on foreign exchange | **(4,352)** | (2,422) |
| Interest income | **(10,844)** | (6,266) |
| Dividend income | **(11)** | (72) |
| Share of results of associate | **(20,342)** | (539) |
| Share of results of joint ventures | **(21,849)** | (11,817) |
| LTIP expense | **2,812** | 8,373 |
| Provision for retirement benefits | **45** | 79 |
| **Operating profit before changes in working capital carried forward** | **55,943** | 131,349 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016** (CONT'D)

| | 2016<br>RM'000 | 2015<br>RM'000 |
|---|---|---|
| **Operating profit before changes in working capital brought forward** | **55,943** | 131,349 |
| Changes in working capital | | |
| Land held for property development | **(586,078)** | (4,359) |
| Property development cost | **(65,258)** | (642,531) |
| Inventories | **7,943** | 2,470 |
| Receivables | **140,921** | (88,694) |
| Payables | **330,130** | 85,871 |
| Cash flows used in operations | **(116,399)** | (515,894) |
| Interest received | **11,784** | 5,732 |
| Interest paid | **(62,005)** | (39,651) |
| Income taxes refunded | **706** | 22,633 |
| Income taxes paid | **(39,429)** | (50,304) |
| Real property gains tax paid | **–** | (1,617) |
| Retirement benefits paid | **(14)** | – |
| **Net cash flows used in operating activities** | **(205,357)** | (579,101) |

**INVESTING ACTIVITIES**

| | | |
|---|---|---|
| Purchase of property, plant and equipment | **(7,227)** | (11,205) |
| Purchase of intangible assets | **(52)** | (368) |
| Purchase of investment properties: | | |
| - additions (subsequent expenditures) | **(87,657)** | (19,153) |
| Proceeds from disposal of property, plant and equipment | **167** | 163 |
| Proceeds from disposal of an investment property | **–** | 33,449 |
| Net cash inflow from disposal of a subsidiary (Note 18(c)) | **–** | 53,914 |
| Acquisition of subsidiary | **–** | 4 |
| Profit distribution from a joint venture | **2,035** | 1,313 |
| Dividend from a joint venture | **–** | 44,136 |
| Additional investment in a joint venture | **(56)** | – |
| Dividend from an associate | **31,150** | 498 |
| Other dividends received | **11** | 72 |
| **Net cash flows (used in)/from investing activities** | **(61,629)** | 102,823 |

| | 2016<br>RM'000 | 2015<br>RM'000 |
|---|---|---|
| **FINANCING ACTIVITIES** | | |
| Purchase of treasury stock units | **(1)** | – |
| Drawdown of borrowings | **630,515** | 586,361 |
| Repayment of borrowings | **(312,899)** | (152,509) |
| Repayment of obligations under finance lease | **(602)** | (524) |
| Costs of bonus issue | **–** | (705) |
| Dividends paid | **–** | (33,345) |
| Withdrawal/(placement) of deposits with licensed banks | **22,316** | (15,989) |
| **Net cash flows from financing activities** | **339,329** | 383,289 |
| **Net increase/(decrease) in cash and cash equivalents** | **72,343** | (92,989) |
| Effect of exchange rate changes on cash and cash equivalents | **(1,240)** | (476) |
| **Cash and cash equivalents at the beginning of financial year** | **165,954** | 259,419 |
| **Cash and cash equivalents at the end of financial year (Note 25)** | **237,057** | 165,954 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# COMPANY STATEMENT OF CASH FLOWS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

| | 2016<br>RM'000 | 2015<br>RM'000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Profit before tax | **8,710** | 37,075 |
| Adjustments for: | | |
| Unwinding of discounts | **(19)** | 45 |
| Impairment loss on other receivables | **892** | 183 |
| Amortisation of intangible assets | **1** | 4 |
| Depreciation of property, plant and equipment | **516** | 580 |
| Impairment loss on interest in subsidiaries | **17,425** | 820 |
| Amount due from subsidiaries written off | **7,414** | – |
| Interest expense | **32,226** | 25,543 |
| Unrealised (gain)/loss on foreign exchange | **(1,645)** | 2,190 |
| Dividend income | **(42,732)** | (68,357) |
| Reversal of impairment loss on other receivables | **(27,323)** | (10,377) |
| Interest income | **(10,721)** | (10,958) |
| Property, plant and equipment written off | **145** | 1 |
| LTIP expense | **1,138** | 4,904 |
| **Operating loss before changes in working capital** | **(13,973)** | (18,347) |
| Changes in working capital | | |
| Receivables | **(1,113)** | (328) |
| Payables | **(4,823)** | (70,646) |
| Cash flows used in operations | **(19,909)** | (89,321) |
| Interest paid | **(46,977)** | (17,017) |
| Income taxes refunded | **–** | 19,061 |
| **Net cash flows used in operating activities** | **(66,886)** | (87,277) |
| **INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | **(198)** | (625) |
| Proceeds from disposal of property, plant and equipment | **–** | 1 |
| Dividends received | **61,367** | 8,000 |
| Interest received | **36,131** | 1,079 |
| **Net cash flows from investing activities** | **97,300** | 8,455 |

| | 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| **FINANCING ACTIVITIES** | | |
| Drawdown of borrowings | **142,256** | 208,756 |
| Repayment of borrowings | **(70,000)** | (25,000) |
| Repayment of obligations under finance lease | **(183)** | (295) |
| Net repayment to subsidiaries | **(102,801)** | (68,760) |
| Dividends paid | **–** | (33,345) |
| Purchase of treasury stock units | **(1)** | – |
| Costs of bonus issue | **–** | (705) |
| Placement in deposits with licensed banks | **(4)** | (4) |
| **Net cash flows (used in)/from financing activities** | **(30,733)** | 80,647 |
| **Net (decrease)/increase in cash and cash equivalents** | **(319)** | 1,825 |
| **Cash and cash equivalents at the beginning of financial year** | **5,035** | 3,210 |
| **Cash and cash equivalents at the end of financial year (Note 25)** | **4,716** | 5,035 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

**31 MARCH 2016**

## 1. CORPORATE INFORMATION

Eastern & Oriental Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur.

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries, associate and joint ventures are disclosed in Notes 18,19 and 20 respectively.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 June 2016.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted the new and revised FRS which are mandatory for annual financial periods beginning on or after 1 January 2015 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except otherwise disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

### 2.2 Changes in accounting policies

On 1 April 2015, the Group and the Company adopted the following new and amended FRSs which are effective for annual financial periods beginning on or after 1 January 2015.

**DESCRIPTION**

- Amendments to FRS 119: Defined Benefit Plans: Employee Contributions
- Annual Improvements to FRSs 2010-2012 Cycle
- Annual Improvements to FRSs 2011-2013 Cycle

Adoption of the above standards did not have any material effect on the financial performance or position of the Group and of the Company.

## 2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

| DESCRIPTION | EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER |
|---|---|
| • Annual Improvements to FRSs 2012-2014 Cycle | 1 January 2016 |
| • Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| • Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| • Amendment to FRS 101: Disclosure Initiatives | 1 January 2016 |
| • Amendment to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception | 1 January 2016 |
| • Amendments to FRS 127: Equity Method in Separate Financial Statements | 1 January 2016 |
| • FRS 14: Regulatory Deferral Accounts | 1 January 2016 |
| • FRS 9: Financial Instruments | 1 January 2018 |
| • MFRS 15: Revenue from Contracts with Customers | 1 January 2018 |
| • Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application, except as discussed below:

FRS 9: Financial Instruments

In November 2014, Malaysian Accounting Standards Board ("MASB") issued the final version of FRS 9: Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139: Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

### Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework. The MFRS Framework comprises Standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012. It also comprises new/revised Standards that will be effective after 1 January 2012. All other Standards under the FRS framework where no new/revised Standards that will be effective after 1 January 2012 will transition to MFRS Framework with no further amendments.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards issued but not yet effective (cont'd)

**Malaysian Financial Reporting Standards ("MFRS Framework")** (cont'd)

The MFRS Framework is to be applied by all entities other than private entities with the exception of entities that are within the scope of MFRS 141: Agriculture and IC Interpretation 15: Agreements for Construction of Real Estates, including its parent, significant investor and venturer ("Transitioning Entities").

On 8 September 2015, the MASB announced that the effective date of MFRS 15: Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018. As a result, the effective date for Transitioning Entities to apply the Malaysian Financial Reporting Standards (MFRSs) will also be deferred to annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 March 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2019.

The subsidiaries within the Group which do not fall within the scope of Transitioning Entities have adopted the MFRS Framework. As the Group and the Company fall within the scope of Transitioning Entities, adjustments have been made to reflect the consolidated financial statements under FRSs.

<u>MFRS 15: Revenue from Contracts with Customers</u>

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118: Revenue, MFRS 111: Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of adopting MFRS 15 and plans to adopt the new standard on the required effective date.

## 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) exposure, or rights, to variable returns from its investment with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;
(ii) rights arising from other contractual arrangements; and
(iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except for unrealised losses which are not eliminated if there are indications of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Basis of consolidation (cont'd)

**Business combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of FRS 139: Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a charge to OCI. If the contingent consideration is not within the scope of FRS 139, it is measured in accordance with the appropriate FRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

### 2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent of the Group, and is presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the parent.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

## 2.6 Subsidiaries

A subsidiary is an entity over which the Group has all the followings:

(i) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) exposure, or rights, to variable returns from its investment with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

## 2.7 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Investments in associates and joint ventures (cont'd)

The financial statements of the associate and joint venture are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit or loss of associate and joint venture' in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### 2.8 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land has an unlimited useful life and is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of buildings constructed on leasehold land is provided for on a straight-line basis to write off the cost of the asset to its residual value over the shorter of the estimated useful life of 50 years or the respective remaining lease periods of the leasehold land.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Buildings | 2% - 15% |
| Plant, machinery and equipment | 10% - 25% |
| Office equipment, renovation and furniture and fittings | 10% - 33% |
| Vessel | 10% |
| Motor vehicles | 20% |

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively, if appropriate.

### 2.9 Land held for property development and property development costs

#### (a) Land reclamation cost

Land reclamation cost is in respect of expenditure incurred relating to the Tanjong Tokong Reclamation Project and is stated at cost less any accumulated impairment losses.

Land reclamation cost includes related development expenditure including interest expense incurred during the period of active development.

#### (b) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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

#### (c) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. This includes unavoidable costs of meeting the obligation which exceed the economic benefits expected to be recovered from the development of affordable housing on involuntary basis.

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

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property under construction ("IPUC") is measured at fair value (when the fair value is reliably determinable). When assessing whether the fair value of IPUC can be determined reliably the Group considers, among other things:

i) Construction of the asset in a developed liquid market;
ii) Signing of a construction contract with the contractor;
iii) Obtaining the required building and letting permits; and
iv) The percentage of rentable area that has been pre-leased to tenants.

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair value of IPUC were determined at the end of the reporting period based on valuations performed using either the residual method approach or discounted cash flow approach, as deemed appropriate. Each IPUC is individually assessed.

The estimated value of future assets is based on the expected future income from the project, using risk adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

### 2.11 Intangible assets

#### (a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### (b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Intangible assets (cont'd)

#### (b) Other intangible assets (cont'd)

*Computer software*

Computer software is measured initially at cost. Following initial acquisition, computer software is measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful life of computer software is assessed to be finite. Computer software is amortised on a straight-line basis over the estimated economic useful lives at an annual rate of 20% - 25% and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for computer software with finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and is treated as changes in accounting estimates. The amortisation expense on computer software with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

### 2.12 Inventories

#### (a) Inventories of completed properties

Inventories of completed properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, direct construction and development costs and appropriate proportion of common cost. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (b) Food, beverages and consumables

Food, beverages and consumables are stated at the lower of cost, which is determined on the weighted average basis, and net realisable value. Cost includes expenditure incurred in bringing inventories to store. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

## 2.13 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Financial assets

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- AFS financial assets

**(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by FRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of comprehensive income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables.

**(c) Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income as finance costs.

**(d) AFS financial assets**

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of comprehensive income in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of comprehensive income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Financial assets (cont'd)

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### 2.15 Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### (a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive income. Interest income (recorded as finance income in the statement of comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

**(b) AFS financial assets**

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from OCI and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 Cash and cash equivalents

Cash and bank balances in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and bank balances, cash and bank balances held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's cash management.

### 2.17 Financial liabilities

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts, if any.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**(a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

**(b) Loans and borrowings**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

**(c) Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for restoration costs are in respect of management's best estimate of the costs necessary to be incurred to restore rented premises. The initial estimated amount is capitalised as part of the cost for property, plant and equipment.

### 2.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary stock units are equity instruments.

Ordinary stock units are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary stock units are recognised in equity in the period in which they are declared.

### 2.21 Treasury stock units

Own equity instruments that are reacquired (treasury stock units) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

### 2.22 Warrants

Warrants are classified as equity.

The issue of ordinary stock units upon exercise of the warrants are treated as new subscription of ordinary stock units for the consideration equivalent to the exercise price of the warrants.

### 2.23 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**(a) As lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

**(b) As lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 2.24 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5: Non-current Assets Held for Sale that is at the lower of carrying amount and fair value less costs to sell. Any difference are included in profit or loss.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

Non-current assets are not depreciated or amortised once classified as held for sale. Additional disclosures are provided in Note 26.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.25 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured fair value of the consideration received or receivable, taking into account contractually defined terms payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

**(a) Dividend income**

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

**(b) Interest income**

Interest income is recognised using the effective interest method.

**(c) Sale of properties**

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.9(c).

Revenue from sale of land and completed properties is recognised upon the completion of the sale and purchase agreements and when the risks and rewards to ownership have been transferred to purchasers.

**(d) Revenue from hotel and restaurant operations**

Revenue from hotel and restaurant operations comprise rental of rooms, sale of food and beverages and other hotel and restaurant related income, and is recognised based on accrual basis, net of goods and services tax.

**(e) Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

**(f) Management fees**

Management fees are recognised when services are rendered.

## 2.26 Taxes

### (a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associate and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associate and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.26 Taxes (cont'd)

#### (b) Deferred tax (cont'd)

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

#### (c) Goods and services tax ("GST") and Value Added Tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of GST or VAT except:

- when the GST or VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- when receivables and payables are stated with the amount of GST or VAT included.

The net amount of GST or VAT being the difference output and input of GST or VAT, payable to or receivable from taxation authority at the reporting date, is included in payables or receivables in the statements of financial position.

### 2.27 Foreign currencies

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### (a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

**(b) Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

### 2.28 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per Companies Act, a distribution is authorised when it is approved by the stockholders.

A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of comprehensive income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.29 Employee benefits

#### (a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

#### (b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Foreign subsidiaries also make contributions to its country's statutory pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (c) Defined benefit plans

Two subsidiaries of the Group, namely Eastern & Oriental Hotel Sdn. Berhad and Lone Pine Hotel (Penang) Sdn. Bhd. (collectively referred to as the "Hotel Group"), operate an unfunded, defined benefit Retirement Benefit Scheme ("Unfunded Scheme") for the eligible employees of the Hotel Group. The Hotel Group's obligations under the Unfunded Scheme are determined based on triennial actuarial valuation where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense immediately through OCI. Past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised.

#### (d) Share-based compensation

**Long-Term Stock Incentive Plan ("LTIP")**

The Company's LTIP, an equity-settled or cash-settled or combination of both, allows eligible employees of the Group to be entitled for ordinary stock units or payment by cash or a combination of any of the aforesaid of the Company. The total fair value of LTIP awarded to employees are recognised as an employee cost with a corresponding increase in the LTIP reserve within equity or accrued liability payable over the vesting period and taking into account the probability that the LTIP will vest. The fair value of LTIP is measured at grant date, taking into account, if any, the market vesting conditions upon which the LTIPs were awarded but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of LTIPs that are expected to be awarded on vesting date.

At each financial year end, the Group revises its estimates of the number of LTIPs that are expected to be awarded on vesting date. It recognises the impact of revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity or liability over the remaining vesting period. The equity amount is recognised in the LTIP reserve and the cash amount is recognised in accrued liability.

**2.30 Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

**2.31 Contingencies**

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

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

**2.32 Current versus non-current classification**

The Group presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.33 Fair value measurement

The Group measures financial instruments, such as, quoted securities, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties, unquoted AFS financial assets and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as investment properties, AFS financial assets and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, management and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### 3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

#### (a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

### 3.1 Critical judgements made in applying accounting policies (cont'd)

#### (b) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

### 3.2 Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### (a) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 24.

#### (b) Property development

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

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

#### (c) Investment property and IPUC

Investment property includes: (i) completed investment property and (ii) IPUC.

The Group carries its investment properties at fair value, with changes in fair value being recognised in statement of comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 March 2016. Fair value is determined primarily based on investment and comparison methods. Certain investment properties were valued based on investment method, as there is a lack of comparable market data because of the nature of the properties. Comparison method makes reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

In the previous financial years, the Group has adopted the amendments to FRS 140. Consequently, IPUC is valued at fair value if it can be reliably determined. If a fair value cannot be reliably determined, then IPUC is measured at cost. The fair value of IPUC is either determined on the basis of the discounted cash flow or the residual methods. However, using either method to value IPUC also requires considering the significant risks which are relevant to the development process, including but not limited to construction and letting risks.

**(d) Taxes**

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which these items can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Tax credits and tax losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these credits and losses as deferred tax assets. On this basis, the Group has not recognised deferred tax assets on the tax credits and tax losses carried forward.

**(e) Employee benefits**

**Share-based compensation**

**Long-Term Stock Incentive Plan (“LTIP”)**

The Group measures the cost of cash and equity-settled transactions with employees by reference to the fair value of the LTIP at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the LTIP, depending on the terms and conditions of the grant. The Group is also required to use judgement in determining the most appropriate inputs to the valuation model including volatility and dividend yield.

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

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounting cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounting cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

### 3.2 Key sources of estimation uncertainties (cont'd)

#### (g) Land reclamation

The Group reclaims land for its property development activities and the costs incurred in land reclamation are treated as part of the Group's land held for property development. The land reclamation project as referred to in Note 41(a) requires the Group to make certain payment in the form of reclaimed land. This payment forms part of the acquisition cost and is measured at the fair value of the non-monetary assets given up. Management has assessed this to be the cost to be incurred for the land to be reclaimed plus a margin for services provided for managing the reclaimation process. Significant judgement is required in determining the estimated fair value of this non-monetary asset, and the subsequent realisation/settlement through progressive handover according to the stage of completion.

The carrying amounts of the Group's land held for property development and payables are disclosed in Notes 15(a) and 29 respectively. For example, 10% difference in the estimated fair value of the non-monetary asset would result in approximately 3% and 7% variance in the Group's land held for property development and payables respectively. There is no effect on profit or loss for the financial year as the reclamation project is at its preliminary stage.

## 4. REVENUE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| Property development activities | **269,346** | 236,599 | **–** | – |
| Sale of land held for property development | **6,694** | 34,419 | **–** | – |
| Sale of completed properties | **13,241** | 52,684 | **–** | – |
| Rental income (Note 16) | **13,173** | 14,293 | **–** | – |
| Hotel and restaurant operations | **116,275** | 107,257 | **–** | – |
| Management services fees | **3,443** | 4,173 | **8,313** | 6,690 |
| Dividend income | **11** | 72 | **42,732** | 68,357 |
| | **422,183** | 449,497 | **51,045** | 75,047 |

## 5. COST OF SALES

| | GROUP 2016 RM'000 | GROUP 2015 RM'000 |
|---|---|---|
| Property development costs (Note 15(b)) | **164,256** | 89,180 |
| Cost of land sold (Note 15(a)) | **5,827** | 23,234 |
| Cost of completed properties | **8,022** | 29,517 |
| Rental related costs (Note 16) | **7,052** | 7,713 |
| Cost of hotel and restaurant operations | **69,362** | 67,224 |
| Cost of sales with respect to management services rendered | **4,851** | 5,514 |
| Others | **122** | 388 |
| | **259,492** | 222,770 |

## 6. OTHER INCOME

| | GROUP 2016 RM'000 | GROUP 2015 RM'000 | COMPANY 2016 RM'000 | COMPANY 2015 RM'000 |
|---|---|---|---|---|
| Interest income from: | | | | |
| - subsidiaries | **–** | – | **8,757** | 10,840 |
| - deposits with licensed banks | **8,647** | 6,102 | **1,964** | 118 |
| - advances to joint ventures | **2,108** | 124 | **–** | – |
| - others | **89** | 40 | **–** | – |
| Reversal of impairment loss on: | | | | |
| - trade receivables (Note 24(a)) | **–** | 186 | **–** | – |
| - other receivables (Note 24(d)) | **–** | 26 | **27,323** | 10,377 |
| - interest in subsidiaries | **–** | – | **3,000** | – |
| Gain on disposal of: | | | | |
| - a subsidiary (Note 18(c)) | **–** | 100,738 | **–** | – |
| - property, plant and equipment | **81** | 48 | **–** | – |
| - investment property | **–** | 6,198 | **–** | – |
| Hotel and restaurant related services | **1,966** | 4,591 | **–** | – |
| Rental income of premises | **10,528** | 916 | **–** | – |
| Management services fees | **5,102** | – | **–** | – |
| Realised gain on foreign exchange | **49** | 1,629 | **–** | – |
| Unrealised gain on foreign exchange | **7,054** | 4,619 | **1,645** | – |
| Unwinding of discounts | **905** | 1,517 | **19** | – |
| Fair value gain on investment securities at fair value through profit or loss | **–** | 4 | **–** | – |
| Gain on fair value movement of investment property (Note 16) | **4,000** | 6,000 | **–** | – |
| Gain on fair value movement of investment property under construction (Note 16) | **16,615** | 1,972 | **–** | – |
| Miscellaneous | **4,445** | 3,563 | **819** | – |
| | **61,589** | 138,273 | **43,527** | 21,335 |

## 7. FINANCE COSTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| Interest expense on: | | | | |
| - bank overdrafts | **125** | 783 | **54** | 684 |
| - term loans | **44,905** | 30,670 | **3,813** | 2,088 |
| - revolving credits | **6,009** | 8,446 | **2,262** | 3,202 |
| - bank guarantee | **45** | 420 | **–** | – |
| - medium term notes | **18,391** | 748 | **18,391** | 748 |
| - obligations under finance leases | **56** | 52 | **10** | 22 |
| - advances from subsidiaries | **–** | – | **7,696** | 18,799 |
| Unwinding of discounts | **2,123** | 849 | **–** | 45 |
| | **71,654** | 41,968 | **32,226** | 25,588 |
| Less: Interest expense capitalised in: | | | | |
| Investment properties under construction (Note 16) | **(837)** | (62) | **–** | – |
| Land held for property development (Note 15(a)(ii)) | **(3,618)** | (778) | **–** | – |
| Property development costs (Note 15(b)) | **(14,630)** | (5,765) | **–** | – |
| | **52,569** | 35,363 | **32,226** | 25,588 |

## 8. PROFIT BEFORE TAX

In addition to the other items disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before tax:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| Auditors' remuneration: | | | | |
| - statutory audits | **1,114** | 960 | **63** | 58 |
| - other services (EY Malaysia) | **33** | 190 | **5** | 5 |
| - other services (member firms of EY Global) | **23** | 15 | **–** | – |
| Amortisation of intangible assets (Note 17) | **154** | 115 | **1** | 4 |
| Impairment loss on financial assets | | | | |
| - trade receivables (Note 24(a)) | **420** | 680 | **–** | – |
| - other receivables (Note 24(d)) | **9** | 186 | **892** | 183 |
| Bad debts written off | **11** | 93 | **–** | – |
| Depreciation of property, plant and equipment (Note 14) | **20,163** | 20,636 | **516** | 580 |
| Employee benefits expense (Note 9) | **70,594** | 80,703 | **15,007** | 21,481 |
| Fair value loss on investment properties (Note 16) | **181** | 136 | **–** | – |
| Non-Executive Directors' remuneration (Note 10) | **1,115** | 1,036 | **901** | 910 |
| Impairment loss on: | | | | |
| - property, plant and equipment (Note 14) | **2,130** | – | **–** | – |
| - interest in subsidiaries | **–** | – | **20,425** | 820 |
| Inventories written off | **67** | – | **–** | – |
| Amount due from subsidiaries written off | **–** | – | **7,414** | – |
| Loss on disposal of property, plant and equipment | **–** | 110 | **–** | – |
| Property, plant and equipment written off | **1,155** | 399 | **145** | 1 |
| Rental of land and buildings | **15,431** | 15,049 | **1,421** | 1,127 |
| Rental of plant and machinery | **440** | 405 | **120** | 91 |
| Realised loss on foreign exchange | **3** | 28 | **–** | – |
| Unrealised loss on foreign exchange | **2,702** | 2,197 | **–** | 2,190 |
| Fair value loss on investment securities at fair value through profit or loss | **471** | 848 | **–** | – |

## 9. EMPLOYEE BENEFITS EXPENSE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Wages and salaries | **55,165** | 59,246 | **11,374** | 13,802 |
| Social security contributions | **777** | 666 | **52** | 47 |
| Contributions to defined contribution plan | **6,469** | 6,857 | **1,422** | 1,439 |
| Increase in liability of defined benefit plans (Note 34(a)) | **45** | 79 | **–** | – |
| LTIP expense | **2,812** | 8,373 | **1,138** | 4,904 |
| Other benefits | **5,326** | 5,482 | **1,021** | 1,289 |
| | **70,594** | 80,703 | **15,007** | 21,481 |

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM10,658,000 (2015: RM7,073,000) and RM4,263,000 (2015: RM2,706,000) respectively, as further disclosed in Note 10.

## 10. DIRECTORS' REMUNERATION

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Executive Directors' remuneration: | | | | |
| - other emoluments (Note 9) | **10,658** | 7,073 | **4,263** | 2,706 |
| Non-Executive Directors' remuneration: | | | | |
| - fees (Note 8) | **1,115** | 1,036 | **901** | 910 |
| Total Directors' remuneration | **11,773** | 8,109 | **5,164** | 3,616 |
| Estimated money value of benefits-in-kind: | | | | |
| - LTIP expense | **519** | 1,532 | **519** | 1,532 |
| - others | **551** | 511 | **551** | 511 |
| Total Directors' remuneration including benefits-in-kind | **12,843** | 10,152 | **6,234** | 5,659 |

The details of Directors' remuneration of the Company during the financial year are as follows:

| | | | | |
|---|---|---|---|---|
| Executive: | | | | |
| Salaries and other emoluments | **9,085** | 6,039 | **3,634** | 2,310 |
| Defined contribution plan | **1,573** | 1,034 | **629** | 396 |
| Estimated money value of benefits-in-kind | | | | |
| - LTIP expense | **519** | 1,532 | **519** | 1,532 |
| - others | **507** | 472 | **507** | 472 |
| | **11,684** | 9,077 | **5,289** | 4,710 |
| Non-Executive: | | | | |
| Fees | **1,001** | 1,010 | **901** | 910 |
| Others | **44** | 39 | **44** | 39 |
| | **1,045** | 1,049 | **945** | 949 |
| Total Directors' remuneration including benefits-in-kind | **12,729** | 10,126 | **6,234** | 5,659 |

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands (excluding the award of LTIP) is analysed below:

| | NUMBER OF DIRECTORS 2016 | 2015 |
|---|---|---|
| Executive Directors: | | |
| RM1,050,001 - RM1,100,000 | **1** | 1 |
| RM3,150,001 - RM3,200,000 | **–** | 1 |
| RM3,250,001 - RM3,300,000 | **–** | 1 |
| RM4,500,001 - RM4,550,000 | **1** | – |
| RM5,550,001 - RM5,600,000 | **1** | – |
| Non-Executive Directors: | | |
| Below RM50,000 | **1** | – |
| RM50,001 - RM100,000 | **3** | 3 |
| RM100,001 - RM150,000 | **3** | 3 |
| RM350,001 - RM400,000 | **–** | 1 |
| RM400,001 - RM450,000 | **1** | – |

## 11. INCOME TAX EXPENSE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| **Statement of comprehensive income:** | | | | |
| Current income tax: | | | | |
| Malaysian income tax | **17,767** | 48,840 | **–** | – |
| Foreign tax | **2,381** | – | **–** | – |
| (Over)/underprovision in prior years | **(1,809)** | 248 | **–** | 45 |
| | **18,339** | 49,088 | **–** | 45 |
| Malaysian real property gains tax | **–** | 1,872 | **–** | – |
| Deferred income tax (Note 22): | | | | |
| Relating to origination and reversal of temporary differences | **(1,393)** | (3,940) | **–** | – |
| Effect of reduction in tax rate | **–** | (1,558) | **–** | – |
| (Over)/underprovision in prior years | **(1,020)** | 8 | **–** | – |
| | **(2,413)** | (5,490) | **–** | – |
| | **15,926** | 45,470 | **–** | 45 |

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 11. INCOME TAX EXPENSE (CONT'D)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2016 and 2015 are as follows:

| | 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| **Group** | | |
| Profit before tax | **54,755** | 202,136 |
| Taxation at Malaysian statutory tax rate of 24% (2015: 25%) | **13,141** | 50,534 |
| Effect of different tax rates in foreign jurisdiction | **(84)** | 17 |
| Effect of reduction in tax rate | **–** | (1,558) |
| Effect of expenses not deductible for tax purposes | **18,218** | 17,978 |
| Effect of income not subject to tax | **(6,604)** | (25,785) |
| Effect of share of results of associate | **(4,882)** | (135) |
| Effect of share of results of joint ventures | **(5,244)** | (2,954) |
| Effect of income subject to real property gains tax | **–** | 1,872 |
| Effect of utilisation of group tax relief | **(289)** | – |
| Effect of utilisation of previously unrecognised deferred tax assets | **(1,536)** | (1,202) |
| Deferred tax assets not recognised during the financial year | **6,035** | 6,447 |
| (Over)/underprovision of income tax in prior years | **(1,809)** | 248 |
| (Over)/underprovision of deferred tax in prior years | **(1,020)** | 8 |
| | **15,926** | 45,470 |
| **Company** | | |
| Profit before tax | **8,710** | 37,075 |
| Taxation at Malaysian statutory tax rate of 24% (2015: 25%) | **2,090** | 9,269 |
| Effect of expenses not deductible for tax purposes | **15,838** | 10,415 |
| Effect of income not subject to tax | **(17,928)** | (19,684) |
| Underprovision of income tax in prior years | **–** | 45 |
| | **–** | 45 |

## 12. EARNINGS PER ORDINARY STOCK UNIT

### (a) Basic

Basic earnings per ordinary stock unit is calculated by dividing the profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary stock units in issue during the financial year.

| | GROUP | |
|---|---|---|
| | **2016** | 2015 |
| | **RM'000** | RM'000 |
| Profit attributable to owners of the parent | **37,191** | 152,088 |
| | **2016** | 2015 |
| | **'000** | '000 |
| Weighted average number of ordinary stock units in issue | **1,240,722** | 1,221,324 |
| | **2016** | 2015 |
| | **SEN** | SEN |
| Basic earnings per stock unit | **3.00** | 12.45 |

### (b) Diluted

For the purpose of calculating diluted earnings per stock unit, the profit for the financial year attributable to owners of the parent and the weighted average number of ordinary stock units in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary stock units, i.e. the award of LTIP to employees.

| | GROUP | |
|---|---|---|
| | **2016** | 2015 |
| | **RM'000** | RM'000 |
| Profit attributable to owners of the parent | **37,191** | 152,088 |
| | **2016** | 2015 |
| | **'000** | '000 |
| Weighted average number of ordinary stock units in issue | **1,240,722** | 1,221,324 |
| Effects of dilution of LTIP | **6,664** | 15,316 |
| Adjusted weighted average number of ordinary stock units in issue and issuable | **1,247,386** | 1,236,640 |
| | **2016** | 2015 |
| | **SEN** | SEN |
| Diluted earnings per stock unit | **2.98** | 12.30 |

The outstanding warrants and Redeemable Convertible Medium Term Notes ("RCMTNs") have been excluded from the computation of fully diluted earnings per stock unit as the exercise of warrants and RCMTNs to ordinary stock units would be anti-dilutive.

There have been no other transactions involving ordinary stock units or potential ordinary stock units between the reporting date and the date of authorisation of these financial statements.

## 13. DIVIDENDS

| | GROUP/COMPANY 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| **Recognised during the financial year** | | |
| First and final single-tier dividend in respect of the financial year ended 31 March 2014 of 3.00%, on 1,111,505,210 ordinary stock units (3.0 sen net per ordinary stock unit) | **–** | 33,345 |
| Stock dividend by way of distribution of 24,601,619 treasury stock units on 27 October 2015 on the basis of one (1) treasury stock unit for every fifty (50) ordinary stock units held in the Company (Note 31) | **23,164** | – |
| | **23,164** | 33,345 |

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the current financial year ended 31 March 2016, of 2.00%, amounting to total dividend payable of approximately RM25,098,889 (subject to change on the number of ordinary stock units entitled to dividend on date of book closure) will be proposed for stockholders' approval. This is computed based on the issued and paid-up capital as at 31 March 2016, excluding treasury stock units held by the Company of 4,838,781 units. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2017.

## 14. PROPERTY, PLANT AND EQUIPMENT

| GROUP | LAND AND BUILDINGS* RM'000 | PLANT, MACHINERY AND EQUIPMENT RM'000 | OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000 | VESSEL RM'000 | MOTOR VEHICLES RM'000 | CAPITAL WORK-IN-PROGRESS RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 April 2015 | **384,970** | **18,878** | **65,418** | **842** | **6,274** | **116** | **476,498** |
| Additions | **1,502** | **891** | **4,705** | **–** | **825** | **–** | **7,923** |
| Disposals | **–** | **(28)** | **(515)** | **–** | **(339)** | **–** | **(882)** |
| Reclassification | **–** | **–** | **116** | **–** | **–** | **(116)** | **–** |
| Written off | **–** | **(673)** | **(3,347)** | **–** | **(260)** | **–** | **(4,280)** |
| Exchange differences | **–** | **–** | **334** | **–** | **–** | **–** | **334** |
| Transfer to assets of disposal group classified as held for sale (Note 26) | **–** | **(4,702)** | **(11,561)** | **–** | **(374)** | **–** | **(16,637)** |
| At 31 March 2016 | **386,472** | **14,366** | **55,150** | **842** | **6,126** | **–** | **462,956** |

| GROUP | LAND AND BUILDINGS* RM'000 | PLANT, MACHINERY AND EQUIPMENT RM'000 | OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000 | VESSEL RM'000 | MOTOR VEHICLES RM'000 | CAPITAL WORK-IN-PROGRESS RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment losses** | | | | | | | |
| At 1 April 2015 | **74,963** | **9,792** | **37,221** | **147** | **4,020** | **–** | **126,143** |
| Depreciation charge for the financial year (Note 8) | **11,503** | **1,914** | **5,920** | **84** | **742** | **–** | **20,163** |
| Impairment loss for the financial year (Note 8) | **–** | **–** | **2,130** | **–** | **–** | **–** | **2,130** |
| Disposals | **–** | **(23)** | **(504)** | **–** | **(269)** | **–** | **(796)** |
| Written off | **–** | **(654)** | **(2,356)** | **–** | **(115)** | **–** | **(3,125)** |
| Exchange differences | **–** | **–** | **95** | **–** | **–** | **–** | **95** |
| Transfer to assets of disposal group classified as held for sale (Note 26) | **–** | **(4,171)** | **(10,585)** | **–** | **(374)** | **–** | **(15,130)** |
| At 31 March 2016 | **86,466** | **6,858** | **31,921** | **231** | **4,004** | **–** | **129,480** |
| Analysed as: | | | | | | | |
| Accumulated depreciation | **86,466** | **6,858** | **29,966** | **231** | **4,004** | **–** | **127,525** |
| Accumulated impairment losses | **–** | **–** | **1,955** | **–** | **–** | **–** | **1,955** |
| | **86,466** | **6,858** | **31,921** | **231** | **4,004** | **–** | **129,480** |
| **Net carrying amount** | **300,006** | **7,508** | **23,229** | **611** | **2,122** | **–** | **333,476** |

*** Land and buildings of the Group**

| | FREEHOLD LAND RM'000 | FREEHOLD BUILDING RM'000 | LONG TERM LEASEHOLD LAND RM'000 | TOTAL RM'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2015 | **52,410** | **332,197** | **363** | **384,970** |
| Additions | **–** | **1,502** | **–** | **1,502** |
| At 31 March 2016 | **52,410** | **333,699** | **363** | **386,472** |
| **Accumulated depreciation** | | | | |
| At 1 April 2015 | **–** | **74,796** | **167** | **74,963** |
| Depreciation charge for the financial year | **–** | **11,498** | **5** | **11,503** |
| At 31 March 2016 | **–** | **86,294** | **172** | **86,466** |
| **Net carrying amount** | **52,410** | **247,405** | **191** | **300,006** |

## 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| GROUP (CONT'D) | LAND AND BUILDINGS* RM'000 | PLANT, MACHINERY AND EQUIPMENT RM'000 | OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000 | VESSEL RM'000 | MOTOR VEHICLES RM'000 | CAPITAL WORK-IN-PROGRESS RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 April 2014 | 377,690 | 19,921 | 63,845 | 842 | 5,859 | – | 468,157 |
| Additions | 7,280 | 672 | 3,162 | – | 594 | 116 | 11,824 |
| Disposals | – | (596) | (372) | – | (153) | – | (1,121) |
| Written off | – | (1,149) | (1,353) | – | (26) | – | (2,528) |
| Exchange differences | – | 30 | 136 | – | – | – | 166 |
| At 31 March 2015 | 384,970 | 18,878 | 65,418 | 842 | 6,274 | 116 | 476,498 |
| **Accumulated depreciation and impairment losses** | | | | | | | |
| At 1 April 2014 | 63,791 | 9,276 | 31,888 | 63 | 3,476 | – | 108,494 |
| Depreciation charge for the financial year (Note 8) | 11,172 | 1,946 | 6,711 | 84 | 723 | – | 20,636 |
| Disposals | – | (491) | (252) | – | (153) | – | (896) |
| Written off | – | (969) | (1,134) | – | (26) | – | (2,129) |
| Exchange differences | – | 30 | 8 | – | – | – | 38 |
| At 31 March 2015 | 74,963 | 9,792 | 37,221 | 147 | 4,020 | – | 126,143 |
| Analysed as: | | | | | | | |
| Accumulated depreciation | 74,963 | 8,928 | 35,548 | 147 | 4,020 | – | 123,606 |
| Accumulated impairment losses | – | 864 | 1,673 | – | – | – | 2,537 |
| | 74,963 | 9,792 | 37,221 | 147 | 4,020 | – | 126,143 |
| **Net carrying amount** | 310,007 | 9,086 | 28,197 | 695 | 2,254 | 116 | 350,355 |

*** Land and buildings of the Group**

| | FREEHOLD LAND RM'000 | FREEHOLD BUILDING RM'000 | LONG TERM LEASEHOLD LAND RM'000 | TOTAL RM'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2014 | 52,410 | 324,917 | 363 | 377,690 |
| Additions | – | 7,280 | – | 7,280 |
| At 31 March 2015 | 52,410 | 332,197 | 363 | 384,970 |
| **Accumulated depreciation** | | | | |
| At 1 April 2014 | – | 63,629 | 162 | 63,791 |
| Depreciation charge for the financial year | – | 11,167 | 5 | 11,172 |
| At 31 March 2015 | – | 74,796 | 167 | 74,963 |
| **Net carrying amount** | 52,410 | 257,401 | 196 | 310,007 |

| COMPANY | OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000 | MOTOR VEHICLES RM'000 | TOTAL RM'000 |
|---|---|---|---|
| **At 31 March 2016** | | | |
| **Cost** | | | |
| At 1 April 2015 | **2,462** | **1,976** | **4,438** |
| Additions | **198** | **–** | **198** |
| Written off | **–** | **(260)** | **(260)** |
| At 31 March 2016 | **2,660** | **1,716** | **4,376** |
| **Accumulated depreciation** | | | |
| At 1 April 2015 | **1,117** | **930** | **2,047** |
| Depreciation charge for the financial year (Note 8) | **424** | **92** | **516** |
| Written off | **–** | **(115)** | **(115)** |
| At 31 March 2016 | **1,541** | **907** | **2,448** |
| **Net carrying amount** | **1,119** | **809** | **1,928** |

## 14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| COMPANY (CONT'D) | OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000 | MOTOR VEHICLES RM'000 | TOTAL RM'000 |
|---|---|---|---|
| **At 31 March 2015** | | | |
| **Cost** | | | |
| At 1 April 2014 | 1,840 | 1,976 | 3,816 |
| Additions | 625 | – | 625 |
| Disposals | (1) | – | (1) |
| Written off | (2) | – | (2) |
| At 31 March 2015 | 2,462 | 1,976 | 4,438 |
| **Accumulated depreciation** | | | |
| At 1 April 2014 | 730 | 738 | 1,468 |
| Depreciation charge for the financial year (Note 8) | 388 | 192 | 580 |
| Written off | (1) | – | (1) |
| At 31 March 2015 | 1,117 | 930 | 2,047 |
| **Net carrying amount** | 1,345 | 1,046 | 2,391 |

(a) The net carrying amounts of land and buildings of the Group pledged for borrowings as disclosed in Note 27, at the end of the financial year are as follows:

| | GROUP | |
|---|---|---|
| | **2016** | 2015 |
| | **RM'000** | RM'000 |
| Freehold land and buildings | **295,365** | 309,811 |
| Long term leasehold land | **191** | 196 |
| | **295,556** | 310,007 |

(b) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM7,923,000 (2015: RM11,824,000), of which RM687,000 (2015: RM529,000) were acquired by means of hire purchase arrangement.

The net carrying amounts of property, plant and equipment held under hire purchase arrangement are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Motor vehicles | **1,480** | 1,722 | **305** | 890 |

(c) Included in the additions of property, plant and equipment of the Group is provision for restoration costs of RM9,000 (2015: RM90,000).

(d) During the financial year, the Group recognised impairment loss of RM1,955,000 and RM175,000 in the statement of comprehensive income based on the recoverable amount of RM Nil and RM136,000 of the assets of certain subsidiaries in the investment and hospitality segment respectively.

## 15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

### (a) Land held for property development

| | FREEHOLD LAND RM'000 | LEASEHOLD LAND RM'000 | DEVELOPMENT COSTS RM'000 | TOTAL RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **At 31 March 2016** | | | | |
| At 1 April 2015 | **204,982** | **251,840** | **36,046** | **492,868** |
| Additions | **214,680** | **363,498** | **17,345** | **595,523** |
| Disposals (Note 5) | **(5,799)** | **–** | **(28)** | **(5,827)** |
| Re-allocation of costs | **(1)** | **21,070** | **(21,057)** | **12** |
| At 31 March 2016 | **413,862** | **636,408** | **32,306** | **1,082,576** |
| **At 31 March 2015** | | | | |
| At 1 April 2014 | 295,228 | 251,840 | 69,202 | 616,270 |
| Additions | 8,127 | – | 20,244 | 28,371 |
| Disposals (Note 5) | (7,613) | – | (15,621) | (23,234) |
| Disposal of a subsidiary (Note 18(c)) | (40,950) | – | (13,152) | (54,102) |
| Transfer to: | | | | |
| - property development cost (Note 15(b)) | (47,299) | – | (28,146) | (75,445) |
| Re-allocation of costs | (2,511) | – | 3,519 | 1,008 |
| At 31 March 2015 | 204,982 | 251,840 | 36,046 | 492,868 |

**Notes:**

(i) Land held for property development of the Group with carrying amount of RM449,868,000 (2015: RM246,077,000) is pledged as security for credit facilities granted to the Group.

(ii) Included in development expenditure incurred during the financial year is interest expense of RM3,618,000 (2015: RM778,000).

(iii) Included in the additions of leasehold land is an amount of RM325,762,000 which represents the accrued land reclamation cost.

(b) **Property development costs**

| | FREEHOLD LAND RM'000 | LEASEHOLD LAND RM'000 | DEVELOPMENT COSTS RM'000 | TOTAL RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **At 31 March 2016** | | | | |
| **Cumulative property development costs** | | | | |
| At 1 April 2015 | **130,147** | **9,855** | **1,044,213** | **1,184,215** |
| Costs incurred during the financial year | **129** | **7** | **244,008** | **244,144** |
| Re-allocation of costs | **(58)** | **46** | **–** | **(12)** |
| Reversal of completed projects | **(33,172)** | **–** | **(238,820)** | **(271,992)** |
| Unsold units transferred to inventories | **(774)** | **4** | **(11,383)** | **(12,153)** |
| At 31 March 2016 | **96,272** | **9,912** | **1,038,018** | **1,144,202** |
| **Cumulative costs recognised in profit or loss** | | | | |
| At 1 April 2015 | **(36,205)** | **–** | **(201,116)** | **(237,321)** |
| Recognised during the financial year (Note 5) | **(12,443)** | **–** | **(151,813)** | **(164,256)** |
| Reversal of completed projects | **33,172** | **–** | **238,820** | **271,992** |
| At 31 March 2016 | **(15,476)** | **–** | **(114,109)** | **(129,585)** |
| **Property development costs at 31 March 2016** | **80,796** | **9,912** | **923,909** | **1,014,617** |
| **At 31 March 2015** | | | | |
| **Cumulative property development costs** | | | | |
| At 1 April 2014 | 90,558 | 12,997 | 309,041 | 412,596 |
| Costs incurred during the financial year | 5,207 | – | 732,269 | 737,476 |
| Re-allocation of costs | 5,654 | (3,142) | (3,520) | (1,008) |
| Transfer from investment property (Note 16) | – | – | 95,991 | 95,991 |
| Transfer from land held for property development (Note 15(a)) | 47,299 | – | 28,146 | 75,445 |
| Unsold units transferred to inventories | (18,571) | – | (117,714) | (136,285) |
| At 31 March 2015 | 130,147 | 9,855 | 1,044,213 | 1,184,215 |
| **Cumulative costs recognised in profit or loss** | | | | |
| At 1 April 2014 | (26,214) | – | (121,927) | (148,141) |
| Recognised during the financial year (Note 5) | (9,991) | – | (79,189) | (89,180) |
| At 31 March 2015 | (36,205) | – | (201,116) | (237,321) |
| **Property development costs at 31 March 2015** | 93,942 | 9,855 | 843,097 | 946,894 |

## 15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

### (b) Property development costs (cont'd)

Development properties of the Group with carrying amount of RM839,622,000 (2015: RM788,135,000) are pledged to the financial institutions as securities for credit facilities granted to a subsidiary.

Proceeds from sales of development properties of a subsidiary, E&O Property (Penang) Sdn. Bhd., are assigned to certain financial institutions as securities for a term loan facility granted to another subsidiary.

Included in property development costs incurred during the financial year are interest expense of RM14,630,000 (2015: RM5,765,000).

## 16. INVESTMENT PROPERTIES

| | GROUP | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| Investment properties | **318,000** | 314,000 |
| Investment properties under construction | **177,391** | 75,397 |
| | **495,391** | 389,397 |

### Investment properties

| | GROUP | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| **At fair value** | | |
| At the beginning of financial year | **314,000** | 307,999 |
| Subsequent expenditure | **181** | 137 |
| Fair value gain recognised in profit or loss (Note 6) | **4,000** | 6,000 |
| Fair value loss recognised in profit or loss (Note 8) | **(181)** | (136) |
| At the end of financial year | **318,000** | 314,000 |

The investment properties consist of the following:

| | GROUP | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| Freehold land | **10,885** | 10,885 |
| Buildings | **307,115** | 303,115 |
| | **318,000** | 314,000 |

**Investment properties under construction**

| | AT COST RM'000 | AT FAIR VALUE RM'000 | TOTAL RM'000 |
|---|---|---|---|
| **Group** | | | |
| **At 31 March 2016** | | | |
| At the beginning of financial year | **19,681** | **55,716** | **75,397** |
| Subsequent expenditure | **43,368** | **44,945** | **88,313** |
| Fair value gain recognised in profit or loss (Note 6) | **–** | **16,615** | **16,615** |
| Exchange differences | **–** | **(2,934)** | **(2,934)** |
| At the end of financial year | **63,049** | **114,342** | **177,391** |
| **At 31 March 2015** | | | |
| At the beginning of financial year | 9,270 | 167,068 | 176,338 |
| Subsequent expenditure | 10,411 | 8,605 | 19,016 |
| Disposals | – | (27,251) | (27,251) |
| Transfer to property development costs (Note 15(b)) | – | (95,991) | (95,991) |
| Fair value gain recognised in profit or loss (Note 6) | – | 1,972 | 1,972 |
| Exchange differences | – | 1,313 | 1,313 |
| At the end of financial year | 19,681 | 55,716 | 75,397 |

The investment properties under construction consist of the following:

| | AT COST RM'000 | AT FAIR VALUE RM'000 | TOTAL RM'000 |
|---|---|---|---|
| **Group** | | | |
| **At 31 March 2016** | | | |
| Freehold land | **9,270** | **–** | **9,270** |
| Buildings | **53,779** | **114,342** | **168,121** |
| | **63,049** | **114,342** | **177,391** |
| **At 31 March 2015** | | | |
| Freehold land | 9,270 | – | 9,270 |
| Buildings | 10,411 | 55,716 | 66,127 |
| | 19,681 | 55,716 | 75,397 |

## 16. INVESTMENT PROPERTIES (CONT'D)

The valuations for properties carried at fair value were performed by accredited independent valuers with recent experience in the location and category of properties being valued in accordance with International Valuation Standards. Fair value is determined primarily based on investment and comparison methods.

| | GROUP | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| Rental income derived from investment properties (Note 4) | **13,173** | 14,293 |
| Direct operating expenses (including repair and maintenance) of income generating properties (Note 5) | **(7,052)** | (7,713) |
| Profit arising from investment properties carried at fair value | **6,121** | 6,580 |

Investment properties of the Group amounting to RM436,891,000 (2015: RM389,397,000) have been pledged as security for the credit facilities granted to the Company and certain subsidiaries, as disclosed in Note 27.

Included in the subsequent expenditure incurred during the financial year is interest expense of RM837,000 (2015: RM62,000).

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are in Note 38(g).

**Reconciliation of fair value:**

| | GROUP INVESTMENT PROPERTIES | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| At the beginning of financial year | **369,716** | 475,067 |
| Subsequent expenditures | **45,126** | 8,742 |
| Re-measurement recognised in profit or loss | **20,434** | 7,836 |
| Transfer to property development costs | **–** | (95,991) |
| Disposals | **–** | (27,251) |
| Exchange differences | **(2,934)** | 1,313 |
| At the end of financial year | **432,342** | 369,716 |

Description of valuation techniques used and key inputs to valuation of investment properties:

| VALUATION TECHNIQUES | SIGNIFICANT UNOBSERVABLE INPUTS | RANGE |
|---|---|---|
| **At 31 March 2016** | | |
| Investment method | Estimated rental value per square feet per month | RM1.80 - RM153.84 |
| | Estimated rental value per parking bay per month | RM250 |
| | Estimated outgoing per square feet per month | RM1.60 - RM3.34 |
| | Market yield rate | 6.00% - 7.00% |
| Market comparable approach | Difference in location, time factor, size, land usage, shape, and tenure | -50.0% to 30% |
| **At 31 March 2015** | | |
| Investment method | Estimated rental value per square feet per month | RM1.80 - RM16.63 |
| | Estimated rental value per parking bay per month | RM250 |
| | Estimated outgoing per square feet per month | RM1.30 |
| | Market yield rate | 5.00% - 7.00% |
| Market comparable approach | Difference in location, time factor, size, land usage, shape, and tenure | -25.0% to 5% |

**Comparison method**

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

**Investment method**

A property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the assets' life including an exit or terminal value. As an accepted method within the income approach to valuation, the investment method involves the projection of series of cash flows on a real property interest. To this projected cash flows series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

## 16. INVESTMENT PROPERTIES (CONT'D)

Description of valuation techniques used and key inputs to valuation of investment properties (cont'd):

**Investment method** (cont'd)

Significant increases/(decreases) in estimated rental value and outgoing per annum in isolation would result in a significant higher/(lower) fair value of the properties. Significant increases/(decreases) in market yield in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate.

**Highest and best use**

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

## 17. INTANGIBLE ASSETS

Intangible assets represent computer software cost and goodwill arising from acquisition of a subsidiary.

| | GOODWILL RM'000 | COMPUTER SOFTWARE (a) RM'000 | TOTAL RM'000 |
|---|---|---|---|
| **Group** | | | |
| **At 31 March 2016** | | | |
| **Cost** | | | |
| At 1 April 2015 | **2,911** | **1,618** | **4,529** |
| Additions | **–** | **52** | **52** |
| Transfer to assets of disposal group classified as held for sale (Note 26) | **–** | **(19)** | **(19)** |
| At 31 March 2016 | **2,911** | **1,651** | **4,562** |
| **Accumulated amortisation and impairment losses** | | | |
| At 1 April 2015 | **2,911** | **1,150** | **4,061** |
| Amortisation charge for the financial year (Note 8) | **–** | **154** | **154** |
| Transfer to assets of disposal group classified as held for sale (Note 26) | **–** | **(19)** | **(19)** |
| At 31 March 2016 | **2,911** | **1,285** | **4,196** |
| **Net carrying amount** | **–** | **366** | **366** |

| | GOODWILL<br>RM'000 | COMPUTER SOFTWARE (a)<br>RM'000 | TOTAL<br>RM'000 |
|---|---|---|---|
| **Group** (cont'd) | | | |
| **At 31 March 2015** | | | |
| **Cost** | | | |
| At 1 April 2014 | 2,911 | 1,253 | 4,164 |
| Additions | – | 368 | 368 |
| Written off | – | (3) | (3) |
| At 31 March 2015 | 2,911 | 1,618 | 4,529 |
| **Accumulated amortisation and impairment losses** | | | |
| At 1 April 2014 | 2,911 | 1,038 | 3,949 |
| Amortisation charge for the financial year (Note 8) | – | 115 | 115 |
| Written off | – | (3) | (3) |
| At 31 March 2015 | 2,911 | 1,150 | 4,061 |
| **Net carrying amount** | – | 468 | 468 |

| | COMPUTER SOFTWARE (a)<br>RM'000 |
|---|---|
| **Company** | |
| **At 31 March 2016** | |
| **Cost** | |
| At 1 April 2015/31 March 2016 | **29** |
| **Accumulated amortisation** | |
| At 1 April 2015 | **28** |
| Amortisation charge for the year (Note 8) | **1** |
| At 31 March 2016 | **29** |
| **Net carrying amount** | **–** |
| **At 31 March 2015** | |
| **Cost** | |
| At 1 April 2014/31 March 2015 | 29 |
| **Accumulated amortisation** | |
| At 1 April 2014 | 24 |
| Amortisation charge for the year (Note 8) | 4 |
| At 31 March 2015 | 28 |
| **Net carrying amount** | 1 |

# NOTES TO THE FINANCIAL STATEMENTS

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## 17. INTANGIBLE ASSETS (CONT'D)

### (a) Computer software

Computer software represents licenses and other software assets that are not an integral part of property, plant and equipment. Software assets are recorded at cost and have finite useful life based on the term of the license or other contractual basis. The cost is amortised over the asset's useful life.

## 18. INTEREST IN SUBSIDIARIES

| | COMPANY 2016 RM'000 | COMPANY 2015 RM'000 |
|---|---|---|
| Unquoted shares at cost | **1,670,889** | 1,190,494 |
| Less: Accumulated impairment losses | **(79,468)** | (62,043) |
| | **1,591,421** | 1,128,451 |
| Amounts due from subsidiaries ^ | **–** | 299,186 |
| LTIP granted to employees of subsidiaries | **5,097** | 6,660 |
| | **1,596,518** | 1,434,297 |

^ In the previous financial year, the amounts due from subsidiaries were unsecured, non-interest bearing and were repayable at the option of these subsidiaries. The Company viewed these amounts as part of its investment in those subsidiaries.

Details of the subsidiaries are as follows:

| NAME OF SUBSIDIARIES | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITIES | PROPORTION OF OWNERSHIP INTEREST 2016 % | PROPORTION OF OWNERSHIP INTEREST 2015 % | NON-CONTROLLING INTEREST 2016 % | NON-CONTROLLING INTEREST 2015 % | PAID-UP SHARE CAPITAL RM |
|---|---|---|---|---|---|---|---|
| **I) SUBSIDIARIES OF THE COMPANY** | | | | | | | |
| E&O Property Development Berhad ("E&OPROP") # | Malaysia | Investment holding and provision of management services | **100** | 100 | **–** | – | 662,126,205 |
| Dynamic Degree Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 3,014,600 |
| E&O Developers Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 5,500,000 |
| E&O Ventures Sdn. Bhd.** | Malaysia | Dormant | **100** | 100 | **–** | – | 100 |

| NAME OF SUBSIDIARIES | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITIES | PROPORTION OF OWNERSHIP INTEREST 2016 % | PROPORTION OF OWNERSHIP INTEREST 2015 % | NON-CONTROLLING INTEREST 2016 % | NON-CONTROLLING INTEREST 2015 % | PAID-UP SHARE CAPITAL RM |
|---|---|---|---|---|---|---|---|
| Eastern & Oriental Hotel Sdn. Berhad | Malaysia | Ownership and management of hotel, property development and investment holding | **100** | 100 | **–** | – | 29,840,400 |
| Major Liberty Sdn. Bhd.** | Malaysia | Investment holding | **100** | 100 | **–** | – | 301,989 |
| Matrix Promenade Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 312,000 |
| KCB Geotechnics Sdn. Bhd. | Malaysia | Property investment | **100** | 100 | **–** | – | 500,000 |
| Twenty First Century Realty Sdn. Bhd. | Malaysia | Property investment | **100** | 100 | **–** | – | 1,602 |
| Eastern & Oriental Properties (Guernsey) Limited ** | Guernsey | Investment holding | **100** | 100 | **–** | – | £1 |
| E&O Hotel Management (M) Sdn. Bhd. | Malaysia | To lease, operate and manage service apartments and related hospitality services | **100** | 100 | **–** | – | 2 |
| **II) SUBSIDIARIES OF EASTERN & ORIENTAL HOTEL SDN. BERHAD** | | | | | | | |
| E&O Restaurants Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 100,000 |
| E&O Express Sdn. Bhd. | Malaysia | Hotel operator | **100** | 100 | **–** | – | 10,004,150 |
| E&O Cruises Sdn. Bhd. | Malaysia | Charter of vessel | **100** | 100 | **–** | – | 2 |
| **a) Subsidiaries of E&O Restaurants Sdn. Bhd.** | | | | | | | |
| Eminent Pedestal Sdn. Bhd. | Malaysia | Inactive | **100** | 100 | **–** | – | 100,000 |
| The Delicious Group Sdn. Bhd. | Malaysia | Cafe and restaurant operator | **100** | 100 | **–** | – | 2,925,000 |

| NAME OF SUBSIDIARIES | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITIES | PROPORTION OF OWNERSHIP INTEREST 2016 % | 2015 % | NON-CONTROLLING INTEREST 2016 % | 2015 % | PAID-UP SHARE CAPITAL RM |
|---|---|---|---|---|---|---|---|
| **II) SUBSIDIARIES OF EASTERN & ORIENTAL HOTEL SDN. BERHAD** (CONT'D) | | | | | | | |
| **b) Subsidiary of E&O Express Sdn. Bhd.** | | | | | | | |
| Lone Pine Hotel (Penang) Sdn. Bhd. | Malaysia | Provision of management services | **100** | 100 | **–** | – | 320,000 |
| **c) Subsidiaries of The Delicious Group Sdn. Bhd.** | | | | | | | |
| Delicious Catering Sdn. Bhd. | Malaysia | Food catering services | **100** | 100 | **–** | – | 2 |
| Reunion Restaurants Sdn. Bhd. | Malaysia | Restaurant operator | **100** | 100 | **–** | – | 2 |
| Food Emporium Sdn. Bhd. | Malaysia | Cafe and restaurant operator | **100** | 100 | **–** | – | 250,000 |
| The Delicious (Singapore) Pte. Ltd. ** | Singapore | Cafe and restaurant operator | **100** | 100 | **–** | – | S$314,000 |
| **III) SUBSIDIARIES OF MATRIX PROMENADE SDN. BHD.** | | | | | | | |
| Radiant Kiara Sdn. Bhd. | Malaysia | Property investment | **100** | 100 | **–** | – | 4 |
| E&O-PIE Sdn. Bhd. | Malaysia | Property investment | **100** | 100 | **–** | – | 100,000 |
| E&O Trading Sdn. Bhd. | Malaysia | Property investment | **100** | 100 | **–** | – | 2,512,202 |
| **IV) SUBSIDIARY OF EASTERN & ORIENTAL PROPERTIES (GUERNSEY) LIMITED** | | | | | | | |
| Oriental Light (Guernsey) Limited ** | Guernsey | Property development and property investment | **100** | 100 | **–** | – | £1 |
| **a) Subsidiary of Oriental Light (Guernsey) Limited** | | | | | | | |
| Oriental Light (UK) Limited ** | United Kingdom | Property development | **100** | 100 | **–** | – | £1 |

| NAME OF SUBSIDIARIES | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITIES | PROPORTION OF OWNERSHIP INTEREST 2016 % | 2015 % | NON-CONTROLLING INTEREST 2016 % | 2015 % | PAID-UP SHARE CAPITAL RM |
|---|---|---|---|---|---|---|---|
| **V) SUBSIDIARIES OF E&OPROP** | | | | | | | |
| Ambangan Puri Sdn. Bhd. | Malaysia | Property development and property investment | **100** | 100 | **–** | – | 1,252,850 |
| Edisi Utama Sdn. Bhd. | Malaysia | Property development | **100** | 100 | **–** | – | 250,000 |
| E&O Properties Sdn. Bhd. | Malaysia | Property management | **100** | 100 | **–** | – | 16,580,000 |
| Eastern & Oriental Express Sdn. Bhd. | Malaysia | Property development | **100** | 100 | **–** | – | 259,017 |
| E&O Sales & Marketing Sdn. Bhd. | Malaysia | Sales and marketing services for property development projects | **100** | 100 | **–** | – | 6,000,000 |
| E&O Property (Singapore) Pte. Ltd. ** | Singapore | Sales and marketing services for property development projects | **100** | 100 | **–** | – | S$500,000 |
| Emerald Designs Sdn. Bhd. | Malaysia | Property development | **100** | 100 | **–** | – | 300,000 |
| Galaxy Prestige Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 253,141 |
| Kamunting Management Services Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 108,981 |
| KCB Holdings Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 3,293 |
| Eastern & Oriental PLC * | United Kingdom | Project management | **100** | 100 | **–** | – | £2,006,250 |
| Pelicrest Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 119,005 |

| NAME OF SUBSIDIARIES | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITIES | PROPORTION OF OWNERSHIP INTEREST 2016 % | 2015 % | NON-CONTROLLING INTEREST 2016 % | 2015 % | PAID-UP SHARE CAPITAL RM |
|---|---|---|---|---|---|---|---|
| **V) SUBSIDIARIES OF E&OPROP** (CONT'D) | | | | | | | |
| Prime-Lite Sdn. Bhd.** | Malaysia | Investment holding | **100** | 100 | **–** | – | 28,961 |
| Regal Alliance Sdn. Bhd. | Malaysia | Property development | **100** | 100 | **–** | – | 24,152,582 |
| Ribuan Imbang Sdn. Bhd. | Malaysia | Trading of completed properties | **100** | 100 | **–** | – | 3,302 |
| Staboc Marketing Sdn. Bhd.** | Malaysia | Investment holding | **100** | 100 | **–** | – | 1,544 |
| Tinggi Murni Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 84,988 |
| Teratak Warisan (M) Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 100,000 |
| **a) Subsidiary of Ambangan Puri Sdn. Bhd.** | | | | | | | |
| Seventy Damansara Sdn. Bhd. | Malaysia | Property investment and property development | **100** | 100 | **–** | – | 3,250,000 |
| **b) Subsidiaries of E&O Properties Sdn. Bhd.** | | | | | | | |
| E&O Management Services Sdn. Bhd. | Malaysia | Property management and property investment | **100** | 100 | **–** | – | 2 |
| Kayangan Budaya Sdn. Bhd. | Malaysia | Property development | **87.5** | 87.5 | **12.5** | 12.5 | 12,700 |
| **c) Subsidiaries of Kamunting Management Services Sdn. Bhd.** | | | | | | | |
| Bridgecrest Resources Sdn. Bhd. | Malaysia | Investment holding | **95.6** | 95.6 | **4.4** | 4.4 | 100,000 |
| E&O-PDC Holdings Sdn. Bhd. | Malaysia | Investment holding | **60.0** | 60.0 | **40.0** | 40.0 | 35,000 |
| **i) Subsidiaries of Bridgecrest Resources Sdn. Bhd.** | | | | | | | |
| E&O Property (Penang) Sdn. Bhd. | Malaysia | Property development | **95.6** | 95.6 | **4.4** | 4.4 | 2,500,010 |
| Permaijana Ribu (M) Sdn. Bhd. | Malaysia | Investment holding | **86.8** | 86.8 | **13.2** | 13.2 | 5,000,000 |

| NAME OF SUBSIDIARIES | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITIES | PROPORTION OF OWNERSHIP INTEREST | | NON-CONTROLLING INTEREST | | PAID-UP SHARE CAPITAL |
|---|---|---|---|---|---|---|---|
| | | | **2016 %** | 2015 % | **2016 %** | 2015 % | RM |
| **ii) Subsidiary of Permaijana Ribu (M) Sdn. Bhd.** | | | | | | | |
| Tanjung Pinang Development Sdn. Bhd. | Malaysia | Land reclamation and development | **78.8** | 78.8 | **21.2** | 21.2 | 5,000,000 |
| **d) Subsidiaries of KCB Holdings Sdn. Bhd.** | | | | | | | |
| Trans-Mutual Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 2 |
| WCW Technologies Sdn. Bhd. | Malaysia | Property investment | **100** | 100 | **–** | – | 669,871 |
| E&O Customer Services Sdn. Bhd. | Malaysia | Property management | **100** | 100 | **–** | – | 2,500,010 |
| **i) Subsidiary of Trans-Mutual Sdn. Bhd.** | | | | | | | |
| Kamunting Management (HK) Limited * | Hong Kong | Dormant | **100** | 100 | **–** | – | HK$1,000 |
| **e) Subsidiaries of Tinggi Murni Sdn. Bhd.** | | | | | | | |
| Samudra Pelangi Sdn. Bhd. | Malaysia | Investment holding | **100** | 100 | **–** | – | 2 |
| **i) Subsidiaries of Samudra Pelangi Sdn. Bhd.** | | | | | | | |
| Indasu Housing Development Sdn. Bhd. | Malaysia | Housing development | **100** | 100 | **–** | – | 2 |
| KSM Property Development Sdn. Bhd. | Malaysia | Project management and rendering of sales and marketing services for property development projects | **100** | 100 | **–** | – | 500,002 |
| Rhinever Housing Development Sdn. Bhd. | Malaysia | Inactive | **100** | 100 | **–** | – | 1,442 |
| Rimelite Sdn. Bhd. | Malaysia | Property development and property investment | **100** | 100 | **–** | – | 1,859 |

| NAME OF SUBSIDIARIES | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITIES | PROPORTION OF OWNERSHIP INTEREST 2016 % | 2015 % | NON-CONTROLLING INTEREST 2016 % | 2015 % | PAID-UP SHARE CAPITAL RM |
|---|---|---|---|---|---|---|---|
| **v) Subsidiaries of E&OPROP** (CONT'D) | | | | | | | |
| **e) Subsidiaries of Tinggi Murni Sdn. Bhd.** (cont'd) | | | | | | | |
| **i) Subsidiaries of Samudra Pelangi Sdn. Bhd.** (cont'd) | | | | | | | |
| Senna Sdn. Bhd.** | Malaysia | Investment holding | **100** | 100 | **–** | – | 9,248 |
| Terra Damansara Sdn. Bhd. | Malaysia | Property development | **100** | 100 | **–** | – | 540,000 |
| Unicorn Housing Development Sdn. Bhd. | Malaysia | Housing development | **100** | 100 | **–** | – | 2 |
| **ii) Subsidiary of Indasu Housing Development Sdn. Bhd.** | | | | | | | |
| Monplus Housing Development Sdn. Bhd. | Malaysia | Housing development | **100** | 100 | **–** | – | 250,000 |
| **f) Subsidiary of Pelicrest Sdn. Bhd.** | | | | | | | |
| KCB (Guernsey) Limited ** | Channel Islands | Investment holding | **100** | 100 | **–** | – | £1,000 |
| **g) Subsidiary of Eastern & Oriental PLC** | | | | | | | |
| Loxley Holdings Management Limited * | British Virgin Islands | Property development and property investment | **100** | 100 | **–** | – | £5,000,000 |
| Hammersmith Properties Limited * | Channel Islands | Property development and property investment | **100** | 100 | **–** | – | £1 |
| **i) Subsidiary of Hammersmith Properties Limited** | | | | | | | |
| Hammersmith Development (UK) Limited * | England and Wales | Provision of property development and management services | **100** | – | **–** | – | £1 |

* Audited by affiliate of Ernst & Young Global

** Audited by firms of auditors other than Ernst & Young

# Investment in this subsidiary with carrying amount of RM547,784,000 (2015: RM547,784,000) has been pledged as security for borrowings as disclosed in Note 27.

**(a) Acquisition and incorporation of subsidiaries**

**2016**

On 9 June 2015, Hammersmith Properties Limited acquired one (1) ordinary share of £1, at par value, representing 100% equity interest in the capital of Hammersmith Development (UK) Limited ("HDUK").

HDUK was incorporated on 5 January 2015 as a private limited company in England and Wales and has been dormant since incorporation. It has an issued and paid-up share capital of £1 comprising 1 ordinary share of £1 each. The proposed business activity of HDUK is the provision of property development and management services.

**2015**

(i) On 2 July 2014, the Group acquired two (2) ordinary shares of RM1 each, representing 100% equity interest in Eastern & Oriental Express Sdn. Bhd. ("EOE") for a total cash consideration of RM2. Subsequently, EOE increased its authorised share capital from RM100,000 to RM400,000 via the creation of 300,000 ordinary shares of RM1 each, and issued and paid up share capital from RM2 to RM250,000 via the issuance of 249,998 new ordinary shares of RM1 each at par.

(ii) On 6 November 2014, the Group acquired 100% equity interest and voting rights of Loxley Holdings Management Limited ("Loxley"), of which 51% belongs to a Director of the Company, for a total cash consideration of £200. The principal activity of Loxley is property development and property investment. Loxley has an issued share capital of 200 shares of par value of £1 each comprising a single class. Subsequently, it has increased its issued share capital to 5,000,000 shares of par value of £1 each.

(iii) On 13 January 2015, the Group incorporated Hammersmith Properties Limited ("HPL") in Jersey, Channel Islands. The issued share capital of HPL is one (1) ordinary share of £1 each. The principal activity of HPL is property development and property investment.

On 16 January 2015, HPL entered into a property sale contract with GEMS Hammersmith (Luxembourg) SARL to acquire two office buildings known as Landmark House located at Hammersmith Bridge Road, London W6 9EJ and Thames Tower at Blacks Road, London W6 9EL, United Kingdom for a total cash consideration of £57,000,000 or approximately RM308,940,000 ("Acquisition"). The Acquisition was completed on 13 March 2015.

**(b) Business combinations**

There were no business combinations during the financial year.

## 18. INTEREST IN SUBSIDIARIES (CONT'D)

### (c) Disposal of subsidiary

**2015**

A subsidiary, Samudra Pelangi Sdn. Bhd. ("Samudra") had on 20 March 2015 entered into a sale and purchase agreement for the disposal of 49% equity interest in Patsawan Properties Sdn. Bhd. ("PPSB") to Mitsui Fudosan Asia Pte. Ltd. ("MFA") for a consideration of RM53,917,000.

A shareholders' agreement was entered into on 20 March 2015 between Samudra, MFA and PPSB to regulate Samudra's and MFA's equity participation in PPSB of 51% and 49% respectively, to jointly develop the residential project over the land owned by PPSB. Based on the terms of the shareholders' agreement, PPSB is presented as a joint venture of the Group, as disclosed in Note 20.

The disposal had the following effects on the financial position of the Group as at the end of the previous financial year.

| | 2015 RM'000 |
|---|---|
| Land held for property development (Note 15(a)) | 54,102 |
| Receivables | 22 |
| Cash and bank balances | 3 |
| Payables | (58,872) |
| Net liabilities | (4,745) |
| | |
| Net liabilities disposed (at 49%) | (2,325) |
| Total disposal proceeds settled by cash | (53,917) |
| Gain on disposal to the Group | (56,242) |
| Gain on re-measurement of interest retained in PPSB | (44,496) |
| Total gain on disposal to the Group (Note 6) | (100,738) |
| | |
| Disposal proceeds settled by cash: | 53,917 |
| | |
| Cash inflow arising on disposals: | |
| Cash consideration | 53,917 |
| Cash and bank balances of subsidiary disposed | (3) |
| Net cash inflow on disposal | 53,914 |

### (d) Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interest are provided below:

**Proportion of equity interest held by non-controlling interest:**

| NAME | COUNTRY OF INCORPORATION AND OPERATION | PROPORTION OF OWNERSHIP INTEREST | |
|---|---|---|---|
| | | **2016** | 2015 |
| | | **%** | % |
| Bridgecrest Resources Sdn. Bhd. ("BRSB") | Malaysia | **4.4** | 4.4 |
| E&O Property (Penang) Sdn. Bhd. ("EOPP") | Malaysia | **4.4** | 4.4 |
| Permaijana Ribu Sdn. Bhd. ("PRSB") | Malaysia | **13.2** | 13.2 |
| Tanjung Pinang Development Sdn. Bhd. ("TPD") | Malaysia | **21.2** | 21.2 |

| | GROUP | |
|---|---|---|
| | **2016** | 2015 |
| | **RM'000** | RM'000 |
| **Accumulated balances of material non-controlling interest:** | | |
| BRSB | **2,882** | 1,543 |
| EOPP | **30,067** | 29,293 |
| PRSB | **628** | 631 |
| TPD | **15,119** | 15,588 |
| Other individually immaterial non-controlling interest | **55** | 58 |
| | **48,751** | 47,113 |
| **Total comprehensive income/(loss) allocated to material non-controlling interest:** | | |
| BRSB | **1,339** | 998 |
| EOPP | **774** | 3,423 |
| PRSB | **(3)** | (2) |
| TPD | **(469)** | 164 |
| Other individually immaterial non-controlling interest | **(3)** | (5) |
| | **1,638** | 4,578 |

**18. INTEREST IN SUBSIDIARIES** (CONT'D)

**(d) Material partly-owned subsidiaries** (cont'd)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

**Summarised statement of comprehensive income for financial year ended 31 March 2016:**

| | BRSB RM'000 | EOPP RM'000 | PRSB RM'000 | TPD RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|
| Revenue | 30,500 | 231,220 | – | – | 261,720 |
| Cost of sales | – | (134,588) | – | – | (134,588) |
| Other income | – | 13,053 | – | 917 | 13,970 |
| Total expenses | (82) | (42,725) | (20) | (920) | (43,747) |
| Finance costs | – | (2,278) | – | (22) | (2,300) |
| **Profit/(loss) before tax** | 30,418 | 64,682 | (20) | (25) | 95,055 |
| Income tax expense | – | (15,910) | – | – | (15,910) |
| **Profit/(loss) for the year, representing total comprehensive for the financial year** | 30,418 | 48,772 | (20) | (25) | 79,145 |
| **Attributable to:** | | | | | |
| Non-controlling interest | 1,338 | 2,146 | (3) | (5) | 3,476 |
| - Adjustments and eliminations | 1 | (1,372) | – | (464) | (1,835) |
| Other individually immaterial non-controlling interest | – | – | – | – | (3) |
| Total non-controlling interest | 1,339 | 774 | (3) | (469) | 1,638 |

**Summarised statement of comprehensive income for financial year ended 31 March 2015:**

| | BRSB RM'000 | EOPP RM'000 | PRSB RM'000 | TPD RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|
| Revenue | 22,750 | 292,265 | – | – | 315,015 |
| Cost of sales | – | (123,868) | – | – | (123,868) |
| Other income | – | 8,378 | – | – | 8,378 |
| Total expenses | (68) | (41,266) | (17) | (523) | (41,874) |
| Finance costs | – | (187) | – | – | (187) |
| **Profit/(loss) before tax** | 22,682 | 135,322 | (17) | (523) | 157,464 |
| Income tax expense | – | (34,693) | – | – | (34,693) |
| **Profit/(loss) for the year, representing total comprehensive for the financial year** | 22,682 | 100,629 | (17) | (523) | 122,771 |
| **Attributable to:** | | | | | |
| Non-controlling interest | 998 | 4,428 | (2) | (111) | 5,313 |
| - Adjustments and eliminations | – | (1,005) | – | 275 | (730) |
| Other individually immaterial non-controlling interest | – | – | – | – | (5) |
| Total non-controlling interest | 998 | 3,423 | (2) | 164 | 4,578 |

## 18. INTEREST IN SUBSIDIARIES (CONT'D)

### (d) Material partly-owned subsidiaries (cont'd)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations. (cont'd)

**Summarised statement of financial position as at 31 March 2016:**

| | BRSB RM'000 | EOPP RM'000 | PRSB RM'000 | TPD RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|
| Non-current assets | **62,939** | **27,673** | **7,000** | **452,413** | **550,025** |
| Cash and bank balances | **442** | **118,540** | **1** | **3** | **118,986** |
| Other current assets | **2,128** | **755,582** | **–** | **12,968** | **770,678** |
| Total current assets | **2,570** | **874,122** | **1** | **12,971** | **889,664** |
| **Total assets** | **65,509** | **901,795** | **7,001** | **465,384** | **1,439,689** |
| Trade and other payables and provision | **14** | **123,674** | **2,241** | **68,281** | **194,210** |
| Other current liabilities | **–** | **214** | **–** | **–** | **214** |
| Total current liabilities | **14** | **123,888** | **2,241** | **68,281** | **194,424** |
| Non-current liabilities | **–** | **94,572** | **–** | **325,789** | **420,361** |
| **Total liabilities** | **14** | **218,460** | **2,241** | **394,070** | **614,785** |
| **Total equity** | **65,495** | **683,335** | **4,760** | **71,314** | **824,904** |
| **Attributable to:** | | | | | |
| Non-controlling interest | **2,882** | **30,067** | **628** | **15,119** | **48,696** |
| Other individually immaterial non-controlling interest | **–** | **–** | **–** | **–** | **55** |
| Total non-controlling interest | **2,882** | **30,067** | **628** | **15,119** | **48,751** |

**Summarised statement of financial position as at 31 March 2015:**

| | BRSB RM'000 | EOPP RM'000 | PRSB RM'000 | TPD RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|
| Non-current assets | 62,939 | 12,886 | 7,000 | 89,253 | 172,078 |
| Cash and bank balances | 166 | 88,511 | 1 | 1 | 88,679 |
| Other current assets | 2,128 | 791,388 | – | – | 793,516 |
| Total current assets | 2,294 | 879,899 | 1 | 1 | 882,195 |
| **Total assets** | 65,233 | 892,785 | 7,001 | 89,254 | 1,054,273 |
| Trade and other payables and provision | 30,157 | 201,577 | 2,221 | 15,726 | 249,681 |
| Other current liabilities | – | 2,082 | – | – | 2,082 |
| Total current liabilities | 30,157 | 203,659 | 2,221 | 15,726 | 251,763 |
| Non-current liabilities | – | 23,385 | – | – | 23,385 |
| **Total liabilities** | 30,157 | 227,044 | 2,221 | 15,726 | 275,148 |
| **Total equity** | 35,076 | 665,741 | 4,780 | 73,528 | 779,125 |
| **Attributable to:** | | | | | |
| Non-controlling interest | 1,543 | 29,293 | 631 | 15,588 | 47,055 |
| Other individually immaterial non-controlling interest | – | – | – | – | 58 |
| Total non-controlling interest | 1,543 | 29,293 | 631 | 15,588 | 47,113 |

## 18. INTEREST IN SUBSIDIARIES (CONT'D)

### (d) Material partly-owned subsidiaries (cont'd)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations. (cont'd)

**Summarised cash flow information for financial year ended 31 March 2016:**

| | BRSB RM'000 | EOPP RM'000 | PRSB RM'000 | TPD RM'000 |
|---|---|---|---|---|
| Operating | **(30,224)** | **15,384** | **20** | **(40,560)** |
| Investing | **30,500** | **2,549** | **–** | **–** |
| Financing | **–** | **12,096** | **(20)** | **40,562** |
| **Net increase in cash and cash equivalents during the financial year** | **276** | **30,029** | **–** | **2** |

**Summarised cash flow information for financial year ended 31 March 2015:**

| | BRSB RM'000 | EOPP RM'000 | PRSB RM'000 | TPD RM'000 |
|---|---|---|---|---|
| Operating | (22,585) | (4,007) | 17 | (9,672) |
| Investing | 22,750 | 1,480 | – | – |
| Financing | – | (13,464) | (17) | 9,672 |
| **Net increase/(decrease) in cash and cash equivalents during the financial year** | 165 | (15,991) | – | – |

## 19. INVESTMENT IN ASSOCIATE

| | GROUP | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| Unquoted shares, at cost | **16,810** | 16,810 |
| Share of post-acquisition reserves | **859** | 339 |
| | **17,669** | 17,149 |
| Less: Accumulated impairment loss | **(11,328)** | – |
| | **6,341** | 17,149 |

Details of the associate which is incorporated in Malaysia, is as follows:

| NAME OF ASSOCIATE | PRINCIPAL ACTIVITIES | PROPORTION OF OWNERSHIP INTEREST | | PROPORTION OF VOTING POWER | |
|---|---|---|---|---|---|
| | | **2016 %** | 2015 % | **2016 %** | 2015 % |
| **Held through a subsidiary:** | | | | | |
| Renown Heritage Sdn. Bhd. | Property investment and property development | **50.00** | 50.00 | **50.00** | 50.00 |

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies.

| | **2016 RM'000** | 2015 RM'000 |
|---|---|---|
| **Assets and liabilities** | | |
| Current assets, representing total assets | **19,735** | 14,179 |
| Current liabilities, representing total liabilities | **5,072** | 556 |
| **Results** | | |
| Revenue | **96,353** | 1,516 |
| Profit for the financial year | **63,340** | 1,077 |

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate is as follows:

| | GROUP | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| Net assets at the beginning of financial year | **13,623** | 13,542 |
| Profit for the financial year | **63,340** | 1,077 |
| Dividend paid during the financial year | **(62,300)** | (996) |
| Net assets at the end of financial year | **14,663** | 13,623 |
| Interest in associate as at the financial year end | **50.0%** | 50.0% |
| Carrying value of Group's interest in associate | **7,332** | 6,812 |
| Goodwill on acquisition | **10,337** | 10,337 |
| Impairment loss on interest in associate | **(11,328)** | – |
| Net carrying value of Group's interest in associate | **6,341** | 17,149 |

The associate had no contingent liabilities or capital commitments as at 31 March 2016 and 31 March 2015.

## 20. INVESTMENT IN JOINT VENTURES

| | GROUP | |
|---|---|---|
| | **2016** | 2015 |
| | **RM'000** | RM'000 |
| Unquoted shares, at cost | **79,392** | 79,336 |
| Share of post-acquisition reserves | **28,346** | 10,438 |
| | **107,738** | 89,774 |

Details of the joint ventures are as follows:

| NAME OF JOINT VENTURES | COUNTRY OF INCORPORATION | PRINCIPAL ACTIVITY | PROPORTION OF OWNERSHIP INTEREST | |
|---|---|---|---|---|
| | | | **2016** | 2015 |
| | | | **%** | % |
| Mergexcel Property Development Sdn. Bhd. ("MPDSB") | Malaysia | Property development | **50.00** | 50.00 |
| Joint venture between E&O Property (Penang) Sdn. Bhd. and Tanjung Pinang Villas Sdn. Bhd. ("EOPP TPV") | Unincorporated | Property development | **50.00** | 50.00 |
| Nuri Merdu Sdn. Bhd. ("NMSB") | Malaysia | Property development | **50.00** | 50.00 |
| KCB Trading Sdn. Bhd. ("KCBT") | Malaysia | Property development | **51.00** | 51.00 |
| Patsawan Properties Sdn. Bhd. ("PPSB") | Malaysia | Property development | **51.00** | 51.00 |

Pursuant to the Joint Venture Agreement entered between Ribuan Imbang Sdn. Bhd. ("RISB") and Lion Courts Sdn. Bhd. ("LCSB"), profit or loss of the MPDSB shall be distributed at 55.87% in favour of LCSB and 44.13% in favour of RISB.

Pursuant to the Shareholders' Agreement entered between KCB Holdings Sdn. Bhd. ("KCBH") and Sea Investment Three Pte. Ltd. ("SEAI3"), profit or loss of KCBT shall be distributed at 51% in favour of KCBH and 49% in favour of SEAI3.

Pursuant to the Shareholders' Agreement entered between Samudra Pelangi Sdn. Bhd. ("SPSB") and Mitsui Fudosan Asia Pte. Ltd. ("MFA"), profit or loss of PPSB shall be distributed at 51% in favour of SPSB and 49% in favour of MFA.

The following table summarises the information of the Group's material joint ventures, adjusted for any differences in accounting policies.

(i) Summarised statements of financial position

| | PPSB RM'000 | MPDSB RM'000 | NMSB RM'000 | KCBT RM'000 | EOPP TPV RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|---|
| **31 March 2016** | | | | | | |
| Non-current assets | **–** | **131** | **55,290** | **3,058** | **–** | **58,479** |
| Cash and bank balances | **3,457** | **30,474** | **8,988** | **21,265** | **10** | **64,194** |
| Other current assets | **73,388** | **7,259** | **169,209** | **146,506** | **18** | **396,380** |
| Total current assets | **76,845** | **37,733** | **178,197** | **167,771** | **28** | **460,574** |
| Total assets | **76,845** | **37,864** | **233,487** | **170,829** | **28** | **519,053** |
| Trade and other payables and provisions | **1,659** | **6,634** | **63,484** | **68,233** | **3** | **140,013** |
| Other current liabilities | **–** | **–** | **–** | **65,637** | **–** | **65,637** |
| Total current liabilities | **1,659** | **6,634** | **63,484** | **133,870** | **3** | **205,650** |
| Non-current liabilities | **82,277** | **–** | **81,121** | **27,135** | **–** | **190,533** |
| Total liabilities | **83,936** | **6,634** | **144,605** | **161,005** | **3** | **396,183** |
| Net (liabilities)/assets | **(7,091)** | **31,230** | **88,882** | **9,824** | **25** | **122,870** |
| **31 March 2015** | | | | | | |
| Non-current assets | – | 145 | 50,452 | 4,644 | – | 55,241 |
| Cash and bank balances | 3 | 44,576 | 17,315 | 23,032 | 7,455 | 92,381 |
| Other current assets | 54,124 | 7,905 | 98,312 | 119,500 | – | 279,841 |
| Total current assets | 54,127 | 52,481 | 115,627 | 142,532 | 7,455 | 372,222 |
| Total assets | 54,127 | 52,626 | 166,079 | 147,176 | 7,455 | 427,463 |
| Trade and other payables and provisions | 58,872 | 21,799 | 25,835 | 68,552 | 3,562 | 178,620 |
| Other current liabilities | – | – | – | 14,400 | – | 14,400 |
| Total current liabilities | 58,872 | 21,799 | 25,835 | 82,952 | 3,562 | 193,020 |
| Non-current liabilities | – | – | 82,156 | 65,222 | – | 147,378 |
| Total liabilities | 58,872 | 21,799 | 107,991 | 148,174 | 3,562 | 340,398 |
| Net (liabilities)/assets | (4,745) | 30,827 | 58,088 | (998) | 3,893 | 87,065 |

## 20. INVESTMENT IN JOINT VENTURES (CONT'D)

(ii) Summarised statements of comprehensive income

| | PPSB RM'000 | MPDSB RM'000 | NMSB RM'000 | KCBT RM'000 | EOPP TPV RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|---|
| **31 March 2016** | | | | | | |
| Revenue | **–** | **–** | **138,751** | **43,819** | **–** | **182,570** |
| Depreciation and amortisation | **–** | **(15)** | **(78)** | **(1,587)** | **–** | **(1,680)** |
| Interest income | **186** | **866** | **401** | **386** | **–** | **1,839** |
| (Loss)/profit before tax | **(2,456)** | **544** | **30,813** | **14,376** | **29** | **43,306** |
| Income tax expense | **–** | **(141)** | **(19)** | **(3,554)** | **173** | **(3,541)** |
| (Loss)/profit after tax | **(2,456)** | **403** | **30,794** | **10,822** | **202** | **39,765** |
| Profit distribution from joint venture | **–** | **–** | **–** | **–** | **4,070** | **4,070** |
| **31 March 2015** | | | | | | |
| Revenue | – | 79,636 | 63,513 | 35,019 | – | 178,168 |
| Depreciation and amortisation | – | (2) | (67) | (1,587) | – | (1,656) |
| Interest income | – | 2,768 | 418 | 843 | 295 | 4,324 |
| Profit/(loss) before tax | – | 40,053 | (1,381) | 2,328 | 5,652 | 46,652 |
| Income tax expense | – | (10,662) | (48) | (211) | (1,372) | (12,293) |
| Profit/(loss) after tax | – | 29,391 | (1,429) | 2,117 | 4,280 | 34,359 |
| Dividend received from joint venture | – | 100,000 | – | – | – | 100,000 |
| Profit distribution from joint venture | – | – | – | – | 2,625 | 2,625 |

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures

| | PPSB RM'000 | MPDSB RM'000 | NMSB RM'000 | KCBT RM'000 | EOPP TPV RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|---|
| **31 March 2016** | | | | | | |
| Net (liabilities)/assets at 1 April 2015 | **(4,745)** | **30,827** | **58,088** | **(998)** | **3,893** | **87,065** |
| (Loss)/profit for the financial year | **(2,456)** | **403** | **30,794** | **10,822** | **202** | **39,765** |
| Issuance of share capital | **110** | **–** | **–** | **–** | **–** | **110** |
| Profit distribution during the financial year | **–** | **–** | **–** | **–** | **(4,070)** | **(4,070)** |
| Net (liabilities)/assets at the end of financial year | **(7,091)** | **31,230** | **88,882** | **9,824** | **25** | **122,870** |
| Interest in joint ventures as at the end of financial year | **51.00%** | **44.13%** | **50.00%** | **51.00%** | **50.00%** | |
| Carrying value of Group's interest | **(3,616)** | **13,782** | **44,441** | **5,010** | **13** | **59,630** |
| Fair value adjustment | **44,496** | **–** | **–** | **3,612** | **–** | **48,108** |
| Net assets at 31 March 2016 | **40,880** | **13,782** | **44,441** | **8,622** | **13** | **107,738** |
| **31 March 2015** | | | | | | |
| Net assets/(liabilities) at 1 April 2014 | – | 101,436 | 59,517 | (3,115) | 2,238 | 160,076 |
| Profit/(loss) for the financial year | – | 29,391 | (1,429) | 2,117 | 4,280 | 34,359 |
| Net liabilities acquired during the financial year | (4,745) | – | – | – | – | (4,745) |
| Dividend paid during the financial year | – | (100,000) | – | – | – | (100,000) |
| Profit distribution during the financial year | – | – | – | – | (2,625) | (2,625) |
| Net (liabilities)/assets at the end of financial year | (4,745) | 30,827 | 58,088 | (998) | 3,893 | 87,065 |
| Interest in joint ventures as at the end of financial year | 51.00% | 44.13% | 50.00% | 51.00% | 50.00% | |
| Carrying value of Group's interest | (2,420) | 13,604 | 29,044 | (509) | 1,947 | 41,666 |
| Fair value adjustment | 44,496 | – | – | 3,612 | – | 48,108 |
| Net assets at 31 March 2015 | 42,076 | 13,604 | 29,044 | 3,103 | 1,947 | 89,774 |

## 21. INVESTMENT SECURITIES

| | GROUP 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| **At fair value through profit or loss:** | | |
| Quoted investments in Malaysia: | | |
| - shares | **2,382** | 2,853 |
| **At market value:** | | |
| Quoted shares in Malaysia | **2,382** | 2,853 |

These investments have been pledged to various financial institutions for credit facilities granted to the Group and the Company as disclosed in Note 27.

## 22. DEFERRED TAX ASSETS/(LIABILITIES)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| At the beginning of financial year | **(39,507)** | (44,997) | **–** | – |
| Recognised in profit or loss (Note 11) | **2,413** | 5,490 | **–** | – |
| At the end of financial year | **(37,094)** | (39,507) | **–** | – |
| Presented after appropriate offsetting as follows: | | | | |
| Deferred tax assets | **5,252** | 5,388 | **–** | – |
| Deferred tax liabilities | **(42,346)** | (44,895) | **–** | – |
| | **(37,094)** | (39,507) | **–** | – |

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

**Deferred tax assets of the Group**

| | INVENTORIES RM'000 | UNABSORBED CAPITAL ALLOWANCES RM'000 | PROPERTY, PLANT AND EQUIPMENT RM'000 | PROVISIONS RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|
| **At 1 April 2014** | – | 5,290 | 397 | 1,356 | 7,043 |
| Recognised in profit or loss | 1,689 | – | – | 1,884 | 3,573 |
| **At 31 March 2015** | 1,689 | 5,290 | 397 | 3,240 | 10,616 |
| **At 1 April 2015** | **1,689** | **5,290** | **397** | **3,240** | **10,616** |
| Recognised in profit or loss | **–** | **(5,290)** | **–** | **650** | **(4,640)** |
| **At 31 March 2016** | **1,689** | **–** | **397** | **3,890** | **5,976** |

**Deferred tax liabilities of the Group**

| | PROPERTY, PLANT AND EQUIPMENT RM'000 | LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS RM'000 | INVESTMENT PROPERTIES RM'000 | INVENTORIES RM'000 | OTHERS RM'000 | TOTAL RM'000 |
|---|---|---|---|---|---|---|
| **At 1 April 2014** | (5,405) | (43,453) | (2,166) | (364) | (652) | (52,040) |
| Recognised in profit or loss | – | 1,793 | (293) | 167 | 250 | 1,917 |
| Reclassifications | – | 400 | – | (400) | – | – |
| **At 31 March 2015** | (5,405) | (41,260) | (2,459) | (597) | (402) | (50,123) |
| **At 1 April 2015** | **(5,405)** | **(41,260)** | **(2,459)** | **(597)** | **(402)** | **(50,123)** |
| Recognised in profit or loss | **4,520** | **2,185** | **(191)** | **17** | **522** | **7,053** |
| Reclassifications | **–** | **17** | **–** | **(17)** | **–** | **–** |
| **At 31 March 2016** | **(885)** | **(39,058)** | **(2,650)** | **(597)** | **120** | **(43,070)** |

# NOTES TO THE FINANCIAL STATEMENTS

**31 MARCH 2016**

## 22. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows:

**Deferred tax assets/(liabilities) of the Company**

| | PROPERTY, PLANT AND EQUIPMENT RM'000 | PROVISIONS RM'000 | TOTAL RM'000 |
|---|---|---|---|
| **At 1 April 2014** | – | – | – |
| Recognised in profit or loss | (129) | 129 | – |
| **At 31 March 2015** | (129) | 129 | – |
| **At 1 April 2015** | **(129)** | **129** | **–** |
| Recognised in profit or loss | **–** | **–** | **–** |
| **At 31 March 2016** | **(129)** | **129** | **–** |

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| Unused tax losses | **107,410** | 87,137 | **–** | – |
| Unabsorbed capital allowances | **98,061** | 102,691 | **–** | – |
| Unabsorbed investment tax allowances | **135,748** | 135,748 | **–** | – |
| Provisions | **9,929** | 9,476 | **7,850** | 7,850 |
| Others | **8,299** | 5,649 | **–** | – |
| | **359,447** | 340,701 | **7,850** | 7,850 |
| Deferred tax benefit at 24% (2015: 24%), if recognised | **86,267** | 81,768 | **1,884** | 1,884 |

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of the respective subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

## 23. INVENTORIES

| | GROUP 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| **At cost:** | | |
| Completed properties | **210,601** | 206,391 |
| Food, beverages and tobacco | **517** | 837 |
| General supplies | **1,239** | 1,185 |
| | **212,357** | 208,413 |
| **Net realisable value:** | | |
| Completed properties | **–** | 64 |
| | **212,357** | 208,477 |

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM24,700,000 (2015: RM45,167,000).

Completed properties amounting to RM161,670,000 (2015: RM166,203,000) have been pledged to the financial institution for credit facility granted to a subsidiary as disclosed in Note 27(b).

## 24. TRADE AND OTHER RECEIVABLES

| | NOTE | GROUP 2016 RM'000 | 2015 RM'000 | COMPANY 2016 RM'000 | 2015 RM'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| **Trade receivables** | | | | | |
| Third parties | | **16,013** | 62,933 | **–** | – |
| Retention sum receivable | | **–** | 19,513 | **–** | – |
| | | **16,013** | 82,446 | **–** | – |
| Less: Allowance for impairment: | | | | | |
| - Third parties | | **(1,330)** | (910) | **–** | – |
| Trade receivables, net | (a) | **14,683** | 81,536 | **–** | – |
| **Other receivables** | | | | | |
| Other receivables | | **10,765** | 9,289 | **364** | 296 |
| Dividend receivable | | **–** | – | **41,722** | 60,357 |
| Amounts due from subsidiaries | (b) | **–** | – | **126,842** | 444,815 |
| Amounts due from joint ventures | (c) | **27,943** | 86,107 | **–** | – |
| Deposits | (e) | **2,975** | 27,060 | **248** | 74 |
| | | **41,683** | 122,456 | **169,176** | 505,542 |
| Less: Allowance for impairment: | | | | | |
| - Other receivables | | **(485)** | (476) | **(252)** | (244) |
| - Amounts due from subsidiaries | | **–** | – | **(1,314)** | (27,753) |
| | | **(485)** | (476) | **(1,566)** | (27,997) |
| Other receivables, net | (d) | **41,198** | 121,980 | **167,610** | 477,545 |
| | | **55,881** | 203,516 | **167,610** | 477,545 |

## 24. TRADE AND OTHER RECEIVABLES (CONT'D)

| | NOTE | GROUP 2016 RM'000 | GROUP 2015 RM'000 | COMPANY 2016 RM'000 | COMPANY 2015 RM'000 |
|---|---|---|---|---|---|
| **Non-current** | | | | | |
| **Trade receivables** | | | | | |
| Retention sum receivable | (a) | **37,554** | – | **–** | – |
| **Other receivables** | | | | | |
| Deposits | | **1,961** | 2,455 | **311** | 292 |
| | | **39,515** | 2,455 | **311** | 292 |
| Total trade and other receivables (current and non-current) | | **95,396** | 205,971 | **167,921** | 477,837 |
| Add: Cash and bank balances (Note 25) | | **247,294** | 201,192 | **6,530** | 6,845 |
| Total loans and receivables | | **342,690** | 407,163 | **174,451** | 484,682 |

### (a) Trade receivables

The credit period for completed properties is generally for a period of three months, extending up to four months (2015: three to four months) while the term in respect of property development activities is approximately 21 (2015: 21) days in accordance with the Housing Development (Control and Licensing) Act, 1966, whereas the credit term for other business activities ranges from 7 to 170 (2015: 7 to 170) days.

Retention sum receivables are the monies withheld by lawyer upon delivery of vacant possession to the property buyers. These funds will be released by the lawyer in two stages, the first release will be at the expiry of eight months and second release will be at the expiry of twenty-four months from the date of vacant possessions.

Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables is as follows:

| | GROUP 2016 RM'000 | GROUP 2015 RM'000 |
|---|---|---|
| Neither past due nor impaired | **44,330** | 71,372 |
| 1 to 30 days past due not impaired | **1,203** | 1,956 |
| 31 to 60 days past due not impaired | **364** | 1,355 |
| 61 to 90 days past due not impaired | **732** | 1,830 |
| 91 to 120 days past due not impaired | **2,889** | 279 |
| More than 121 days past due not impaired | **2,719** | 4,744 |
| Past due but not impaired | **7,907** | 10,164 |
| Impaired | **1,330** | 910 |
| | **53,567** | 82,446 |

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM7,907,000 (2015: RM10,164,000) that are past due at the reporting date but not impaired.

These receivables are unsecured. Management is confident that these receivables are recoverable as these accounts are still active.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

| | GROUP | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| Trade receivables - nominal amount | **1,330** | 910 |
| Less: Allowance for impairment | **(1,330)** | (910) |
| | **–** | – |
| Movement in allowance accounts: | | |
| At the beginning of financial year | **910** | 416 |
| Charge for the financial year (Note 8) | **420** | 680 |
| Reversal of impairment losses (Note 6) | **–** | (186) |
| At the end of financial year | **1,330** | 910 |

Trade receivables that are collectively and individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

**(b) Amounts due from subsidiaries**

The amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand, except for an amount of RM23,720,000 (2015: RM308,412,000) which bore interest at rates ranging from 5.43% to 5.50% (2015: 4.70% to 6.85%) per annum during the financial year.

**(c) Amounts due from joint ventures**

The amounts due from joint ventures are unsecured, non-interest bearing and are repayable upon demand, except for an amount of RM24,941,000 (2015: RM84,492,000) which bore interest at 5% (2015: 5%) per annum during the financial year.

## 24. TRADE AND OTHER RECEIVABLES (CONT'D)

### (d) Other receivables

Other receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| Other receivables - nominal amount | **485** | 476 | **2,309** | 29,940 |
| Less: Allowance for impairment | **(485)** | (476) | **(1,566)** | (27,997) |
| | **–** | – | **743** | 1,943 |
| Movement in allowance accounts: | | | | |
| At the beginning of financial year | **476** | 316 | **27,997** | 38,191 |
| Charge for the financial year (Note 8) | **9** | 186 | **892** | 183 |
| Reversal of impairment losses (Note 6) | **–** | (26) | **(27,323)** | (10,377) |
| At the end of financial year | **485** | 476 | **1,566** | 27,997 |

### (e) Deposits

Included in deposits of the Group in the previous financial year was an amount of RM23,980,000 related to earnest deposits paid for the acquisition of freehold land. The acquisition has been completed in current financial year.

## 25. CASH AND BANK BALANCES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| Cash at banks and on hand | **207,816** | 136,221 | **4,687** | 5,007 |
| Short-term deposits | **39,478** | 64,971 | **1,843** | 1,838 |
| Cash and bank balances | **247,294** | 201,192 | **6,530** | 6,845 |

(a) Included in cash at banks and on hand of the Group are amounts of RM84,732,000 (2015: RM47,743,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. RM52,887,000 (2015: RM38,521,000) of these cash at banks and on hand are assigned and charged as security for a term loan facility.

(b) Included in short-term deposits of the Group is an amount of RM380,000 (2015: RM380,000) pledged as security for bank guarantees issued to a utility company and tenors.

(c) Included in short-term deposits of the Group and of the Company amounting to RM5,219,000 (2015: RM5,111,000) and RM1,814,000 (2015: RM1,810,000) respectively are pledged as securities for facilities granted to the Group and the Company.

(d) Cash and bank balances of the Group amounting to RM5,821,000 (2015: RM28,245,000) are assigned and charged as security for a term loan facility as disclosed in Note 27.

(e) The weighted average effective interest rates and average maturity of deposits of the Group and of the Company at the reporting date were as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| Weighted average effective interest rates (%) | | | | |
| - Fixed rates | **3.05%** | 2.89% | **3.13%** | 2.73% |
| - Floating rates | **3.79%** | 2.98% | **–** | – |
| Average maturities (days) | **1 - 30** | 1 - 30 | **1 - 30** | 1 - 30 |

For the purpose of statements of cash flows, cash and cash equivalents comprise the following:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016**<br>**RM'000** | 2015<br>RM'000 | **2016**<br>**RM'000** | 2015<br>RM'000 |
| Cash at banks and on hand | **207,816** | 136,221 | **4,687** | 5,007 |
| Short-term deposits | **39,478** | 64,971 | **1,843** | 1,838 |
| Less: Restricted cash and bank balances | **(11,420)** | (33,736) | **(1,814)** | (1,810) |
| Less: Bank overdrafts (Note 27) | **–** | (1,502) | **–** | – |
| Add: Assets of disposal group classified as held for sale (Note 26) | **1,183** | – | **–** | – |
| Total cash and cash equivalents | **237,057** | 165,954 | **4,716** | 5,035 |

## 26. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 5 April 2016, the Group has entered into a Memorandum of Understanding with a third party to dispose off The Delicious Group Sdn. Bhd. (“TDG”), a wholly-owned subsidiary of the Company, for a cash consideration of RM4,000,000.

A plan has been in place and TDG is available for immediate sale in its present condition prior to 31 March 2016.

TDG has been treated as a disposal group and the details of the assets and liabilities classified as held for sales as at 31 March 2016 are as follows:

| | GROUP RM'000 |
|---|---|
| **Assets** | |
| **Non-current asset** | |
| Property, plant and equipment (Note 14) | 1,507 |
| **Current assets** | |
| Inventories | 263 |
| Trade and other receivables | 1,249 |
| Tax recoverable | 67 |
| Cash and cash equivalent (Note 25) | 1,183 |
| | 2,762 |
| Total assets of disposal group classified as held for sale | 4,269 |
| **Current liabilities** | |
| Borrowings | 3 |
| Provision (Note 28) | 248 |
| Trade and other payables | 2,490 |
| | 2,741 |
| Total liabilities directly associated with disposal group classified as held for sale | 2,741 |

## 27. LOANS AND BORROWINGS

| | MATURITY | GROUP 2016 RM'000 | GROUP 2015 RM'000 | COMPANY 2016 RM'000 | COMPANY 2015 RM'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| Secured: | | | | | |
| Bank overdrafts | On demand | **–** | 1,502 | **–** | – |
| Term loans | 2017 | **177,688** | 362,701 | **25,000** | – |
| Revolving credits | On demand | **–** | 50,000 | **–** | – |
| Obligations under finance leases (Note 36(d)) | 2017 | **352** | 462 | **84** | 183 |
| Unsecured: | | | | | |
| Revolving credits | 2017 | **–** | 50,000 | **–** | 50,000 |
| | | **178,040** | 464,665 | **25,084** | 50,183 |
| **Non-current** | | | | | |
| Secured: | | | | | |
| Term loans | 2018 - 2030 | **923,210** | 535,173 | **45,000** | 70,000 |
| Revolving credits | 2018 - 2020 | **119,355** | – | **–** | – |
| Obligations under finance leases (Note 36(d)) | 2018 - 2021 | **787** | 595 | **42** | 126 |
| Unsecured: | | | | | |
| RCMTNs | 2020 | **296,947** | 163,756 | **296,947** | 163,756 |
| | | **1,340,299** | 699,524 | **341,989** | 233,882 |
| **Total loans and borrowings** | | | | | |
| Secured: | | | | | |
| Bank overdrafts (Note 25) | | **–** | 1,502 | **–** | – |
| Term loans | | **1,100,898** | 897,874 | **70,000** | 70,000 |
| Revolving credits | | **119,355** | 50,000 | **–** | – |
| Obligations under finance leases (Note 36(d)) | | **1,139** | 1,057 | **126** | 309 |
| Unsecured: | | | | | |
| Revolving credits | | **–** | 50,000 | **–** | 50,000 |
| RCMTNs | | **296,947** | 163,756 | **296,947** | 163,756 |
| | | **1,518,339** | 1,164,189 | **367,073** | 284,065 |

## 27. LOANS AND BORROWINGS (CONT'D)

As at reporting date, the weighted average effective interest rates for the loans and borrowings, were as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| Bank overdrafts - Floating rates | **–** | 8.60% | **–** | – |
| Term loans | | | | |
| - Fixed rates | **5.50%** | 5.50% | **–** | – |
| - Floating rates | **4.39%** | 4.28% | **5.44%** | 5.31% |
| Revolving credits - Floating rates | **6.06%** | 5.26% | **–** | 4.32% |
| RCMTNs - Fixed rates | **6.38%** | 6.38% | **6.38%** | 6.38% |

The finance lease bore interest at rates ranging from 2.37% to 3.05% (2015: 2.45% to 3.75%) per annum during the financial year.

The remaining maturities of the loans and borrowings as at 31 March 2016 are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| On demand or within one year | **178,040** | 464,665 | **25,084** | 50,183 |
| More than 1 year and less than 2 years | **251,737** | 120,622 | **25,042** | 25,084 |
| More than 2 years and less than 5 years | **975,360** | 569,863 | **316,947** | 208,798 |
| 5 years or more | **113,202** | 9,039 | **–** | – |
| | **1,518,339** | 1,164,189 | **367,073** | 284,065 |

### (a) Bank overdrafts

The bank overdrafts were secured by charge on certain properties as disclosed in Note 14.

### (b) Term loans

The term loans are secured by corporate guarantees from the Company as disclosed in Note 37 and charges on certain properties, investment properties, unquoted shares, cash and bank balances and inventories of the Group and of the Company as disclosed in the relevant notes.

### (c) Revolving credits

The revolving credits are secured by charges on certain land held for property development and cash and bank balances of the Group and of the Company as disclosed in Notes 15(a) and 25 respectively.

**(d) RCMTNs**

The Company had on 6 March 2015 issued RM200,000,000 nominal value of RCMTNs ("Tranche I") and on 1 April 2015 issued an additional tranche of RM150,000,000 nominal value of RCMTNs ("Tranche II"). The maturity dates of the Tranche I and Tranche II are 6 March 2020 and 1 April 2020 respectively and yield to maturity at issuance date was 6.38%. The entire proceeds from the issuance of RCMTNs by the Company has been fully utilised for investments, land acquisition and/or property development expenditure and general working capital for the Group.

The salient terms of the RCMTNs are as follows:

(i) the RCMTNs shall have the tenure of five (5) years from the date of its issue;

(ii) the coupon rate for the RCMTNs is determined at 2.00%;

(iii) the RCMTNs were issued via bought deal without issuance of a prospectus to investors who fall under Schedule 6 or Schedule 7 and read together with Schedule 9 of the Capital Markets and Services Act, 2007; and

(iv) the holders of RCMTNs shall have the right to convert all or any part of the RCMTNs held by them into fully paid new E&O stock units at the conversion price at any time during the conversion period, subject to such holder giving prior irrevocable written notice to the Company within a timeframe to be stipulated in the Trust Deed. The conversion price for the RCMTNs is fixed at RM5.00.

The conversion price is subject to adjustments pursuant to certain events as set out in the Trust Deed (including but not limited to any alteration in the capital structure of the Issuer during the tenure of the RCMTNs whether by way of rights issue, bonus issue, or other capitalisation issue, consolidation or subdivision of E&O Stock Units or reduction of capital or otherwise howsoever).

The obligations represented by the RCMTNs shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Company ranking pari passu without discrimination, preference or priority among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company from time to time.

Unless previously converted or purchased and cancelled, all outstanding RCMTNs will be redeemed at par on the maturity date.

## 28. PROVISIONS

| | RESTORATION COSTS OF PROPERTY, PLANT AND EQUIPMENT RM'000 (a) | PROVISION FOR FORSEEABLE LOSS RM'000 (b) | OTHERS RM'000 (c) | TOTAL RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| At 1 April 2014 | 936 | 30,588 | 162 | 31,686 |
| Additional provision | 90 | – | – | 90 |
| Utilisation of provision during the year | (328) | – | – | (328) |
| At 31 March 2015 | 698 | 30,588 | 162 | 31,448 |
| Additional provision | 9 | – | – | 9 |
| Utilisation of provision during the year | (142) | (15,146) | – | (15,288) |
| Transfer to assets classified as for sale (Note 26) | (248) | – | – | (248) |
| At 31 March 2016 | **317** | **15,442** | **162** | **15,921** |
| **At 31 March 2016** | | | | |
| Current | **39** | **15,442** | **162** | **15,643** |
| Non-current: | | | | |
| Later than 1 year but not later than 2 years | **278** | **–** | **–** | **278** |
| | **317** | **15,442** | **162** | **15,921** |
| **At 31 March 2015** | | | | |
| Current | 403 | 30,588 | 162 | 31,153 |
| Non-current: | | | | |
| Later than 1 year but not later than 2 years | 295 | – | – | 295 |
| | 698 | 30,588 | 162 | 31,448 |

| | RESTORATION COST OF PROPERTY, PLANT AND EQUIPMENT RM'000 (a) |
|---|---|
| **Company** | |
| At 1 April 2014/31 March 2015/31 March 2016 | 39 |
| **At 31 March 2016** | |
| Current | **39** |
| **At 31 March 2015** | |
| Current | 39 |

**(a) Restoration costs of property, plant and equipment**

Provision for restoration costs is the estimated costs of dismantling, removal or restoration of property, plant and equipment arising from the acquisition or use of such assets, which are capitalised and included in the cost of property, plant and equipment as disclosed in Note 14(c).

**(b) Provision for foreseeable loss**

Provision for forseeable loss is made on certain property development activities undertaken by the subsidiary of the Group, in respect of expected loss from the development of compulsory affordable housing.

**(c) Others**

A provision is recognised for expected/estimated repair costs for making good certain defects during the warranty periods for the completed properties.

## 29. TRADE AND OTHER PAYABLES

| | NOTE | GROUP 2016 RM'000 | GROUP 2015 RM'000 | COMPANY 2016 RM'000 | COMPANY 2015 RM'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| **Trade payables** | **(a)** | | | | |
| Third parties | | **42,314** | 59,206 | **–** | – |
| Retention sum payable | | **2,497** | 10,908 | **–** | – |
| | | **44,811** | 70,114 | **–** | – |
| **Other payables** | | | | | |
| Amounts due to subsidiaries | **(b)** | **–** | – | **46,372** | 284,052 |
| Amount due to non-controlling interest | **(c)** | **12,826** | 12,826 | **–** | – |
| Other payables | **(d)** | **22,767** | 21,057 | **604** | 689 |
| Accruals | | **45,230** | 40,580 | **6,808** | 12,155 |
| Deposits received | | **8,670** | 6,336 | **–** | – |
| | | **89,493** | 80,799 | **53,784** | 296,896 |
| | | **134,304** | 150,913 | **53,784** | 296,896 |
| **Non-current** | | | | | |
| **Trade payables** | | | | | |
| Retention sum payable | | **27,258** | 23,042 | **–** | – |
| **Other payables** | | | | | |
| Other payable | **(d)** | **325,762** | – | **–** | – |
| Deposits received | | **1,462** | 2,070 | **–** | – |
| | | **327,224** | 2,070 | **–** | – |
| | | **354,482** | 25,112 | **–** | – |
| Total trade and other payables (current and non-current) | | **488,786** | 176,025 | **53,784** | 296,896 |
| Add: Loans and borrowings (Note 27) | | **1,518,339** | 1,164,189 | **367,073** | 284,065 |
| Total financial liabilities carried at amortised cost | | **2,007,125** | 1,340,214 | **420,857** | 580,961 |

### (a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 120 (2015: 14 to 120) days.

### (b) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable upon demand except for an amount of RM15,000,000 (2015: RM224,844,000) which bore interest at rates ranging from 5.25% to 6.85% (2015: 4.91% to 6.85%) per annum during the financial year.

**(c) Amount due to non-controlling interest**

The amount due to non-controlling interest is in respect of advances extended to a subsidiary by its shareholder. The amount is unsecured, non-interest bearing and is repayable upon demand.

**(d) Other payables**

Current
These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2015: average term of six months).

Non-current
The non-current portion of other payable of the Group represents accrued payment in the form of reclaimed land, arising from the Group's land reclamation project. It is measured at the fair value of the non-monetary asset given up.

## 30. SHARE CAPITAL

| | GROUP/COMPANY | | | |
|---|---|---|---|---|
| | NUMBER OF ORDINARY STOCK UNITS OF RM1.00 EACH | | AMOUNT | |
| | **2016** **'000** | 2015 '000 | **2016** **RM'000** | 2015 RM'000 |
| **Authorised:** | | | | |
| At the beginning/end of financial year | **2,000,000** | 2,000,000 | **2,000,000** | 2,000,000 |
| **Issued and fully paid:** | | | | |
| At the beginning of financial year | **1,252,095** | 1,135,622 | **1,252,095** | 1,135,622 |
| Ordinary stock units issued during the year | | | | |
| - pursuant to LTIP | **7,689** | 5,323 | **7,689** | 5,323 |
| - bonus issue | **–** | 111,150 | **–** | 111,150 |
| At the end of financial year | **1,259,784** | 1,252,095 | **1,259,784** | 1,252,095 |

**(a) Issue of stock units**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,252,094,164 to RM1,259,783,244 by way of issuance of 2,013,300 and 5,675,780 new ordinary stock units of RM1.00 each pursuant to the vesting and exercise of the Performance - Based Restricted Stock Unit Incentive Plan and Restricted Stock Unit Incentive Plan at a price of RM1.12 and RM1.23 per stock unit respectively.

The new ordinary stock units issued during the financial year rank pari passu in all respects with the existing ordinary stock units of the Company.

## 30. SHARE CAPITAL (CONT'D)

### (a) Issue of stock units (cont'd)

The holders of ordinary stock units (except treasury stock units) are entitled to receive dividends as and when declared by the Company. All ordinary stock units carry one vote per stock unit without restrictions and rank equally with regard to the Company's residual assets.

Of the total 1,259,783,244 (2015: 1,252,094,164) issued and fully paid-up ordinary stock units of RM1.00 each, 4,838,781 (2015: 29,439,400) ordinary stock units are held as treasury stock units by the Company. As at 31 March 2016, the number of issued and fully paid-up ordinary stock units (not held as treasury stock units) is 1,254,944,463 (2015: 1,222,654,764) ordinary stock units of RM1.00 each.

There were no other changes in the issued and fully paid up share capital of the Company during the financial year.

In the previous financial year, the Company increased its issued and paid-up ordinary share capital from RM1,135,621,710 to RM1,252,094,164 by way of:

(i) issuance of 5,322,900 new ordinary stock units of RM1.00 each pursuant to the vesting and exercise of the Restricted Stock Unit Incentive Plan at a price of RM1.41 per stock unit; and

(ii) bonus issue of 111,149,554 new ordinary stock units of RM1.00 each on the basis of one (1) new ordinary stock unit of RM1.00 each for every ten (10) existing ordinary stock units of RM1.00 each held from the share premium account of the Company.

### (b) Warrants 2015/2019

On 22 January 2015, a total of 222,300,415 free warrants have been issued and allotted to the stockholders on the basis of one (1) free warrant for every five (5) existing ordinary stock units of RM1.00 each held in the Company. The warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securites Berhad on 30 January 2015.

Each warrant carries the entitlement to subscribe for one (1) new stock unit of the Company at the exercise price of RM2.60 and at any time from the issue date up to the close of business at 5.00 pm in Malaysia on the maturity date on 21 July 2019 ("Exercise Period"). Any warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

The salient terms of the warrants are as follows:

(i) The warrants were issued in registered form and constituted by a Deed Poll. For the purpose of trading of the warrants on Bursa Securities, a board lot of warrants shall be 100 warrants carrying the right to subscribe for 100 ordinary stock units of RM1.00 each in the Company;

(ii) The exercise price is RM2.60 per ordinary stock unit of RM1.00 each of the Company and each warrant will entitle the registered holder to subscribe for one (1) new ordinary stock unit in the Company during the exercise period;

(iii) The exercise period is for a period of four (4) years six (6) months commencing on and including the date of allotment of this warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;

(iv) The new stock units to be issued arising from the exercise of warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary stock units of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new stock units arising from the exercise of warrants;

(v) The warrants are constituted under a Deed Poll executed on 7 January 2015;

(vi) In the case of a members' voluntarily winding up, or a compromise or arrangement between the Company and its members or any class of them (whether or not in connection with a scheme for reconstruction or amalgamation), every warrant holder as evidenced in the Record of Depositors shall be treated as having the right to subscribe for new ordinary stock units of the Company in accordance with the terms and conditions of the Deed Poll, at any time within six (6) weeks after passing of such resolution for a members' voluntarily winding up of the Company, or within six (6) weeks after the granting of the court order in respect of the compromise or arrangement; and

(vii) The warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary stock units of the Company.

As at end of the reporting period, the entire allotted warrants remained unexercised.

## 31. SHARE PREMIUM

| | GROUP/COMPANY | |
|---|---|---|
| | **2016** | 2015 |
| | **RM'000** | RM'000 |
| **Issued and fully paid:** | | |
| At the beginning of financial year | **32,446** | 142,145 |
| Ordinary stock units issued during the year | | |
| - pursuant to LTIP | **1,539** | 2,156 |
| - bonus issue | **–** | (111,150) |
| Costs of bonus issue | **–** | (705) |
| Stock dividend to stockholders (Note 13) | **(23,164)** | – |
| At the end of financial year | **10,821** | 32,446 |

## 32. TREASURY STOCK UNITS

| | GROUP/COMPANY | | | |
|---|---|---|---|---|
| | NUMBER OF TREASURY STOCK UNITS | | AMOUNT | |
| | **2016** | 2015 | **2016** | 2015 |
| | **'000** | '000 | **RM'000** | RM'000 |
| At the beginning of financial year | **29,439** | 29,439 | **27,720** | 27,720 |
| Stock dividend to stockholders | **(24,602)** | – | **(23,164)** | – |
| Purchase of treasury stock units | **1** | – | **1** | – |
| At the end of financial year | **4,838** | 29,439 | **4,557** | 27,720 |

Treasury stock units relate to ordinary stock units of the Company that are held by the Company. The amount consists of the acquisition costs of treasury stock units net of the proceeds received on their subsequent sale or issuance.

None of the treasury stock units held were resold or cancelled during the financial year.

During the financial year, 24,601,619 (2015: Nil) treasury stock units were distributed as stock dividend to the stockholder on 27 October 2015 on the basis of one (1) treasury stock unit for every fifty (50) existing ordinary stock units of RM1.00 each held at the entitlement date on 6 October 2015.

During the financial year, the Company repurchased 1,000 (2015: Nil) of its issued ordinary stock units from the open market at an average price of RM1.55 (2015: Nil) per stock unit. The total consideration paid for the repurchase including transaction cost was RM1,595 (2015: Nil). The stock units repurchased are being held as treasury stock units in accordance with Section 67A of the Companies Act, 1965.

As at 31 March 2016, the total stock units held as treasury stock units amounted to 4,838,781 (2015: 29,439,400) ordinary stock units of RM1.00 each at a total cost of RM4,556,759 (2015: RM27,719,586).

## 33. RESERVES

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | NOTE | **2016** | 2015 | **2016** | 2015 |
| | | **RM'000** | RM'000 | **RM'000** | RM'000 |
| Distributable: | | | | | |
| Retained profits | (a) | **366,054** | 329,819 | **78,352** | 69,642 |
| Non-distributable: | | | | | |
| LTIP reserve | (b) | **7,832** | 14,579 | **7,832** | 14,579 |
| Foreign currency translation reserve | (c) | **(2,485)** | (1,245) | **–** | – |
| Other reserve | (d) | **956** | – | **–** | – |
| | | **6,303** | 13,334 | **7,832** | 14,579 |
| | | **372,357** | 343,153 | **86,184** | 84,221 |

### (a) Retained profits

The Company may distribute dividends out of its entire retained profits as of 31 March 2016 and 31 March 2015 under the single-tier system.

### (b) LTIP reserve

LTIP reserve represents the equity-settled LTIP awarded to employees. This reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the award date of LTIP, and is reduced by the exercise or lapse of the LTIP.

### (c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

### (d) Other reserve

Other reserve represents capital redemption reserve arose as a result of redemption of preference shares by subsidiaries during the financial year in accordance with Section 61(5) of Companies Act, 1965.

## 34. EMPLOYEE BENEFITS

### (a) Retirement benefit obligations

Two subsidiaries of the Group, namely Eastern & Oriental Hotel Sdn. Berhad and Lone Pine Hotel (Penang) Sdn. Bhd. (collectively referred to as the "Hotel Group"), operate an unfunded, defined benefit Retirement Benefit Scheme (the "Scheme") for their eligible employees. The Group's obligation under the Scheme is determined based on a latest actuarial valuation by an independent actuary. Under the Unfunded Scheme, eligible employees are entitled to retirement benefits based on last drawn monthly basic salary adjusted for the number of years of service on attainment of Normal Retirement Age of 60 or Optional Retirement Age of 50.

## 34. EMPLOYEE BENEFITS (CONT'D)

### (a) Retirement benefit obligations (cont'd)

Movements in the net liability were as follows:

| | 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| **Group** | | |
| At the beginning of financial year | **470** | 391 |
| Recognised in profit or loss (Note 9) | **45** | 79 |
| Paid during the financial year | **(14)** | – |
| At the end of financial year | **501** | 470 |

The amounts recognised in the statement of financial position were determined as follows:

| | 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| **Group** | | |
| Present value of defined benefit obligations, representing net liability | **501** | 470 |
| Analysed as: | | |
| - current liabilities | **96** | 7 |
| - non-current liabilities | **405** | 463 |
| | **501** | 470 |

The amounts recognised in the profit or loss were determined as follows:

| | 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| **Group** | | |
| Current service cost | **35** | 60 |
| Interest cost on benefit obligation | **10** | 19 |
| Net benefit expense | **45** | 79 |

The principal assumptions used in determining the retirement benefit obligation for the Group's Scheme are shown below:

| | 2016 % | 2015 % |
|---|---|---|
| Discount rate (i) | **5.9** | 5.9 |
| Price inflation (ii) | **3.5** | 3.5 |
| Expected rate of salary increase (iii) | **7.0** | 7.0 |

(i) Based on 17-year high quality bond yields interpolated from 15 and 20 year AA-rated corporate bonds as at reporting date.

(ii) Based on historical Consumer Price Indices increases which have ranged from around 1% to 5% per annum in the last 10 years.

(iii) Salary increases in the general industry for the past 10 years averaged at around 5% to 6% p.a. Higher rate of 7% was used due to longer term of the Scheme.

A quantification sensitivity analysis for significant assumption as at 31 March 2016 and 31 March 2015 are as shown below:

| | | | | GROUP |
|---|---|---|---|---|
| **ASSUMPTIONS** | **DISCOUNT RATE** | | **FUTURE SALARY** | |
| **SENSITIVITY LEVEL** | **1.00% INCREASE RM'000** | **1.00% DECREASE RM'000** | **1.00% INCREASE RM'000** | **1.00% DECREASE RM'000** |
| **2016** | | | | |
| Impact on defined benefit obligation | **(54)** | **66** | **73** | **(60)** |
| **2015** | | | | |
| Impact on defined benefit obligation | (45) | 55 | 57 | (47) |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The expected payments to the defined benefit plan in future years are as follows:

| | 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| Within the next 12 months | **4** | 4 |
| Between 2 and 5 years | **24** | 21 |
| Beyond 5 years | **202** | 209 |
| Total expected payments | **230** | 234 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 15 years (2015: 16 years).

**34. EMPLOYEE BENEFITS** (CONT'D)

**(b) LTIP**

The LTIP is governed by the By-Laws approved by the stockholders at an Extraordinary General Meeting held on 27 September 2012. The LTIP was implemented on 26 February 2013 and is in force for a maximum period of 10 years from the date of implementation.

The LTIP comprises the Performance-based Restricted Stock Unit Incentive Plan ("PSU Award") and the Restricted Stock Unit Incentive Plan ("RSU Award").

Effective from 26 February 2013, the Company implemented the LTIP and started to offer eligible employees and Executive Directors ("Eligible Person") the entitlement to receive LTIP in the Company on 15 March 2013 instead of E&O ESOS.

The salient features and terms of the LTIP are as follows:

(a) The scheme committee appointed by the Board of Directors to administer the LTIP may, in its discretion where necessary, direct the implementation and administration of the plan. The scheme committee may at any time within the duration of the plan, offer PSU Award and RSU Award under the LTIP to Eligible Person of the Group.

(b) The Board of Directors and/or the scheme committee will if required by prevailing laws establish a Trust to be administered by the Trustee for purposes of subscribing for new stock units or purchasing existing stock units from the market and transferring them to Eligible Person of the Group participating in the LTIP at such time as the scheme committee may direct. The Trustee will, to the extent permitted by law, to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries and/or third parties to pay expenses in relation to the administration of the Trust.

(c) The aggregate number of LTIP stock units that may be allocated to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person holds 20.0% or more of the issued and paid-up stock units (excluding treasury stock units) of the Company, shall not exceed 10.0% of the total number of LTIP stock units to be awarded under the scheme.

(d) All new ordinary stock units issued pursuant to the LTIP will rank pari passu in all respect with the then existing ordinary stock units of the Company, except that the new ordinary stock units so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to stockholders prior to the date of allotment of such new ordinary stock units, and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise.

(e) Any employee shall be eligible to participate in the LTIP if the following conditions are satisfied:

<u>RSU Award</u>

(i) he/she must be at least eighteen (18) years of age;

(ii) his/her employment has been confirmed in writing and continues to be so employed by the Group as at the Award Date; and

(iii) he/she meets any other criteria as may be determined by the scheme committee in its sole discretion from time to time.

<u>PSU Award</u>

(i) he/she must be at least eighteen (18) years of age;

(ii) his/her employment has been confirmed in writing and continues to be so employed by the Group at senior managers or higher level (who for avoidance of doubt includes the Executive Directors) as at the Award Date; and

(iii) he/she meets any other criteria as may be determined by the scheme committee in its sole discretion from time to time.

(f) The stock units awarded will only be vested to the Eligible Person of the Group under the LTIP, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:

- the LTIP stock unit's market value as at the expiry of the vesting period is more than the LTIP stock unit's market value as at the Award Date;

- the eligible employees or Executive Directors of the Group has continued to be an Eligible Person from the Award Date up to the end of the vesting period; and

- in respect of the PSU Award, Eligible Person of the Group having achieved his/her performance targets as stipulated by the scheme committee and as set out in their offer of awards.

**34. EMPLOYEE BENEFITS** (CONT'D)

**(b) LTIP** (cont'd)

The details of the PSU Award and RSU Award are set out in the table below:

| DESCRIPTION OF AWARD OF STOCK UNITS UNDER LTIP | PSU AWARD '000 | RSU AWARD '000 |
|---|---|---|
| **(First Grant)** | | |
| Date of award | 15 March 2013 | 15 March 2013 |
| Number of LTIP stock units awarded to the eligible employees and Executive Directors: | | |
| (a) Executive Directors | 444 | 1,796 |
| (b) Eligible Employees | 1,055 | 10,883 |
| | 1,499 | 12,679 |
| First vesting period | 15 March 2013 to 31 July 2015 | 15 March 2013 to 31 July 2014 |
| Second vesting period | – | 15 March 2013 to 31 July 2015 |

| DESCRIPTION OF AWARD OF STOCK UNITS UNDER LTIP | PSU AWARD '000 | RSU AWARD '000 |
|---|---|---|
| **(Second Grant)** | | |
| Date of award | 26 July 2013 | 26 July 2013 |
| Number of LTIP stock units awarded to the eligible employees and Executive Directors: | | |
| (a) Executive Directors | 283 | 230 |
| (b) Eligible Employees | 623 | 3,451 |
| | 906 | 3,681 |
| Vesting period | 26 July 2013 to 31 July 2016 | 26 July 2013 to 31 July 2016 |

| DESCRIPTION OF AWARD OF STOCK UNITS UNDER LTIP | PSU AWARD '000 | RSU AWARD '000 |
|---|---|---|
| **(Third Grant)** | | |
| Date of award | 31 July 2014 | 31 July 2014 |
| Number of LTIP stock units awarded to the eligible employees and Executive Directors: | | |
| (a) Executive Directors | 198 | 163 |
| (b) Eligible Employees | 482 | 2,197 |
| | 680 | 2,360 |
| Vesting period | 31 July 2014 to 31 July 2017 | 31 July 2014 to 31 July 2017 |

Movement of LTIP during the financial year

The following table illustrates the number and movement in stock units awarded under LTIP during the financial year:

| | NUMBER OF STOCK UNITS | | | | |
|---|---|---|---|---|---|
| | AT 1 APRIL 2015 '000 | MOVEMENT DURING THE FINANCIAL YEAR ADJUSTMENT '000 | VESTED '000 | FORFEITED '000 | OUTSTANDING AT 31 MARCH 2016 '000 |
| **2016** | | | | | |
| 2012/13 PSU Award | **1,360** | **653** | **(2,013)** | **–** | **–** |
| 2012/13 RSU Award | **5,497** | **559** | **(5,983)** | **(73)** | **–** |
| 2013/14 PSU Award | **877** | **86** | **–** | **(729)** | **234** |
| 2013/14 RSU Award | **2,871** | **268** | **–** | **(309)** | **2,830** |
| 2014/15 PSU Award | **665** | **65** | **–** | **(30)** | **700** |
| 2014/15 RSU Award | **2,097** | **205** | **–** | **(231)** | **2,071** |
| | **13,367** | **1,836** | **(7,996)** | **(1,372)** | **5,835** |

| | NUMBER OF STOCK UNITS | | | | |
|---|---|---|---|---|---|
| | AT 1 APRIL 2014 '000 | MOVEMENT DURING THE FINANCIAL YEAR AWARDED '000 | VESTED '000 | FORFEITED '000 | OUTSTANDING AT 31 MARCH 2015 '000 |
| **2015** | | | | | |
| 2012/13 PSU Award | 1,393 | – | – | (33) | 1,360 |
| 2012/13 RSU Award | 11,655 | – | (5,679) | (479) | 5,497 |
| 2013/14 PSU Award | 898 | – | – | (21) | 877 |
| 2013/14 RSU Award | 3,324 | – | (9) | (444) | 2,871 |
| 2014/15 PSU Award | – | 680 | – | (15) | 665 |
| 2014/15 RSU Award | – | 2,360 | – | (263) | 2,097 |
| | 17,270 | 3,040 | (5,688) | (1,255) | 13,367 |

## 34. EMPLOYEE BENEFITS (CONT'D)

### (b) LTIP (cont'd)

**Fair value of stock units under LTIP awarded**

The fair value of LTIP stock units awarded in the previous financial years were estimated by an external valuer using Monte Carlo Simulation Model, taking into account the terms and conditions upon which the LTIP stock units were awarded.

The fair values of stock units measured at grant date and the assumptions were as follows:

| | 2015 LTIP (THIRD GRANT) | 2014 LTIP (SECOND GRANT) |
|---|---|---|
| Fair value of LTIP stock units granted: | | |
| Weighted average fair value of stock unit price (RM) | | |
| - PSU | 2.88 | 2.03 |
| - RSU | 2.66 | 1.83 |
| Stock unit at grant date (RM) | 2.92 | 2.06 |
| Expected volatility (day) | 39.53 | 41.11 |
| Expected life (years) | 3 years | 3 years |
| Risk free rate (%) | 3.48 | 3.41 |
| Expected dividend yield (%) | 1.55 | 2.33 |

The stock unit price at grant date used was the closing price of the Company's stock units on that date. The expected useful life of the LTIP stock units was based on the vesting period of the stock units awarded. The expected dividend yield used was based on historical data and future estimates, which may not necessarily be the actual outcome. Volatility is measured over 3-year period on a daily basis to increase the number of data points and hence increases the credibility of assumption. No other features of the stock unit award were incorporated into the measurement of fair value.

## 35. RELATED PARTY TRANSACTIONS

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company with related parties took place at terms agreed between the parties during the financial year:

| | GROUP (INCOME)/EXPENSE | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| Rental receivable from: | | |
| - GDP Group of companies ("GDP Group") in which a key management personnel of the Company also holds directorship in certain companies in the GDP Group | **(94)** | (94) |
| - Interiors International (M) Sdn. Bhd. ("Interiors") in which a Director of Interiors is a person connected to a Director of the Company | **(77)** | (68) |
| - a joint venture | **(384)** | (384) |
| Project management and administrative services fees receivable from joint ventures * | **(3,624)** | (1,700) |
| Interest receivable from joint ventures * | **(3,489)** | (1,478) |
| Selling and marketing fees receivable from joint ventures | **(80)** | (3,480) |
| Management fee receivable from a joint venture | **(16)** | (20) |
| Dividend income received from an associate | **(31,150)** | (498) |
| Dividend income received from a joint venture | **–** | (44,136) |
| Profit distribution from a joint venture | **(2,035)** | (1,313) |
| Procurement of consultancy services from: | | |
| - GDP Group in which a key management personnel of the Company also holds directorship in certain companies in the GDP Group | **386** | 938 |
| Design services rendered by: | | |
| - Interiors in which a director of Interiors is a person connected to a Director of the Company | **97** | 370 |
| Sale of properties to Directors and a person connected to a Director of the Company | **(27,794)** | (1,314) |
| Sale of property connected to a key management personnel of the Company | **(708)** | – |
| Repayment of a Director's loan ** | **–** | 17,956 |
| Interest paid on a Director's loan ** | **–** | 1,325 |

## 35. RELATED PARTY TRANSACTIONS (CONT'D)

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company with related parties took place at terms agreed between the parties during the financial year: (cont'd)

| | COMPANY (INCOME)/EXPENSE | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| Subsidiaries: | | |
| Dividend income | **(42,732)** | (68,357) |
| Interest income receivable | **(8,757)** | (10,840) |
| Management fee receivable | **(8,313)** | (6,690) |
| Food catering services | **19** | 19 |
| Interest expense payable | **7,696** | 18,799 |

Related companies in these financial statements refer to companies within the E&O Group.

The transactions between related parties are set on terms mutually agreed between the parties.

Information regarding outstanding balances arising from related party transactions as at 31 March 2016 and 2015 are disclosed in Notes 24 and 29.

* Represent gross income/receivable before elimination of unrealised profit.

** A Director of the Company had granted a loan to Loxley prior to the acquisition of Loxley by the Group as disclosed in Note 18(a)(ii). The Group had fully repaid the entire loan with interest arising in the previous financial year.

**(b) Compensation of key management personnel**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| Short term employee benefits | **13,421** | 9,877 | **6,083** | 4,356 |
| Defined contribution plan | **1,972** | 1,380 | **802** | 527 |
| LTIP expense | **1,159** | 3,525 | **1,159** | 3,525 |
| | **16,552** | 14,782 | **8,044** | 8,408 |

Included in the total remuneration (excluding award of LTIP) of key management personnel are:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| Executive Directors' remuneration (Note 10) | **10,658** | 7,073 | **4,263** | 2,706 |

Executive Directors of the Group and of the Company and other members of key management have been awarded the following number of LTIPs:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| At the beginning of financial year | **5,375** | 7,253 | **5,375** | 7,253 |
| LTIP expense | **835** | 805 | **835** | 805 |
| Vested | **(4,184)** | (2,683) | **(4,184)** | (2,683) |
| Forfeited | **(442)** | – | **(442)** | – |
| At the end of financial year | **1,584** | 5,375 | **1,584** | 5,375 |

The LTIPs awarded were on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 34(b).

## 36. COMMITMENTS

### (a) Capital commitments

Capital expenditure as at 31 March 2016 and 2015 are as follows:

| | GROUP | |
|---|---|---|
| | **2016** | 2015 |
| | **RM'000** | RM'000 |
| **Capital expenditure** | | |
| Approved and contracted for: | | |
| - Land reclamation | **1,059,741** | – |
| - Acquisition of freehold land | **32,440** | 215,820 |
| - Investment property under construction | **17,853** | 91,795 |
| Approved but not contracted for: | | |
| Property, plant and equipment | **9,752** | 12,034 |
| Share of joint venture's capital commitments: | | |
| - Property, plant and equipment | **844** | 2,334 |
| - Acquisition of land | **125,241** | 125,241 |

## 36. COMMITMENTS (CONT'D)

### (b) Operating lease commitments - the Group as lessee

#### (i) Eastern & Oriental Hotel Sdn. Berhad

The Group has entered into a commercial lease comprising a tower block which is currently being leased out as a service residence. The entire tower block is leased for a period of 15 years with option to renew for next five years. The lease contract contains contingent rental computed based on revenue achieved.

Future minimum rentals payable under the lease at the reporting date are as follows:

| | GROUP | |
|---|---|---|
| | **2016** | 2015 |
| | **RM'000** | RM'000 |
| **Future minimum rentals payable:** | | |
| Not later than 1 year | **9,337** | 7,489 |
| Later than 1 year and not later than 5 years | **42,693** | 31,886 |
| Later than 5 years | **61,840** | 79,928 |
| | **113,870** | 119,303 |

#### (ii) Other leases

The Group and the Company have entered into commercial leases on business premises and equipment. These leases have a tenure ranging from one to three years, with options to renew for one to three years. Certain contracts include escalation clauses or contingent rental computed based on revenue achieved. There are no restriction placed upon the Group and the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **RM'000** | RM'000 | **RM'000** | RM'000 |
| **Future minimum rentals payable:** | | | | |
| Not later than 1 year | **1,923** | 6,476 | **1,187** | 1,235 |
| Later than 1 year and not later than 5 years | **384** | 5,151 | **289** | 1,459 |
| | **2,307** | 11,627 | **1,476** | 2,694 |

### (c) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment properties. These leases have remaining non-cancellable lease terms of between one to three years. Certain leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

| | GROUP | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| **Future minimum rentals receivable:** | | |
| Not later than 1 year | **8,552** | 8,997 |
| Later than 1 year and not later than 5 years | **5,962** | 6,461 |
| | **14,514** | 15,458 |

### (d) Finance lease commitments

The Group and the Company have finance leases for certain plant, machinery, equipment and motor vehicles. These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| **Future minimum lease payments:** | | | | |
| Not later than 1 year | **393** | 505 | **87** | 193 |
| Later than 1 year and not later than 2 years | **316** | 261 | **43** | 87 |
| Later than 2 years and not later than 5 years | **554** | 389 | **–** | 43 |
| Total future minimum lease payments | **1,263** | 1,155 | **130** | 323 |
| Less: Future finance charges | **(124)** | (98) | **(4)** | (14) |
| Present value of finance lease liabilities | **1,139** | 1,057 | **126** | 309 |
| Less: Amount due within 12 months (Note 27) | **(352)** | (462) | **(84)** | (183) |
| Amount due after 12 months (Note 27) | **787** | 595 | **42** | 126 |

## 37. CONTINGENT LIABILITIES

| | COMPANY | |
|---|---|---|
| | **2016** | 2015 |
| | **RM'000** | RM'000 |
| Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries: | | |
| - financial institutions | **1,078,584** | 830,347 |

As at reporting date, no values are ascribed on these guarantees provided by the Company to secure banking facilities described above as the Directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote. This is because the loans and borrowings granted under the guarantees are secured by legal charges over the Group's certain properties, investment properties, unquoted shares, cash and bank balances and inventories as disclosed in the relevant notes.

## 38. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and equity price risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### (b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

<u>Sensitivity analysis for fair value of fixed rate instruments</u>

The Group and the Company do not account for any fixed rate instruments at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

Sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

| | INCREASE/ (DECREASE) IN BASIS POINTS | (DECREASE)/INCREASE IN PROFIT BEFORE TAX | |
|---|---|---|---|
| | | **2016 RM'000** | 2015 RM'000 |
| **Group** | | | |
| Floating rate borrowings | 25 | **(1,567)** | (2,264) |
| | (25) | **1,567** | 2,264 |
| **Company** | | | |
| Floating rate borrowings | 25 | **(175)** | (300) |
| | (25) | **175** | 300 |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

**(c) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign currency risk arising from countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD") and Great Britain Pound ("GBP").

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Foreign currency risk (cont'd)

Included in the following statements of financial position captions of the Group as at the reporting date are balances denominated in the following major foreign currencies:

| | | | GROUP |
|---|---|---|---|
| | SGD RM'000 | GBP RM'000 | TOTAL RM'000 |
| **At 31 March 2016** | | | |
| Cash and bank balances | **638** | **20,049** | **20,687** |
| Trade and other receivables | **379** | **6,606** | **6,985** |
| Trade and other payables | **(113)** | **(28,394)** | **(28,507)** |
| Loans and borrowings | **–** | **(468,300)** | **(468,300)** |
| **At 31 March 2015** | | | |
| Cash and bank balances | 813 | 5,243 | 6,056 |
| Trade and other receivables | 813 | 4,690 | 5,503 |
| Trade and other payables | (486) | (12,123) | (12,609) |
| Loans and borrowings | – | (417,427) | (417,427) |

In relation to its investment in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in SGD and GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

| | GROUP INCREASE/(DECREASE) IN PROFIT BEFORE TAX | |
|---|---|---|
| | **2016 RM'000** | 2015 RM'000 |
| SGD/RM - strengthened 5% | **45** | 57 |
| - weakened 5% | **(45)** | (57) |
| GBP/RM - strengthened 5% | **(23,502)** | (20,981) |
| - weakened 5% | **23,502** | 20,981 |

### (d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by bank borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | | | | 2016 RM'000 |
|---|---|---|---|---|
| | ON DEMAND OR WITHIN ONE YEAR | ONE TO FIVE YEARS | OVER FIVE YEARS | TOTAL |
| **Group** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | **134,304** | **358,770** | **–** | **493,074** |
| Loans and borrowings | **186,569** | **1,430,955** | **152,699** | **1,770,223** |
| Total undiscounted financial liabilities | **320,873** | **1,789,725** | **152,699** | **2,263,297** |
| **Company** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | **53,784** | **–** | **–** | **53,784** |
| Loans and borrowings | **25,726** | **421,696** | **–** | **447,422** |
| Total undiscounted financial liabilities | **79,510** | **421,696** | **–** | **501,206** |

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### (d) Liquidity risk (cont'd)

**Analysis of financial instruments by remaining contractual maturities** (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (cont'd).

| | 2015 RM'000 | | | |
|---|---|---|---|---|
| | ON DEMAND OR WITHIN ONE YEAR | ONE TO FIVE YEARS | OVER FIVE YEARS | TOTAL |
| **Group** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | 150,913 | 29,282 | – | 180,195 |
| Loans and borrowings | 483,623 | 815,498 | 10,220 | 1,309,341 |
| Total undiscounted financial liabilities | 634,536 | 844,780 | 10,220 | 1,489,536 |
| **Company** | | | | |
| **Financial liabilities:** | | | | |
| Trade and other payables | 296,896 | – | – | 296,896 |
| Loans and borrowings | 50,193 | 294,043 | – | 344,236 |
| Total undiscounted financial liabilities | 347,089 | 294,043 | – | 641,132 |

### (e) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 24.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segments of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables net of allowances for impairment at the reporting date are as follows:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | **RM'000** | **% OF TOTAL** | RM'000 | % OF TOTAL |
| Properties | **48,953** | **93.7%** | 76,941 | 94.4% |
| Hospitality | **3,269** | **6.3%** | 3,295 | 4.0% |
| Investments and others | **15** | **0.0%** | 1,300 | 1.6% |
| | **52,237** | **100.0%** | 81,536 | 100.0% |

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 24. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 24.

**(f) Equity price risk**

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. These instruments are classified as financial asset at fair value through profit or loss. The Group does not have exposure to commodity price risk.

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### (f) Equity price risk (cont'd)

Equity price risk sensitivity analysis

At the reporting date, the exposure to listed equity securities at fair value was RM2,382,000 (2015: RM2,853,000). A increase/(decrease) of 5% (2015: 5%) on the FTSE Bursa Malaysia KLCI market index, with all other variables held constant, could have an impact of approximately RM119,000 (2015: RM143,000) on the profit before tax of the Group, arising as a result of higher/lower fair value gains/losses on financial assets at fair value through profit or loss.

### (g) Fair values

(i) Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | CARRYING AMOUNT RM'000 | FAIR VALUE RM'000 | CARRYING AMOUNT RM'000 | FAIR VALUE RM'000 |
| **2016** | | | | |
| **Financial liabilities:** | | | | |
| Loans and borrowings (Note 27) | | | | |
| - Term loans with fixed rate | **21,839** | **18,394** | **–** | **–** |
| - RCMTNs | **296,947** | **291,768** | **296,947** | **291,768** |
| - Obligations under finance lease | **787** | **689** | **42** | **39** |
| **2015** | | | | |
| **Financial liabilities:** | | | | |
| Loans and borrowings (Note 27) | | | | |
| - Term loans with fixed rate | 25,592 | 20,727 | – | – |
| - RCMTNs | 163,756 | 160,068 | 163,756 | 160,068 |
| - Obligations under finance lease | 595 | 519 | 126 | 115 |

(ii) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximate of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

| | NOTE |
|---|---|
| Trade and other receivables (current) | 24 |
| Loans and borrowings (current) | 27 |
| Loans and borrowings (non-current) | |
| - with floating rate | 27 |
| Trade and other payables (current) | 29 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted investments in Malaysia

Fair value is determined directly by reference to their published market bid price at the reporting date.

(iii) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1
Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2
Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3
Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### (g) Fair values (cont'd)

(iii) Fair value hierarchy (cont'd)

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements: (cont'd)

| | LEVEL 1 RM'000 | LEVEL 3 RM'000 | TOTAL RM'000 |
|---|---|---|---|
| **Group** | | | |
| **At 31 March 2016** | | | |
| Financial asset at fair value through profit or loss (Note 21) | **2,382** | **–** | **2,382** |
| Investment properties (Note 16) | **–** | **432,342** | **432,342** |
| **At 31 March 2015** | | | |
| Financial asset at fair value through profit or loss (Note 21) | 2,853 | – | 2,853 |
| Investment properties (Note 16) | – | 369,716 | 369,716 |

There are no liabilities measured at fair value.

There have been no transfer between Level 1, Level 2 and Level 3 during the financial year.

## 39. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the owners of the parent. The primary objective of the Group's capital management is to maximise the stockholders' value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new stock units. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to maintain gearing ratio at an acceptable limit.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended 31 March 2016 and 2015.

| | NOTE | GROUP 2016 RM'000 | GROUP 2015 RM'000 | COMPANY 2016 RM'000 | COMPANY 2015 RM'000 |
|---|---|---|---|---|---|
| Loans and borrowings | 27 | **1,518,339** | 1,164,189 | **367,073** | 284,065 |
| Trade and other payables | 29 | **488,786** | 176,025 | **53,784** | 296,896 |
| Less: Cash and bank balances | 25 | **(247,294)** | (201,192) | **(6,530)** | (6,845) |
| Net debt | | **1,759,831** | 1,139,022 | **414,327** | 574,116 |
| Equity attributable to the owners of the parent, representing total capital | | **1,638,405** | 1,599,974 | **1,352,232** | 1,341,042 |
| Capital and net debt | | **3,398,236** | 2,738,996 | **1,766,559** | 1,915,158 |
| Gearing ratio | | **52%** | 42% | **23%** | 30% |

## 40. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments, as follows:

(i) Properties - development and investment in residential and commercial properties
(ii) Hospitality - management and operations of hotels and restaurants
(iii) Investments and others

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at terms agreed between the parties during the financial year.

## 40. SEGMENT INFORMATION (CONT'D)

### Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

| | PROPERTIES | | HOSPITALITY | | INVESTMENTS AND OTHERS | | ADJUSTMENTS AND ELIMINATIONS | | NOTE | PER CONSOLIDATED FINANCIAL STATEMENTS | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 | | **2016 RM'000** | 2015 RM'000 |
| **Revenue** | | | | | | | | | | | |
| External sales | **302,454** | 337,995 | **116,275** | 107,257 | **3,454** | 4,245 | **–** | – | | **422,183** | 449,497 |
| Inter-segment sales | **1,067** | 943 | **–** | – | **34,943** | 29,576 | **(36,010)** | (30,519) | A | **–** | – |
| Total revenue | **303,521** | 338,938 | **116,275** | 107,257 | **38,397** | 33,821 | **(36,010)** | (30,519) | | **422,183** | 449,497 |
| **Results** | | | | | | | | | | | |
| Interest income | **5,234** | 4,205 | **14** | 14 | **20,747** | 16,420 | **(15,151)** | (14,373) | A | **10,844** | 6,266 |
| Gain from fair value adjustment of investment properties | **20,434** | 7,836 | **–** | – | **–** | – | **–** | – | | **20,434** | 7,836 |
| Depreciation and amortisation | **(1,370)** | (1,275) | **(16,894)** | (17,510) | **(2,053)** | (1,966) | **–** | – | B | **(20,317)** | (20,751) |
| Share of results of an associate | **–** | – | **–** | – | **20,342** | 539 | **–** | – | | **20,342** | 539 |
| Share of results of joint ventures | **21,849** | 11,817 | **–** | – | **–** | – | **–** | – | | **21,849** | 11,817 |
| Gain on disposal of a subsidiary | **–** | – | **–** | – | **–** | 100,738 | **–** | – | | **–** | 100,738 |
| Other non-cash expenses | **(2,806)** | 2,894 | **(992)** | (2,194) | **(107)** | (8,114) | **–** | – | C | **(3,905)** | (7,414) |
| Segment results | **96,072** | 155,825 | **(7,208)** | (11,140) | **(3,706)** | 80,096 | **(30,403)** | (22,645) | D | **54,755** | 202,136 |
| **Assets** | | | | | | | | | | | |
| Investment in an associate | **–** | – | **–** | – | **7,061** | 17,869 | **(720)** | (720) | | **6,341** | 17,149 |
| Investment in joint ventures | **107,738** | 89,774 | **–** | – | **–** | – | **–** | – | | **107,738** | 89,774 |
| Assets of disposal group classified as held for sale | **–** | – | **4,269** | – | **–** | – | **–** | – | | **4,269** | – |
| Additions to non-current assets | **683,965** | 48,077 | **6,361** | 8,872 | **829** | 2,767 | **–** | – | E | **691,155** | 59,716 |
| Segment assets | **3,229,624** | 2,609,851 | **355,227** | 359,490 | **1,136,450** | 1,329,728 | **(962,576)** | (1,228,569) | F | **3,758,725** | 3,070,500 |
| **Liabilities** | | | | | | | | | | | |
| Liabilities directly associated with disposal group classified as held for sale | **–** | – | **2,741** | – | **–** | – | **–** | – | | **2,741** | – |
| Segment liabilities | **1,035,905** | 923,575 | **44,470** | 181,769 | **78,342** | 163,147 | **912,852** | 154,922 | G | **2,071,569** | 1,423,413 |

## 40. SEGMENT INFORMATION (CONT'D)

A Inter-segment revenues, income and expenses are eliminated on consolidation.

B Depreciation and amortisation consist of the following items as presented in the respective notes to the financial statements:

| | NOTE | 2016 RM'000 | 2015 RM'000 |
|---|---|---|---|
| Amortisation of intangible assets | 8 | **(154)** | (115) |
| Depreciation of property, plant and equipment | 8 | **(20,163)** | (20,636) |
| | | **(20,317)** | (20,751) |

C Other material non-cash (expenses)/income consist of the following items as presented in the respective notes to the financial statements:

| | | 2016 RM'000 | 2015 RM'000 |
|---|---|---|---|
| Inventories written off | 8 | **(67)** | – |
| Impairment loss on financial assets | | | |
| - trade receivables | 6,8 | **(420)** | (494) |
| - other receivables | 6,8 | **(9)** | (160) |
| Bad debts written off | 8 | **(11)** | (93) |
| Gain/(Loss) on disposal of property, plant and equipment | 6,8 | **81** | (62) |
| Unrealised gain on foreign exchange | 6,8 | **4,352** | 2,422 |
| Unwinding of discounts | 6,7 | **(1,218)** | 668 |
| Property, plant and equipment written off | 8 | **(1,155)** | (399) |
| Net fair value loss on investment securities | 6,8 | **(471)** | (844) |
| Impairment loss on property, plant and equipment | 8 | **(2,130)** | – |
| LTIP expense | 9 | **(2,812)** | (8,373) |
| Provision for retirement benefits | 9 | **(45)** | (79) |
| | | **(3,905)** | (7,414) |

D The following items are (deducted from)/added to segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

| | 2016 RM'000 | 2015 RM'000 |
|---|---|---|
| Allowance for impairment in amounts due from subsidiaries | **(800)** | (112) |
| Inter-segment dividends | **(31,700)** | (26,625) |
| Inter-segment interests | **2,097** | 4,092 |
| | **(30,403)** | (22,645) |

E Additions to non-current assets consist of:

| | NOTE | 2016 RM'000 | 2015 RM'000 |
|---|---|---|---|
| Property, plant and equipment | 14 | **7,923** | 11,824 |
| Intangible assets | 17 | **52** | 368 |
| Investment properties | 16 | **87,657** | 19,153 |
| Land held for property development | 15 | **595,523** | 28,371 |
| | | **691,155** | 59,716 |

F The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

| | | 2016 RM'000 | 2015 RM'000 |
|---|---|---|---|
| Deferred tax assets | 22 | **5,252** | 5,388 |
| Tax recoverable | | **17,772** | 906 |
| Investment in an associate | 19 | **6,341** | 17,149 |
| Investment in joint ventures | 20 | **107,738** | 89,774 |
| Inter-segment assets | | **(1,099,679)** | (1,341,786) |
| | | **(962,576)** | (1,228,569) |

G The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

| | | 2016 RM'000 | 2015 RM'000 |
|---|---|---|---|
| Deferred tax liabilities | 22 | **42,346** | 44,895 |
| Income tax payable | | **2,935** | 6,386 |
| Loans and borrowings | 27 | **1,518,339** | 1,164,189 |
| Inter-segment liabilities | | **(650,768)** | (1,060,548) |
| | | **912,852** | 154,922 |

## 41. SIGNIFICANT EVENTS

### (a) Grant of planning permission for the Seri Tanjung Pinang Phase 2

In 1992, Tanjung Pinang Development Sdn. Bhd. ("TPD") was granted the exclusive right to reclaim and develop land in the district of Tanjong Tokong in the north-east coast of Penang. To date, the Group has reclaimed and is continuing to develop Phase 1 of the project.

## 41. SIGNIFICANT EVENTS (CONT'D)

### (a) Grant of planning permission for the Seri Tanjung Pinang Phase 2 (cont'd)

TPD had sought the State Government of Penang's ("State") approval to reclaim the balance concession area ("Proposed Project") and was given the State's approval in-principle to the masterplan for the Proposed Project by a letter dated 11 April 2011 from the Jabatan Perancang Bandar dan Desa, Pulau Pinang.

Subsequently, TPD had on 11 April 2014 received the conditional approval letter dated 10 April 2014 from the Department of Environment, Ministry of Natural Resources and Environment for the Detailed Environment Impact Assessment study and conceptual masterplan submitted by TPD for the proposed reclamation of Phase 2 of Seri Tanjung Pinang at Tanjung Tokong, Penang ("STP2").

On 10 June 2014, TPD had received notification that TPD's masterplan for STP2 has been endorsed by the Penang State Planning Committee.

On 25 November 2014, Jabatan Perancang Bandar and Desa, Pulau Pinang in its capacity as Local Planning Authority had granted the Planning Permission for land reclamation works in accordance with the approved masterplan in relation to STP2 to TPD.

On 9 June 2015, the State has granted approval to TPD to commence the land reclamation works under STP2.

On 20 January 2016, a supplemental agreement to the Concession Agreement was entered into between TPD and the State.

As at reporting date, TPD has commenced preliminary land reclamation works for STP2.

### (b) Proposed admission on stock exchange

On 25 May 2015, the Group announced the proposed admission of the entire issued ordinary shares and warrants of Eastern & Oriental PLC, a wholly-owned subsidiary of the Company on the Alternative Investment Market of the London Stock Exchange (the "Proposed Admission").

On 2 October 2015, in relation to the Proposed Admission, an application was submitted to the Securities Commission Malaysia for the Proposed Restricted Offer and Proposed Placings which was subsequently approved on 6 November 2015.

On 20 April 2016, the Group announced the termination of the Proposed Admission in view of the unstable global market conditions and exchange rate volatility.

## 42. SUBSEQUENT EVENT

### Disposal group classified as held for sale

Details of the disposal group classified as held for sale are disclosed in Note 26.

## 43. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits of the Group and of the Company as at 31 March 2016 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016 RM'000** | 2015 RM'000 | **2016 RM'000** | 2015 RM'000 |
| Total retained profits/(losses) of the Company and its subsidiaries: | | | | |
| - Realised | **145,197** | 165,044 | **78,416** | 69,725 |
| - Unrealised | **67,227** | 46,560 | **(64)** | (83) |
| Share of retained profits of an associate: | | | | |
| - Realised | **859** | 339 | **–** | – |
| Share of retained profits of joint ventures: | | | | |
| - Realised | **27,315** | 10,016 | **–** | – |
| - Unrealised | **1,031** | 422 | **–** | – |
| | **241,629** | 222,381 | **78,352** | 69,642 |
| Add: Consolidated adjustments | **124,425** | 107,438 | **–** | – |
| Total retained profits as per financial statements | **366,054** | 329,819 | **78,352** | 69,642 |

# GROUP'S PROPERTIES

| LOCATION | TENURE | YEAR OF ACQUISITION | APPROXIMATE LAND AREA/ UNITS | DESCRIPTION | AGE OF BUILDING (YEARS) | NET BOOK VALUE AS AT 31.3.2016 RM'000 |
|---|---|---|---|---|---|---|
| PT 1623 H.S.(D) 3572<br>PT 1691 H.S.(D) 3640<br>Mukim Beseri, Perlis | Freehold | 2009 | 2 units | Single Storey Terrace | 27 | 1 |
| Lot No. 305, 633-637<br>643, 644, 646 & 647<br>Mukim 2,<br>Daerah Barat Daya<br>Pulau Pinang | Freehold | 2006 | 16.398 acres | Vacant Land | – | 12,831 |
| Lot No. 43, 62, 72, 73,<br>76, 77, 88, 89, 91, 93, 94,<br>137-140, 149, 150, 168, | Freehold | 2006 | 339.184 acres | Vacant Land | – | 117,370 |
| 169, 171, 172, 177, 179,<br>183-189, 192 (New Lot 244),<br>194, 202-204, 222-224,<br>228-234 & PT No. 2 | Lease expiring 10.12.2022 | 2006 | 7.787 acres | Vacant Land | – | 2,487 |
| Mukim 8,<br>South-West District<br>Pulau Pinang | Lease expiring 9.6.2019 | 2006 | 1.397 acres | Vacant Land | – | 444 |
| | Lease expiring 29.6.2053 | 2006 | 0.245 acres | Vacant Land | – | 78 |
| PT No. 857, 1218, 1385-1410,<br>1419-1422, 1428-1429, 1431,<br>1455-1474, 1483-1511 | Freehold | 2007 | 18.13 acres | Currently Under Development | – | 918,504 |
| | Lease expiring 28.4.2103 | 2006 | 5.59 acres | | | |
| | Lease expiring 5.11.2111 | 2012 | 2.17 acres | | | |
| All within Bandar Tanjung Pinang<br>Daerah Timur Laut | Lease expiring 5.11.2111 | 2013 | 3.38 acres | | | |
| PT No. 1352, H.S.(D) No. 16500<br>Bandar Tanjung Pinang Sek.1<br>Daerah Timur Laut<br>Pulau Pinang | Freehold | 2010 | 1 unit | Bungalow | 6 | 5,224 |

| LOCATION | TENURE | YEAR OF ACQUISITION | APPROXIMATE LAND AREA/ UNITS | DESCRIPTION | AGE OF BUILDING (YEARS) | NET BOOK VALUE AS AT 31.3.2016 RM'000 |
|---|---|---|---|---|---|---|
| PT No. 1416, H.S.(D) No. 17026<br>PT No. 1417, H.S.(D) No. 17027<br>PT No. 1418, H.S.(D) No. 17028<br>Bandar Tanjung Pinang Sek.1<br>Daerah Timur Laut<br>Pulau Pinang | Freehold | 2012 | 3 units | Terrace House | 5 | 2,245 |
| PT No. 1355 H.S.(D) 116861<br>Bandar Tanjung Pinang Sek.1<br>Daerah Timur Laut<br>Pulau Pinang | Freehold | 2013 | 22 units | Residential Condominium | 4 | 27,757 |
| PT No. 1355 H.S.(D) 116861<br>Bandar Tanjung Pinang Sek.1<br>Daerah Timur Laut<br>Pulau Pinang | Freehold | 2015 | 99 units | Residential Condominium | 2 | 133,913 |
| PT No. 1434, 1436, 1447, 1454<br>H.S. (D) No. 18245, 18247,<br>18258, 18265<br>Daerah Timur Laut<br>Pulau Pinang | Freehold | 2016 | 4 units | Superlink Terrace | 1 | 8,728 |
| Lot No. 1300 to 1314, 1316,<br>1318 to 1320, 1322, 1323, 1325,<br>1326, 1329 to 1333, 1335, 1336,<br>1338 to 1340, 1342, 1343, | Lease expiring 2088/89 | 2006 | 303.276 acres | Vacant Land | – | 105,582 |
| 1345 to 1347, 1349, 1351 to 1354,<br>1356, 1357, 1359, 1360,<br>1363 to 1369, 1372 to 1374,<br>1376, 1377, 1379 to 1393<br>All within Mukim of Ulu Kelang<br>District of Gombak<br>Selangor Darul Ehsan | Lease expiring 19.05.2097 | 2006 | 6.256 acres | Vacant Land | – | 1,261 |
| Ukay Heights<br>Selangor Darul Ehsan<br>Lot No. 1621 to 1624, 1641<br>Mukim of Ulu Kelang | Freehold | 2006 | 89,728 sq. ft. | Vacant Land | – | 3,549 |

# GROUP'S PROPERTIES

(CONT'D)

| LOCATION | TENURE | YEAR OF ACQUISITION | APPROXIMATE LAND AREA/ UNITS | DESCRIPTION | AGE OF BUILDING (YEARS) | NET BOOK VALUE AS AT 31.3.2016 RM'000 |
|---|---|---|---|---|---|---|
| Jalan Teruntung<br>Damansara Heights<br>Kuala Lumpur<br>PT No.8971 - 8981, H.S.(D)<br>No.118131 - 118141<br>Mukim and Dearah Kuala Lumpur<br>Wilayah Persekutuan | Freehold | 2006 | 15,379.2 sq. mt. | Land held for development | – | 52,851 |
| Geran 53379, Lot No. 55340<br>Jalan Damansara<br>Kuala Lumpur<br>Mukim and District of Kuala Lumpur<br>Wilayah Persekutuan | Freehold | 2007 | 1 Unit | Detached House | 9 | 5,492 |
| St Mary Residences<br>Geran 76431/M1-A/22/231<br>Geran 76431/M1-A/27/281<br>Geran 76431/M1-A/27/285<br>Geran 76431/M1-A/27/286<br>Geran 76431/M1-A/27/287<br>Geran 76431/M1-A/27/288<br>Geran 76431/M1-C/27/656<br>Daerah Kuala Lumpur<br>Wilayah Persekutuan | Freehold | 2015 | 7 units | Residential Condominium | 4 | 27,241 |
| Geran 36397, Lot 53, Seksyen 43<br>Geran 36399, Lot 55, Seksyen 43<br>Geran 36400, Lot 56, Seksyen 43<br>Daerah Kuala Lumpur<br>Bandar Kuala Lumpur | Freehold | 2007 | 3,545.942 sq. mt. | Vacant Land | – | 18,170 |
| Annexe Block<br>Jalan Tun Razak<br>Lot No. 383, Section 63, Town and District of Kuala Lumpur | Freehold | 2008 | 2,747 sq. mt. | 3 -Storey designated Commercial Block | 9 | 50,000 |
| Dua Residency Condominum<br>Jalan Tun Razak<br>Geran 71700/M1-A/20/139<br>Bandar Kuala Lumpur<br>Wilayah Persekutuan | Freehold | 2009 | 1 units | Residential Condominium | 9 | 2,862 |

| LOCATION | TENURE | YEAR OF ACQUISITION | APPROXIMATE LAND AREA/ UNITS | DESCRIPTION | AGE OF BUILDING (YEARS) | NET BOOK VALUE AS AT 31.3.2016 RM'000 |
|---|---|---|---|---|---|---|
| PT No.1215, H.S.(D) No. 15927<br>PT No.1216, H.S.(D) No.15928<br>Bandar Tanjung Pinang Sek. 1<br>Daerah Timur Laut<br>Pulau Pinang | Freehold | 2010 | 575,288.47 sq. ft. | Retail Mall | 6 | 233,000 |
| Lot No. 11384 HSD No. 76431<br>Bandar Kuala Lumpur<br>Wilayah Persekutuan | Freehold | 2010 | 48,048 sq. ft | Retail Mall | 3 | 35,000 |
| Block 6<br>PT No.1215, H.S.(D) No. 15927<br>Bandar Tanjung Pinang Sek. 1<br>Daerah Timur Laut<br>Pulau Pinang | Freehold | 2014 | 14,262 sq. ft. | Construction work in progress | – | 63,049 |
| Lot No. 2 & 3<br>Lot No. 589, Geran 49047<br>Bandar Batu Ferringgi<br>Daerah Timor Laut<br>Penang | Freehold<br>Freehold | 1995<br>2008 | 1.682 acres<br>1.86 acres | Land with building for hotel use | – | 60,922 |
| Lot No. 124, Geran 35844<br>Lot No. 831, Geran 61602<br>Lot No. 249, Geran 35873<br>Bandar Georgetown<br>Daerah Timor Laut<br>Penang | Freehold | 1978 | 4.25 acres | Land with building for hotel use | – | 236,030 |
| Lot No. 224, Geran 63919<br>Bandar Georgetown<br>Daerah Timor Laut<br>Penang | Freehold | 1978 | 0.10 acres | Land with building for hotel use | – | 1 |
| Lot No. 407, PN 1380<br>Bandar Georgetown<br>Daerah Timor Laut<br>Penang | Lease expiring in 31.12.2055 | 1978 | 0.08 acres | Land with building for hotel use | – | 191 |
| 37-39 Kingsway<br>London WC2B 6TP<br>United Kingdom<br>Title Number NGL226475 | Freehold | 2012 | 46,087 sq. ft. | Construction work in progress | – | 203,811 |

# GROUP'S PROPERTIES

(CONT'D)

| LOCATION | TENURE | YEAR OF ACQUISITION | APPROXIMATE LAND AREA/ UNITS | DESCRIPTION | AGE OF BUILDING (YEARS) | NET BOOK VALUE AS AT 31.3.2016 RM'000 |
|---|---|---|---|---|---|---|
| Landmark House and Thames Tower<br>London W6 9DP<br>United Kingdom<br>Title Number BGL4589 and NGL549314 | Freehold | 2015 | 133,994 sq. ft. | Land with building | – | 350,761 |
| Esca House<br>London W2 4HY<br>United Kingdom<br>Title Number NGL947388 | Freehold | 2014 | 26,952 sq. ft. | Land with building | – | 191,862 |
| PT 52001, HSD No. 306719<br>PT 52002, HSD No. 306720<br>PT 52003, HSD No. 306721<br>PT 52004, HSD No. 306722<br>PT 52005, HSD No. 306723<br>Seksyen U17<br>Mukim Sungai Buloh<br>Daerah Petaling<br>Selangor Darul Ehsan | Freehold | 2016 | 266,796.99 sq. mt. | Land held for development | – | 231,974 |

# ANALYSIS OF STOCKHOLDINGS

**AS AT 30 JUNE 2016**

### ORDINARY SHARE CAPITAL

| | | |
|---|---|---|
| Authorised Share Capital | : | RM2,000,000,000 |
| Issued and Fully Paid Up Capital | : | RM1,259,783,244 |
| Class of Share | : | Ordinary Stock Unit of RM1.00 each |
| Voting Rights | : | One (1) vote per Ordinary Stock Unit |
| Number of Treasury Stock Units held | : | 4,971,337 |

### DISTRIBUTION OF STOCKHOLDINGS

| SIZE OF STOCKHOLDINGS | NO. OF STOCKHOLDERS | % | NO. OF STOCK UNITS | % |
|---|---|---|---|---|
| Less than 100 | 882 | 3.88 | 27,620 | 0.00 |
| 100 to 1,000 | 9,173 | 40.31 | 3,816,106 | 0.30 |
| 1,001 to 10,000 | 9,621 | 42.28 | 30,476,958 | 2.42 |
| 10,001 to 100,000 | 2,613 | 11.48 | 66,859,814 | 5.31 |
| 100,001 to less than 5% of issued Stock Units | 462 | 2.03 | 722,574,083 | 57.36 |
| 5% and above of issued Stock Units | 3 | 0.02 | 436,028,663 | 34.61 |
| **Total** | **22,754** | **100.00** | **1,259,783,244** | **100.00** |

### THIRTY LARGEST STOCKHOLDERS BASED ON THE RECORD OF DEPOSITORS

| NO. | NAME OF STOCKHOLDERS | NO. OF STOCK UNITS | % |
|---|---|---|---|
| 1. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*Sime Darby Nominees Sendirian Berhad* | 278,750,700 | 22.13 |
| 2. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*CIMB Bank Berhad for Morning Crest Sdn Bhd (CBM)* | 84,158,034 | 6.68 |
| 3. | Lembaga Tabung Haji | 73,119,929 | 5.80 |
| 4. | Maybank Nominees (Asing) Sdn Bhd<br>*G. K. Goh Strategic Holdings Pte Ltd (260551)* | 62,686,526 | 4.98 |
| 5. | Citigroup Nominees (Tempatan) Sdn Bhd<br>*Employees Provident Fund Board* | 59,613,942 | 4.73 |
| 6. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>*CIMB Bank Berhad (EDP 2)* | 55,000,724 | 4.37 |
| 7. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Tham Ka Hon (EDG)* | 47,404,500 | 3.76 |

# ANALYSIS OF STOCKHOLDINGS

**AS AT 30 JUNE 2016** (CONT'D)

| NO. | NAME OF STOCKHOLDERS | NO. OF STOCK UNITS | % |
|---|---|---|---|
| 8. | Maybank Nominees (Asing) Sdn Bhd<br>*Cacona Pte Ltd (270700)* | 18,242,045 | 1.45 |
| 9. | Citigroup Nominees (Asing) Sdn Bhd<br>*Exempt An for Citibank New York (Norges Bank 12)* | 15,128,109 | 1.20 |
| 10. | Kerjaya Prospek Development (M) Sdn Bhd | 14,635,340 | 1.16 |
| 11. | Kenanga Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Lim Kian Onn* | 14,259,875 | 1.13 |
| 12. | UOBM Nominees (Asing) Sdn Bhd<br>*TAEL Two Partners Ltd* | 13,729,900 | 1.09 |
| 13. | Maybank Nominees (Asing) Sdn Bhd<br>*Alpha Securities Pte Ltd (260550)* | 13,046,454 | 1.03 |
| 14. | Magnum Berhad | 11,479,630 | 0.91 |
| 15. | Amsec Nominees (Tempatan) Sdn Bhd<br>*Fulcrum Asset Management Sdn Bhd for Equity Vision Sdn Bhd* | 9,668,009 | 0.77 |
| 16. | Cartaban Nominees (Tempatan) Sdn Bhd<br>*Exempt An for Eastspring Investments Berhad* | 9,509,108 | 0.75 |
| 17. | Citigroup Nominees (Asing) Sdn Bhd<br>*CBNY for Dimensional Emerging Markets Value Fund* | 9,396,807 | 0.75 |
| 18. | Halfmoon Bay Ventures Limited | 8,946,430 | 0.71 |
| 19. | HSBC Nominees (Asing) Sdn Bhd<br>*Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)* | 8,730,480 | 0.69 |
| 20. | Amanahraya Trustees Berhad<br>*Public Smallcap Fund* | 8,420,360 | 0.67 |
| 21. | Kumpulan Wang Persaraan (Diperbadankan) | 8,256,498 | 0.66 |
| 22. | HSBC Nominees (Asing) Sdn Bhd<br>*Exempt An for Bank Julius Baer & Co. Ltd. (Singapore BCH)* | 8,148,525 | 0.65 |

| NO. | NAME OF STOCKHOLDERS | NO. OF STOCK UNITS | % |
|---|---|---|---|
| 23. | HSBC Nominees (Asing) Sdn Bhd<br>*Exempt An for BNP Paribas Wealth Management Singapore Branch (A/C Clients-FGN)* | 7,212,668 | 0.57 |
| 24. | Citigroup Nominees (Asing) Sdn Bhd<br>*GSCO for First Eagle Pacific Master Fund Ltd.* | 7,140,000 | 0.57 |
| 25. | Amsec Nominees (Tempatan) Sdn Bhd<br>*AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali)* | 7,130,356 | 0.57 |
| 26. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*CIMB Bank for Azizan bin Abd Rahman (MY0531)* | 7,068,600 | 0.56 |
| 27. | UOBM Nominees (Asing) Sdn Bhd<br>*TAEL Two Partners Ltd for Billford Holdings Limited* | 7,033,308 | 0.56 |
| 28. | Cimsec Nominees (Asing) Sdn Bhd<br>*Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)* | 6,820,067 | 0.54 |
| 29. | HSBC Nominees (Tempatan) Sdn Bhd<br>*HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)* | 6,354,189 | 0.50 |
| 30. | Hong Leong Assurance Berhad<br>*As Beneficial Owner (Life Par)* | 6,110,208 | 0.48 |
| | **Total** | **887,201,321** | **70.42** |

## SUBSTANTIAL STOCKHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL STOCKHOLDERS AS AT 30 JUNE 2016

| NAME OF SUBSTANTIAL STOCKHOLDERS | STOCKHOLDINGS | | | |
|---|---|---|---|---|
| | DIRECT | % | INDIRECT | % |
| Sime Darby Nominees Sendirian Berhad | 278,750,700 | 22.21 | – | – |
| Sime Darby Holdings Berhad | – | – | 278,750,700[(1)] | 22.21 |
| Sime Darby Berhad | – | – | 278,750,700[(2)] | 22.21 |
| Dato' Seri Tham Ka Hon | 47,404,500 | 3.78 | 217,169,666[(3)] | 17.31 |
| Paramount Spring Sdn Bhd | 125,978,324 | 10.04 | – | – |
| Summerchrome Sdn Bhd | – | – | 125,978,324[(4)] | 10.04 |
| Billford Holdings Limited | 7,033,308 | 0.56 | 84,158,034[(5)] | 6.71 |
| Morning Crest Sdn Bhd | 84,158,034 | 6.71 | – | – |
| Goh Geok Khim | 3,500,000 | 0.28 | 99,003,625[(6)] | 7.89 |
| Goh Yew Lin | – | – | 99,003,625[(6)] | 7.89 |
| GKG Investment Holdings Pte Ltd | – | – | 99,003,625[(7)] | 7.89 |
| G. K. Goh Holdings Limited | – | – | 80,928,571[(8)] | 6.45 |
| Lembaga Tabung Haji | 77,463,478 | 6.17 | – | – |
| Employees Provident Fund Board | 71,124,133 | 5.67 | – | – |

# ANALYSIS OF STOCKHOLDINGS

**AS AT 30 JUNE 2016** (CONT'D)

**Notes:**

(1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through its shareholding of 100% in Sime Darby Nominees Sendirian Berhad.

(2) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through its shareholding of 100% in Sime Darby Holdings Berhad, which in turn holds 100% of Sime Darby Nominees Sendirian Berhad.

(3) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Paramount Spring Sdn Bhd, Summerchrome Sdn Bhd, Billford Holdings Limited and Morning Crest Sdn Bhd. Paramount Spring Sdn Bhd acquired 125,978,324 (10.04%) Stock Units from Sime Darby Nominees Sendirian Berhad pursuant to a Share Sale Agreement ("SSA") dated 3 June 2016. The SSA has not been completed yet. The SSA provides for a completion period of 3 months extendable, by 1 month.

(4) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Paramount Spring Sdn Bhd, a wholly-owned subsidiary of Summerchrome Sdn Bhd.

(5) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Morning Crest Sdn Bhd, a wholly-owned subsidiary of Billford Holdings Limited.

(6) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through GKG Investment Holdings Pte Ltd.

(7) Deemed interest by virtue of Section 6A(4) of the Companies Act,1965 held through Alpha Securities Pte Ltd, Future Equity Investments Ltd and G. K. Goh Holdings Limited.

(8) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through G. K. Goh Strategic Holdings Pte Ltd and Cacona Pte Ltd.

## DIRECTORS' INTEREST IN STOCK UNITS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 1 JULY 2016

| | STOCKHOLDINGS | | | |
|---|---|---|---|---|
| NAME OF DIRECTORS | DIRECT | % | INDIRECT | % |
| Dato' Azizan bin Abd Rahman | 8,190,600 | 0.65 | – | – |
| Dato' Seri Tham Ka Hon | 47,404,500 | 3.78 | 217,169,666[1] | 17.31 |
| Chan Kok Leong | 7,351,548 | 0.59 | – | – |
| Kok Meng Chow | 1,542,903 | 0.12 | – | – |
| Tan Sri Dato' Seri Mohd Bakke bin Salleh | – | – | – | – |
| Dato' Ir Jauhari bin Hamidi | – | – | – | – |
| Kamil Ahmad Merican | 2,103,750 | 0.17 | – | – |
| Datuk Vijeyaratnam a/l V. Thamotharam Pillay | – | – | – | – |
| Christopher Martin Boyd | 11,220 | 0.001 | – | – |
| Tan Kar Leng @ Chen Kar Leng | – | – | – | – |
| Kok Tuck Cheong | – | – | – | – |

**Note:**

(1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Paramount Spring Sdn Bhd, Summerchrome Sdn Bhd, Billford Holdings Limited and Morning Crest Sdn Bhd. Paramount Spring Sdn Bhd acquired 125,978,324 (10.04%) Stock Units from Sime Darby Nominees Sendirian Berhad pursuant to a Share Sale Agreement ("SSA") dated 3 June 2016. The SSA has not been completed yet. The SSA provides for a completion period of 3 months extendable, by 1 month.

## DIRECTORS' INTEREST IN THE LONG-TERM STOCK INCENTIVE PLAN ("LTIP") AS AT 1 JULY 2016

| NAME OF EXECUTIVE DIRECTORS | LTIP STOCK UNITS | | | |
|---|---|---|---|---|
| | DIRECT | % | INDIRECT | % |
| Dato' Seri Tham Ka Hon[1] | – | – | – | – |
| Chan Kok Leong | 674,700[2] | – | – | – |
| Kok Meng Chow | 284,100[3] | – | – | – |

**Notes:**

(1) Dato' Seri Tham Ka Hon has elected not to participate in the LTIP and therefore has not accepted any awards.

(2) Details of LTIP Stock Units granted under the Restricted Stock Unit Incentive Plan ("RSU Award") and Performance-Based Restricted Stock Unit Incentive Plan ("PSU Award"):
- 165,600 LTIP Stock Units awarded under the RSU Award for FY13/14[a]
- 117,400 LTIP Stock Units awarded under the RSU Award for FY14/15[b]
- 230,400 LTIP Stock Units awarded under the PSU Award for FY13/14[c]
- 161,300 LTIP Stock Units awarded under the PSU Award for FY14/15[d]

(3) Details of LTIP Stock Units granted under the RSU Award and PSU Award:
- 86,700 LTIP Stock Units awarded under the RSU Award for FY13/14[a]
- 61,400 LTIP Stock Units awarded under the RSU Award for FY14/15[b]
- 80,100 LTIP Stock Units awarded under the PSU Award for FY13/14[c]
- 55,900 LTIP Stock Units awarded under the PSU Award for FY14/15[d]

(a) *The vesting of the LTIP Stock Units will fall on 31 July 2016.*
(b) *The vesting of the LTIP Stock Units will fall on 31 July 2017.*
(c) *The vesting of the LTIP Stock Units will fall on 31 July 2016 and is contingent upon the satisfaction and fulfillment of the vesting conditions.*
(d) *The vesting of the LTIP Stock Units will fall on 31 July 2017 and is contingent upon the satisfaction and fulfillment of the vesting conditions.*

# ANALYSIS OF WARRANT HOLDINGS

**AS AT 30 JUNE 2016**

### WARRANTS

| | | |
|---|---|---|
| No. of Warrants Issued | : | 222,300,415 |
| No. of Outstanding Warrants | : | 222,300,415 |
| Exercise Price of Warrants | : | RM2.60 |
| Expiry Date | : | 21 July 2019 |
| Voting Rights | : | One (1) vote per Warrant |

### DISTRIBUTION OF WARRANT HOLDINGS

| SIZE OF WARRANT HOLDINGS | NO. OF WARRANT HOLDERS | % | NO. OF WARRANTS | % |
|---|---|---|---|---|
| Less than 100 | 3,455 | 17.30 | 176,348 | 0.08 |
| 100 to 1,000 | 12,472 | 62.45 | 4,446,083 | 2.00 |
| 1,001 to 10,000 | 3,338 | 16.71 | 9,636,576 | 4.33 |
| 10,001 to 100,000 | 565 | 2.83 | 17,027,747 | 7.66 |
| 100,001 to less than 5% of Warrants in issue | 137 | 0.69 | 88,477,602 | 39.80 |
| 5% and above of Warrants in issue | 4 | 0.02 | 102,536,059 | 46.13 |
| **Total** | **19,971** | **100.00** | **222,300,415** | **100.00** |

### THIRTY LARGEST WARRANT HOLDERS BASED ON THE RECORD OF DEPOSITORS

| NO. | NAME OF WARRANT HOLDERS | NO. OF WARRANTS | % |
|---|---|---|---|
| 1. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*Sime Darby Nominees Sendirian Berhad* | 48,795,600 | 21.95 |
| 2. | Kenanga Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Lim Kian Onn* | 20,071,266 | 9.03 |
| 3. | HSBC Nominees (Asing) Sdn Bhd<br>*Exempt An for Bank Julius Baer & Co. Ltd. (Singapore BCH)* | 18,667,761 | 8.40 |
| 4. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*CIMB Bank Berhad for Morning Crest Sdn Bhd (CBM)* | 15,001,432 | 6.75 |
| 5. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>*CIMB Bank Berhad (EDP 2)* | 10,000,000 | 4.50 |
| 6. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Tham Ka Hon (EDG)* | 8,450,000 | 3.80 |
| 7. | Amsec Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account – Ambank (M) Berhad for Kalimullah Bin Masheerul Hassan (Smart)* | 6,641,020 | 2.99 |

| NO. | NAME OF WARRANT HOLDERS | NO. OF WARRANTS | % |
|---|---|---|---|
| 8. | Maybank Nominees (Asing) Sdn Bhd<br>*Cacona Pte Ltd (270700)* | 3,251,701 | 1.46 |
| 9. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800)* | 2,513,500 | 1.13 |
| 10. | Magnum Berhad | 2,046,280 | 0.92 |
| 11. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)* | 2,045,608 | 0.92 |
| 12. | Kenanga Nominees (Tempatan) Sdn Bhd<br>*ECM Libra Financial Group Berhad (001)* | 1,978,642 | 0.89 |
| 13. | Lim Kian Onn | 1,738,387 | 0.78 |
| 14. | Tee Kai Shiang | 1,606,000 | 0.72 |
| 15. | Halfmoon Bay Ventures Limited | 1,603,820 | 0.72 |
| 16. | Yu Kok Ann | 1,565,175 | 0.70 |
| 17. | Ng Kok Hin | 1,518,442 | 0.68 |
| 18. | Kenanga Nominees (Tempatan) Sdn Bhd<br>*Libra Invest Berhad for ECM Libra Foundation (E00181)* | 1,493,236 | 0.67 |
| 19. | Rodney John Parker | 1,430,000 | 0.64 |
| 20. | Amsec Nominees (Tempatan) Sdn Bhd<br>*AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali)* | 1,294,260 | 0.58 |
| 21. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*CIMB for Ooi Peng Cuan (PB)* | 1,260,000 | 0.57 |
| 22. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*CIMB Bank for Azizan bin Abd Rahman (MY0531)* | 1,260,000 | 0.57 |
| 23. | Citigroup Nominees (Asing) Sdn Bhd<br>*GSCO for First Eagle Pacific Master Fund Ltd.* | 1,200,000 | 0.54 |
| 24. | Cimsec Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Loi Chee On* | 1,085,200 | 0.49 |

# ANALYSIS OF WARRANT HOLDINGS

**AS AT 30 JUNE 2016** (CONT'D)

| NO. | NAME OF WARRANT HOLDERS | NO. OF WARRANTS | % |
|---|---|---|---|
| 25. | HSBC Nominees (Tempatan) Sdn Bhd<br>*HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249)* | 1,060,000 | 0.48 |
| 26. | HSBC Nominees (Asing) Sdn Bhd<br>*Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)* | 1,014,820 | 0.46 |
| 27. | Lee Cheng Xi | 1,005,800 | 0.45 |
| 28. | Citigroup Nominees (Asing) Sdn Bhd<br>*Exempt An for Citibank New York (Norges Bank 1)* | 929,260 | 0.42 |
| 29. | Kenanga Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account for Tan Bee Yook (008)* | 866,500 | 0.39 |
| 30. | CIMB Group Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account – DBS Bank for Chan Kok Leong (SG1400394982)* | 800,000 | 0.36 |
| | **Total** | **162,193,710** | **72.96** |

**DIRECTORS' INTEREST IN WARRANTS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 1 JULY 2016**

| | WARRANT HOLDINGS | | | |
|---|---|---|---|---|
| NAME OF DIRECTORS | DIRECT | % | INDIRECT | % |
| Dato' Azizan bin Abd Rahman | 1,460,000 | 0.66 | – | – |
| Dato' Seri Tham Ka Hon | 8,450,000 | 3.80 | 64,579,032[1] | 29.05 |
| Chan Kok Leong | 1,200,000 | 0.54 | – | – |
| Kok Meng Chow | 177,700 | 0.08 | – | – |
| Tan Sri Dato' Seri Mohd Bakke bin Salleh | – | – | – | – |
| Dato' Ir Jauhari bin Hamidi | – | – | – | – |
| Kamil Ahmad Merican | 375,000 | 0.17 | – | – |
| Datuk Vijeyaratnam a/l V. Thamotharam Pillay | – | – | – | – |
| Christopher Martin Boyd | 2,000 | 0.001 | – | – |
| Tan Kar Leng @ Chen Kar Leng | – | – | – | – |
| Kok Tuck Cheong | – | – | – | – |

**Note:**

[1] Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Paramount Spring Sdn Bhd, Summerchrome Sdn Bhd, Billford Holdings Limited and Morning Crest Sdn Bhd. Paramount Spring Sdn Bhd acquired 48,795,600 (21.95%) warrants from Sime Darby Nominees Sendirian Berhad pursuant to a Share Sale Agreement ("SSA") dated 3 June 2016. The SSA has not been completed yet. The SSA provides for a completion period of 3 months extendable, by 1 month.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Eighty-Ninth Annual General Meeting of Eastern & Oriental Berhad will be held at Ballroom 3, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 25 August 2016 at 10.00 a.m. for the following purposes:

**AGENDA**

**AS ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 31 March 2016 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**

2. To approve a first and final single-tier dividend of 2.0 sen per stock unit for the financial year ended 31 March 2016. **(Resolution 1)**

3. To approve the payment of Directors' fees of RM900,644.00 in respect of the financial year ended 31 March 2016. **(Resolution 2)**

4. To re-elect the following Directors who retire by rotation in accordance with Article 98 of the Company's Articles of Association:
   (a) Dato' Seri Tham Ka Hon **(Resolution 3)**
   (b) Madam Kok Meng Chow **(Resolution 4)**
   (c) Mr Christopher Martin Boyd **(Resolution 5)**

5. To re-elect the following Directors who retire in accordance with Article 103 of the Company's Articles of Association:
   (a) Dato' Ir Jauhari bin Hamidi **(Resolution 6)**
   (b) Mr Kok Tuck Cheong **(Resolution 7)**

6. To re-appoint Ms Tan Kar Leng @ Chen Kar Leng as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. **(Resolution 8)**

7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following Ordinary Resolutions:

8. **Retention of Dato' Azizan bin Abd Rahman as Independent Director** **(Resolution 10)**

   "THAT Dato' Azizan bin Abd Rahman be retained as an Independent Non-Executive Director of the Company in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012."

9. **Retention of Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Director** **(Resolution 11)**

"THAT Datuk Vijeyaratnam a/l V. Thamotharam Pillay be retained as an Independent Non-Executive Director of the Company in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012."

10. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **(Resolution 12)**

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue ordinary stock units in the Company ("Stock Units") from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of Stock Units issued pursuant to this resolution does not exceed ten percent (10%) of the total issued capital of the Company and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

11. **Proposed Renewal of General Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature** **(Resolution 13)**

"THAT:

(i) pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the general mandate for recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries ("E&O Group") ("Recurrent Transactions") given by the stockholders of the Company on 29 September 2015 be and is hereby renewed and approval be and is hereby given to E&O Group to continue to enter into and to give effect to the Recurrent Transactions with the related parties as set out in Section 2.5 of the circular to stockholders dated 28 July 2016 being transactions carried out in the ordinary course of business of the E&O Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority stockholders of the Company;

(ii) disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted during a financial year based on the following information will be made in the Company's Annual Report for the said financial year:

(a) the type of the recurrent related party transactions made; and

(b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with E&O Group;

(iii) the approval hereby given shall continue to be in force until:

(a) the conclusion of the next annual general meeting ("AGM") of the Company following the general meeting at which the general mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act, 1965); or

(c) revoked or varied by resolution passed by the stockholders in general meeting,

whichever is the earliest;

AND THAT authority be and is hereby given to the Directors of the Company to do such acts and things (including, without limitation, executing all such documents as may be required) to enter into and to give effect to the Recurrent Transactions authorised by this ordinary resolution."

12. **Proposed Renewal of Share Buy-Back Authority** **(Resolution 14)**

"THAT subject always to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other relevant applicable laws, regulations and guidelines and the approvals of all relevant authorities, the approval granted by the stockholders of the Company at the Eighty-Eighth Annual General Meeting of the Company held on 29 September 2015, authorising the Company to purchase and/or hold such amount of ordinary stock units of RM1.00 each ("Stock Units") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors from time to time through Bursa Securities be and is hereby renewed, provided that:

(i) the aggregate number of Stock Units which may be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the issued and paid-up ordinary stock units of the Company at the time of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the Company's retained profits and share premium account balance;

THAT the Directors of the Company be and are hereby authorised to deal with the Stock Units so purchased in their absolute discretion in any of the following manners:

(i) cancel all the Stock Units so purchased; and/or

(ii) retain the Stock Units so purchased as treasury stock units for distribution as dividend to the stockholders and/or resell on the market of Bursa Securities; and/or

(iii) retain part thereof as treasury stock units and cancel the remainder;

AND THAT such authority shall commence immediately upon the passing of this resolution, until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held unless earlier revoked or varied by ordinary resolution of the stockholders of the Company in general meeting;

AND FURTHER THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements and arrangements with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own stock units."

13. To transact any other business for which due notice shall have been given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

**NOTICE IS HEREBY GIVEN** that, subject to the approval of the stockholders, a first and final single-tier dividend of 2.0 sen per stock unit in respect of the financial year ended 31 March 2016, will be paid on 28 September 2016 to stockholders whose names appear on the Record of Depositors at the close of business on 8 September 2016.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) securities transferred into the Depositors' Securities Account before 4.00 p.m. on 8 September 2016 in respect of transfers; and

(b) securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**ANG HONG MAI**
Company Secretary

Kuala Lumpur
28 July 2016

**NOTES:**

1. Only members registered in the Record of Depositors as at 16 August 2016 shall be eligible to attend this meeting or to appoint proxy or proxies to attend and vote in his stead.
2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary stock units of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary stock units in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, shall be deposited at the Registered Office of the Company at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur not later than 48 hours before the time set for the meeting or at any adjournment thereof.

**EXPLANATORY NOTE 1 ON AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

Item 1 of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require the audited financial statements to be formally approved by the stockholders. As such, this item is not put forward for voting.

**EXPLANATORY NOTES ON SPECIAL BUSINESS**

**Resolution 10 – Retention of Dato' Azizan bin Abd Rahman as Independent Director**

Dato' Azizan was appointed to the Board as an Independent Non-Executive Director/Chairman of the Company on 6 November 2003. As at the date of the notice of the Eighty-Ninth Annual General Meeting, he had served the Company for more than nine (9) years. The Board has assessed his ability to continue to bring independent viewpoints and objective judgment to Board deliberations and decision making; and in the capacity as Chairman, his ability to additionally moderate deliberations in a non-partisan manner and, where required, provide that incisive analysis to guide the overall decision-making process. Having undertaken the assessment, the Board is convinced of Dato' Azizan's independence and recommends that Dato' Azizan be retained as an Independent Non-Executive Director of the Company. In addition, having served the Company for more than nine (9) years, he has proven to have a very good understanding of the Company's businesses and the Board believes that there are significant advantages to be gained here in promoting continuity, mindful also of Dato' Azizan's vast experience gained from other fields of business and the best practices of which he is able to bring to the Board to enhance its oversight of management. Therefore, the Board recommends that Dato' Azizan be retained as an Independent Non-Executive Director of the Company.

At the last annual general meeting held in 2015, the stockholders of the Company had approved the retention of Dato' Azizan bin Abd Rahman as an Independent Non-Executive Director of the Company.

**Resolution 11 – Retention of Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Director**

Datuk Vijeyaratnam was appointed to the Board as an Independent Non-Executive Director of the Company on 28 July 2003. As at the date of the notice of the Eighty-Ninth Annual General Meeting, he had served the Company for more than nine (9) years. The Board has also assessed his independence and is confident of its findings that Datuk Vijeyaratnam not only meets the requisite criteria as an independent director, but has continually demonstrated, in the course of Board deliberations, such independence. Having served the Company for more than nine (9) years, he has proven to have a good understanding of the Company's businesses enabling him to provide independent views and judgment in the best interest of the Company. The Board is also mindful of Datuk Vijeyaratnam's extensive experience in the areas of finance and corporate advisory, and his contributions to Board deliberations in these respects have been substantial. Therefore, the Board recommends that Datuk Vijeyaratnam be retained as an Independent Non-Executive Director of the Company.

At the last annual general meeting held in 2015, the stockholders of the Company had approved the retention of Datuk Vijeyaratnam a/l V. Thamotharam Pillay as an Independent Non-Executive Director of the Company.

**Resolution 12 – Authority pursuant to Section 132D of the Companies Act, 1965**

The proposed resolution 12, if passed, will empower the Directors to allot and issue new ordinary stock units in the Company up to an amount not exceeding in total 10% of the issued capital of the Company, subject to compliance with the relevant regulatory requirements. This approval is sought to avoid any delay and cost in convening a general meeting for such issuance of stock units. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. The general mandate had also been sought for in the last Annual General Meeting of the Company. There were no stock units issued and no proceeds raised from the previous mandate.

The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of stock units, for purpose of funding future investment project(s), working capital and/or acquisitions.

**Resolution 13 – Proposed Renewal of General Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

The proposed resolution 13, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are set out in the Company's circular to stockholders dated 28 July 2016 despatched together with the Company's 2016 Annual Report. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

**Resolution 14 – Proposed Renewal of Share Buy-Back Authority**

The proposed resolution 14, if passed, will enable the Company to purchase its own stock units through Bursa Securities of up to ten percent (10%) of the issued and paid-up ordinary stock units of the Company at any point in time, particulars of which are set out in the Company's circular to stockholders dated 28 July 2016 despatched together with the Company's 2016 Annual Report. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The Directors standing for re-election and re-appointment at the Eighty-Ninth Annual General Meeting of the Company are as follows:

1. Pursuant to Article 98 of the Company's Articles of Association
   (a) Dato' Seri Tham Ka Hon
   (b) Madam Kok Meng Chow
   (c) Mr Christopher Martin Boyd

2. Pursuant to Article 103 of the Company's Articles of Association
   (a) Dato' Ir Jauhari bin Hamidi
   (b) Mr Kok Tuck Cheong

3. Pursuant to Section 129(6) of the Companies Act, 1965
   (a) Ms Tan Kar Leng @ Chen Kar Leng

The details of the above Directors standing for re-election and re-appointment are set out in the Directors' Profile on pages 72 to 77 in the Annual Report.

The details of the above Directors' securities holding in the Company are set out on pages 272 to 276 in the Annual Report.

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EASTERN & ORIENTAL
BERHAD

# FORM OF PROXY

Number of stock units held

I/We ..................................................................................................
(FULL NAME IN CAPITAL LETTERS)

NRIC No./Company No. ..................................................................................

CDS Account No. .......................................................................................

of.....................................................................................................
(FULL ADDRESS)

being a member(s) of **EASTERN & ORIENTAL BERHAD** (Company No.: 555 - K) hereby appoint ..........................

.......................................................................................................
(FULL NAME AND NRIC NO.)

of.....................................................................................................
(FULL ADDRESS)

or failing him/her ....................................................................................
(FULL NAME AND NRIC NO.)

of.....................................................................................................
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Eighty-Ninth Annual General Meeting of the Company to be held at Ballroom 3, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 25 August 2016 at 10.00 a.m. and at any adjournment thereof.

| RESOLUTIONS | | FOR* | AGAINST* |
|---|---|---|---|
| 1. | To approve a first and final dividend | | |
| 2. | To approve payment of Directors' fees | | |
| 3. | To re-elect Dato' Seri Tham Ka Hon | | |
| 4. | To re-elect Madam Kok Meng Chow | | |
| 5. | To re-elect Mr Christopher Martin Boyd | | |
| 6. | To re-elect Dato' Ir Jauhari bin Hamidi | | |
| 7. | To re-elect Mr Kok Tuck Cheong | | |
| 8. | To re-appoint Ms Tan Kar Leng @ Chen Kar Leng | | |
| 9. | To re-appoint Messrs Ernst & Young as Auditors of the Company | | |
| 10. | To retain Dato' Azizan bin Abd Rahman as Independent Director | | |
| 11. | To retain Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Director | | |
| 12. | To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965 | | |
| 13. | To approve the Proposed Renewal of General Mandate | | |
| 14. | To approve the Proposed Renewal of Share Buy-Back Authority | | |

*Please indicate with a cross (X) in spaces provided whether you wish your vote(s) to be cast for or against the resolutions set out in the Notice of Meeting. In the absence of specific direction, your proxy may vote or abstain as he/she thinks fit.

.......................................................................................................
Signed this day of 2016 Signature of member(s)/Seal

**NOTES:**

1. Only members registered in the Record of Depositors as at 16 August 2016 shall be eligible to attend this meeting or to appoint proxy or proxies to attend and vote in his stead.
2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary stock units of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary stock units in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. The instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, shall be deposited at the Registered Office of the Company at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur not later than 48 hours before the time set for the meeting or at any adjournment thereof.

please fold here to seal

affix
stamp


The Company Secretary
**EASTERN & ORIENTAL BERHAD** (555-K)
Level 3A (Annexe), Menara Milenium
8 Jalan Damanlela, Damansara Heights
50490 Kuala Lumpur
MALAYSIA


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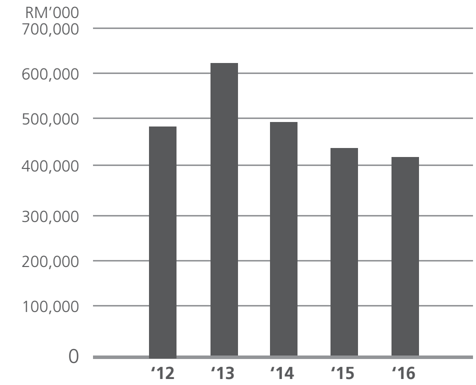
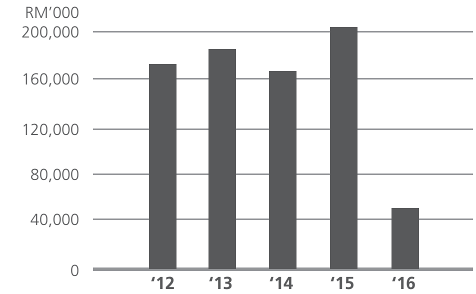
# 5-YEAR GROUP FINANCIAL HIGHLIGHTS

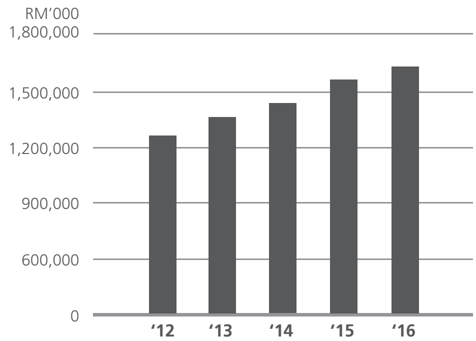
## REVENUE



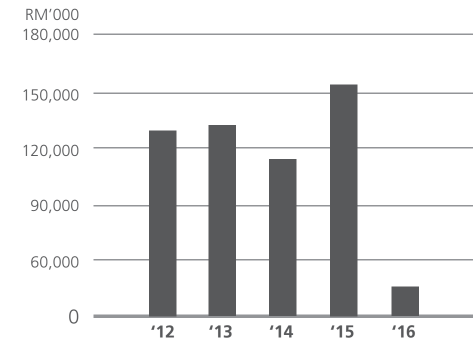

## PROFIT BEFORE TAX




## SHAREHOLDERS' FUND




## PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT



**EASTERN & ORIENTAL BERHAD** (555-K)
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