ANNUAL
REPORT
2018

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, the award-winning **Seri Tanjung Pinang (STP)** 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. Reclamation of the second phase of STP started in 2016 and is on-going.

In Johor's southern development corridor of Iskandar Malaysia, E&O has embarked on **Avira**, a 207-acre 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. 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

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

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.

10-YEAR GROUP FINANCIAL HIGHLIGHTS

(RM'000)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
STATEMENTS OF COMPREHENSIVE INCOME										
Revenue	982,706	704,764	422,183	449,497	497,141	605,536	492,151	271,271	352,375	304,449
Profit/(Loss) before tax	193,048	125,296	54,755	202,136	167,173	187,271	171,172	48,154	93,276	(38,124)
Income tax expense	(80,352)	(34,380)	(15,926)	(45,470)	(47,389)	(50,505)	(43,433)	(11,948)	(18,630)	6,067
Profit/(Loss) attributable to owners of the parent	97,136	86,604	37,191	152,088	113,239	129,556	123,296	32,880	70,765	(37,276)
STATEMENTS OF FINANCIAL POSITION										
Issued and Paid-up capital (unit)	1,326,707	1,262,319	1,259,784	1,252,095	1,135,622	1,135,622	1,133,463	842,592	761,644	591,995
Weighted Average Number of stock units	1,307,535	1,256,430	1,240,722	1,221,324	1,217,332	1,106,182	1,093,675	1,059,935	1,063,967	666,211
Shareholders' Fund	1,847,000	1,698,831	1,638,405	1,599,974	1,474,912	1,389,868	1,289,523	1,058,237	1,043,259	814,371
Total Assets	4,101,431	3,896,977	3,758,725	3,070,500	2,473,998	2,477,871	2,178,319	2,113,796	2,180,724	1,975,142
Total Loans and Borrowings	1,650,573	1,532,349	1,518,339	1,164,189	728,159	772,014	604,825	743,138	831,064	891,758
RATIOS										
Net Earnings/(Loss) per stock unit (sen)	7.4	6.9	3.0	12.5	9.3	11.7	11.3	3.0	6.6	(5.6)
Net Dividend per stock unit (sen)	^	3.00	2.00	**	3.00	3.38	3.19	1.50	2.85	–
Net Assets per stock unit attributable to owners of the parent (RM)*	1.42	1.35	1.31	1.31	1.33	1.26	1.17	1.21	1.25	1.25
Net Gearing (times)	0.61	0.73	0.78	0.60	0.31	0.35	0.26	0.41	0.26	0.79

* Net assets per stock unit is computed based on the number of ordinary stock units in issue net of treasury stock units at:
- 31.3.2018 of 1,299,367,797
- 31.3.2017 of 1,257,197,597
- 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

** 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 a first and final dividend by way of distribution of treasury stock units as share dividend at the ratio of one (1) treasury stock unit for every fifty (50) ordinary stock units held in the Company, is to be approved by the stockholders at the forthcoming Annual General Meeting.

Eastern & Oriental Hotel-Heritage Wing, Penang

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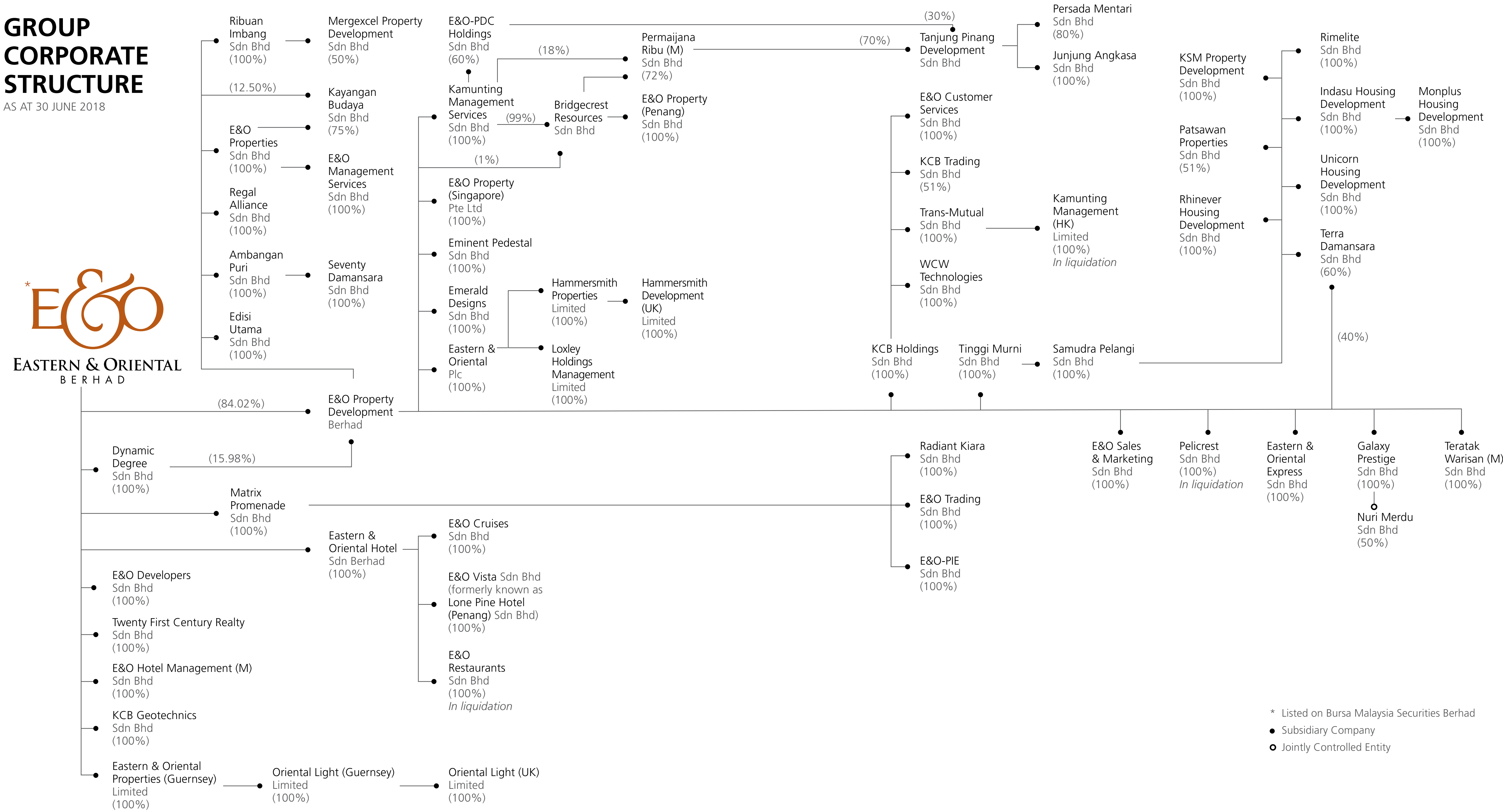
GROUP CORPORATE STRUCTURE

AS AT 30 JUNE 2018



Quayside Seafront Resort Condominiums, Seri Tanjung Pinang, Penang

CORPORATE INFORMATION

DIRECTORS

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

COMPANY SECRETARY

Wong Yah Yee (MAICSA 7040513)

MAIN BANKERS

AmBank (M) Berhad
CIMB Islamic Bank Berhad
Maybank Islamic Berhad
MUFG Bank (Malaysia) Berhad
Public Bank Berhad
RHB Islamic Bank 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

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
T 03-2783 9299
F 03-2783 9222

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, male, aged 68 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. He joined Pernas MISC Shipping Agencies Sdn Bhd in 1975 as its first Branch Manager in the new Johor Port. He later became Penang Branch Manager and MISC-Panocean 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 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.

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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

DATO' SERI THAM KA HON
Executive Deputy Chairman

Dato' Seri Tham Ka Hon, a Malaysian, male, aged 65, 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 from 1988 to 1994 where he was in-charge of the property division.

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 133-year old Hotel, from which the E&O Group proudly takes its name.

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. Dato' Seri Tham took the E&O brand abroad by identifying prime sites in Central London with redevelopment and development potential for residential and commercial properties.

Dato' Seri Tham is currently a major 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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

MR KOK TUCK CHEONG
Managing Director

Mr Kok Tuck Cheong, a Malaysian, male, aged 62, 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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

MADAM KOK MENG CHOW
Finance Director

Madam Kok Meng Chow, a Malaysian, female, aged 58, 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, Australia. She is a member of the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Accountants, Australia and New Zealand, 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. 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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

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

Tan Sri Dato' Seri Mohd Bakke bin Salleh, a Malaysian, male, aged 64, 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 substantial 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 Executive Deputy Chairman and Managing Director of Sime Darby Plantation Berhad. He is also a Council Member of Yayasan Sime Darby and the Northern Corridor Implementation Authority.

Tan Sri Dato' Seri Mohd Bakke was previously the President & Group Chief Executive of Sime Darby Berhad and a Director of Sime Darby Property Berhad. He had also served as the Group President & Chief Executive Officer of Felda Global Ventures Holdings Berhad, 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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

ENCIK KAMIL AHMAD MERICAN
Non-Independent Non-Executive Director

Encik Kamil Ahmad Merican, a Malaysian, male, aged 68, 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 a Steering Committee Member for the 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.

Encik Kamil has also been made Adjunct Professor of the Faculty of Architecture, University of Malaya and is an external examiner for both Universiti Teknologi Malaysia and University of Malaya. In 2017, he was a guest critic reviewer at the Harvard Graduate School of Design (GSD). 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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

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

Datuk Vijeyaratnam a/l V. Thamotharam Pillay, a Malaysian, male, aged 66, 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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

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

Ms Tan Kar Leng @ Chen Kar Leng, a Malaysian, female, aged 74 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 the National University of Singapore). She is an Advocate & Solicitor and was called to the Malaysian Bar in January 1968 and 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 also sits on the Board of HSBC Bank Malaysia Berhad and is a trustee of The Tun Dr. Lim Chong Eu Foundation.

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 five years and no public sanctions or penalties imposed by the regulatory bodies during this financial year.

DATUK CHRISTOPHER MARTIN BOYD
Independent Non-Executive Director

Datuk Christopher Martin Boyd, a British citizen with permanent residence in Malaysia, male, aged 71, 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. Datuk Boyd is a member of the Audit Committee, the Risk Management Committee and the Nomination, Remuneration and Scheme Committee.

Datuk 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. Datuk 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. He is currently the Executive Chairman of Savills (Malaysia) Sdn Bhd, a firm engaged in property valuation, estate agency, property management and research.

Datuk 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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

DATUK TEE ENG HO
Non-Independent Non-Executive Director

Datuk Tee Eng Ho, a Malaysian, male, aged 53, a Non-Independent Non-Executive Director was appointed to the Board of Eastern & Oriental Berhad on 1 June 2017.

Graduating from Tunku Abdul Rahman College with a Diploma in Technology (Building) in 1988, Datuk Tee has more than 30 years' experience in Civil & Building Construction. In 1995, he formed Kerjaya Prospek (M) Sdn Bhd (KPMSB), a property construction firm.

In 2011, Datuk Tee acquired a majority stake in Bursa Malaysia Main Board listed company Fututech Berhad (now known as Kerjaya Prospek Group Berhad or KPGB) and assumed the role of Executive Chairman.

Datuk Tee is currently a major stockholder of the Company. Datuk Tee is the brother of Mr Tee Eng Seng, who is a major stockholder of the Company. He does not have any interest which conflicts with that of the Company. He has had no convictions for any offences within the past five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

The Mews, Kuala Lumpur

MANAGEMENT'S PROFILE

DATO' SERI THAM KA HON
Executive Deputy Chairman

MR KOK TUCK CHEONG
Managing Director

MADAM KOK MENG CHOW
Finance Director

The profiles of the Executive Deputy Chairman, Managing Director and Finance Director are outlined in the Board of Directors chapter on pages 13 and 14 respectively.

MR LUM KWOK WENG @ LUM KOK WENG
Senior Director, Development & Construction Management

Mr Lum Kwok Weng @ Lum Kok Weng, a Malaysian, male, aged 67, is the Senior Director, Development & Construction Management of Eastern & Oriental Berhad. He joined Eastern & Oriental Berhad as Project Manager in 1995 and was appointed Project Director, Construction Management in 2007 and subsequently as Group Project Director in 2011. On 1 July 2015, he was appointed to his current position as Senior Director, Development & Construction Management.

Upon completing his formal schooling, Mr Lum ventured into civil and structural engineering that led him to a career spanning close to 43 years in this field where he began with an appointment at Rakanan Jurutera Perunding in 1969 until 1974. From his employment at Jurutera TSSC Lim (1974-1994), Mr Lum joined Eastern & Oriental Berhad. His extensive experience spans a range of civil and structural engineering projects such as bridges, reservoirs, high-rise buildings, mass housing and factories.

Mr Lum 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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

MS CHAI KIM-LYN
Director, Group Corporate Strategy

Ms Chai Kim-Lyn, a Malaysian, female, aged 50, is the Director, Group Corporate Strategy of Eastern & Oriental Berhad. She joined Eastern & Oriental Berhad in 2005 as General Manager, Group Marketing & Public Relations and was appointed Director of Group Communications & Investor Relations in 2008. On 1 July 2011, she was appointed to her current position as Director, Group Corporate Strategy.

Ms Chai holds a Masters of Arts and Bachelor of Arts (Hons) from Cambridge University, United Kingdom. In 1998, at the onset of the Asian financial crisis, Ms Chai was the pioneer member of the National Economic Action Council (NEAC) Communications Team within the Prime Minister's Department, Malaysia. Her work at the NEAC was acknowledged with the Ahli Mangku Negara (AMN) federal award in 2000. She is an Alternate Director of the Performing Arts Centre of Penang.

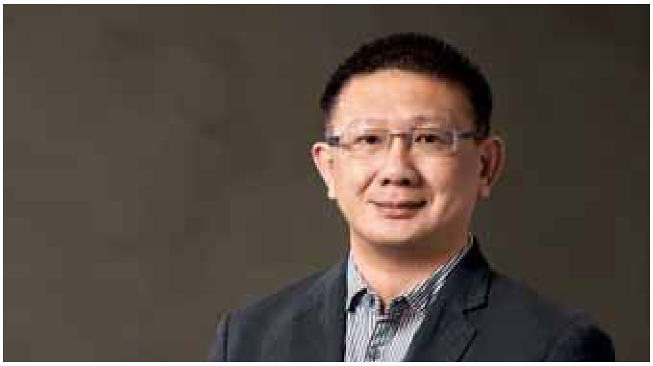
Ms Chai has no family relationship with any Director and/or major stockholder of the Company nor any interest which conflicts with that of the Company. She has had no convictions for any offences within the past five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

MR MICHAEL STEVEN SAXON
Director, Group Hospitality & Lifestyle

Mr Michael Steven Saxon, a British, male, aged 58, is the Director, Group Hospitality & Lifestyle of Eastern & Oriental Berhad. He joined the Eastern & Oriental Hotel (E&O Hotel) as a Food & Beverage Manager in 2001. He left the Company in 2002 and subsequently returned to take up the position of Executive Assistant Manager at the E&O Hotel in 2004. He was appointed as Hotel Manager in 2005 and General Manager in 2006. On 1 December 2010, he was appointed to his current position as Director, Group Hospitality & Lifestyle.

Mr Saxon holds a Hotel Diploma from Harrogate College of Further Education, England and draws on more than 30 years experience working in the top hotels around the world in both operational and managerial positions. These include postings in Canada, Bahamas, Hong Kong, Taiwan and Singapore. Mr Saxon is also the author of Chef's Tales, a book on his life as an international chef. He is a Director of the Performing Arts Centre of Penang.

Mr Saxon 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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.



MR MICHAEL TAN HWEE HIAN
Director, Development & Construction Management

Mr Michael Tan Hwee Hian, a Malaysian, male, aged 53, is the Director, Development & Construction Management of Eastern & Oriental Berhad. He joined Eastern & Oriental Berhad as General Manager in 2007 and was promoted to Senior General Manager in 2010. On 1 April 2015, he was appointed to his current position as Director, Development & Construction Management.

Mr Tan holds a PAM Certificate of Architecture. He has more than 20 years' experience in architectural design, which include years with BEP Akitek Sdn Bhd and GDP Architects Sdn Bhd, two of Malaysia's leading architectural firms. His extensive architectural design experience covers a range of projects including public buildings, commercial complexes, hotels, medium-to high-end residential condominiums and landed properties.

Mr Tan 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 five years and no public sanctions or penalties imposed by the regulatory bodies during the financial year.

Avira Garden Terraces, Bandar Medini Iskandar

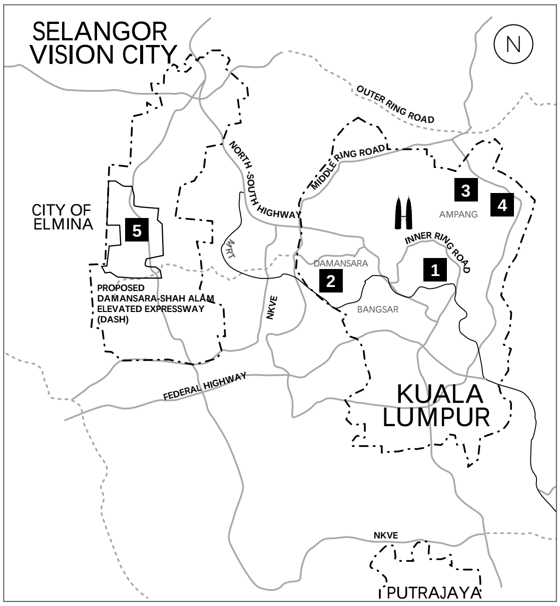
MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS & OPERATIONS

Proudly deriving its name from the 133-year old heritage Eastern & Oriental Hotel (E&O Hotel) in Penang, Eastern & Oriental Berhad (E&O or the Group) has carved a reputation as a premier lifestyle property developer known for delivering innovative concepts of exceptional quality. Over the years, the award-winning property developer has grown its property portfolio within Malaysia across a series of exclusive addresses in Kuala Lumpur, Penang Island and Iskandar Malaysia before its 2012 maiden international venture in Central London.

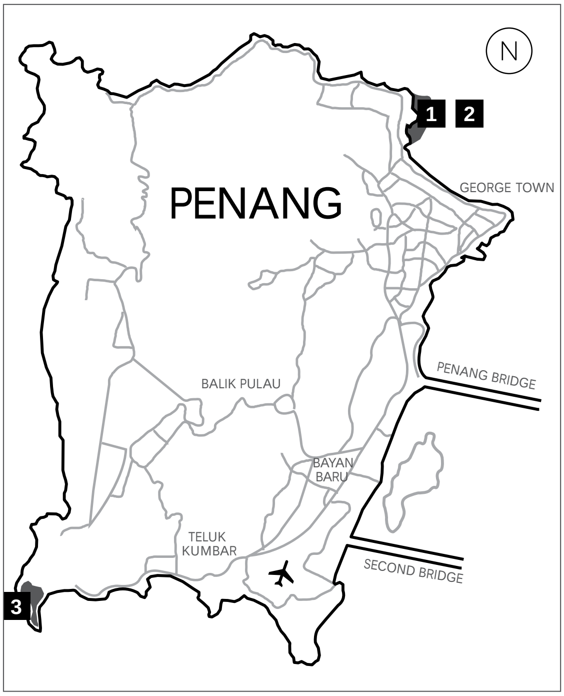
LIST OF MAJOR LANDBANKS*

KLANG VALLEY	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	0.9
4. Kemensah Heights, Ulu Kelang	309.5
5. Elmina West, Selangor	135

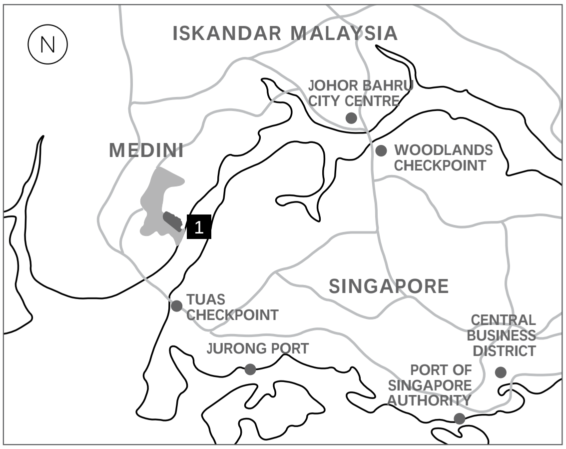


* Land for future development

PENANG ISLAND	ACRES
1. Seri Tanjung Pinang, Tanjung Tokong, Phase 1	0.7
2. Seri Tanjung Pinang, Tanjung Tokong, Phase 2	760**
3. Gertak Sanggul	348



JOHOR	ACRES
1. Avira, Medini, Iskandar Malaysia	176.6***



** Reclamation works on-going

*** Of which 144.2 acres are subject to the exercise of a lease option

Seri Tanjung Pinang Phase 1

With an existing landbank of approximately 350 acres and another 760 acres currently being reclaimed, Penang has been at the forefront of our property development activities in recent years. Driving our presence here is the masterplanned seafront community of Seri Tanjung Pinang Phase 1 (STP1), it's 240 acres close to development completion.

Conceptualised and designed to celebrate Penang's heritage of island living, STP1 has evolved since its first launch of Ariza courtyard homes in 2005 to become the island's most desired address for both locals and expatriates alike. Taking pride of place, the design and delivery of Quayside Seafront Resort Condominiums, has also garnered accolades for its comprehensive care and meticulous maintenance, winning the EdgeProp.my Malaysia's Best Managed Property Awards 2018 Gold prize in the Below 10 Years Multi-Own Strata Residential category.

Making up this vibrant seafront community are more than 20 nationalities who are drawn to STP1's exceptionally well-planned layout, convenient access to key amenities, schools and medical centres as well as strategic location between the hub of George Town and the beaches of Batu Ferringhi.

With the successful foundation and visible track record laid at STP1, the second phase of this landmark development is gradually taking shape across the waters with reclamation works for Seri Tanjung Pinang Phase 2 (STP2) progressing steadily.

While E&O maintains a strong and enduring presence in Penang island, the Group's operations are headquartered in Kuala Lumpur where its property development activities first took shape. E&O projects in Kuala Lumpur are mostly within a 10-15-kilometre radius from the heart of the city and include landmark projects such as Dua Residency, Idamansara, Seventy Damansara, St Mary Residences and The Mews.

The Group extended its footprint to Medini, Iskandar Malaysia in 2011 through its 207-acre Avira project in collaboration with the wholly-owned subsidiaries of Khazanah Nasional Berhad and Temasek Holdings (Private) Limited. Thus far, the first phase of Avira garden terraced homes has been launched and handed over.

In 2012, the Group ventured overseas with its maiden acquisition of Princes House in the Westminster Borough of London. Since then, it has acquired other properties in Central London: ESCA House in Bayswater that neighbours Notting Hill and a commercial property in Hammersmith for potential refurbishment and redevelopment.

E&O projects in our home country's top property destinations, and overseas in London, have attracted a loyal following of purchasers, many of whom are repeat buyers. Our customer base is anchored by local Malaysians as well as a list of international clients from countries such as Australia, China, Canada, Hong Kong, Indonesia, Japan, Singapore, Taiwan and the United Kingdom (UK), where the Group continues to cultivate awareness of the E&O brand.

E&O's core business of property development is complemented by a cachet of hospitality and lifestyle elements. The 133-year old E&O Hotel in George Town, Penang encompasses the Group's brand DNA of style, grace and refinement as it sustains its position as Southeast Asia's oldest grand dame heritage hotel established by the famed hoteliers of their day, the Sarkies brothers. Sharing the same ethos as the E&O Hotel but catering to a different segment—business and long-stay travellers—the modern and sophisticated E&O Residences Kuala Lumpur further entrenches the Group's foothold in the hospitality segment.

The Group's property investment division facilitates the realisation of optimal capital appreciation gains from E&O's stable of residential and commercial properties. The division also enables E&O brand standards to be upheld in its properties through active involvement in the concept realisation and implementation of these projects. Among the key properties contributing towards the Group's property investment objectives are the Straits Quay festive retail mall in Seri Tanjung Pinang, Penang. This retail facility of approximately 270,000 sq ft is equipped with the 40-pontoon berth Straits Quay Marina and 30,000 sq ft of conference and banqueting space at the Straits Quay Convention Centre.

Other leased commercial and tenanted retail spaces provide a sustained income stream for the Group. This includes St Mary Place in Kuala Lumpur city centre, a 33,000 sq ft 2-storey retail block adjacent to St Mary Residences which began operations in early 2013. Fronting Jalan Tun Razak and located opposite the United States Embassy in Kuala Lumpur, there is an existing retail and commercial block which is slated for refurbishment and rebranding.

As a developer of premier properties and curator of hospitality establishments, we are mindful of our responsibilities in the context of economic, environmental and social (EES) sustainability. This is an ongoing practice that we are inculcating as part of our business operations and a report of initiatives taken within the year under review is provided in the Sustainability Statement on page 49 of this report.

The "People Agenda" remains high on our list of priorities that are pivotal to the success of E&O's operations and overall business. In this regard, our focus is to consolidate trust and cooperation across our teams with an emphasis on driving a high-performance culture characterised by high levels of productivity and accountability.

18 East, Andaman at Quayside, Seri Tanjung Pinang, Penang

18 East, Andaman at Quayside, Seri Tanjung Pinang, Penang

18 East, Andaman at Quayside, Seri Tanjung Pinang, Penang

The Mews, Kuala Lumpur

The Mews, Kuala Lumpur

The Mews, Kuala Lumpur

St Mary Residences, Kuala Lumpur

Avira Garden Terraces, Bandar Medini Iskandar

Princes House, London

SNAPSHOT OF THE YEAR IN REVIEW

The Group's efforts in the year under review has resulted in a leaner organisation that is diligently focused on our core businesses. Key indicators of this are as follows:

- We have posted profit after tax (PAT) of RM112.70 million in financial year 2018 (FY18) as compared to RM90.92 million in financial year 2017 (FY17) on the back of higher revenue achieved.
- We are in an improved position with net gearing ratio reduced from 0.73x to 0.61x.
- We have disposed of non-core assets and businesses including the Lone Pine Hotel, The Delicious Group and the EOS Wellness Spa.
- Reclamation works for our catalyst project, Seri Tanjung Pinang Phase 2 (STP2), is progressing with uncompromising emphasis and priority on compliance with the entry of our esteemed strategic project partner for STP2A, Kumpulan Wang Persaraan (Diperbadankan) (KWAP), which was announced on 30 March 2017.
- Titles for areas reclaimed at Phase 2A of STP2 (STP2A) have been issued by the Office of Lands & Mines Penang in February 2018.
- In the United Kingdom, the requisite planning and project approvals have been successfully secured from the relevant authorities and councils, and works are expected to commence within the second half of 2018.
- On the hospitality front, E&O Hotel's performance has continued to improve with 80% occupancy and an average room rate (ARR) of RM601.40.
- In terms of daily operations, we have streamlined our resources from 269 staff at the beginning of the financial year to 240 at the close of the 12-month period.

GROUP FINANCIAL REVIEW

Revenue

The Group achieved revenue of RM982.71 million for FY18, an increase of RM277.95 million or 39.44% as compared to RM704.76 million recorded in the preceding financial year.

SEGMENT REVENUE	2018 (RM'000)	2017 (RM'000)	VARIANCE %
Property	880,008	593,655	48.24%
Hospitality	98,872	108,968	-9.26%
Investments and others	3,826	2,141	78.70%
Total	**982,706**	**704,764**	**39.44%**

The higher revenue achieved was mainly attributable to the Property segment which registered an improvement in revenue of 48.24% or RM286.35 million; from RM593.66 million in FY17 to RM880.01 million in FY18. The increase in revenue was due mainly to maiden revenue recognition from the sale of the 20% reclaimed land in STP2A to KWAP. Higher sales of completed properties in STP1, namely Andaman condominiums at Quayside and Princes House in London also contributed to higher revenue recognition.

Meanwhile, the Hospitality segment which comprises the Group's hotels recorded a drop in revenue from RM108.97 million in FY17 to RM98.87 million in FY18. The decrease was mainly due to lower revenue recognised following the disposal of The Delicious Group Sdn. Bhd. (TDG) and E&O Express Sdn. Bhd. (EOE), our subsidiary company which owned the Lone Pine Hotel. The disposal of EOE was completed in October 2017 in the current financial year, while TDG was disposed of in the previous financial year.

Revenue from Investments and Others increased slightly from RM2.14 million in FY17 to RM3.83 million in FY18 mainly attributable to the higher project management fees income.

Costs and expenses

Total costs and expenses before finance costs and share of results in associate and joint ventures of the Group in FY18 stood at RM802.68 million as compared with RM630.42 million in FY17, an increase of RM172.26 million.

COSTS AND EXPENSES	2018 (RM'000)	2017 (RM'000)	VARIANCE %
Cost of sales	607,878	451,648	34.59%
Administrative expenses	65,835	71,013	-7.29%
Selling and marketing expenses	25,897	31,331	-17.34%
Other expenses	103,072	76,427	34.86%
Total	**802,682**	**630,419**	**27.33%**

The higher costs and expenses were due to the following:

(i) Cost of sales increased by 34.59% on the back of higher revenue achieved.

	COST OF SALES	
	2018 (RM'000)	2017 (RM'000)
Property development activities	212,272	242,682
Land held for property development	179,314	33,786
Completed properties	142,750	99,503
Rental operations	9,852	9,291
Hotel and restaurant operations	55,733	62,493
Management services and others	7,957	3,893
Total	**607,878**	**451,648**

The cost of sales for the property segment comprises property development activities, land held for property development, completed properties and rental operations. The higher cost of sales for the property segment in FY18 correlates to the higher revenue achieved in the financial year as compared with FY17. The increase in the cost of sales for the property segment was moderated by lower cost of sales for our hotel operations following the disposal of EOE.

(ii) Other Expenses increased by 34.86% or RM26.64 million from RM76.43 million to RM103.07 million. The increases are mainly due to a fair value loss of RM37.43 million on investment properties arising from the soft property market conditions in Malaysia.

The above increases were mitigated by the following:

(i) Savings in administrative expenses, which were reduced by 7.29% or RM5.17 million resulting from lower staff costs following the disposals of TDG and EOE.

(ii) Drop of 17.34% or RM5.43 million in the Group's sales and marketing expenses in the financial year mainly due to lower promotional and marketing costs incurred to mobilise the sale of completed properties by adopting more cost-effective marketing strategies.

Other income

The Group's Other Income decreased by RM5.77 million, from RM82.74 million in FY17 to RM76.97 million in FY18. In FY18, the disposal of EOE contributed a gain of RM24.49 million while an investment property contributed a fair value gain of RM9.1 million. By comparison, FY17 saw the disposal of an investment property in London returning a gain of RM10.79 million (£1.93 million), fair value gain on investment properties of RM17.30 million, unrealised gain on foreign exchange of RM4.64 million as well as holding cost income of RM4.53 million.

Finance costs

The Group's finance costs expensed to the Income Statement increased by 20.47% from RM61.04 million in FY18 as compared to RM50.67 million in FY17. This was due to higher interest expense arising from an additional loan drawdown and certain borrowing costs was expensed off during non-active development.

For FY18, the Group capitalised interest expenses of RM24.81 million (FY17: RM25.59 million) in land held for property development and property development costs. The slight drop in interest expense capitalised this year was mainly due to cessation of interest capitalisation upon completion of an investment property.

Profit before tax (PBT)

For FY18, the Group achieved PBT of RM193.05 million as compared to RM125.30 million in FY17, an increase of RM67.75 million or 54.07%.

The higher PBT was mainly due to higher operating profit from the property segment on the back of higher revenue recognised on the progress of work done from the land reclamation projects in STP2A and higher sales of completed properties. The hospitality segment also contributed higher operating profit following the disposal of EOE. The significantly higher operating profit achieved in the current financial year mitigated the effects of the higher finance costs and the lower share of results from the joint ventures.

Income tax expense

The Group's tax expense for FY18 stood at RM80.35 million, which is higher compared with RM34.38 million in FY17. The increase was mainly due to the higher profits generated from the property segment and under provision for taxes in the previous year of RM4.83 million. The effective tax rate for the Group for the financial year under review is higher than the statutory tax rate of 24% mainly due to certain expenses of the Group being non-deductible.

Assets

The Group's total assets grew by RM204.00 million from RM3.897 billion to RM4.101 billion due to an increase in land held for property development amounting to RM172.41 million of which RM140.40 million arose from land reclaimed for STP2.

Inventories which largely comprise completed properties stood at RM324.42 million as at 31 March 2018 (31 March 2017: RM456.64 million) which represented a drop of RM132.22 million. The year under review saw encouraging property sales, especially for our Penang projects. Buyers were mainly locals signifying an enduring demand for high end properties, at the right price, in the right location. The management continues to focus on mobilising the existing inventory of completed properties with more innovative sale packages.

Cash and bank balances increased by RM232.64 million, from RM298.93 million as at 31 March 2017 to RM521.57 million as at 31 March 2018. The net cash flow generated from operating activities amounted to RM47.23 million. Higher net cash from investing activities of RM17.47 million arose from the net cash inflows from disposal of a subsidiary of RM51.74 million and profit distribution of RM10.05 million from a joint venture, which was reduced by the acquisition of remaining equity interest in a subsidiary from non-controlling interests of RM33.00 million. Net cash from financing activities of RM126.75 million in FY18 was made up of RM115.92 million proceeds from the issuance of new ordinary stock units to KWAP and net borrowings of RM87.80 million, offset by the purchase of treasury stock units of RM32.93 million and dividend payment of RM39.62 million.

Liabilities and gearing ratio

The Group's total loans and borrowings rose from RM1.532 billion as at 31 March 2017 to RM1.650 billion as at 31 March 2018, mainly due to additional funding requirements to finance STP2 reclamation and project development works.

	2018 (RM'000)	2017 (RM'000)
Loans and borrowings	1,650,573	1,532,349
Less: Cash and bank balances	(521,568)	(298,929)
Net debt	1,129,005	1,233,420
Equity attributable to owners of the parent, representing total capital	1,847,000	1,698,831
Net gearing ratio (times)	0.61	0.73

The Group monitors its capital using a gearing ratio. The net gearing ratio is calculated as net debt divided by total capital. The net gearing ratio of the Group as at 31 March 2018 was 0.61 times as compared to 0.73 times as at 31 March 2017. The Group has unutilised banking facilities of approximately RM2.00 billion as at 31 March 2018 earmarked to support existing and future project developments.

GROUP BUSINESS REVIEW – PROPERTY DEVELOPMENT

The property development division is the main driver of the Group's performance, reporting RM880.01 million in revenue in FY18, as detailed in the Group Financial Review section of this report.

These results were achieved amid the year's restrained market conditions and required us to be pragmatic in rolling out new launches as well as to be flexible in attuning our products to match market sentiment. It was also necessary for us to keep our line of sight on the future as we persisted with ongoing projects and looked out for emerging opportunities.

Our consistent efforts to uphold the quality and brand standards of our offerings were recognised when E&O was ranked among the top ten developers in the country in terms of qualitative aspects as adjudicated in The Edge's Property Excellence Awards. These aspects were product quality, innovation, value creation, expertise and image.

Malaysia

The Group's property development segment raked in RM387.48 million in sales for the year ended 31 March 2018, higher than FY17's RM380.09 million. FY18 sales were led by our properties in STP in Penang island, which include the well-received Ariza Seafront Terraces launched in the first quarter of 2017. These elegant 2½ storey, freehold terraced homes are slated to be completed in March 2019, with an estimated gross development value (GDV) of RM90 million. Built-ups of the Ariza seafront terrace homes range from 3,488 square feet (sq ft) for the intermediate units to 3,781 sq ft for the corner units.

Sales of the remaining units of Andaman at Quayside seafront condominiums progressed well—close to RM230 million worth of these properties were sold at an average RM1,240 per square foot (psf). Andaman units range between 877 sq ft one-bedroom suites to 7,169 sq ft penthouse units. The expansive 4.5-acre signature private waterpark at Quayside is an outstanding feature that distinguishes the development both locally and regionally, providing an impressive and compelling appeal to potential prospects.

Sales of other products in Seri Tanjung Pinang—The Tamarind executive apartments as well as the Amaris Terraces By-The-Sea®—and the completed units of our Princes House project in London's prime Kingsway area, also contributed to the Group's overall property sales performance for FY18.

Our sales team will be launching a targeted Seafront Living Campaign in the second quarter of 2018 to intensify promotion efforts for our final phase of Ariza Seafront Terraces and the final tower of Andaman at Quayside, projects with an estimated GDV of approximately RM432 million.

At Peninsular Malaysia's southern tip at Iskandar Johor, we launched the second tranche of Avira Garden Terraces in early-2018 with sales progressing well for this particular phase with an estimated GDV of RM82 million.

In the Kuala Lumpur city centre, the first of E&O's development joint-venture projects with the subsidiaries of Japanese conglomerate Mitsui Fudosan, The Mews Serviced Residences at Jalan Yap Kwan Seng was completed on time and handed over to owners in October 2017. A ceremony was held at The Mews to commemorate the culmination of this international alliance between E&O and Mitsui, which was inked in March 2013 and preceded by a sales and marketing collaboration signed in 2011.

E&O's second joint-venture project with Mitsui Fudosan is located at the intersection of Jalan Conlay and Jalan Kia Peng. Currently at the detailed design stage and slated for launch in late-2018 to early-2019, the project is expected to comprise 491 units of serviced apartments with an estimated GDV of RM880 million.

The year under review also saw us successfully completing 644 units of Selasih Court low medium cost (LMC) apartments to a list of eligible individuals provided by the State Housing Department. Having completed the earlier LMCs, Nipah Court and Palm Court in 2009, Selasih Court is the final tranche of low medium cost apartments built by E&O at STP1, numbering five blocks in total.

The Group has not only fulfilled its obligation as stipulated in the Concession Agreement for Seri Tanjung Pinang by building a total of 1,194 units of LMC homes but also went beyond by building an extra 142 units within the masterplanned development. Taking into consideration all three LMC projects, a total of 1,336 units have been delivered since 2009. Looking ahead, the Group is also committed to meet its responsibility to build affordable homes—an estimated 2,000 units—at the upcoming STP2 development.

Considerable resources are being mobilised for STP2 by the Group's subsidiary, Tanjung Pinang Development Sdn Bhd (TPD)[1] which holds the concession rights and obligations for the reclamation project. Since May 2016, physical reclamation works have been ongoing and in February 2018, TPD obtained all the land titles for STP2A from the relevant authorities. Concurrently, more detailed design work for STP2A based on the parameters of the broad conceptual masterplan, are in progress.

On 7 August 2017, E&O shareholders approved the disposal of a portion of development land at STP2, by TPD to KWAP for a cash consideration of RM766 million.

As a matter of background, in March 2017, TPD entered into a partnership with KWAP to jointly develop SPT2A covering a total gross area of approximately 253 acres. In this regard, TPD entered into a conditional sale and purchase agreement (SPA) with KWAP to dispose of 20% of the STP2A development land measuring approximately 1.445 million sq ft of net development land to KWAP for a cash consideration of RM766 million. At the same time, TPD has also entered into a conditional joint venture (JV) agreement with KWAP to develop the entire STP2A development land via a special purpose vehicle (SPV), Persada Mentari Sdn Bhd, which will be 80%-owned by TPD and 20% by KWAP.

[1] *TPD holds the Concession Rights to the Seri Tanjung Pinang (STP) reclamation project. STP encompasses two phases and is located at the northeast coast of Tanjung Tokong, Penang, Malaysia. The first phase (STP1) of the reclamation comprising 240 acres was completed in 2006. Reclamation of the 760-acre second phase (STP2) which commenced in 2016, is underway. Over and above the concession rights to reclaim the land for STP, TPD is also reclaiming at its own cost, 131 acres off the Gurney Drive foreshore for the Penang State Government.*

HISTORY OF SERI TANJUNG PINANG

- **1982** — Project mooted under administration of the late Tun Lim Chong Eu
- **1990** — Concession agreement signed
- **1997** — Reclamation works started
- **1998** — Asian Financial Crisis, reclamation work suspended
- **1999** — Reclamation works revived
- **2000** — Project halted for a second time
- **2003** — E&O takes over project
- **2005** — Phase 1 reclamation completed
- **2005** — E&O's first launch of terraced homes
- **2006** — Ariza homes handed over to purchasers
- **APR 2011** — Approval-in-principle for STP2 received
- **2012-2013** — Consultants for proposed STP2 masterplan appointed
- **AUG 2013** — Public Dialogue on STP2 Detailed Environmental Impact Assessment (DEIA) study
- **APR 2014** — DEIA approved by Federal Department of Environment
- **JUN 2014** — STP2 masterplan endorsed by Penang State Government
- **DEC 2014** — Planning Permission for STP2 granted by Penang State authorities
- **DEC 2014** — Called for Pre-Q Tender
- **MAY 2015** — Tender submission deadline
- **JUN 2015** — Commencement of Works approved by Penang State authorities
- **JUL 2015** — Ex-gratia payment to affected fishermen
- **OCT 2015** — STP2 reclamation contractors appointed
- **DEC 2015** — STP2 RM1.084bn banking facility secured
- **FEB 2016** — Installation of anti-climb secure fencing along Gurney Drive began
- **MAY 2016** — Installation of fencing along Gurney Drive completed
- **MAY 2016** — Construction of perimeter rock bund began
- **MAY 2016** — Dredging works started
- **JUN 2016** — Creation of perimeter sand bund commenced
- **MAR 2017** — E&O-KWAP partnership for STP2A sealed
- **FEB 2018** — Titles to STP2A issued

◇ Before E&O
◆ By E&O
STP I
STP 2

In addition to the 760 acres that TPD is reclaiming at STP2 in accordance to the Concession Agreement, TPD is also reclaiming at its own cost, 131 acres of land off the Gurney Drive foreshore for the Penang State Government. To make way for the 131-acres, it was necessary to remove mangroves that had grown in the area since the completion of reclamation at STP1. This was done with the necessary permit from the Forestry Department and their monitoring of the removal process. In a proactive voluntary step, TPD has completed the replacement planting of 1,500 mangrove saplings in April 2017 at Sungai Acheh, Nibong Tebal in collaboration with the Penang Inshore Fishermen Welfare Association (PIFWA). Participants of the programme include E&O and TPD staff members, representatives from the Penang state government, government departments such as the Penang Forestry Department, as well as non-governmental organisations (NGOs) and members from the Tanjung Tokong community such as local schools.

We are also engaging continuously with the communities impacted by the STP2 project through face-to-face meetings and engagement sessions with the fishermen communities in Tanjung Bungah, Tanjung Tokong, Bagan Jermal and Gurney Drive. More on these activities are reported in the Sustainability Statement section of this annual report.

The dedicated STP2 website (**www.stp2.my**) is maintained regularly as a platform for project-related information management and sharing to stakeholders and the general public.

United Kingdom

The Group's properties in the United Kingdom (UK) include Princes House along Kingsway, ESCA House in Bayswater and a 1.2-acre commercial site in Hammersmith – all located within the prime London postcodes of WC2, W2 and W6 respectively.

The 1920s Princes House neo-classical building has been successfully converted and refurbished into 20 residential apartments and 48 serviced apartments[2]. The residential apartments have been handed over to purchasers while we are in talks with potential operators to purchase *en bloc* and manage the serviced apartments.

We successfully secured planning permission for an enhanced residential redevelopment scheme at ESCA House in November 2017 to provide 28 private residential units with onsite car parking comprising approximately 28,000 sq ft. The scheme will be one of the few new build apartment schemes in this highly sought-after area of Bayswater bordering Notting Hill. Works for this project are expected to commence in the second half of 2018.

Having completed the requisite formal public consultation process, we successfully obtained planning permission in the third quarter of 2017 to redevelop our 1.3-acre freehold commercial site in Hammersmith, known as Landmark House. The approved plans include 400,000 sq ft of integrated commercial space including a new hotel, offices, retail outlets, restaurants, a cultural facility and a new public realm. With works expected to start in late-2018, the completed development will be a new landmark on the main arterial route into Central London from the west.

[2] *Planning permission has been obtained to convert the existing 38 units of serviced apartments to 48 units.*

GROUP BUSINESS REVIEW – HOSPITALITY & LIFESTYLE

Our hospitality establishments sustained strong occupancy rates in FY18; E&O Hotel at 80% and E&O Residences at 78%. Notably, E&O Hotel recorded a marked improvement in its average room rate (ARR) which increased from RM555.10 in FY17 to RM601.40 in FY18, supported by its enduring popularity and niche position as a cherished heritage hotel and historic architectural landmark. The E&O Residences, however, faced with a highly competitive market for serviced residences and the trend in privately-held short-stay rentals especially in the Kuala Lumpur city centre, saw a drop in ARR from last financial year's RM460.50 to RM435.66 this financial year.

HOTEL PROPERTIES PERFORMANCE

DESCRIPTION	EASTERN & ORIENTAL HOTEL		E&O RESIDENCES	
	FY2018	FY2017	FY2018	FY2017
No. of Keys	232		200	
Occupancy	82%	82%	79%	79%
Occupied Rooms–Net (room days)	69,335	69,661	57,888	57,468
No. of Available Rooms (room days)	84,680	84,680	73,000	73,000
Average Room Rate (RM)	601.05	555.10	431	445
MICE Facilities	3,240 sqm Covering 2 ballrooms and 12 function rooms		Not available	

The majority of our hotel guests continue to be local Malaysians while our steadily growing foreign segment is supported by patrons from Australia, United Kingdom, China, Japan, United States, Hong Kong, Germany and Saudi Arabia.

Bookings via online agents comprised nearly 60% and 78% of reservations made at E&O Hotel and E&O Residences respectively, trumping the more conventional wholesale/travel agents booking channel. Our website booking channels are well-prepared, through earlier enhancement and upgrading exercises, to capitalise on this strengthening trend.

The MICE (meetings, incentives, conferences and events) market continues to thrive as evidenced from the bookings for corporate functions, seminars and wedding banquets that the E&O Hotel continues to receive. This segment generated close to 14% of the hotel's revenue in FY18, from venues that include two ballrooms and 12 function rooms within the Heritage Wing and Victory Annexe of E&O Hotel. The hotel marketing team has been working with its global network of event companies, partners and the Malaysian Convention and Exhibition Bureau (MYCEB) to secure more forward business.

Progressive maintenance and refreshment works are carried out on an ongoing basis at our hospitality establishments to ensure positive customer experiences. Amongst others, we have revamped and refurbished the E&O Gallery at the Victory Annexe Wing during the financial year. This was done to improve the social history gallery's narrative on Penang's history from the E&O Hotel's unique historical perspective.

The E&O Hotel maintained a staff-to-room ratio of 1.7: 1 while the E&O Residences operated at a lower ratio of 0.5: 1 given their absence of in-house F&B outlets. Our staff complement comprises full-time and part-time staff, with the latter being vital given the industry-wide shortage of skilled workers, particularly during peak festive seasons. Staff-retention initiatives as well as learning and development activities are in place to retain our valued full-time staff.

GROUP BUSINESS REVIEW – PROPERTY INVESTMENT

The conventional retail market in Malaysia remained challenging throughout 2017/18 as it tackled to confront the disruption raised by online retailers. Consistent with the entry of millennials into the workforce and the consumer market, we are observing retail patterns trending towards demand for lifestyle experiences.

Against this backdrop, properties in our property investment portfolio collectively generated revenue of RM15.78 million (FY17: RM14.28 million) and gross profit of RM5.93 million (FY17: RM4.99 million) for the 12-month period ended 31 March 2018. As the main contributor to this performance, Straits Quay retail marina achieved RM10.96 million in rental income in FY18 followed by St Mary Place retail annexe which collected RM3.05 million in rental income for that period.

Lobby-Heritage Wing, E&O Hotel, Penang

Victory Annexe, E&O Hotel

Pool Lounge-Victory Annexxe, E&O Hotel

E&O Residences, Kuala Lumpur

Poolside-E&O Residences, Kuala Lumpur

Superior Suite-Victory Annexe, E&O Hotel

GROUP OUTLOOK & FOCUS

PROPERTY DEVELOPMENT

Malaysia

The broad outlook for the property sector in 2018/19 remains cautiously positive with optimistic signs of a nascent upturn, although tight mortgage financing coupled with other global uncertainties still prevail. We believe that properties in strategic locations by reputable developers will possess an advantage and sustain buyer interest through property cycles.

We will leverage on pockets of stronger sentiment across the region to mobilise our existing inventory. This will involve enhancing our value proposition by crafting product packages to attract existing customers within the E&O database as well as tap overseas markets such as Hong Kong, China and Singapore.

In 2018/19, we are projected to launch two E&O-signature developments in Kuala Lumpur. At Jalan Conlay in the heart of the capital, is our second high-rise development joint-venture project with Mitsui Fudosan. At an elevated and exclusive 3.8-acre site in Damansara Heights, The Peak residential development will have an estimated GDV of RM278 million.

Our resources in the next financial year will be channelled towards the much-anticipated maiden STP2 launch, slated for 2019. Marketing collaterals are already being developed in preparation for this.

Taking a longer-term view, we maintain an agile, flexible stance to ensure preparedness to capitalise on opportunities when the overall market uptrend crystallises. This means that we continuously review the value proposition of our products and marketing strategies whilst maintaining a pulse on the evolving market.

United Kingdom

The general UK property market remains challenging afflicted by persistent Brexit uncertainties, stretched affordability and low-income growth. Knight Frank forecasts largely flat pricing in the prime central London market in the near term[3] with higher rates of stamp duty continuing to act as the biggest brake on price growth and activity[4].

However, the silver lining is the modest signs of recovery occurring at varied pace within certain pockets of the market. There is also the expectation that some pent-up demand could be released from 2019 following the relative hiatus in the market[5].

On our part, we are focusing ahead and having obtained approvals for our respective projects, will be concentrating on the design and launch aspects attuned to current preferences and price points. We target to commence works for ESCA House and Hammersmith by late 2018. Our properties which are niche, limited in units and superbly located, are expected to be well-received when they enter the market in the coming years.

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[3] *"Prime central London prices flat on the quarter as market edges towards recovery mode", Knight Frank, 5 December 2017*
[4] *"A look ahead at what the market holds for prime UK property in 2018 and beyond", Knight Frank Prime UK Market Forecast, 4 December 2017*
[5] *Ibid. 4*

HOSPITALITY & LIFESTYLE

The overall outlook for tourism is upbeat with Tourism Malaysia targeting tourist arrivals for 2018 to reach 33.1 million and tourist receipts of RM134 billion. Against this backdrop and supported by our strong forward bookings, we look forward to maintaining, if not, improving our healthy 80% occupancy levels in the coming financial year. Notwithstanding this, it will be imperative to acknowledge the prevalent industry challenges as we move forward.

We recognise the growing popularity of small boutique hotels and private residences for hire which have already been causing some impact on the Penang's hospitality sector. The unique position of our flagship heritage property as Georgetown's pre-eminent hotel provides some buffer against these new trends in travel accommodation options. Nevertheless, we are acutely aware that to safeguard this position, we must ensure the overall customer experience at E&O Hotel meets, and exceeds, what is expected of us.

E&O Residences in Kuala Lumpur is also addressing the competition by employing cost-effective measures to maximise its marketing reach, among which involves intensifying the use of online agents. The presence of online travel agents will continue to be a force to be reckoned with especially noting the sizable volume of business generated from this channel. We look forward to nurturing positive relationships with these parties to ensure mutually-beneficial business arrangements. Among the steps that we have taken to counter the growing costs and booking percentages associated with online travel agents is to engage a company to manage direct bookings from our hotel webpage, which has markedly reduced the percentages of such commission charges.

The growing costs of on-going preventive maintenance works as well as enhancement works, while necessary to ensure continued delivery of our brand promise, will need to be managed prudently. In tandem with this, the prevalent industry shortage of skilled workers will need to be addressed as we concurrently run practical training and retention programmes.

PROPERTY INVESTMENT

Key assets within our property investment portfolio will be operating in a retail market that is forecasted to remain challenging in the short- to mid-term[6] compounded by the injection of more new supply and the burgeoning impact of e-commerce.

Considering these factors, we are aware it will be necessary to reconfigure existing concepts and spaces to suit changing market dynamics. This underscores the open mindset of constant innovation that is required and being pursued by E&O across all business divisions.

[6] *"Savills Malaysia: Retail remains challenging in short to mid-term", 23 January 2018, edgeprop.my*

The Mews, Kuala Lumpur

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

This is E&O's second disclosure on its sustainability performance. The report focuses on E&O's primary business operations in Malaysia and E&O's principal business as a property developer comprising operational functions such as property development, associated reclamation works and hospitality services. The report contains E&O's sustainability data from 1 April 2017 to 31 March 2018, with one year of comparative historical data wherever applicable.

Our Sustainability Statement has been prepared in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

Our report also adheres to Bursa Malaysia Securities Berhad revised Main Market Listing Requirements relating to Sustainability Statement in Annual Reports.

Through this report, we aim to provide our stakeholders with updated economic, environmental and social ("EES") information about E&O. We assure our stakeholders that we are reporting fully, honestly and transparently and through increased transparency and disclosure, we build trust and strengthen the relationship with our stakeholders.

We have not sought external assurance for this report. However, we will consider getting external assurance in future as we continue to improve our data collection and management systems.

We value stakeholders' feedback on this report which can be channelled to **corp.comm@easternandoriental.com**

SUSTAINABILITY AT E&O

We are committed to driving responsible and sustainable business practices throughout our organisation. We instil the principles of sustainability into our strategies, policies and procedures and we integrate economic, environmental, social and governance considerations into our decision making.

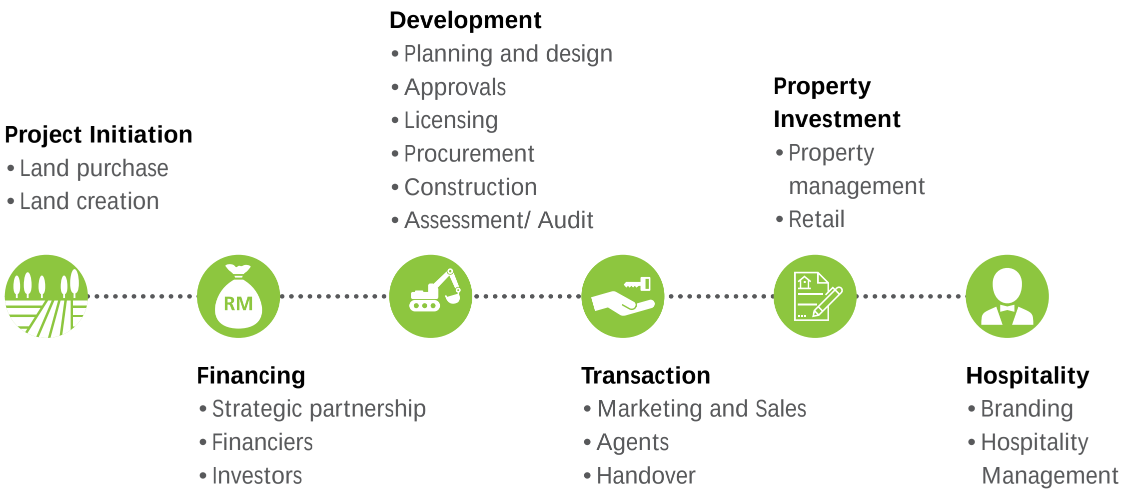
As a developer and operator of premium lifestyle developments, we ensure sustainability by creating economic value from all our developments and maintaining a track record in delivering products with exceptional quality. At the same time, we are particularly mindful of our role in preserving the environment and enhancing the well-being of individuals, and the communities we operate in.

Towards this end, we strive to:

- undertake responsible sustainability practices to minimise the environmental impacts of our developments and operations and to conserve the environment by consuming resources and materials responsibly;
- promote responsible business practices by achieving high standards of governance in our business operations;
- improve the quality of life of the individuals and communities we operate in and support the underprivileged by meeting their social needs;

OUR VALUE CHAIN

Figure 1: Value Chain at E&O



As we strive to become a sustainable property developer, we manage our supply chain across the entire life cycle of the project from its initiation and development stages to subsequent construction and operation stages. We have high expectations of our contractors who are held accountable for their activities and products. We also encourage our contractors and suppliers to be in line with industry best practices. Internal systems and policies have been put in place for us to effectively manage our consultants, contractors and suppliers.

In selecting our main contractors for new projects, contractors are assessed under stringent criteria. These include good track record in respect of financial capability, past performance, timely delivery, commitment towards high quality standards, as well as health, safety and environmental standards. Other relevant criteria such as best price and contractor's work load are also taken into consideration.

We have put in place procurement processes to ensure all purchases are of appropriate quality and of reasonable cost and commensurate with quality. Purchases are made with vendors in preferred vendor lists maintained by each department. Vendors' performance are assessed periodically to ensure they remain competitive in terms of product quality and pricing.

STAKEHOLDER ENGAGEMENT

We recognise our stakeholders as groups who are impacted by our business operations and who have a vested interest in our operations. Continuous engagement with our stakeholders groups is vital for us to better understand their expectations and how our actions impact them, and thereafter, helps us to strategise our business and social performance in line with stakeholders' expectations.

This year, we have extended our stakeholder engagement report to cover initiatives that relate to our employees, a critical group to be addressed for the Company's growth and productivity.

A summary of engagement activities with our stakeholders is shown here (Figure 2).

Figure 2: How We Engage Our Stakeholders

STAKEHOLDER	ENGAGEMENT CHANNEL	ENGAGEMENT FREQUENCY	STAKEHOLDERS' CONCERN	RESPONSE TO STAKEHOLDERS' CONCERNS
Employees	• Internal emails • Employee engagement survey on sustainability • Townhall sessions • Annual performance appraisal • Value-added Ideas generation from employees	Annual, on-going	• Training and development • Work life balance • Employee benefits and welfare	We engage with our employees to understand their interests and needs. Through our HR initiatives, employees and departments are encouraged to collaborate with one another to reinforce team spirit and thus increase work process efficiency.
Customers (existing & potential)	• Marketing materials • Marketing events and roadshows • Sales galleries • Corporate announcements & publications • Customer Careline • Written communication • Corporate website	On-going	• Product quality • Product value proposition • Future launches • Market outlook	We continuously aim to uphold our proven track record of delivering products of high quality and standard whilst ensuring that we are responsive to the concerns of our customers in an efficient and timely manner.
Financiers/ Investors/ Shareholders/	• Annual General Meetings (AGMs) • Analyst briefings • Corporate announcements • Dedicated Investor Relations team • Media engagements • News releases/ announcements • Website and social media platforms	Annual, quarterly, on-going	• Financial performance • Business risks • Corporate governance	We provide timely updates on our financial performance and corporate developments. We ensure that our financial statements are duly reviewed and audited as an assurance that we provide reliable disclosures.

STAKEHOLDER	ENGAGEMENT CHANNEL	ENGAGEMENT FREQUENCY	STAKEHOLDERS' CONCERN	RESPONSE TO STAKEHOLDERS' CONCERNS
Regulatory Authorities and Local Governments	• Regular consultation and meetings • Reporting	On-going	• Compliance with laws and regulations • Local community/ public interests	We maintain close consultation with, and provide regular updates to, the regulatory authorities and local governments. In doing so, our aim is to ensure that we are continuously in compliance with the law and that we are supporting the broader State and National objectives.
Local Communities	• Meetings • Public dialogue • Social gatherings • Community events • Residents' association • Volunteerism	On-going, ad-hoc	• Livelihood • Personal well-being	We are committed to achieve long-term meaningful community engagement, including providing meaningful support to enrich the lives of the communities we operate in. Anchoring our efforts in this area is the Think Green community engagement programme which started in 2013.
Non-Governmental Organisations (NGOs)	• Meetings and discussions	On-going	• Environmental issues • Local community interests	We continuously engage with key NGO representatives and have nurtured a collaboration with the Consumers Association of Penang (CAP) who is our main partner for the Think Green programme.
Contractors	• Meetings and discussions	On-going	• Payment • Compliance issues	Supported by our technical and environmental consultants, we engage closely with our contractors to facilitate compliance with the relevant requirements, including regulatory requirements. We have established standard operating procedures to ensure timely disbursement of payments.

SUSTAINABILITY GOVERNANCE STRUCTURE

We uphold the belief that commitment to high standards of corporate governance is essential in ensuring the sustainability of the Company, as well as to safeguard shareholders' interests and deliver long-term value. This is reflected in our sustainability governance structure which permeates across the key levels of the Group.

The Board of Directors undertakes an oversight role over the Group's sustainability efforts, including our sustainability strategy and management of material sustainability issues, through the Risk Management Committee (RMC). The RMC provides the Board with quarterly updates on sustainability issues.

Sustainability governance is also driven at the management level by the Executive Committee (EXCO) members, chaired by the Managing Director. The EXCO meets on a quarterly basis to discuss material issues and strategies pertaining to the Group, including sustainability-related matters. The Sustainability Statement of E&O is reviewed by the EXCO, and subsequently endorsed by the RMC.

The Sustainability Working Committee comprises representatives from various departments across the Group and reports to the EXCO. While this committee focuses on the reporting and monitoring of implementation of initiatives, each department manages its own set of sustainability initiatives and data collection. The governance structure for sustainability is as illustrated in Figure 3.

Figure 3: Sustainability Governance Structure at E&O

BOARD OF DIRECTORS

RISK MANAGEMENT COMMITTEE (RMC)

Group MD
(By Invitation)

Support:
CSG

Chairman
*(Independent,
Non-Executive Director)*

**Independent,
Non-Executive Director**

**Independent,
Non-Executive Director**

**Finance
Director**

**EXECUTIVE COMMITTEE
(EXCO)**

- Group MD ------------ Director, GSC
- Finance Director
- Senior Director and Director, DCM
- Director, GHL
- Senior GM, CIP
- Senior GM, MSD
- Senior GM, PPI

**SUSTAINABILITY
WORKING COMMITTEE**

Representatives from various departments

LEGEND

MD	-	Managing Director
GSC	-	Group Strategy & Communications
DCM	-	Development & Construction Management
GHL	-	Group Hospitality & Lifestyle
CIP	-	Corporate Investment & Planning
MSD	-	Marketing & Sales
PPI	-	Projects & Property Investment
CSG	-	Company Secretarial & Governance

OUR MATERIAL ISSUES

We conducted a materiality assessment exercise to identify sustainability issues affecting our business and stakeholders. The process is illustrated in Figure 4.

Adopting a matrix-based approach, materiality was assessed based on two criteria, namely, the importance of an issue to the company and external stakeholders. The EXCO and the Sustainability Working Committee participated in this exercise.

Figure 4: Materiality assessment process

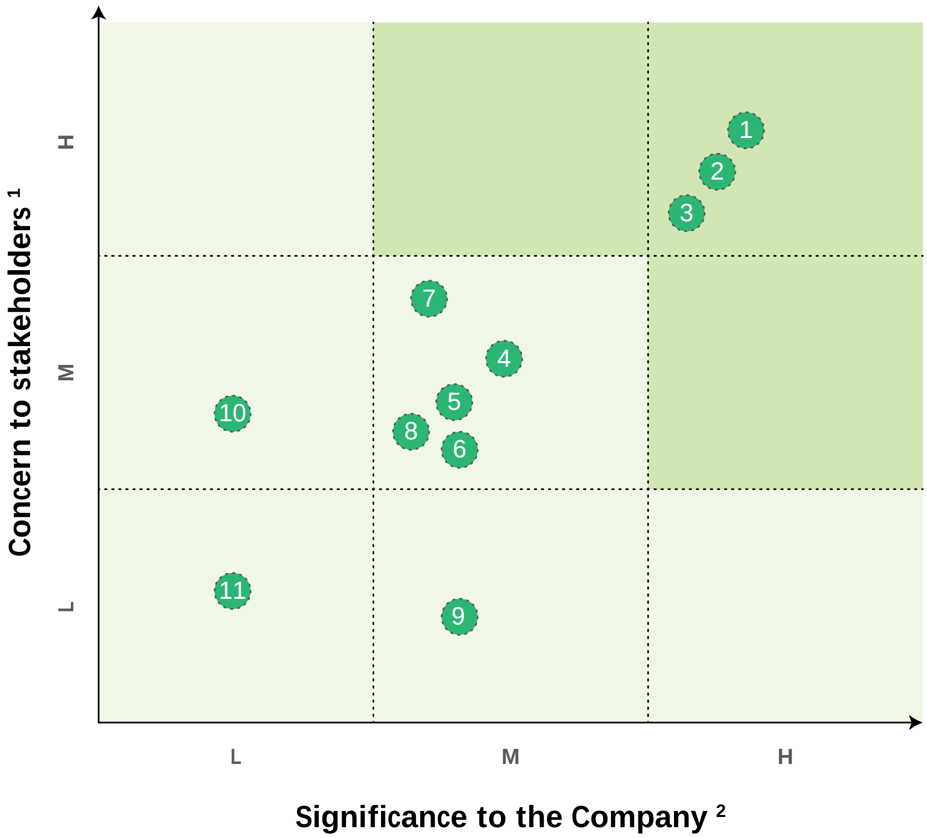
1 We identified potential sustainability issues by conducting peer companies' comparative analysis and industry benchmarks. We then reviewed the existing sustainability issues faced by E&O to cater for changes in our operations and stakeholders' inputs.

2 We prioritized material issues based on our assessment of the impact of the issues to the business and the level of concern to our stakeholders. The perspectives and interests of internal and external stakeholders were considered.

3 Validation of material sustainability issues by EXCO and RMC.

Juxtaposing the material issues against our stakeholders' concerns (deduced from our stakeholder engagement efforts per Figure 2), the outcome of the materiality assessment exercise is presented in Figure 5.

Figure 5: Materiality Matrix



LEGEND

Key Material Issues

1. Financial Sustainability
2. Compliance with Regulatory Authorities
3. Occupational Health and Safety
4. Noise
5. Sustainable Development
6. Product Responsibility
7. Water Management
8. Marine Life
9. Material Sourcing and Supply Chain Management
10. Energy Conservation
11. Waste Management

[1] *"Concern to stakeholders" is defined as the importance of a sustainability issue to the stakeholders.*
[2] *"Significance to the Company" is defined as the importance of a sustainability issue to E&O.*

Figure 6: Lists of E&O's material issues in order of priority and Mapping Against G4 GRI Topics

PRIORITY	MATERIAL ISSUES	G4 GRI TOPICS
1	Financial Sustainability	Economic Performance, Corporate Governance
2	Compliance with Regulatory Authorities	Environmental Compliance, Socioeconomic Compliance
3	Occupational Health and Safety	Occupational Health and Safety
4	Noise	Non-GRI Topic
5	Sustainable Development	Non-GRI Topic
6	Product Responsibility	Product and Service Labelling
7	Water Management	Water
8	Marine Life	Biodiversity
9	Material Sourcing and Supply Chain Management	Procurement Practice, Supplier Assessment
10	Energy Conservation	Energy, Emissions
11	Waste Management	Effluent, Waste

In distilling our materiality issues, we are also cognisant of the United Nations Sustainable Development Goals (UN SDGs) which has seen countries across the world making binding commitments towards global sustainability, entering into climate agreements and supporting the ideals of the UN SDGs. It is our aspiration that our initial sustainability initiatives resonate and are amplified towards the achievement of those global goals.

Figure 7: United Nations Sustainable Development Goals (UN SDGs)

Source: www.un.org/sustainabledevelopment/sustainable-development-goals/

Overall, there are three key themes driving E&O's efforts to operate in a sustainable manner. The material issues corresponding to these key themes may be depicted as follows:

Ensuring Sustainable Growth

- Financial Sustainability
- Compliance with Regulatory Authorities
- Occupational Health & Safety
- Product Responsibility

Minimising Environmental Impact

- Noise
- Water Management
- Marine Life
- Material Sourcing & Supply Chain Management
- Energy Conservation
- Waste Management

Connecting to Communities

- Sustainable Development

ENSURING SUSTAINABLE GROWTH

As a company, our key objective is to create economic value from all our developments. At the same time, we plan, execute and operate our projects according to sustainable fiscal strategies. We emphasise long-term planning, cost savings, prudent investment and good business ethics.

Financial Sustainability

Throughout FY18, we focused on building long-term value for our stakeholders by maintaining a strong financial performance. The key initiatives that we undertook to ensure financial sustainability include:

1) Monitoring our financial performance quarterly to ensure we have the right measures in place to keep us on track to achieve the Company's goals.

2) Demonstrating resilience in earnings despite a weak property market environment with potential higher risk of a hike in interest rates. This is a result of careful planning in financial sustainability which is our key objective.

3) Maintaining a cautious and measured stance with regard to the timing of new launches taking into consideration current market conditions. We have focused instead, on selling inventories and non-core assets and ensuring that the construction progress of ongoing projects are on schedule.

4) Continuously reviewing the rental yield and recurring income from our investment properties and hotels to make sure they meet our targeted returns, whilst taking measures to improve and enhance the yields. This includes carrying out physical improvements such as renovations, additions and change of space use to our capital assets and reviewing the lease agreements or room rates and active yield management.

For FY19, we are preparing for the maiden launch of Seri Tanjung Pinang Phase 2A (STP2A) as well as a few other projects that will replenish our unbilled sales. The STP2A launch will be a significant milestone for us as it heralds the realisation of a catalyst project for the Group as well as the beginning of a series of launches over time of a range of residential and commercial property projects at the 253-acre township.

Going forward, the Group endeavours to lower its net gearing while taking into consideration the sizable funding requirements for STP2 reclamation which is currently ongoing. In addition, the Group intends to launch several projects in anticipation of a property market rebound.

Apart from prudent financial management, we believe that full commitment to high standards of corporate governance is essential to ensure the sustainability of the Group's businesses and performance, as well as to safeguard shareholders' interests and maximise long-term shareholder value. The Company has adopted where appropriate the principles and practices as set out in the Malaysian Code of Corporate Governance 2017. These standards include having clear policies, best practices, and sound internal controls as well as a system of continuous improvements.

Snapshot of Economic Performance in financial year ended 31 March 2018.

TOTAL REVENUE	**TOTAL OPERATING COSTS**	**RETURN ON SHAREHOLDERS' FUND**
RM982.71 million	**RM802.68 million**	**5.26%**
(FY2017: RM704.76)	(FY2017: RM630.42 million)	(FY2017: 5.10%)

Compliance with Regulatory Authorities

E&O is committed to comply with all the laws, regulations and voluntary codes concerning:

1) Construction and development activities
2) Labour practices
3) Environment
4) Occupational health and safety standards
5) Marketing communications
6) Product health and safety and labelling

By ensuring compliance with the regulatory requirements in these areas, we are able to operate smoothly and without disruption, thus ensuring the sustainability of our business.

Internal systems and processes have been put in place to monitor our compliance with relevant laws and regulations. Additionally, we maintain close consultation and engagement with the relevant authorities to ensure that we clearly understand our compliance obligations. Committees have also been formed to oversee and deliberate over pertinent issues of compliance, development and operations in relation to STP2 reclamation works.

There were no instances of non-compliance with the laws and regulations in FY18. We continue to review our policies and procedures to identify areas of improvement and foster closer engagement with the authorities and consultants towards maintaining the current status of zero legal notice of non-compliance.

Occupational Health & Safety

The nature of our business exposes our employees and contractors to occupational health and safety (OHS) risks. Health and safety violations could result in fines or stop-work orders.

We are vigilant in safeguarding the wellbeing, health and safety of employees, contractors and the public at large during construction activities. In line with UN SDG 8[1], our OHS initiatives are aimed at avoiding the incidences of occupational injury and fatalities and lost-time injury rate at site.

To demonstrate our commitment to improve our safety performance, we have put in place a Safety Policy which has been endorsed by top management and communicated to all relevant staff members through various platforms, such as the Company's intranet and newsletters, to instil the importance of safety and to promote safe behaviour at the workplace. Our safety performance is continuously improved in line with the internationally-recognised OHSAS 18001 health and safety management system and our internal processes that address incidents of occupational injury and fatality.

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[1] *UN SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*

We recognise the importance of fostering a culture of safety in all activities at our worksites. In this regard, given the large number of people involved in the construction of the STP2 project, a comprehensive health and safety framework is imperative. This priority is impressed upon our STP2 project reclamation contractor, China Communications Construction Company (CCCC) who undertakes the following measures:

- An **Emergency Response Plan** (ERP) which specifies the procedures for handling all types of emergencies that may occur during the project implementation of STP2 has been formulated. Monthly drills and safety exercises on several emergency scenarios are conducted to better prepare the Emergency Response Team and the workers for an emergency.

- There is **proactive engagement with sub-contractors** in developing and implementing safety initiatives at worksites as well as provide stewardship and support to meet regulatory safety standards. The health and safety requirements that sub-contractors need to adhere are clearly specified to facilitate compliance.

- There is **active engagement with employees** through various communications modes to instil the importance of safety and to promote safe behaviour at the workplace. Amongst others, a "Safety Moment" segment is included as a regular feature of daily meetings to share safety tips and encourage safety excellence among workers. Articles of information on safety are also posted at the worksite office to promote awareness among the team.

- Regular **health, safety and environment (HSE) committee meetings** are held to monitor and respond to issues and inspection findings involving safety on site.

- Specialised **safety and training programmes** are held for different groups of personnel. These include training programmes designed by the Construction Industry Development Board (CIDB)—a statutory body which aims to promote the development and improvement of the construction industry—for the management personnel and subcontractors of CCCC.

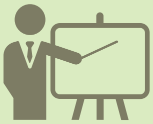
- All workers are required to attend **CIDB training to obtain a CIDB Green Card** before they are allowed to enter a construction site. The programme is an integrated safety and health induction course to increase safety awareness and reduce the risk of injury. Additionally, a workers' **Identification Card** system has been introduced to ensure that only authorised personnel enter the STP2 work site as well as to facilitate proper records of workers.

- **Safety walkabouts** are conducted on a weekly basis at the worksite to ensure that all workers and sub-contractors remain vigilant and comply with all the relevant regulatory requirements and safe work practices.

- Safety coordinators ensure that all documentation relating to safety training, injuries, accidents and hazards are completed and properly stored.

The health and safety processes at our other development construction sites, which are at a smaller scale than STP2, are equally rigorous. OHS is a priority for us and we continue to manage and improve our performance.

In FY18, the workers at STP2 reclamation worksites have collectively received 5,524 hours of training on safety. These training sessions have equipped the workers with knowledge in identifying and dealing with hazards and risks in relation to their work. Drills and safety exercises in response to emergencies as per the ERP were also conducted to increase the capabilities of the workers to react during emergency.



In FY2018, the workers at STP2 reclamation worksites have collectively received **5,524 hours** of **training on safety**

To date, for a total of more than 2 million hours worked, our contractor has recorded zero Lost Time Injury Frequency Rate (LTIFR). Moving forward, we will continue to engage with our contractors in developing and implementing safety initiatives at worksites as well as provide stewardship and support to meet regulatory safety standards.

In FY18, Eastern & Oriental Hotel (E&O Hotel) has organised a Health Awareness Drive for its employees, as part of its ongoing effort to encourage healthier lifestyles and reinforce the importance of optimal health among the workforce. The full-day event comprises free health screening and consultation sessions, blood donation and a health talk at its premises.

Product Responsibility

As a responsible developer, we have established a proven track record for excellence and it is vital that we uphold this reputation for the sustainability of our business. In line with UN SDG 11[2], E&O is committed to delivering products of high quality and standards—a pledge which influences our choice of materials, our product designs and concepts.

As a testament to this, The Tamarind, our executive apartments project in Penang, has successfully obtained GreenRE Silver Certification (Residential). GreenRE is the sustainability arm of the Real Estate and Housing Developer's Association (REHDA) Malaysia and promotes sustainability within the property industry. The Tamarind is the second project at Seri Tanjung Pinang Phase 1 (STP1) to receive this locally and internationally-recognised certification. The first E&O property that received this certification is Block 6 of the Straits Quay Office Suites. With a gross floor area of over 1 million square feet (sq ft), The Tamarind is one of the largest green certified residential building in Penang.

Block 6 of the Straits Quay Office Suites is also one of the first buildings to receive the Malaysian Carbon Reduction and Environmental Sustainability Tool (MyCREST) certification from CIDB. MyCREST is a sustainability rating tool introduced by the Ministry of Works and CIDB to quantify and lower the carbon footprint of construction projects by guiding the design and operation of buildings in a low-carbon and sustainable manner.

Additionally, as a continued service to our property buyers, E&O's dedicated in-house property management team manages properties developed by E&O such as the Quayside Seafront Resort Condominiums in Penang. A notable mention in this regard is the The EdgeProp Malaysia's Gold award for Best Managed Property 2018 (Multiple-Owned Strata Residential Category) which the E&O Property Management Services team clinched in FY18 for its exceptional work at Quayside. The award aims to raise the bar on Malaysian property management practices, benchmarking it against the best in class globally. We have also created a Customer Careline as a platform for customers to channel their feedback and enquiries.

Going forward, the Group remains focused on delivering products with excellent quality by incorporating integrated approach in the design, construction and development of sustainable properties as well as encouraging the adoption of green features at the onset of the project conceptualisation and design. We continue to distinguish our properties with hallmark quality and strong value offerings for greater competitive edge.

[2] *UN SDG 11: Make cities and human settle inclusive, safe, resilient and sustainable*

COMMITTED TO MINIMISE OUR ENVIRONMENTAL IMPACT

E&O is committed to minimise the environmental impact of its business to uphold its reputation through adoption of sustainable practices and continual improvement in environmental performance. We manage this through compliance with the relevant laws and regulations complemented by an internal system of self-regulation, monitoring and continued close consultation with the authorities. Guided by the Environment Policy, we constantly focussed on developing a positive and proactive environmental culture to be embraced in all aspects of our business, with the goal of zero pollution incidents.

Compliance with Regulatory Authorities

As a general practice, we make it a priority to ensure compliance and strict adherence to environmental requirements and authorities guidelines in all our construction sites. In tandem with our efforts to comply with the regulatory requirements, we practice close consultation and engagement with the relevant authorities in order to ensure a clear mutual understanding of the compliance requirements.

In reclamation projects like STP2, it is imperative that we comply with the comprehensive environmental requirements stipulated by the project's Detailed Environmental Impact Assessment (DEIA) study as well as those imposed by the relevant authorities. In this regard, the Department of Environment (DOE) imposes 51 approval conditions which cover project concept and design; source of sand and rock, transportation of materials as well as, an environmental management programme (EMP) which scrutinises the contractor's construction methods, coastal control, waste management, marine safety and emergency risk control, environmental audit, project abandonment plan, and reporting and administration procedure.

The DEIA approval conditions have been included in the contract with the contractor to ensure compliance. In addition to this, the EMP serves as a comprehensive guide regarding the working practices and procedures to all our employees, contractors, sub-contractors, and consultants, with reference to the accreditations ISO 9001, OHSAS 18001 and ISO 14001 as management tools.

Measures taken towards ensuring compliance with regulatory authorities' requirements for the STP2 reclamation project include the following:

- **Set up a Reclamation Compliance Committee (RCC), led by our Chairman and three Board members of E&O, to oversee compliance to statutory requirements for the STP2 project.** Meeting bi-monthly, the RCC deliberates issues and risks of non-compliance with the range of statutory requirements for the project including those imposed by DOE, Marine Department and the Department of Occupational Health & Safety (DOSH).

- **Set up an Environmental Performance Management Committee and Environmental Regulatory Compliance Monitoring Committee.** These meetings are led by our environmental experts and consultants to assess arising environmental issues and risks. The Committee meets once a week and conducts regular compliance monitoring to assess water, noise and air quality, sedimentation and erosion, as well as weekly in-situ monitoring for total suspended solids and turbidity.

- **Worked with the contractors to continually assess and monitor sub-contractors' capability and competencies in environmental matters.** Monthly external audits on the contractor's adherence to the permissible working hours and noise level, are submitted to the DOE.

- **Conducted third-party environmental audits involving site visits and paperwork inspections.** The findings of the audit are submitted to the DOE and a corrective action report is issued for any non-conformances, which need to be rectified immediately. The audit process also notes good practices and areas of improvements. In addition, our external engineers and contractors are required to employ a full-time Environmental Officer.

- **Installed silt curtains and constructed perimeter bunds at the STP2 reclamation area.** We have invested RM4.48 million in constructing silt curtains to control silting, as part of our effort to mitigate potential water quality issues such as sedimentation and turbidity.

- **Implemented further mitigation measures to manage the impact on water quality.** This includes using an online Total Suspended Solids (TSS) monitoring system which provides real time reading from multiple remote stations to the desktop using smart sensor, wireless and internet technologies. When the TSS readings exceed the threshold set at 45mg/L (which is below the set suspended solid concentration of 50mg/L as per the regulatory requirement), email alerts are sent out to inform various stakeholders, including our contractor and reclamation consultants, for immediate action to be taken. We have also controlled dredging and reclamation operations as part of efforts to mitigate the impact on water quality as well as implemented a shoreline monitoring system to mitigate the impacts of sedimentation and erosion.

- **Installed a secure anti-climb fencing along the perimeter of the reclamation area at Gurney Drive** to ensure a safe human environment. To enable the public to continue enjoying the area and the sea view during the development, we used permeable mesh fencing material and installed planter boxes with flowering creepers to enhance the aesthetics and recreational value of the space.

- **Set up an internal digital database** to assist us in closely monitoring and tracking our compliance with all regulatory conditions imposed on the STP2 project. The database is also a repository of critical information to help us address any potential issues arising in relation to STP2.

Waste Management

As a property developer and operator of hotels, we generate scheduled and non-scheduled waste such as solid waste, biomass removal waste, environmental waste as well as domestic waste. In line with UN SDG 12[3], we endeavour to consume material responsibly and reduce wastage in our operations. We promote awareness of 3R concept to reduce wastage, that is to Reduce, Reuse, Recycle initiatives at the worksites. We have incorporated a range of initiatives into our operations to reduce our waste.

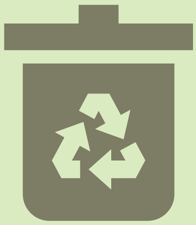
For example, to manage the waste generated by our mangrove clearing initiatives (which was required for the reclamation of the land on Gurney Drive foreshore for the Penang State Government), we send our biomass removal waste for recycling at a designated plant in Jawi, Seberang Perai. Out of a total of 2,788 cubic meter of biomass that was produced, 46% of suitable biomass was recycled.

We have explored opportunities to recycle suitable dredged materials, normally regarded as waste, as fill material for reclamation. Aside from potential sand and fuel savings, this could also reduce our carbon footprint as it eliminates the need to transport the dredged material to the designated offshore disposal ground.

[3] *UN SDG 12: Ensure sustainable consumption and production patterns*

In line with the regulations governing scheduled waste, we only store scheduled waste at a designated place and only a scheduled waste handler licensed by DOE is allowed to handle the transportation and disposal of the scheduled waste produced at STP2 reclamation site.

Our tracking of vessels via satellite using a dredging and disposal management system (DDMS) ensures that dredged material is only released at approved disposal grounds. This system is available online for employers, engineers and the DOE.



In FY2018, a total of **2,725 kg** of **solid waste** generated in the corporate offices are being **recycled**

Our hospitality and retail divisions place strong emphasis on sustainable waste management. At the E&O Hotel and Straits Quay, we have introduced a food waste reduction best practice policy as well as a wet and dry waste sorting initiative.

Organic landscape waste from the Straits Green public park and the surrounding STP residential area is put to good use at the compost bays within our Think Green site—a vegetable garden created under the ambit of our long-term community engagement programme—and is used to enrich the soil and grow herbs and vegetables. In this way, almost three tonnes of landscape waste from STP is composted annually instead of heading to landfills.

To cultivate the practise of recycling, residents and tenants are also presented with recycling corners, containing segregated waste disposal bins, strategically located and made available to residents and building tenants, as part of our environmental outreach efforts.

We continue to evaluate our operations to find new opportunities where we can incorporate practical sustainability initiatives with the aim to enhance our performance in waste management. For instance, to encourage the practices of reduce, reuse and recycle through waste reduction programme in the offices, at construction sites and in the hotels.

Energy

As a property developer and hotel operator, the Company's carbon emissions include direct emissions from fuel and loss of refrigerant in air conditioning systems; indirect emissions due to purchased electricity consumed at investment properties, hotels and offices; as well as other indirect emissions arising from employees' daily activities.

We consume a considerable amount of energy at Straits Quay, E&O Hotel and E&O Residences in the form of electricity and the use of generators. Our construction and land reclamation sites also need large quantities of fuel to operate machinery and vehicles. In line with UN SDG 13[4] and Malaysia's commitment to reduce its greenhouse gas intensity by 45% by 2030, we strive to manage our energy usage by improving efficiency, reducing emissions and conserving resources through energy management and data collection policies.

In FY18, we have recorded a rise in fuel consumption as compared to the previous year largely due to an increase in the operation of vessels and machineries for STP2 reclamation and dredging activities.

At the E&O Hotel, our energy saving initiatives include changing the hot water tanks and the air-conditioning system at Victory Annexe; replacing LED bulbs in the basement, basement walkway and Victory Annexe staircases; introducing a log book system to track the use of liquefied petroleum gas (LPG). Additionally, the rooms located in the Heritage Wing of E&O Hotel were upgraded with a key card-based energy management system—enabling the automatic cutting-off of energy supply when the key card is removed—parallel to the hotel's effort to reduce energy consumption.

In 2017, the hotel has recorded savings of 140,520 kWh of energy consumption – a reduction of energy bill by 1% year on year. We plan to further improve our hotel energy efficiency by having initiatives like replacing the chiller in the Heritage Wing with a more energy-efficient chilled water air-conditioning system; promoting the optimum usage of a centralized rather than individual water heating system; and replacing light bulbs with high efficiency lighting covering all areas in the hotel. We will continue with our efforts to identify energy saving opportunities in the hotel.

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[4] *UN SDGs 13: Take urgent action to combat climate change and its impact*

Mangrove replacement planting programme, a successful collaboration with stakeholders

In May 2016, E&O initiated a mangrove offset replacement planting programme at Sungai Acheh in Nibong Tebal, Penang, pledging to plant 1,500 mangrove saplings. This maiden effort by E&O is undertaken through its subsidiary Tanjung Pinang Development Sdn Bhd (TPD) in close partnership with the Forestry Department of Penang and the Penang Inshore Fishermen Welfare Association (PIFWA).

The programme is a proactive voluntary step by TPD in light of the necessary removal of mangroves at the northern end of Gurney Drive. The removal will be required to make way for the 131 acres of land that E&O is reclaiming at its own cost for the Penang State Government along the Gurney Drive foreshore. The State Government has made known that a public park, Gurney Wharf, is slated to be created on the 131-acre reclaimed land.

E&O's pledge to plant 1,500 mangrove saplings were organised across three separate events, signifying the successful collaboration with various stakeholder groups. The first event in May 2016 which marked the commencement of the project and planting of the first 500 saplings, saw the attendance of representatives from the Penang State Government and other relevant government agencies, including PIFWA and the Forestry Department.

In August 2016, 100 students from SK Tanjung Tokong, SJK (T) Azad and SJK (C) Hun Bin continued the pledge of planting another 500 saplings at Sungai Acheh under the ambit of its Think Green community education programme.

The third instalment saw E&O joining hands with Tanjung Tokong community leaders to plant the final 500 mangrove saplings; bringing to 1,500 the total number of saplings planted under the programme, to-date.

CONNECTING WITH OUR COMMUNITIES

E&O's interaction with various communities aims to promote long-term meaningful community engagement. As an organisation with strong roots as well as a growing presence in Penang, E&O appreciates the significance of going beyond corporate philanthropy initiatives and providing strong support in various communities. These communities have extended beyond the communities E&O operates in, which include school children, teachers, fishermen, NGOs, special-needs children and the aged. By sowing seeds that enrich the lives of people and communities, we aim to deliver value and meaningful social impact to our diverse stakeholders in Penang.

Place Making for the Community

Straits Green is a 4-acre public park, a vital green space in Seri Tanjung Pinang Phase 1 which provides communities with more than just a recreational space. Set up by E&O at a cost of approximately RM4 million and maintained at an estimated RM30,000 monthly, Straits Green features a stimulating 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 and staffed by E&O volunteer employees.

Straits Green is now a sustainable and vibrant public space that encourages interaction and fosters meaningful relationships with nearby communities. 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 for 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.

A community food garden, dedicated to E&O's Think Green community education programme, is sited at Straits Green. The food garden 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 that are organically constructed by participating students of the Think Green programme. The Think Green garden is kept open, inviting the community to enjoy the harvest.





Nurturing Young Minds

The Think Green eco-education programme held at Straits Green started off with a pilot project in 2013, partnering 120 students from three primary schools in the Tanjung Tokong community, namely SK Tanjung Tokong, SJK (T) Azad and SJK (C) Hun Bin. Following positive response to the pilot project from teachers, students and parents, Think Green took on a more concentrated approach, creating monthly educational workshops with SK Tanjung Tokong and monthly early childhood garden sessions with pre-schoolers from Tadis Ar-Rasyiddin.

With its aim to nurture eco-conscious young minds, Think Green has had positive impact on the students. Think Green and its lessons on urban farming and inculcating the love of nature has inspired students and teachers of SK Tanjong Tokong and SJK (T) Azad to create their own food garden within their respective school compounds. This has encouraged the students to be responsible for the garden, as well as a way to reach out to the larger student community in each school. Students were also able to actively apply their knowledge gained during the monthly educational sessions into caring for their school's food garden.

The Think Green programme has come a long way since its inception in 2013, gaining strong traction within the communities it has enriched. In 2017, E&O launched the first Think Green booklet, a 72-page, colourful booklet filled with photos and development of Think Green activities through the years. The booklet is also a tribute to the people, groups and establishments that have supported E&O's efforts to build a long-term focused and meaningful community engagement programme in Penang.

THINK GREEN
A COMMUNITY EDUCATION PROGRAMME BY E&O

7 SCHOOLS INVOLVED
1 KINDERGARTEN
5 PRIMARY SCHOOLs
1 SECONDARY SCHOOL

123 NATURE-BASED EDUCATION SESSIONS SINCE 2013

14 CROSS CULTURAL ACTIVITIES SINCE 2013

780 STUDENTS INVOLVED SINCE 2013

4 THINK GREEN POP-UP BOOTHS

1500 MANGROVE TREES PLANTED BY STUDENTS AND COMMUNITY IN 2016 - 2017

Reaching Out to Special Communities

Aside from our core corporate social responsibility initiative anchored by the Think Green programme, E&O also supports other communities, including special needs groups, in line with our aim to uphold the interests of the communities in which we operate.

We respect the role played by the fishermen and their crew in the waters of STP. The project approval conditions also obligated E&O to contribute a financial sum for an ex-gratia payment, determined by the state authorities and Fisheries Development Authority of Malaysia (LKIM), to be made to the fishermen and their assisting crew from the affected areas of the STP2 reclamation project. E&O has provided RM2.042 million to the Penang State Treasury for disbursement to eligible recipients. The list of eligible recipients comprised 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.

After the first disbursement in July 2015, several other fishermen and their assisting crew members submitted appeals. Upon due consideration by the Fisheries Development Authority of Malaysia and the State Economic Planning Unit, this second batch of fishermen and assisting crew members were included in the list of eligible recipients, which led to a second round of disbursement in October 2015.

We maintain direct engagement sessions with the fishermen community of Tanjung Tokong, Tanjung Bungah, Bagan Jermal and Paramount. We also provide school supplies to the fishermen's children to help with the financial cost of their education.

In early November 2017, Penang experienced unprecedented wind and rain which resulted in severe flooding and damages throughout the state. E&O's immediate proactive mitigating measures at the STP2 work site include checking and securing vessels and equipment, and deploying a 24-hour flood patrol unit to monitor the area for blockages in drains.

The Company immediately implemented compassionate leave for staff that were directly affected by the flood, disbursement of emergency flood relief cash token of RM1,000 per affected staff to alleviate immediate needs, and formed a volunteer team to assist in cleaning their homes.

Outreach support to affected communities were identified as E&O responded to appeals. Amongst the assistance provided were:
- Contribution of bedding provided by E&O Hotel to Gan En Zhi Jia Old Folks Home's temporary shelter.
- Deployed a clean-up crew at Kampung Bagan Jermal.
- Participated in Hari Sukarelawan by coordinating with our contractors for assistance to jointly provide 10 lorries and 3 backhoes for the clean up works.
- Organised an E&O Staff Volunteer village clean-up at Kampung Masjid, Air Itam.
- In their own personal capacity, E&O staff actively contributed by providing evacuation assistance, formed patrol units at flooded areas, food distribution assistance around Penang island, as well as responding to appeals from shelter and welfare homes.

Supporting Government Initiatives

We have constructed low-medium-cost (LMC) apartments at our Seri Tanjung Pinang masterplanned development in Penang, which is in adherence to the conditions of the Seri Tanjung Pinang Concession Agreement that are also consistent with the Government's affordable housing policy. This initiative also contributes towards the achievement of UN SDGs 11[5]. To-date, five blocks have been constructed, totalling 1,336 units within STP1, which is in excess of our LMC obligations. In September 2017, 87 units of our low-medium-cost (LMC) apartments, Selasih Court, at Seri Tanjung Pinang masterplanned development were released for balloting.

[5] *UN SDGs 11: Make cities and human settlements inclusive, safe, resilient and sustainable*

Creating A Legacy

To preserve Penang's past and encourage a greater appreciation of the State's transformation through time, we opened the E&O Visitor Centre in October 2016. A range of exhibits enables visitors to trace Penang's rise as a flourishing port and celebrates the different communities that make up Penang's unique tapestry.

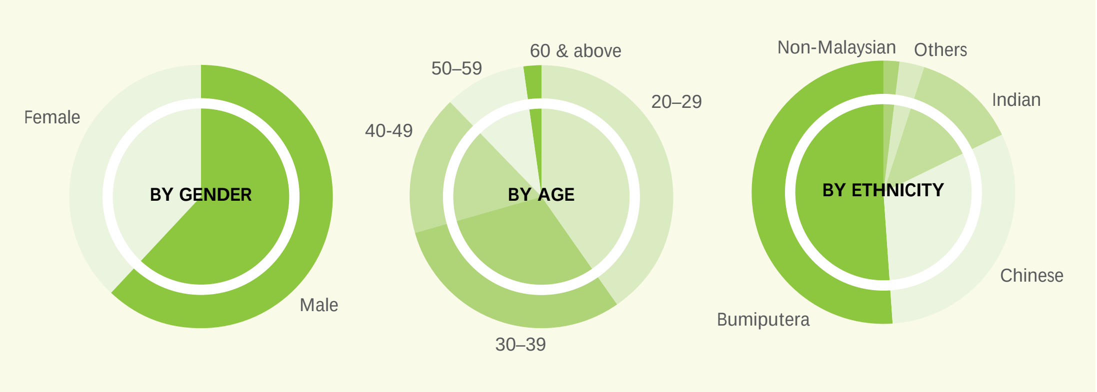
At the E&O Hotel, the E&O Gallery sited within the Victory Annexe retail arcade was refurbished and enhanced. Originally a space to showcase Penang's history as well as social and cultural milestones of more than a century as seen through the eyes of the E&O Hotel, the Gallery now includes a section on the homes built by E&O, inspired by the heritage and rich history of this cherished icon and the values it espouses.

Promoting a Dynamic Workplace

We recognise that our employees are E&O's greatest asset and our human resource policies support this ethos in ensuring the welfare of our staff is maintained which include a competitive, marked-to-market compensation and benefits plan. Through the Company's E&O Sports Club, a recreational and sports club run by staff members, we provide financial support and organize a series of fitness as well as recreational activities to promote a healthy and balanced workforce.

Mindful that a diverse and dynamic workforce is vital for business growth and sustainability, we nurture an environment and culture of equal opportunity with a mix of gender, age and ethnicity. The composition of our workforce in FY18 is depicted in the following diagram.

Figure 7: E&O Group Workforce Composition FY18



We value our employees' feedback and comments and as part of our People Agenda, we have implemented various initiatives and interactive sessions to promote a culture of open communication between senior management and employees. These include townhall sessions, value-added ideas generation from employees and a performance review system. Also, an employee engagement survey has been conducted to determine the level of understanding on sustainability matters among employees as well as to better understand their needs and interests.

We strive to promote a conducive working environment to ensure employees continue to grow and achieve their full potential through training workshops and learning experiences. To facilitate the continuous development and engagement of our employees, the Human Capital Department implements a range of training programmes for the workforce across all levels and functions. An annual training and development budget is allocated and in FY18, RM128,276 was invested in this area. In line with the Company's effort to attract talent, we offer the opportunity for undergraduates from local and overseas universities to gain practical working experience by providing internship positions. and a career opportunity with the Company thereafter.

We also recognise and reward outstanding performances of our employees. Employee performance evaluation is carried out annually, enabling feedback to be given to employees in a formal and structured way. Employees who have achieved the set goals will be rewarded accordingly along with career progression opportunities.

All the above initiatives further align ourselves towards achieving the UN SDG 8[6].

[6] *UN SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all*

GLOSSARY OF TERMS

Code of Conduct – A formal statement of the values and business practices of a company. It is a pledge that the company will adhere to these values and requires its suppliers and contractors to do the same.

Global Reporting Initiative – GRI is an international independent organisation that helps businesses, governments and other organisations understand and communicate the impact of their business on critical sustainability issues. GRI provides the most widely-used standards on sustainability reporting and disclosure.

Indicators – Ways to measure how well a company is meeting its own expectations and those of its stakeholders in the realm of sustainability. Indicators are a way to measure whether targets are achievable and the company's progress in reaching its goals.

Material Issues – The issues that are of the most interest to a company's stakeholders and which play a leading role in how the stakeholders perceive the company, its operations and its commitment to economic, environmental and social progress.

OHS – Occupational Health and Safety.

OHSAS – Occupational Health and Safety Assessment Services for health and safety management systems. OHSAS helps companies control and manage health and safety issues.

Stakeholder – Anyone who is impacted by the operations and practices of the company. Stakeholders may include customers, employees, business partners, shareholders, governments, communities and non-governmental organisations.

Sustainability – A way of doing business that strives to create value for the present while demonstrating commitment to the long-term preservation and enhancement of the economic, environmental and social resources.

UN SDGs – United Nation Sustainable Development Goals, also known as Agenda 2030, is a collection of 17 global goals and 169 targets which cover the three dimensions of sustainable development: economic growth, social inclusion and environmental protection.

GLOBAL REPORTING INITIATIVE (GRI) G4 CONTENT INDEX

This report is developed in accordance with GRI G4 “core” requirements.

GENERAL STANDARD DISCLOSURES		
PROFILE DISCLOSURE	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
STRATEGY AND ANALYSIS		
G4-1	Statement from the MD	Page 27
ORGANISATIONAL PROFILE		
G4-3	Name of organisation	Page 23
G4-4	Primary brands, products and services	Page 34-47
G4-5	Location of the organisation’s headquarters	Page 34-47
G4-6	Number of countries where the organisation operates and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Page 34-47
G4-7	Nature of ownership and legal form	Page 34-47
G4-8	Markets served	Page 34-47
G4-9	Scale of the organisation	Page 34-47
G4-10	Breakdown of workforce	Page 76
G4-12	Organisation’s supply chain	Page 50
G4-13	Any significant changes during the reporting period regarding the organisation’s size, structure, ownership or its supply chain	No significant changes.
G4-14	Addressing the precautionary approach or principle	E&O undertakes a precautionary approach to its operation by identifying business sustainability risk to the Company. Refer to Statement of Risk Management and Internal Control, page 104.

GENERAL STANDARD DISCLOSURES		
PROFILE DISCLOSURE	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
ORGANISATIONAL PROFILE		
G4-15	External charters, principles or initiatives endorsed	Not applicable.
G4-16	Membership of associations and advocacy organisations	FIABCI-MALAYSIA, FPLC, MIRA, MSWG, REHDA[7]
G4-17	Coverage of entities included in the consolidated financial statements	Page 8-9
G4-18	Process for defining the report content and the aspect boundaries	Page 56
G4-19	Material aspects identified	Page 58-59
G4-20	For each material Aspect, report the Aspect Boundary within the organisation	Page 49-50
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation	Reporting boundary does not extend outside the organisation.
G4-22	The effect of any restatements of information provided in previous reports	Not applicable.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant change reported.
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organisation	Page 52-53
G4-25	Basis for identification and selection of stakeholders	Page 52-53
G4-26	Approaches to stakeholder engagement	Page 52-53
G4-27	Response to key topics and concerns raised	Page 52-53
REPORT PROFILE		
G4-28	Reporting period	Page 49
G4-29	Date of most recent previous report	Sustainability Statement in E&O's Annual Report 2017.
G4-30	Reporting cycle	Page 49
G4-31	Contact point for questions	Page 49

[7] *The International Real Estate Federation-Malaysia, Federation of Public Listed Companies, Malaysia Investor Relations Associations, Minority Shareholder Watchdog Group, Real Estate and Housing Developers' Association Malaysia.*

GENERAL STANDARD DISCLOSURES		
PROFILE DISCLOSURE	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
G4-32	‘In accordance’ option, the GRI content index and external assurance	Core option.
G4-33	Policy and current practice regarding external assurance	Page 49
GOVERNANCE		
G4-34	Governance structure of the organisation	Page 55, Section "Sustainability Governance Structure".
ETHIC AND INTEGRITY		
G4-56	Values, principles, standards and norms of behaviour such as codes of conduct and code of ethics	E&O has a Code of Conduct that governs all employees of E&O and its subsidiaries.

SPECIFIC STANDARD DISCLOSURES		
INDICATOR	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
CATEGORY: ECONOMIC		
Aspect: Economic Performance		
EC1	Direct economic value generated and distributed	Page 59-60, Section “Financial Sustainability”
Aspect: Indirect Economic Impacts		
EC7	Development and impact of infrastructure investments and services supported	Page 36 and 74, Section “Supporting Government Innitiative”
CATEGORY: ENVIRONMENTAL		
Aspect: Energy		
EN3	Energy consumption within the organization	Total energy consumption for Straits Quay and E&O Hotel for financial year 2018 is 62,168.59 GJ.
EN5	Energy intensity	Total energy intensity is 0.53 GJ/M^2
EN6	Reduction of energy consumption	Page 68, Section “Energy”
Aspect: Biodiversity		
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas high biodiversity value	Page 65-66, Section “Compliance with Regulatory Authorities” Only applies to E&O’s STP reclamation project.
EN13	Habitats protected or restored	Page 69, Section “Compliance with Regulatory Authorities” Only applies to E&O’s STP reclamation project.

SPECIFIC STANDARD DISCLOSURES		
INDICATOR	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
Aspect: Products and Services		
EN27	Extent of impact mitigation of environmental impacts of products and services	Page 65-66, Section "Compliance with Regulatory Authorities" Only applies to E&O's STP reclamation project.
Aspect: Effluents and Waste		
EN23	Total weight of waste by type and disposal method	Page 66-67 At the STP2 reclamation site, a total of 225.3 metric tonnes of waste is generated and disposed by the scheduled waste handler.
Aspect: Compliance (Environment)		
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No fines and non-monetary sanctions for non-compliance with environmental laws and regulations.
Aspect: Transport		
EN 30	Significant impacts of transporting products and other goods and materials for the organisations's operations, and transporting members of the workforce.	No fines and non-monetary sanctions for non-compliance with environmental law and regulations.
Aspect: Overall		
EN 31	Total environment protection expenditures and investment by type.	Page 66, section "Compliance with Regulatory Authorities" Only applies to E&O's STP reclamation project.

SPECIFIC STANDARD DISCLOSURES		
INDICATOR	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
CATEGORY: SOCIAL–LABOUR		
Aspect: Occupational Health and Safety		
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Page 61-63, Section "Occupational Health and Safety"
CRE6	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system	Page 61, Section "Occupational Health and Safety" Only applies to E&O's STP reclamation project.
CATEGORY: SOCIAL – SOCIETY		
Aspect: Compliance (Society)		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No fines and non-monetary sanctions for non-compliance with laws and regulations.
CATEGORY: SOCIAL – PRODUCT RESPONSIBILITY		
Aspect: Customer Health and Safety		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	No incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services.
SASB: PRODUCT AND SERVICE LABELLING		
CRE8	Type and number of sustainability certification, rating, and labeling schemes for new construction, management, occupation, redevelopment	Page 64, Section "Product Responsibility"

Quayside Seafront Resort Condominiums, Seri Tanjung Pinang, Penang

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 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 2016. 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 OVERVIEW 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 practices as set out in the new Malaysian Code on Corporate Governance issued in 2017 ("the Code" or "MCCG") 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.

In making this Corporate Governance ("CG") Overview Statement, the Company is guided by Practice Note 9 of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the CG Guide (3rd edition) issued by Bursa Securities. This statement provides an overview of the Company's application of the three principles set out in the MCCG and is to be read together with the CG Report which provides an insight on how the Group has applied each practice as set out in the MCCG throughout the financial year ended 31 March 2018. The CG Report is available on the Company's website at www.easternandoriental.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Clear Roles and Responsibilities

The Group is led by the Board which has overall responsibility for strategic aims and 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 in discharging its fiduciary duties and responsibilities. The Board Charter sets out the composition, roles, functions and processes of the Board and those functions delegated to Board Committees and Management.

The full Board Charter is available on the Company's website at www.easternandoriental.com.

In order to ensure effective discharge of the responsibilities, the Board has delegated certain responsibilities to Board Committees, namely, the Audit Committee, the Nomination, Remuneration and Scheme Committee and the Risk Management Committee. Each of the Board Committees operates within its respective Terms of Reference approved by the Board. The Board Committees report to the Board on matters considered and their recommendations thereon.

Although specific powers are delegated to the Board Committees, the Board keeps itself apprised of the key issues and decisions made by each Board Committee through the reports by the Chairman of the respective Board Committee and tabling of minutes of the Board Committee meetings at Board meetings. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The Board has also delegated day-to-day management of the business of the Group to Executive Directors and Management subject to an agreed authority limit contemplated in the Group Authority Chart.

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
- Review of Related Party Transactions and conflict of interest

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

- Identifying, monitoring and managing of significant risks faced by the Group
- Formulating and implementing risk management policies and strategies
- Oversight on the Group's sustainability practice and management

Separation of Positions of the Chairman, Executive Deputy Chairman and Managing Director

The roles of the Chairman, Executive Deputy Chairman and 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. The Chairman is responsible for ensuring Board effectiveness, standards of conduct and governance of the Board while the Executive Deputy Chairman is responsible for strategic planning, business development and oversees the business operations with the Managing Director. The Managing Director is responsible for 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.

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 Board 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 in the form of 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 through 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.

Company Secretary

The Board is supported by a qualified and competent Company Secretary who is responsible to the Board for ensuring that all governance matters and Board policies and procedures are adhered to and that applicable laws and regulations are complied with. The Company Secretary ensures that deliberations and discussions at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management for appropriate actions. The Company Secretary has and will constantly keep herself abreast, through continuous training on the regulatory changes and development.

Board Charter and Code of Conduct & Ethics

In tandem with the issuance of the new CG Guide by Bursa Securities, the Board has reviewed and approved the amendments to the Board Charter and Code of Conduct & Ethics, to be in line with the practices in the MCCG. Upon approval by the Board, the revised Board Charter and Code of Conduct & Ethics have been uploaded on the company's website. The Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees, individual directors and management; and issues and decisions reserved for the Board. 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 & Ethics. The Code of Conduct & Ethics is established to promote corporate culture which engenders ethical conduct that permeates throughout the Group.

Whistle-Blowing Policy and Procedures

The Company has put in place a Whistle-Blowing Policy which provides a mechanism for any employee of the Group to report genuine concerns relating to any malpractice or improper conduct of the Group's businesses to the Chairman of the Audit Committee. Any whistle-blowing 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 Board recognises the growing importance of sustainability in business and in creating long term value to stakeholders and society at large. The Company has established a Sustainability Policy aims to integrate the principles of sustainability into the Group's strategies, policies and procedures and create a culture of sustainability within the Group, and the community, with an emphasis on incorporating the economic, environmental, social and governance considerations into decision making and the delivery of outcomes.

Details of the Company's sustainability activities are disclosed in the Sustainability Statement in this Annual Report.

II. Board Composition

Board Composition and Balance

Currently, 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 Non-Executive members of the Board bring a wide range of business and financial experience to the Board, which contributes to the effective direction of the Group. The Company has fully complied with the requirement for one third (1/3) of its members to be independent as stated in Paragraph 15.02(1) of the MMLR of Bursa Securities.

The current Board which is comprised of high calibre Directors has a wide mix of different skill sets and the professional diversity of the members provides an atmosphere where deliberations draw a wide range of viewpoints which are usually challenged before a decision is arrived at. There is no individual Director or group of Directors who dominates the Board's decision making. The Chairman encourages healthy deliberations and dissenting views are freely expressed.

The Independent Directors fulfil a pivotal role in providing unbiased and independent views, advice and judgement, taking into account the interest not only of the Company but also shareholders, employees, customers and communities in which the Company conduct business. The effective participation of Independent Non-Executive Directors serves to promote greater accountability and balance in the Board's decision making process. The Board is satisfied that it has the size that meets the needs of the kind of businesses the Company is involved in as well as diversity of the Company's shareholders, employees, customers, stakeholders and communities.

The profile of Directors is set out in Directors' Profile in this Annual Report.

Nomination, Remuneration and Scheme Committee

The NRSC comprises of four (4) members, all of whom are Non-Executive Directors, with a majority being Independent Directors:

DIRECTORS
Dato' Azizan bin Abd Rahman *(Chairman, Independent Non-Executive Director)*
Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Member, Independent Non-Executive Director)*
Encik Kamil Ahmad Merican *(Member, Non-Independent Non-Executive Director)*
Datuk Christopher Martin Boyd *(Member, Independent Non-Executive Director)*

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. The full Terms of Reference of NRSC is available on the Company's website at www.easternandoriental.com.

The main activities of the NRSC during the financial year ended 31 March 2018 are summarised as follows:-

- reviewed and recommended the appointment of a Non-Independent Non-Executive Director of the Company, taking into consideration the balance of skills, knowledge and experience on the Board;
- reviewed and recommended the Executive Deputy Chairman's remuneration;
- assessed and reviewed the size of the Board, effectiveness of the Board, the Board Committees, the performance of the Audit Committee members and individual Directors for the financial year ended 31 March 2018; in carrying out the assessment, the NRSC has recommended the engagement of independent consultant namely Boardroom Corporate Services (KL) Sdn Bhd in collaboration with KPMG Management & Risk Consulting Sdn Bhd to facilitate objective, professional and candid board evaluations;
- reviewed the independence of the Independent Directors for the financial year ended 31 March 2018;
- reviewed the training needs of the Directors; and
- reviewed the vesting of Long-Term Stock Incentive Plan, 2012 ("LTIP") to the eligible employees.

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 twelve (12) 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.

The Board recognises that its current composition has the right mix of skills, objectivity and in-depth experience required for the Group's businesses. 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. Based on assessment carried out by independent expert, both NRSC and the Board concluded that Dato' Azizan bin Abd Rahman and Datuk Vijeyaratnam a/l V. Thamotharam Pillay who have served more than twelve (12) years, remain objective and independent in expressing their views and participation in deliberations and decision making of the Board and Board Commitees. 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.

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 recognised the merits of gender diversity at board level on strengthening the performance of the Board and/or Board Committees. Currently, there are two (2) women serving as members of the Board. With the current composition, the Board views 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 Constitution, 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. All retiring Directors shall be eligible for re-election.

Annual Evaluation of Board, Board Committees and Directors

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 key objective of the Board evaluation is to ensure that the Board is functioning well. The evaluation also serves as reference point for the Board to evaluate if a balanced, diversed, skilled Board across a wide range of areas and expertise is consistenly maintained.

In line with Practice 5.1 of MCCG, the Company has in March 2018 engaged an independent consultant namely, Boardroom Corporate Services (KL) Sdn Bhd ("Boardroom") in collaboration with KPMG Management & Risk Consulting Sdn Bhd ("KPMG") to facilitate objective, professional and candid board effectiveness evaluations ("BEE") for the period from 1 April 2017 to 31 March 2018.

The BEE was carried out based on a combination of self and peer assessment by Board members via customised questionnaires, which are premised on qualiltative and quantitative criteria. The assessment criteria are benchmarked against good governance practices prescribed by the regulators and best practices. Private interviews with all Directors was conducted by Boardroom in collaboration with KPMG to corroborate the assessment findings. The assessment of the Board and its Committees are based on specific criteria covering the board mix and composition, quality of information and decision-making, strategy and leadership, boardroom activities, board chairman's role and board skill sets. For Individual Directors, the criteria used in the assessment include contribution and performance, calibre and personality, industry experience, quality of input, understanding of roles, commitment, Directors' skill sets 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 Board and/or Committee deliberations and any significant transaction with the Group.

The results of the BEE was tabled to the NRSC. The NRSC has reviewed the outcome of the annual evaluation of Board, Board Committees, Audit Committee members and individual Directors for the financial year ended 31 March 2018 and has subsequently submitted its findings to the Board. The findings indicated that the Board is constituted of members who bring hard-edged skills and vast experience from multiple facets including property development, construction, valuation, architecture, business management, accounting and legal. The presence of high-calibre Directors with complementary skill sets has enriched the deliberation process and allowed the Board to make informed decision. The results of the BEE further indicated that the Directors, Board and Board Committees have discharged their duties and responsibilities effectively. The Board operates cohesively without compromising on the rigour of the deliberations during the Board and Board Committee meetings. Board members have been able to ask uncomfortable questions, challenge on another's assumptions and beliefs coherently as the boardroom is predicated on the values of professionalism, respect and candour. Directors can confidently put across their views without allowing discussions to degenerate into acrimonious proceedings. The Audit Committee is found to be well-positioned to apply a critical and probing view on the Company's transactions and effectively challenge Management's assertions on financials. 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.

The Board is satisfied that the current Board composition, which has been established after taking into consideration the mix of skills, calibre, competence, character and experience required to effectively stern the Group's directions, combined with expertise possessed by the Management, complement the effective functioning of the Board. The collective skill set and experience of the Board are illustrated below:

Annual Assessment of Independent Directors

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 has engaged an independent expert to assess the Directors including the independence of Independent Directors. The NRSC assesses Independent Directors annually to ascertain if they display a strong element of detached impartiality. In conducting this assessment, the NRSC adopt a qualitative approach in assessing if Independent Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour. The NRSC determines the independence of each Director annually based on the definitions and enumerations of the MMLR of Bursa Securities and also considers whether the independent director can continue to bring independent and objective judgement to Board deliberations.

For the financial year ended 31 March 2018, 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 Datuk 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. The Independent Non-Executive Directors continue to demonstrate their independence through their engagement in meetings by bringing objective and independent judgement to decisions taken by the Board. The Independent Non-Executive Directors of the Company have also devoted sufficient time and attention to the Group's affairs. In the assessment on retention of Independent Non-Executive Directors, both NRSC and the Board concluded that Dato' Azizan bin Abd Rahman and Datuk Vijeyaratnam a/l V. Thamotharam Pillay, who have served on the Board for more than twelve (12) years, remain objective and independent in expressing their views and in participation in deliberations and decision making of the Board and Board Committees. Based on the assessment conducted by the independent expert, the long serving Independent Directors do not exhibit any indicator of complacency and instead, they are able to approach matters with vigilance and scepticism in a manner that is characterised by finesse.

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 agenda with due notice issued and Board papers as well as 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 details of Directors' attendance for the financial year under review are set out as follows:

DIRECTORS	TOTAL BOARD MEETINGS ATTENDED	%
Dato' Azizan bin Abd Rahman *(Chairman, Independent Non-Executive Director)*	5/5	100
Dato' Seri Tham Ka Hon *(Executive Deputy Chairman)*	5/5	100
Mr Kok Tuck Cheong *(Managing Director)*	5/5	100
Mdm Kok Meng Chow *(Finance Director)*	5/5	100
Tan Sri Dato' Seri Mohd Bakke bin Salleh *(Non-Independent Non-Executive Director)*	4/5	80
Encik Kamil Ahmad Merican *(Non-Independent Non-Executive Director)*	5/5	100
Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Independent Non-Executive Director)*	5/5	100
Datuk Christopher Martin Boyd *(Independent Non-Executive Director)*	4/5	80
Ms Tan Kar Leng @ Chen Kar Leng *(Independent Non-Executive Director)*	5/5	100
Datuk Tee Eng Ho *(Non-Independent Non-Executive Director)*	3/4	75

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 as well as visits to property development sites and interaction with Management.

It is the Board's policy for Directors to notify the Chairman before accepting any new directorships in other public listed companies and the Chairman shall also notify the Board before he accepts any new directorships in other public listed companies. Each member of the Board holds not more than five (5) directorships in public listed company in compliance with the MMLR of Bursa Securities.

Directors' Training

All Directors of the Company have full opportunity to attend training through seminars, workshops and conferences. The Board is 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 2018.

Details of training attended by Directors during the financial year under review are as follows:

DIRECTORS	SEMINARS/WORKSHOPS/COURSES
Dato' Azizan bin Abd Rahman	• Strata Title Act & Strata Management Act • Malaysian Code on Corporate Governance and its Impact on Directors
Dato' Seri Tham Ka Hon	• Strata Title Act & Strata Management Act • Malaysian Code on Corporate Governance and its Impact on Directors
Mr Kok Tuck Cheong	• MFRS 15 and 9 • Strata Title Act & Strata Management Act • Malaysian Code on Corporate Governance and its Impact on Directors
Mdm Kok Meng Chow	• CFO Breakfast Talk – Embrancing The Accounting Disruptions to Property Developers (MFRS 15) • Building Strategic Scorecard • MFRS 15 Revenue from contracts with customers • Organization Strategy Planning Success 2017 • MFRS 15 and 9 • 2 Days Leadership Development – Building Strategy Corporation Performance Metrics • Strata Title Act & Strata Management Act • Malaysian Code on Corporate Governance and its Impact on Directors • GST Compliance Assurance Programme (MyGCAP) • Malaysian Code on Corporate Governance & Corporate Governance Guide
Tan Sri Dato' Seri Mohd Bakke bin Salleh	• The new Companies Act 2016: A New Playbook for Directors • Disclosure Obligations under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
Encik Kamil Ahmad Merican	• Strata Title Act & Strata Management Act • Malaysian Code on Corporate Governance and its Impact on Directors
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	• Strata Title Act & Strata Management Act • Malaysian Code on Corporate Governance and its Impact on Directors

DIRECTORS	SEMINARS/WORKSHOPS/COURSES
Datuk Christopher Martin Boyd	• MATRADE Investment Forum - Property Market Overview • What Directors Need to know on Reporting & Disclosure Obligations to Prevent Public Reprimand & Fines by the Regulators • Breakfast Talk: Human Capital & Employee Engagement Diversity in the Workplace • Strata Title Act & Strata Management Act • Malaysian Code on Corporate Governance and its Impact on Directors
Ms Tan Kar Leng @ Chen Kar Leng	• Briefing on Fintech • BNM Fide Forum titled "Board Selection – Engagement with Potential Directors" • I am ready to manage risks • IFRS 9 – Training for Non-Executive Directors • Strata Title Act & Strata Management Act • Malaysian Code on Corporate Governance and its Impact on Directors
Datuk Tee Eng Ho	• 30% Club Business Leaders Roundtable Meeting • Corporate Governance Breakfast Series – Thought Leadership Session for Director • Strata Title Act & Strata Management Act • Malaysian Code on Corporate Governance and its Impact on Directors

III. 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 Remuneration Policy & Procedures of Directors and/or Senior Management which aims to attract, develop and retain high performing and motivated Directors and senior management with a competitive remuneration package, and the said policy has been uploaded to the Company's website.

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 Directors 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. All fees, allowances and other benefits payable to Directors are subject to the approval of shareholders at the AGM in accordance with the Companies Act 2016.

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 2018 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 detailed disclosure on named basis for the remuneration of individual Directors are set out below:

The Group

DIRECTORS	FEES RM'000	SALARIES RM'000	BONUSES RM'000	BENEFITS IN KIND RM'000	OTHER EMOLUMENTS RM'000	LONG-TERM STOCK INCENTIVE PLAN RM'000	TOTAL RM'000
EXECUTIVE DIRECTORS							
Dato' Seri Tham Ka Hon	–	2,160	1,584	251	637	–	4,632
Kok Tuck Cheong	–	1,200	1,600	70	366	–	3,236
Kok Meng Chow	–	594	330	64	112	101	1,201
NON-EXECUTIVE DIRECTORS							
Dato' Azizan bin Abd Rahman	360	–	–	38	1.5	–	399.5
Tan Sri Dato' Seri Mohd Bakke bin Salleh	65	–	–	–	–	–	65
Encik Kamil Ahmad Merican	95	–	–	–	1.5	–	96.5
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	145	–	–	–	–	–	145
Datuk Christopher Martin Boyd	135	–	–	–	–	–	135
Ms Tan Kar Leng @ Chen Kar Leng	115	–	–	–	–	–	115
Datuk Tee Eng Ho	54	–	–	–	–	–	54

The Company

DIRECTORS	FEES RM'000	SALARIES RM'000	BONUSES RM'000	BENEFITS IN KIND RM'000	OTHER EMOLUMENTS RM'000	LONG-TERM STOCK INCENTIVE PLAN RM'000	TOTAL RM'000
EXECUTIVE DIRECTORS							
Dato' Seri Tham Ka Hon	–	1,656	634	251	389	–	2,930
Kok Tuck Cheong	–	480	640	70	146	–	1,336
Kok Meng Chow	–	238	132	64	44	101	579
NON-EXECUTIVE DIRECTORS							
Dato' Azizan bin Abd Rahman	260	–	–	–	–	–	260
Tan Sri Dato' Seri Mohd Bakke bin Salleh	65	–	–	–	–	–	65
Encik Kamil Ahmad Merican	95	–	–	–	–	–	95
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	145	–	–	–	–	–	145
Datuk Christopher Martin Boyd	135	–	–	–	–	–	135
Ms Tan Kar Leng @ Chen Kar Leng	115	–	–	–	–	–	115
Datuk Tee Eng Ho	54	–	–	–	–	–	54

Note: The three (3) Executive Directors constitute the Senior Management of the Company and Group.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Composition

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, 2016. In performing its role, the AC provides robust and comprehensive oversight on financial reporting, objectivity and effectiveness of external and internal audit processes, reportable related party transactions, conflict of interest situations and risk management matters.

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 under the Audit Committee Report in this Annual Report. The AC has in its revised Terms of Reference, provides that a former key audit partner to observe a cooling-off period of at least two years before appointing as a member of AC. The members had and will continue to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and rules. The AC has unrestricted access to both the internal and external auditors, who report functionally and directly to the AC.

Suitability and Independence of External Auditors

The AC is responsible to monitor the performance, objectivity and independence of the External Auditors. The AC acknowledges that it is important to maintain an open communication between the Board, the Internal and External Auditors to ensure audit independence and effectiveness.

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 External Auditors meet the AC at least four (4) times a year. The AC reviewed the scope of the audit set out in the audit planning memorandum, work plan, areas of audit emphasis, fee proposal, issues arising from the audit and their resolution and audit judgements, level of errors identified during the audit and recommendations made by the External Auditors.

The AC meets with the External Auditors without presence of the Executive Board members and Management to discuss key issues within their responsibilities. In addition, the External Auditors are invited to attend the Company's AGM and are available to attend questions from the shareholders.

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 the External 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. In compliance with the requirements of the Malaysian Institute of Accountants, the External Auditors rotate their audit partners assigned to the Group every five (5) years.

II. Risk Management and Internal Control Framework

Establishment of Risk Management Committee

The Board is cognisant that a robust risk management and internal control framework help the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group's strategies and decision making. The Board is responsible for the establishment of effective 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 *(Chairman, Independent Non-Executive Director)*
Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Member, Independent Non-Executive Director)*
Datuk Christopher Martin Boyd *(Member, Independent Non-Executive Director)*
Mdm Kok Meng Chow *(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.

The Board is of the view that the system of internal control and risk management in place during the year is adequate and effective to safeguard the Group's assets, as well as shareholders' investments and the interest of customers, regulators, employees and other stakeholders. The details of the Risk Management and Internal Control Frameworks are set out in the Statement on Internal Control and Risk Management in this Annual Report.

Internal Audit Function

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

The membership and function of the AC as well as summary of the activities of the AC including internal audit function are detailed in the Audit Committee Report in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

Corporate Disclosure Policies and Procedures

The Board has formalised a 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 as well as a Corporate Investment & Planning Department, which provide 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.

II. Conduct of Annual General Meetings

The Company's AGM and/Extraordinary General Meeting ("EGM") (collectively known as the "General Meetings") are the principal forum for dialogue with shareholders. Notices of AGM and annual reports are sent to the shareholders at least 28 days ahead of the meeting date to enable shareholders to have sufficient time to peruse the annual report and papers supporting the resolutions proposed. The Company encourages shareholders to attend and participate in general meetings by providing adequate notice and holding the general meetings at a readily accessible location which is customarily held in Klang Valley.

At the AGM, shareholders are 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. All resolutions set out in the notice of AGM are voted by poll and an independent scrutineer is appointed by the Company to validate the poll results. The outcome of all resolutions proposed at the AGM are announced to Bursa Securities after the AGM. The Company Secretary prepares the minutes of general meetings and the key matters discussed at the general meeting are published on the Company's website as soon as practicable upon being reviewed by the Board members and approved by the Chairman.

The Company is of the view that general meetings are important to engage with its shareholders as well as to address their concerns. All Directors and Chairman of Board Committees have attended the previous AGM giving opportunity for shareholders to effectively engage each director as well as raise questions directly to those responsible.

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.

CG KEY FOCUS AREAS AND FUTURE PRIORITIES

Following the release of the Code by the Securities Commission Malaysia and CG Guide by Bursa Securities, the Board attended, amongst others, an inhouse training on MCCG and its impact on Directors conducted by Ms Samantha Tai, CEO of Boardroom Corporate Services (KL) Sdn Bhd. The briefing session provided the Board with awareness and appreciation on the spirit of the Code from its business case to the principles and desired outcomes of the practices. The Board went on to consider the comparison between the current CG practices in the Group and the standards as set out in the Code. The Board then decided on an action plan that sets out the Board's key focus areas and future priorities in relation to CG practices.

The Board acknowledged and viewed the importance of the Board's role in setting strategy as per Practice 1.1 of the MCCG. During the year, the Board deliberated on Strategic Planning and considered the Group Budget and Capital Expenditure for the next financial year ending 31 March 2019 for approval. The Board agreed that more focus will be devoted on its value creation role with strategy being given heightened prominance. Responsiveness to game changers and technological drivers in the market is the key area that demands Board's attention. As such, strategy planning shall remain the primary board focus for the current year.

Within the next 3 years, the Board's priority is to enhance and provide for an orderly succession planning of Board members and senior management. The Board is committed to strengthening the pipeline of independent directors and women directors as part of succession plan in order to benefit from greater checks and balances and enhanced contributions of directors with diverse backgrounds and gender. In the course of doing so, the Board is mindful not to compromise on the business imperative and make unwieldy changes to the composition.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors' ("the Board") is pleased to present its Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 31 March 2018 ("Financial Year"). The Statement is prepared 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 as set out in the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers* as endorsed by Bursa Securities. This statement outlines the nature and scope of risk management and internal control of the Group for the Financial Year under review.

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.

In view of the limitations that are inherent in the risk management and internal control systems, the Board recognises that 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.

The Board has also delegated the oversight of the Group's sustainability practice and management to the Risk Management Committee, which forms part of the Group's Sustainability Governance Structure (as detailed in the Sustainability Statement included in this Annual Report).

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 serve 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, including sustainability related matters. Risk profiles, control procedures and status of action plans are presented and deliberated in the Risk Management Committee meetings. Minutes of the meetings of the Risk Management Committee which recorded the deliberations are tabled to the Board for notation at their quarterly meetings. The Risk Management Committee also meets with different management teams across the Group on quarterly basis 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. The outcomes of the assessments are brought to the attention of management at the Executive Committee ("EXCO") Risk Meeting held on quarterly basis.

(iv) The management is also required to perform control self-assessments annually to assess the effectiveness of the controls and to issue a management confirmation on the adequacy and effectiveness of the operation of the risk management and internal control system.

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

(vi) 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 and high risks relating to the areas that are subject to internal audit review to confirm management's assessment of risks and the effectiveness of internal controls.

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

(viii) Assessment of the effectiveness and adequacy of the risk management and internal control system are performed by the Risk Management Committee on annual basis.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function assists the Board and Audit Committee by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system. Further details of the Internal Audit Function are set out in the Audit Committee Report included in this Annual Report.

OTHER KEY ELEMENTS OF THE GROUP'S CONTROL ENVIRONMENT

(i) *Organisation Structure & Delegation Procedures*
Organisational structures are 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 and will be reviewed and updated to reflect changing risks or to address operational deficiencies.

(iii) *Strategic planning, Monitoring and Reporting*
- 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;
- Periodic review of the Group's cashflow position by the management; and
- Updates on the Group's performances are provided to the Board periodically.

(iv) *Management Meetings*
- EXCO members meets periodically to discuss the Group's financial performance, business development, corporate and operational issues; and
- Departmental Heads meets quarterly to update and deliberate on operational matters of all division and business units.

(v) *Human Resource Policy*
- Documented policies and guidelines covering hiring and termination of employees, training programmes and performance appraisal to enhance the level of employees' competencies in carrying out their duties and responsibilities;
- Specific Key Performance Indicators on financial performance and operational performance are set and linked to employees' performance appraisals; and
- Code of Conduct & Ethics is established to promote corporate culture which engenders high ethical conduct and standards at all times.

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 Audit and Assurance Practice Guide ("AAPG") 3: 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 are 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 21 June 2018.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee during the financial year ended 31 March 2018 are as follows:

DIRECTORS
Datuk Vijeyaratnam a/l V. Thamotharam Pillay *Independent Non-executive Director (Chairman)*
Datuk 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 the 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").

No former key audit partner of the Company's external auditors firm shall be appointed as a member of the Audit Committee before observing a cooling-off period of at least two (2) years.

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 Nomination, Remuneration and Scheme Committee shall review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with the 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

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; and in connection therewith, decide on the appointment and removal, scope of work, performance evaluation and budget for the internal audit function, to ensure the internal audit function is effective and is able to function independently;
(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 matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
- 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 2018. 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 Datuk Christopher Martin Boyd	4/5	80
3 Ms Tan Kar Leng @ Chen Kar Leng	5/5	100

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee carried out the following activities during the financial year ended 31 March 2018.

Financial Statements

(i) Reviewed the Group's quarterly results and year-end financial statements before tabling them to the Board for deliberation and its release to Bursa Securities including issues and findings noted in the course of audit of the Group's year-end financial statements;
(ii) Reviewed the external auditors' reports in relation to audit, accounting and internal control issues arising from the audit and updates of new 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 and approved 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 are 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.

OVERVIEW OF INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the Audit Committee, is outsourced to Axcelasia Columbus Sdn Bhd. The Engagement Director is Mr Mah Siew Hoong who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).

The number of staff deployed for the internal audit reviews ranges from 4 to 6 staff per visit including the Engagement Director. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews are conducted using a risk based approach and are guided by the International Professional Practice Framework.

SUMMARY OF INTERNAL AUDIT FUNCTION

The major internal audit activities undertaken during the financial year ended 31 March 2018 are as follows:

(i) formulated annual risk based audit plan taking into account the Group's risk profile and senior management's feedback 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 are 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, where applicable;
(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	Recurrent Related Party Transactions
	Risk Management Framework
	Information Technology Service Continuity
	Information Technology Cybersecurity
	Review on Property Management Division
Eastern & Oriental Hotel Sdn Bhd	Sales & Marketing
	Health & Safety
	Public Relations & Guest Complaint Management
	Management Information System
E&O Trading Sdn Bhd	Financial Statement Close Process
	Sales & Marketing
	Building Management & Maintenance
E&O Property (Penang) Sdn Bhd	Financial Statement Close Process

The results of the quarterly audit reviews are discussed with senior management and subsequently, the audit findings, including the recommendations for improvement are 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 are 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 2018 amounted to RM232,885.95.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

On 18 May 2017, the Company has issued and allotted 63,000,000 new ordinary stock units at RM1.84 per stock unit under a restricted issue exercise (“Restricted Issue”) and raised the total proceeds of RM115,920,000.

The status of the utilisation of proceeds from the Restricted Issue is as follows:

PURPOSE	AMOUNT TO BE UTILISED RM' 000	UTILISED AS AT 31 MARCH 2018 RM'000	UNUTILISED AS AT 31 MARCH 2018 RM'000
Investments, land acquisition and/or property development	50,374	(50,374)	0
Loan repayment	30,000	(30,000)	0
General working capital of the Group ("General Working Capital")	34,296	(34,534)	(238)
Estimated expenses for Restricted Issue and proposed disposal of 20% of the Seri Tanjung Pinang Phase 2A development land (“Estimated Expenses”)	1,250	(1,012)	238
Total	**115,920**	**(115,920)**	**0**

Note: The balance of RM238,000 unutilised proceeds for the Estimated Expenses has been utilised for General Working Capital. Therefore, the proceeds raised from the Restricted Issue has been fully utilised as a 31 March 2018.

2. 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 will be 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 ("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 2018 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	**–**	**–**	**–**
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)**
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)**
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**

FOR THE PERIOD FROM 1 APRIL 2016 TO 31 MARCH 2017	TYPE OF GRANT	TOTAL	DIRECTORS AND CHIEF EXECUTIVE	OTHER ELIGIBLE EMPLOYEES
Number of LTIP Stock Units Granted	PSU Award for FY16/17	–	–	–
	RSU Award for FY16/17	–	–	–
	Total	**–**	**–**	**–**
Number of LTIP Stock Units Vested	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	(2,705,600)	(252,300)	(2,453,300)
	PSU Award for FY14/15	–	–	–
	RSU Award for FY14/15	(3,000)	–	(3,000)
	Total	**(2,942,600)**	**(329,900)**	**(2,612,700)**
Number of LTIP Stock Units Forfeited	PSU Award for FY12/13 (1)	–	–	–
	RSU Award for FY12/13 (1)	–	–	–
	PSU Award for FY13/14 (1)	–	–	–
	RSU Award for FY13/14 (1)	(123,700)	–	(123,700)
	PSU Award for FY14/15 (1)	(230,500)	(161,300)	(69,200)
	RSU Award for FY14/15 (1)	(356,710)	(117,400)	(239,310)
	Total	**(710,910)**	**(278,700)**	**(432,210)**
Number of LTIP Stock Units Outstanding	PSU Award for FY12/13	–	–	–
	RSU Award for FY12/13	–	–	–
	PSU Award for FY13/14	–	–	–
	RSU Award for FY13/14	–	–	–
	PSU Award for FY14/15	470,000	55,900	414,100
	RSU Award for FY14/15	1,711,020	61,400	1,649,620
	Total	**2,181,020**	**117,300**	**2,063,720**

FOR THE PERIOD FROM 1 APRIL 2017 TO 31 MARCH 2018	TYPE OF GRANT	TOTAL	DIRECTORS AND CHIEF EXECUTIVE	OTHER ELIGIBLE EMPLOYEES
Number of LTIP Stock Units Granted	PSU Award for FY17/18	–	–	–
	RSU Award for FY17/18	–	–	–
	Total	**–**	**–**	**–**
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	–	–	–
	PSU Award for FY14/15	–	–	–
	RSU Award for FY14/15	(1,688,500)	(61,400)	(1,627,100)
	Total	**(1,688,500)**	**(61,400)**	**(1,627,100)**
Number of LTIP Stock Units Forfeited	PSU Award for FY12/13 (1)	–	–	–
	RSU Award for FY12/13 (1)	–	–	–
	PSU Award for FY13/14 (1)	–	–	–
	RSU Award for FY13/14 (1)	–	–	–
	PSU Award for FY14/15 (2)	(470,000)	(55,900)	(414,100)
	RSU Award for FY14/15 (1)	(22,520)	–	(22,520)
	Total	**(492,520)**	**(55,900)**	**(436,620)**
Number of LTIP Stock Units Outstanding	PSU Award for FY12/13	–	–	–
	RSU Award for FY12/13	–	–	–
	PSU Award for FY13/14	–	–	–
	RSU Award for FY13/14	–	–	–
	PSU Award for FY14/15	–	–	–
	RSU Award for FY14/15	–	–	–
	Total	**–**	**–**	**–**

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.

(2) These LTIP Stock Units were forfeited partly because they were granted to eligible employees who resigned subsequent to grant dates, but prior to the vesting dates, and partly due to non-fulfilment of the vesting conditions for PSU Award.

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 are as follows:

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

There was no new LTIP grant during the financial year ended 31 March 2018.

3. AUDIT AND NON-AUDIT FEES

The audit fees and non-audit fees paid/payable to the external auditors for the financial year ended 31 March 2018 are set out below:

	COMPANY (RM)	GROUP (RM)
Audit Fees	75,000	857,800
Non-Audit Fees	165,000	191,800
Total	**240,000**	**1,049,600**

The nature of the services rendered for the non-audit fees incurred for the Company is mainly for the review of the impact of the adoption of MFRS Framework.

4. 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 interests of the Directors or major stockholders either still subsisting as at 31 March 2018 or entered into since the end of the previous financial year ended 31 March 2017.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

On 19 September 2017, the Company has 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 2018 are as follows:

CATEGORIES OF TRANSACTIONS	TRANSACTING PARTY	RELATED PARTY	VALUE OF TRANSACTIONS RM'000
Procurement of interior design and consultancy services, architectural and building consultancy services, project management services and related ancillary services, and graphic design and signage consultancy and 3D perspective rendering works	GDP Architects Sdn Bhd	Kamil Ahmad Merican [1]	600
Procurement of interior design services and the purchase of interior design products	Interiors International (M) Sdn Bhd	Dato' Seri Tham Ka Hon [2]	2,469
Purchase of properties sold by E&O Group	Dato' Azizan bin Abd Rahman and Wee Chow Yong	Dato' Azizan bin Abd Rahman [3]	2,093

Notes: (1) Kamil Ahmad Merican is a Director of the Company and is a 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) Dato' Azizan bin Abd Rahman is the Chairman of the Company.

E&O Visitor Centre, Penang

FINANCIAL STATEMENTS 2018

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 2018.

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.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the financial year	112,696	18,089
Attributable to:		
Owners of the parent	97,136	18,089
Non-controlling interests	15,560	–
	112,696	18,089

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 gain on disposal of subsidiary and net fair value loss on investment properties of the Group and net reversal of impairment loss on interest in subsidiaries and interest in subsidiary written off of the Company as disclosed in Notes 6 and 8 to the financial statements respectively.

DIVIDEND

Dividend paid by the Company since 31 March 2017 was as follows:

	RM'000
In respect of the financial year ended 31 March 2017 as reported in the Directors' report of that year:	
First and final single-tier dividend of 3.0 sen on 1,320,645,697 ordinary stock units declared on 19 September 2017 and paid on 13 October 2017	39,619

At the forthcoming Annual General Meeting, a first and final dividend by way of distribution of treasury stock units as share dividend in respect of the current financial year ended 31 March 2018, at the ratio of one (1) treasury stock unit for every fifty (50) ordinary stock units held in the Company will be proposed for stockholders' approval. 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 and treasury stock units in the financial year ending 31 March 2019.

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Azizan bin Abd Rahman*	
Dato' Seri Tham Ka Hon*	
Kok Tuck Cheong*	
Kamil Ahmad Merican*	
Datuk Vijeyaratnam A/L V.Thamotharam Pillay	
Kok Meng Chow*	
Datuk Christopher Martin Boyd	
Tan Sri Dato' Seri Mohd Bakke bin Salleh	
Tan Kar Leng @ Chen Kar Leng	
Datuk Tee Eng Ho	*(appointed on 1 June 2017)*

* These Directors are also Directors of certain subsidiaries of the Company.

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report, not including those Directors listed above are:

Lum Kwok Weng @ Lum Kok Weng	
Chai Kim-Lyn	
Tan Hwee Hian	
Michael Steven Saxon	
Kon Pik Sia	
Yeonzon Yeow Tzui Tzuan	
Dato' Rosli bin Jaafar	
Phan Gaik Cher	
Renata Agnes Pellegrino	
Ng Ee Choo, Linda	
Sufian bin Abdullah	*(appointed on 20 September 2017)*
Raja Zainal Abidin bin Raja Hussin	*(resigned on 27 November 2017)*

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial 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 or the fixed salary of a full-time employee of the Company as shown below) 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.

The Directors' benefits are as follows:

	GROUP RM'000	COMPANY RM'000
Salaries and other emoluments	8,444	4,649
Defined contribution plans	1,111	579
Estimated monetary value of benefits-in-kind	524	486
Insurance effected to indemnify Directors*	83	83
	10,162	5,797

* The Company maintains a liability insurance for the Directors of the Group. The total amount of sum insured for Directors of the Group for the financial year amounted to RM21,000,000.

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:

INTERESTS IN THE COMPANY

	NUMBER OF ORDINARY STOCK UNITS			
	1 APRIL 2017/ ^ AT APPOINTMENT DATE	ACQUIRED	SOLD	31 MARCH 2018
Direct interests:				
Dato' Azizan bin Abd Rahman	8,190,600	–	–	8,190,600
Dato' Seri Tham Ka Hon	47,404,500	–	–	47,404,500
Kamil Ahmad Merican	2,103,750	–	–	2,103,750
Kok Meng Chow	1,549,603	61,400	–	1,611,003
Datuk Christopher Martin Boyd	11,220	–	–	11,220
Indirect interests:				
Dato' Seri Tham Ka Hon	217,169,666	–	–	217,169,666
Datuk Tee Eng Ho^	140,892,580	–	–	140,892,580

	NUMBER OF WARRANTS			
	1 APRIL 2017/ ^ AT APPOINTMENT DATE	ACQUIRED	EXERCISED	31 MARCH 2018
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
Kok Meng Chow	177,700	–	–	177,700
Datuk Christopher Martin Boyd	2,000	–	–	2,000
Indirect interests:				
Dato' Seri Tham Ka Hon	64,579,032	–	–	64,579,032
Datuk Tee Eng Ho^	48,995,880	–	–	48,995,880

	NUMBER OF ORDINARY STOCK UNITS AWARDED UNDER THE LTIP			
	1 APRIL 2017	VESTED	FORFEITED	31 MARCH 2018
Direct interest:				
Kok Meng Chow	117,300	(61,400)	(55,900)	–

Dato' Seri Tham Ka Hon by virtue of his interest in ordinary stock units in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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 RM1,274,879,000 to RM1,394,163,000 by way of:

(i) the issuance of 1,388,300 new ordinary stock units pursuant to the vesting of the Restricted Stock Unit Incentive Plan at a price of RM2.423 per stock unit; and

(ii) the issuance of 63,000,000 new ordinary stock units pursuant to the restricted issue to Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") at an issue price of RM1.84 per stock unit.

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 2018, the entire allotted warrants remained unexercised.

TREASURY STOCK UNITS

During the financial year, the Company repurchased 22,218,100 of its issued ordinary stock units from the open market at an average price of RM1.482 per stock unit. The total consideration paid for the repurchase including transaction costs was RM32,931,000. The stock units repurchased are being held as treasury stock units in accordance with Section 127 of the Companies Act 2016.

As at 31 March 2018, the Company held as treasury stock units a total of 27,338,747 of its 1,326,706,544 issued ordinary stock units. Such treasury stock units are held at a carrying amount of RM37,962,000 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.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and 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 42 to the financial statements.

AUDITORS

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

Auditors' remuneration are as follows:

	GROUP RM'000	COMPANY RM'000
Ernst & Young	402	75
Other auditors	456	–
	858	75

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young for the financial year ended 31 March 2018.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 June 2018.

DATO' AZIZAN BIN ABD RAHMAN

KOK TUCK CHEONG

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Azizan bin Abd Rahman and Kok Tuck Cheong, 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 138 to 272 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 June 2018.

DATO' AZIZAN BIN ABD RAHMAN **KOK TUCK CHEONG**

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

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 138 to 272 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 21 June 2018

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 AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Eastern & Oriental Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 138 to 272.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, 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 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

(a) Revenue and cost of sales

(Refer to Notes 2.9(c), 2.25(c), 3.2(a), 4 and 5 to the financial statements)

A significant proportion of the Group's revenues and profits are derived from property development contracts which span more than one accounting period. For the financial year ended 31 March 2018, property development revenue of RM334,377,000 and cost of sales of RM212,272,000 accounted for approximately 34% and 35% of the Group's revenue and cost of sales respectively. The Group uses the stages of completion method in accounting for these property development contracts.

We identified revenue and cost of sales from property development activities as areas requiring audit focus as significant management's judgement and estimates are involved in estimating the total property development costs which include the common infrastructure costs (which is used to determine the stage of completion and gross profit margin of the property development activities undertaken by the Group).

To address these areas of audit focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by management in estimating the total property development cost, profit margin and stages of completion of the property development activities;

- We read the sale and purchase agreements entered into with the customers to obtain an understanding of the specific terms and conditions;

- We evaluated the assumptions applied in estimating the total property development cost including the provisions and allocations of common infrastructure costs for the property development projects by examining documentary evidence such as letters of award issued to contractors to support the total budgeted costs. We also considered the historical accuracy of management's forecasts for similar property development projects in evaluating the estimated total property development costs;

- We evaluated the determination of stages of completion by examining supporting evidence such as contractors' progress claims and architect certificates; and

- We observed the progress of the property development phases by performing site visit and examined physical progress reports. We also discussed the status of on-going property development phases with management.

(b) Valuation of investment properties

(Refer to Notes 2.10, 3.2(b) and 16 to the financial statements)

The Group adopts fair value model for its investment properties. When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of the investment property in an orderly transaction between market participants at the reporting date under current market conditions. In addition, the fair value should reflect, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment property under current market conditions, which are highly judgemental. Accordingly, we consider this to be an area of audit focus.

Our audit procedures focused on the valuations performed by firms of independent valuers, which included amongst others the following procedures:

- We considered the objectivity, independence and expertise of the firms of independent valuers;

- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;

- As part of our evaluations of the fair values of investment properties, we had discussions with the independent valuers to obtain an understanding of the property related data used as input to the valuation models; and

- We also assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive.

(c) Valuation of property development costs

(Refer to Notes 2.9(c), 3.2(c) and 15(b) to the financial statements)

The Group has significant residential and commercial properties in United Kingdom ("UK") which are currently undergoing a redevelopment plan. For the financial year ended 31 March 2018, a property with a carrying amount of RM176,235,000 accounted for approximately 30% of the Group's property development costs is stated at the lower of cost and net realisable value.

We consider this area to be an area of audit focus as the estimate of net realisable value is based on most reliable evidence available at the time the estimate is made, which take into consideration the market value of similar completed properties and the estimated costs to complete. Such estimates often involve certain degree of subjectivity.

We involved our component auditors in UK in determining the net realisable value of the property development costs. To address these areas of audit focus, we considered the work of our component auditors, amongst others, in the following areas:

- Considered the objectivity, independence and expertise of the firm of independent valuers used in determining the net realisable value;

- Obtained an understanding of the methodology adopted by the independent valuers in estimating the net realisable value of the property development costs and assessed whether such methodology is consistent with those used in the industry; and

- The discussion between our component auditors and the independent valuers on the property related data used as inputs to the valuation model.

We assessed the adequacy of disclosures related to property development costs as disclosed in Note 15(b) to the financial statements.

(d) Impairment assessment on interest in subsidiaries

(Refer to Notes 2.6, 3.2(d) and 18 to the financial statements)

As at 31 March 2018, the separate financial statements of the Company discloses interest in subsidiaries amounting to RM1,493,790,000. Included in this amount is interest in a subsidiary in the investment segment with carrying amount of RM71,335,000.

The significant decline in the value of the investment property of the subsidiary during the financial year indicated that the carrying amount of the interest in the subsidiary may be impaired. Accordingly, the Company estimated the recoverable amount of the interest in the subsidiary, based mainly on the fair value of the investment property of the subsidiary. The impairment review gave rise to an impairment loss of RM49,282,000 for the financial year ended 31 March 2018.

When estimating the fair value of the investment property, the objective is to estimate the price that would be received from the sale of the investment property in an orderly transaction between market participants at the reporting date under current market conditions. In addition, the fair value should reflect, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment property under current market conditions, which are highly judgemental. Accordingly, we consider this to be an area of audit focus.

Our audit procedures focused on the valuation performed by firm of independent valuer, which included amongst others the following procedures:

- We considered the objectivity, independence and expertise of the firm of independent valuer;
- We obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the investment property and assessed whether such methodology is consistent with those used in the industry;
- As part of our evaluation of the fair value of investment property, we had discussion with the independent valuer to obtain an understanding of the property related data used as input to the valuation model; and
- We also assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 18 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

NG KIM LING
No. 03236/04/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
21 June 2018

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	NOTE	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Revenue	4	**982,706**	704,764	**102,941**	62,662
Cost of sales	5	**(607,878)**	(451,648)	**–**	–
Gross profit		**374,828**	253,116	**102,941**	62,662
Other income	6	**76,965**	82,741	**60,426**	1,605
Administrative expenses		**(65,835)**	(71,013)	**(25,847)**	(23,796)
Selling and marketing expenses		**(25,897)**	(31,331)	**–**	–
Other expenses		**(103,072)**	(76,427)	**(92,832)**	(7,790)
Operating profit		**256,989**	157,086	**44,688**	32,681
Finance costs	7	**(61,045)**	(50,672)	**(24,103)**	(23,878)
Share of results of an associate		**(20)**	103	**–**	–
Share of results of joint ventures		**(2,876)**	18,779	**–**	–
Profit before tax	8	**193,048**	125,296	**20,585**	8,803
Income tax expense	11	**(80,352)**	(34,380)	**(2,496)**	–
Profit for the financial year		**112,696**	90,916	**18,089**	8,803
Other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax):					
Foreign currency translation		**(573)**	(1,827)	**–**	–
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):					
Actuarial gain recognised in retirements benefits		**–**	182	**–**	–
Total comprehensive income for the financial year		**112,123**	89,271	**18,089**	8,803
Profit attributable to:					
Owners of the parent		**97,136**	86,604	**18,089**	8,803
Non-controlling interests	18(d)	**15,560**	4,312	**–**	–
		112,696	90,916	**18,089**	8,803
Total comprehensive income for the financial year attributable to:					
Owners of the parent		**96,563**	84,959	**18,089**	8,803
Non-controlling interests		**15,560**	4,312	**–**	–
		112,123	89,271	**18,089**	8,803
Earnings per stock unit attributable to owners of the parent (sen):					
Basic	12(a)	**7.43**	6.89		
Diluted	12(b)	**7.43**	6.88		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	NOTE	2018 RM'000	2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**243,404**	255,779
Land held for property development	15(a)	**1,401,765**	1,229,360
Investment properties	16	**491,828**	528,143
Intangible assets	17	**181**	256
Investment in an associate	19	**–**	–
Investment in joint ventures	20	**130,621**	141,856
Other investments	21	**3,371**	2,929
Deferred tax assets	22	**3,861**	4,387
Trade and other receivables	24	**5,762**	3,610
		2,280,793	2,166,320
Current assets			
Property development costs	15(b)	**586,697**	634,561
Inventories	23	**324,417**	456,639
Trade and other receivables	24	**164,493**	136,188
Prepayments		**12,707**	14,682
Tax recoverable		**2,649**	5,470
Accrued billings in respect of property development costs		**198,107**	103,061
Other investments	21	**10,000**	–
Cash and bank balances	25	**521,568**	298,929
		1,820,638	1,649,530
Assets of disposal group classified as held for sale	26	**–**	81,127
		1,820,638	1,730,657
Total assets		**4,101,431**	3,896,977

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018 (CONT'D)

	NOTE	2018 RM'000	2017 RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	27	**395,593**	281,650
Provisions	28	**39**	4,303
Trade and other payables	29	**198,084**	208,739
Provision for retirement benefits	34(a)	**2**	5
Income tax payable		**30,544**	5,334
		624,262	500,031
Liabilities directly associated with disposal group classified as held for sale	26	**–**	24,214
		624,262	524,245
Net current assets		**1,196,376**	1,206,412
Non-current liabilities			
Loans and borrowings	27	**1,254,980**	1,250,699
Provisions	28	**152**	152
Trade and other payables	29	**305,089**	328,111
Provision for retirement benefits	34(a)	**246**	395
Deferred tax liabilities	22	**42,595**	41,481
		1,603,062	1,620,838
Total liabilities		**2,227,324**	2,145,083
Net assets		**1,874,107**	1,751,894
Equity attributable to owners of the parent			
Share capital	30	**1,394,163**	1,274,879
Share premium	31	**–**	–
Treasury stock units	32	**(37,962)**	(5,031)
Reserves	33	**490,799**	428,983
		1,847,000	1,698,831
Non-controlling interests	18(d)	**27,107**	53,063
Total equity		**1,874,107**	1,751,894
Total equity and liabilities		**4,101,431**	3,896,977

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	NOTE	2018 RM'000	2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,301**	1,308
Intangible assets	17	**–**	–
Interest in subsidiaries	18	**1,493,790**	1,589,711
Trade and other receivables	24	**322**	–
		1,495,413	1,591,019
Current assets			
Trade and other receivables	24	**285,289**	195,550
Prepayments		**287**	235
Cash and bank balances	25	**25,322**	8,224
		310,898	204,009
Total assets		**1,806,311**	1,795,028
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	27	**47,135**	50,042
Provisions	28	**39**	39
Trade and other payables	29	**17,496**	79,256
Income tax payable		**1,230**	–
		65,900	129,337
Net current assets		**244,998**	74,672
Non-current liability			
Loans and borrowings	27	**343,730**	329,189
Total liabilities		**409,630**	458,526
Net assets		**1,396,681**	1,336,502
Equity attributable to owners of the parent			
Share capital	30	**1,394,163**	1,274,879
Share premium	31	**–**	–
Treasury stock units	32	**(37,962)**	(5,031)
Reserves	33	**40,480**	66,654
Total equity		**1,396,681**	1,336,502
Total equity and liabilities		**1,806,311**	1,795,028

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 2018

		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 2017		1,274,879	–	(5,031)	(2,808)	956	4,644	426,191	1,698,831	53,063	1,751,894
Profit for the financial year		–	–	–	–	–	–	97,136	97,136	15,560	112,696
Other comprehensive loss		–	–	–	(573)	–	–	–	(573)	–	(573)
Total comprehensive income for the financial year		–	–	–	(573)	–	–	97,136	96,563	15,560	112,123
Transactions with owners											
Issue of ordinary stock units:	30										
- Pursuant to LTIP vested		3,364	–	–	–	–	(3,364)	–	–	–	–
- Restricted issue		115,920	–	–	–	–	–	–	115,920	–	115,920
Redemption of preference shares		–	–	–	–	2	–	(2)	–	–	–
Purchase of treasury stock units	32	–	–	(32,931)	–	–	–	–	(32,931)	–	(32,931)
Subscription of equity interest in a subsidiary by non-controlling interests		–	–	–	–	–	–	–	–	1,000	1,000
Acquisition of remaining equity interest in a subsidiary		–	–	–	–	–	–	9,516	9,516	(42,516)	(33,000)
LTIP income		–	–	–	–	–	(1,280)	–	(1,280)	–	(1,280)
Dividend on ordinary stock units	13	–	–	–	–	–	–	(39,619)	(39,619)	–	(39,619)
Total transactions with owners		119,284	–	(32,931)	–	2	(4,644)	(30,105)	51,606	(41,516)	10,090
At 31 March 2018		**1,394,163**	**–**	**(37,962)**	**(3,381)**	**958**	**–**	**493,222**	**1,847,000**	**27,107**	**1,874,107**
At 1 April 2016		1,259,784	10,821	(4,557)	(2,485)	956	7,832	366,054	1,638,405	48,751	1,687,156
Profit for the financial year		–	–	–	–	–	–	86,604	86,604	4,312	90,916
Other comprehensive loss		–	–	–	(1,827)	–	–	182	(1,645)	–	(1,645)
Total comprehensive income for the financial year		–	–	–	(1,827)	–	–	86,786	84,959	4,312	89,271
Transactions with owners											
Issue of ordinary stock units:											
- Pursuant to LTIP vested	30	2,535	1,739	–	–	–	(4,274)	–	–	–	–
Purchase of treasury stock units	32	–	–	(474)	–	–	–	–	(474)	–	(474)
Disposal of subsidiary		–	–	–	1,504	–	–	(1,504)	–	–	–
LTIP expense		–	–	–	–	–	1,086	–	1,086	–	1,086
Dividend on ordinary stock units	13	–	–	–	–	–	–	(25,145)	(25,145)	–	(25,145)
Total transactions with owners		2,535	1,739	(474)	1,504	–	(3,188)	(26,649)	(24,533)	–	(24,533)
Effect of implementation of the Companies Act 2016		12,560	(12,560)	–	–	–	–	–	–	–	–
At 31 March 2017		1,274,879	–	(5,031)	(2,808)	956	4,644	426,191	1,698,831	53,063	1,751,894

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 2018

		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 2017		1,274,879	–	(5,031)	4,644	62,010	1,336,502
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	–	18,089	18,089
Transactions with owners							
Issue of ordinary stock units:	30						
- Pursuant to LTIP vested		3,364	–	–	(3,364)	–	–
- Restricted issue		115,920	–	–	–	–	115,920
Purchase of treasury stock units	32	–	–	(32,931)	–	–	(32,931)
LTIP income		–	–	–	(1,280)	–	(1,280)
Dividend on ordinary stock units	13	–	–	–	–	(39,619)	(39,619)
Total transactions with owners		119,284	–	(32,931)	(4,644)	(39,619)	42,090
At 31 March 2018		**1,394,163**	**–**	**(37,962)**	**–**	**40,480**	**1,396,681**
At 1 April 2016		1,259,784	10,821	(4,557)	7,832	78,352	1,352,232
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	–	8,803	8,803
Transactions with owners							
Issue of ordinary stock units:							
- Pursuant to LTIP vested	30	2,535	1,739	–	(4,274)	–	–
Purchase of treasury stock units	32	–	–	(474)	–	–	(474)
LTIP expense		–	–	–	1,086	–	1,086
Dividend on ordinary stock units	13	–	–	–	–	(25,145)	(25,145)
Total transactions with owners		2,535	1,739	(474)	(3,188)	(25,145)	(24,533)
Effect of implementation of the Companies Act 2016		12,560	(12,560)	–	–	–	–
At 31 March 2017		1,274,879	–	(5,031)	4,644	62,010	1,336,502

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 2018

	2018 RM'000	2017 RM'000
OPERATING ACTIVITIES		
Profit before tax	**193,048**	125,296
Adjustments for:		
Impairment loss on financial assets:		
- trade receivables	**891**	762
- other receivables	**3**	2
Amortisation of intangible assets	**91**	110
Depreciation of property, plant and equipment	**14,960**	17,966
Bad debts written off	**4**	643
Net loss/(gain) from fair value adjustment of investment properties	**28,329**	(14,297)
Unwinding of discounts - net	**(747)**	(3,077)
Net fair value gain on other investments at fair value through profit or loss	**(442)**	(547)
Interest expense	**60,682**	50,580
Inventories written down	**4,174**	543
Property, plant and equipment written off	**13**	1,893
Net impairment loss on property, plant and equipment	**20**	2,010
Land held for property development written down	**571**	–
Property development costs written down	**–**	15,136
Reversal of impairment loss on:		
- trade receivables	**–**	(469)
- investment in an associate	**(85)**	(906)
Net gain on disposal of:		
- subsidiary	**(24,493)**	(4)
- property, plant and equipment	**(101)**	(19)
- investment property	**–**	(10,785)
Net unrealised loss on foreign exchange	**7,533**	4,387
Interest income	**(18,673)**	(9,254)
Dividend income	**(11)**	(11)
Share of results of an associate	**20**	(103)
Share of results of joint ventures	**2,876**	(18,779)
LTIP (income)/expense	**(1,371)**	1,328
Provision for retirement benefits	**331**	92
Reversal of provision for estimated repair costs	**(162)**	–
Operating profit before changes in working capital carried forward	**267,461**	162,497

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (CONT'D)

	2018 RM'000	2017 RM'000
Operating profit before changes in working capital brought forward	**267,461**	162,497
Changes in working capital:		
Land held for property development	**(145,214)**	(162,282)
Property development costs	**40,539**	85,827
Inventories	**150,695**	56,086
Receivables	**(129,793)**	(29,098)
Payables	**(34,427)**	30,514
Cash flows from operations	**149,261**	143,544
Interest received	**20,108**	6,442
Interest paid	**(72,441)**	(64,444)
Income taxes refunded	**7,974**	240
Income taxes paid	**(55,513)**	(19,916)
Real property gains tax paid	**(1,675)**	–
Retirement benefits paid	**(483)**	(11)
Net cash flows from operating activities	**47,231**	65,855
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(2,488)**	(4,290)
Purchase of intangible assets	**(16)**	–
Purchase of other investments	**(10,000)**	–
Purchase of investment properties:		
- additions (subsequent expenditures)	**–**	(26,839)
Proceeds from disposal of property, plant and equipment	**102**	376
Proceeds from disposal of an investment property	**–**	17,607
Net cash inflows/(outflows) from disposal of subsidiary	**51,742**	(580)
Proceeds from subscription of equity interest in a subsidiary by non-controlling interests	**1,000**	–
Profit distribution from a joint venture	**10,053**	2
Acquisition of remaining equity interest in a subsidiary	**(33,000)**	–
Additional investment in a joint venture	**–**	(15,000)
Profit distribution from an associate	**65**	7,350
Other dividends received	**11**	11
Net cash flows from/(used in) investing activities	**17,469**	(21,363)

	2018 RM'000	2017 RM'000
FINANCING ACTIVITIES		
Purchase of treasury stock units	**(32,931)**	(474)
Proceeds from issuance of ordinary stock units	**115,920**	–
Drawdown of borrowings	**280,522**	219,852
Repayment of borrowings	**(192,722)**	(185,394)
Repayment of obligations under finance lease	**(471)**	(451)
Dividends paid	**(39,619)**	(25,145)
Placement of deposits with licensed banks	**(3,947)**	(2,284)
Net cash flows from financing activities	**126,752**	6,104
Net increase in cash and cash equivalents	**191,452**	50,596
Effect of exchange rate changes	**(573)**	(1,827)
Cash and cash equivalents at the beginning of financial year	**285,826**	237,057
Cash and cash equivalents at the end of financial year (Note 25)	**476,705**	285,826

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 2018

	2018 RM'000	2017 RM'000
OPERATING ACTIVITIES		
Profit before tax	**20,585**	8,803
Adjustments for:		
Unwinding of discounts	**50**	(26)
Impairment loss on other receivables	**144**	192
Depreciation of property, plant and equipment	**432**	490
Net (reversal of)/impairment loss on interest in subsidiaries	**(7,065)**	1,915
Interest expense	**24,053**	23,878
Interest in subsidiary written off	**38,451**	–
Unrealised loss on foreign exchange	**2,851**	5,131
Dividend income	**(95,669)**	(55,053)
Reversal of impairment loss on other receivables	**(7)**	(679)
Interest income	**(3,969)**	(277)
(Gain)/loss on disposal of property, plant and equipment	**(4)**	72
Property, plant and equipment written off	**4**	5
LTIP (income)/expense	**(854)**	516
Operating loss before changes in working capital	**(20,998)**	(15,033)
Changes in working capital:		
Receivables	**219**	(288)
Payables	**2,762**	(299)
Cash flows used in operations	**(18,017)**	(15,620)
Interest paid	**(11,572)**	(11,642)
Income taxes paid	**(1,266)**	–
Net cash flows used in operating activities	**(30,855)**	(27,262)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(430)**	(133)
Proceeds from disposal of property, plant and equipment	**5**	186
Dividends received	**76,212**	56,722
Interest received	**3,538**	212
Net cash flows from investing activities	**79,325**	56,987

	2018 RM'000	2017 RM'000
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary stock units	**115,920**	–
Drawdown of borrowings	**21,500**	25,000
Repayment of borrowings	**(45,000)**	(25,000)
Repayment of obligations under finance lease	**(42)**	(84)
Net repayment to subsidiaries	**(73,335)**	(2,328)
Dividends paid	**(39,619)**	(25,145)
Purchase of treasury stock units	**(32,931)**	(474)
Placement of deposits with licensed banks	**(4)**	(3)
Net cash flows used in financing activities	**(53,511)**	(28,034)
Net (decrease)/increase in cash and cash equivalents	**(5,041)**	1,691
Cash and cash equivalents at the beginning of financial year	**6,407**	4,716
Cash and cash equivalents at the end of financial year (Note 25)	**1,366**	6,407

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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. The registered office and principal place of business of the Company are located at Level 3A (Annexe), Menara Milenium, 8 Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur.

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 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 21 June 2018.

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 2016 (the “Act”) in Malaysia. At the beginning of the current financial year, the Group and the Company adopted the new and revised FRSs which are mandatory for annual financial periods beginning on or after 1 January 2017 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 2017, 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 2017.

DESCRIPTION

- FRS 107: Disclosures Initiatives (Amendments to FRS 107)
- FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)
- Annual Improvements to FRSs 2014 - 2016 Cycle - Amendments to FRS 12: Disclosure Interest in Other Entities:
  Clarification of the scope of disclosure requirements in FRS 12

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

2.3 Malaysian Financial Reporting Standards ("MFRS")

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2019. In presenting its first MFRS financial statements, the Group and the Company 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 and the Company have established a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

(i) high level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
(ii) evaluation of any training requirements; and
(iii) preparation of a conversion plan.

The Group and the Company consider the assessment and planning phase to be completed as at the date of these financial statements.

(b) Implementation and review phase

This phase aims to:

(i) develop training programs for the staff;
(ii) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
(iii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and
(iv) develop disclosures required by the MFRS Framework.

The Group and the Company have not completed their assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 March 2018 could be different if prepared under the MFRS Framework.

The Group and the Company consider that they are achieving their scheduled milestones and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2019.

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

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company 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 of 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.

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's 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's 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 statement of comprehensive income and within equity in the consolidated statement 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Subsidiaries

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 in associate and joint ventures 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.

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 in 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 and the Company depreciate 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Tanjung 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.

2.10 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 the opinion of a qualified independent valuer and valuations were performed using either the residual method approach or discounted cash flow approach, as deemed appropriate by the valuer. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of non-financial assets

The Group and the Company assess, 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 and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") 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 and the Company base their impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's and of the Company'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 and the Company estimate 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.

2.14 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 and the Company commit 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.

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

2.14 Financial assets (cont'd)

Subsequent measurement (cont'd)

(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 and the Company have 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 and the Company evaluate whether the ability and intention to sell their AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group and the Company are unable to trade these financial assets due to inactive markets, the Group and the Company 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.

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 and the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Company have 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 and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have 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 and the Company continue to recognise the transferred asset to the extent of the Group's and of the Company's continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have 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 and the Company could be required to repay.

2.15 Impairment of financial assets

The Group and the Company assess, 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 debtor 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.

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

2.15 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group and the Company first assess whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine 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 and the Company. 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 and the Company assess 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 and the Company evaluate, 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.

2.16 Cash and cash equivalents

Cash and bank balances 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 and of the Company'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 and the Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts, if any.

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

2.17 Financial liabilities (cont'd)

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 and the Company 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 and the Company have 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 and the Company. 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 and the Company 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.

2.19 Provisions

Provisions are recognised when the Group and the Company have 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 and the Company expect 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and of the Company's own equity instruments.

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 and the Company are 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 and the Company 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 and the Company do 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 differences are included in profit or loss.

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

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

2.25 Revenue recognition

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

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

2.25 Revenue recognition (cont'd)

(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.

Revenue from sale of reclaimed land is accounted for by the stage of completion method when the financial outcome of the land reclamation activity can be reliably estimated. The stage of completion is determined by the proportion of land reclamation costs incurred for work performed to date bear to the estimated total land reclamation costs.

(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; 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; 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.

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.

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

2.26 Taxes (cont'd)

(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:

- where the amount of 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 2016, 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.

2.29 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 and the Company participate 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 Employees Provident Fund in Malaysia, a defined contribution pension scheme. Foreign subsidiaries also make contributions to their 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.

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

2.29 Employee benefits (cont'd)

(c) Defined benefit plans

Two subsidiaries of the Company, namely Eastern & Oriental Hotel Sdn. Berhad and E&O Vista Sdn. Bhd. (formerly known as 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 and of the Company 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 the accrued liability.

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on its 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 41, 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 and the Company present 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 and the Company classify 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 of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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 and of the Company'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. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's and the Company'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) 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. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 15(b).

(b) Fair value estimates for investment properties

The Group carries investment properties at fair value, which requires extensive use of accounting estimates and judgements. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses difference valuation methodologies. Any changes in fair value of these investment properties would affect profit.

The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in Notes 16 and 38(g)(iii).

(c) Write down of inventory properties and property development costs

The Group assesses the carrying amounts of inventory properties and property development costs according to their recoverable amounts based on an estimation of the net realisable value ("NRV"). NRV for completed inventory properties is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment. NRV in respect of property development costs is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and the estimated costs necessary to make the sale, taking into account the time value of money, if material. The assessment requires the use of judgement and estimates.

(d) Impairment on interest in subsidiaries

The Company assesses whether there are any indicators of impairment in interest in subsidiaries as at reporting date. If any indication exists, the Company estimates the recoverable amount of the interest in subsidiaries.

Included in the total carrying amount of interest in subsidiaries of RM1,493,790,000 is the interest in a subsidiary in the investment segment with carrying amount of RM71,335,000. During the financial year, the Company carried out a review of the recoverable amount of interest in this subsidiary because there is a significant decline in the value of the investment property indicated that the carrying amount of the interest in this subsidiary may be impaired. Accordingly, the impairment review gave rise to an impairment loss of RM49,282,000 for the financial year ended 31 March 2018.

When estimating the fair value of the investment property, the objective is to estimate the price that would be received from the sale of the investment property in an orderly transaction between market participants at the reporting date under current market conditions. In addition, the fair value should reflect, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment property under current market conditions, which are highly judgemental and subject to estimation uncertainty.

(e) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in 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 amounts of the Group's and of the Company's loans and receivables at the reporting date are disclosed in Note 24.

(f) Taxes

Significant estimation is involved in determining the group-wide provision for income taxes and deferred taxation. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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. Further details are as disclosed in Note 22.

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

3.2 Key sources of estimation uncertainties (cont'd)

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: (cont'd)

(g) 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. Further details are as disclosed in Note 34(b).

(h) 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 and the Company are 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 and the Company.

(i) 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 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 reclamation 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.

4. REVENUE

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Property development activities	**334,377**	365,553	**–**	–
Sale of land	**273,243**	33,825	**–**	–
Sale of completed properties	**256,611**	180,001	**–**	–
Rental income (Note 16)	**15,777**	14,276	**–**	–
Hotel and restaurant operations	**98,872**	108,968	**–**	–
Management services fees	**3,815**	2,130	**7,272**	7,609
Dividend income	**11**	11	**95,669**	55,053
	982,706	704,764	**102,941**	62,662

5. COST OF SALES

	GROUP	
	2018	2017
	RM'000	RM'000
Property development costs (Note 15(b))	**212,272**	242,682
Cost of land (Note 15(a))	**179,314**	33,786
Cost of completed properties	**142,750**	99,503
Rental related costs (Note 16)	**9,852**	9,291
Cost of hotel and restaurant operations	**55,733**	62,493
Cost of sales with respect to management services rendered	**7,957**	3,893
	607,878	451,648

6. OTHER INCOME

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Interest income from:				
- subsidiaries	**–**	–	**3,207**	65
- deposits with licensed banks	**12,266**	7,581	**762**	212
- advances to joint ventures	**3,524**	1,635	**–**	–
- others	**2,883**	38	**–**	–
Reversal of impairment loss on:				
- trade receivables (Note 24(a))	**–**	469	**–**	–
- other receivables (Note 24(d))	**–**	–	**7**	679
- interest in subsidiaries	**–**	–	**56,347**	468
- property, plant and equipment (Note 14)	**–**	1,835	**–**	–
- investment in an associate	**85**	906	**–**	–
Gain on disposal of:				
- subsidiary (Note 18(c))	**24,493**	4	**–**	–
- property, plant and equipment	**101**	91	**4**	–
- investment property	**–**	10,785	**–**	–
Hotel and restaurant related services	**1,842**	2,020	**–**	–
Rental income of premises	**10,783**	13,294	**–**	–
Management service fees	**7,594**	7,950	**–**	–
Realised gain on foreign exchange	**61**	49	**–**	–
Unrealised gain on foreign exchange	**–**	4,636	**–**	–
Unwinding of discounts	**1,110**	3,169	**–**	26
Fair value gain on other investments at fair value through profit or loss	**442**	547	**–**	–
Fair value gain on investment properties (Note 16)	**9,100**	73	**–**	–
Fair value gain on movement of investment property under construction (Note 16)	**–**	17,230	**–**	–
Holding cost income	**–**	4,530	**–**	–
Reversal of provision for estimated repair costs (Note 28)	**162**	–	**–**	–
Miscellaneous	**2,519**	5,899	**99**	155
	76,965	82,741	**60,426**	1,605

7. FINANCE COSTS

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Interest expense on:				
- bank overdrafts	**528**	501	**410**	422
- term loans	**47,304**	46,792	**1,438**	2,787
- revolving credits	**17,683**	9,685	**2,048**	940
- medium term notes	**19,925**	19,138	**19,925**	19,138
- obligations under finance leases	**54**	50	**1**	4
- advances from subsidiaries	**–**	–	**231**	587
Unwinding of discounts	**363**	92	**50**	–
	85,857	76,258	**24,103**	23,878
Less: Interest expense capitalised in:				
Investment properties under construction (Note 16)	**–**	(895)	**–**	–
Land held for property development (Note 15(a)(ii))	**(9,107)**	(8,728)	**–**	–
Property development costs (Note 15(b))	**(15,705)**	(15,963)	**–**	–
	61,045	50,672	**24,103**	23,878

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	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Auditors' remuneration:				
- statutory audits (EY Malaysia)	**402**	426	**75**	65
- statutory audits (member firms of EY Global)	**–**	393	**–**	–
- statutory audits (others than EY)	**456**	221	**–**	–
- other services (EY Malaysia)	**192**	34	**165**	15
Amortisation of:				
- intangible assets (Note 17)	**91**	110	**–**	–
Impairment loss on financial assets:				
- trade receivables (Note 24(a))	**891**	762	**–**	–
- other receivables (Note 24(d))	**3**	2	**144**	192
Bad debts written off	**4**	643	**–**	–
Depreciation of property, plant and equipment (Note 14)	**14,960**	17,966	**432**	490
Employee benefits expense (Note 9)	**66,398**	69,042	**17,598**	15,854
Fair value loss on investment properties (Note 16)	**37,429**	3,006	**–**	–
Non-Executive Directors' remuneration (Note 10)	**1,022**	1,019	**869**	875
Impairment loss on:				
- property, plant and equipment (Note 14)	**20**	3,845	**–**	–
- interest in subsidiaries	**–**	–	**49,282**	2,383
Interest in subsidiary written off	**–**	–	**38,451**	–
Property development costs written down (Note 15(b))	**–**	15,136	**–**	–
Land held for property development written down (Note 15(a))	**571**	–	**–**	–
Inventories written down (Note 23)	**4,174**	543	**–**	–
Loss on disposal of property, plant and equipment	**–**	72	**–**	72
Property, plant and equipment written off	**13**	1,893	**4**	5
Rental of land and buildings	**9,578**	11,085	**1,524**	1,417
Rental of equipment	**261**	310	**112**	136
Realised loss on foreign exchange	**748**	35	**742**	–
Unrealised loss on foreign exchange	**7,533**	9,023	**2,851**	5,131

9. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Wages and salaries	**56,246**	55,497	**15,600**	12,828
Social security contributions	**854**	992	**54**	57
Contributions to defined contribution plans	**5,913**	5,913	**1,862**	1,384
Increase in liability of defined benefit plans (Note 34(a))	**331**	92	**–**	–
LTIP (income)/expense	**(1,371)**	1,328	**(854)**	516
Other benefits	**4,425**	5,220	**936**	1,069
	66,398	69,042	**17,598**	15,854

The Directors' remuneration of the Group and of the Company are disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors' remuneration:				
- other emoluments	**8,583**	4,519	**4,359**	1,807
Non-Executive Directors' remuneration:				
- fees (Note 8)	**1,022**	1,019	**869**	875
Total Directors' remuneration	**9,605**	5,538	**5,228**	2,682
Estimated monetary value of benefits-in-kind	**524**	552	**486**	529
Total Directors' remuneration including benefits-in-kind	**10,129**	6,090	**5,714**	3,211

The details of remuneration of the Directors of the Company during the financial year are as follows:

Executive:				
Salaries and other emoluments	**7,472**	3,905	**3,780**	1,562
Defined contribution plans	**1,111**	614	**579**	245
Estimated monetary value of benefits-in-kind	**486**	529	**486**	529
	9,069	5,048	**4,845**	2,336
Non-Executive:				
Fees	**972**	975	**869**	875
Others	**38**	23	**–**	–
	1,010	998	**869**	875
Total Directors' remuneration including benefits-in-kind	**10,079**	6,046	**5,714**	3,211

10. DIRECTORS' REMUNERATION (CONT'D)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	NUMBER OF DIRECTORS 2018	2017
Executive Directors:		
RM900,001 - RM950,000	**–**	1
RM1,100,001 - RM1,150,000	**–**	1
RM1,200,001 - RM1,250,000	**1**	–
RM1,250,001 - RM1,300,000	**–**	1
RM1,600,001 - RM1,650,000	**–**	1
RM3,200,001 - RM3,250,000	**1**	–
RM4,600,001 - RM4,650,000	**1**	–
Non-Executive Directors:		
RM50,001 - RM100,000	**3**	3
RM100,001 - RM150,000	**3**	3
RM350,001 - RM400,000	**1**	1

11. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	**69,808**	29,715	**–**	–
Foreign tax	**2,398**	5,235	**–**	–
Under/(overprovision) in prior financial years	**4,831**	(570)	**2,496**	–
	77,037	34,380	**2,496**	–
Malaysian real property gains tax	**1,675**	–	**–**	–
Deferred income tax (Note 22):				
Relating to origination and reversal of temporary differences	**(464)**	(720)	**–**	–
Underprovision in prior financial years	**2,104**	720	**–**	–
	1,640	–	**–**	–
	80,352	34,380	**2,496**	–

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

On 10 April 2017, the Income Tax (Exemption) (No.2) Order 2017 ("Order") was gazetted to provide a special income tax exemption to a qualifying person and the exemption is granted based on the incremental amount of chargeable income from preceding year and is applicable for years of assessment 2017 and 2018. The exemption given is computed based on the percentage of increased chargeable income and according to the formula prescribed in the Order, ranged from 1% to 4%.

A subsidiary of the Company is eligible or qualified to enjoy such exemption under this Order.

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 2018 and 2017 are as follows:

	2018 RM'000	2017 RM'000
Group		
Profit before tax	**193,048**	125,296
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	**46,332**	30,071
Effect of different tax rates in foreign jurisdiction	**297**	(2,157)
Effect of reduction in tax rate on incremental chargeable income	**(3,311)**	(5,442)
Effect of expenses not deductible for tax purposes	**34,197**	19,514
Effect of income not subject to tax	**(1,791)**	(9,153)
Effect of share of results of an associate	**5**	(25)
Effect of share of results of joint ventures	**690**	(4,507)
Effect of income subject to real property gains tax	**(6,365)**	–
Effect of utilisation of previously unrecognised deferred tax assets	**(52)**	(3,248)
Deferred tax assets not recognised during the financial year	**3,415**	9,177
Under/(overprovision) of income tax in prior financial years	**4,831**	(570)
Underprovision of deferred tax in prior financial years	**2,104**	720
	80,352	34,380
Company		
Profit before tax	**20,585**	8,803
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	**4,940**	2,113
Effect of expenses not deductible for tax purposes	**31,545**	10,444
Effect of income not subject to tax	**(36,485)**	(13,494)
Deferred tax assets not recognised during the financial year	**–**	937
Underprovision of income tax in prior financial years	**2,496**	–
	2,496	–

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	
	2018 RM'000	2017 RM'000
Profit attributable to owners of the parent	**97,136**	86,604
	2018 '000	2017 '000
Weighted average number of ordinary stock units in issue	**1,307,535**	1,256,430
	2018 SEN	2017 SEN
Basic earnings per stock unit	**7.43**	6.89

(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	
	2018 RM'000	2017 RM'000
Profit attributable to owners of the parent	**97,136**	86,604
	2018 '000	2017 '000
Weighted average number of ordinary stock units in issue	**1,307,535**	1,256,430
Effects of dilution of LTIP	**–**	2,181
Adjusted weighted average number of ordinary stock units in issue and issuable	**1,307,535**	1,258,611
	2018 SEN	2017 SEN
Diluted earnings per stock unit	**7.43**	6.88

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.

13. DIVIDENDS

	GROUP/COMPANY	
	2018	2017
	RM'000	RM'000
Recognised during the financial year		
First and final single-tier dividend in respect of the financial year ended 31 March 2016 of 2.0 sen on 1,257,233,385 ordinary stock units	**–**	25,145
First and final single-tier dividend in respect of the financial year ended 31 March 2017 of 3.0 sen on 1,320,645,697 ordinary stock units	**39,619**	–
	39,619	25,145

At the forthcoming Annual General Meeting, a first and final dividend by way of distribution of treasury stock units as share dividend in respect of the current financial year ended 31 March 2018, at the ratio of one (1) treasury stock unit for every fifty (50) ordinary stock units held in the Company will be proposed for stockholders' approval. 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 and treasury stock units in the financial year ending 31 March 2019.

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 2017	314,929	12,284	51,537	842	6,051	226	385,869
Additions	439	207	972	–	169	849	2,636
Disposals	–	–	(12)	–	(1,133)	–	(1,145)
Written off	–	–	(60)	–	(15)	–	(75)
Exchange differences	–	–	(64)	–	–	–	(64)
At 31 March 2018	315,368	12,491	52,373	842	5,072	1,075	387,221
Accumulated depreciation and impairment losses							
At 1 April 2017	85,059	7,580	33,587	315	3,549	–	130,090
Depreciation charge for the financial year (Note 8)	9,710	867	3,659	84	640	–	14,960
Impairment loss for the financial year (Note 8)	–	–	20	–	–	–	20
Disposals	–	–	(11)	–	(1,133)	–	(1,144)
Written off	–	–	(51)	–	(11)	–	(62)
Exchange differences	–	–	(47)	–	–	–	(47)
At 31 March 2018	94,769	8,447	37,157	399	3,045	–	143,817
Analysed as:							
Accumulated depreciation	94,769	7,935	33,583	399	3,045	–	139,731
Accumulated impairment losses	–	512	3,574	–	–	–	4,086
	94,769	8,447	37,157	399	3,045	–	143,817
Net carrying amount	220,599	4,044	15,216	443	2,027	1,075	243,404

*** 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 2017	**24,900**	**289,666**	**363**	**314,929**
Additions	**–**	**439**	**–**	**439**
At 31 March 2018	**24,900**	**290,105**	**363**	**315,368**
Accumulated depreciation				
At 1 April 2017	**–**	**84,882**	**177**	**85,059**
Depreciation charge for the financial year	**–**	**9,705**	**5**	**9,710**
At 31 March 2018	**–**	**94,587**	**182**	**94,769**
Net carrying amount	**24,900**	**195,518**	**181**	**220,599**

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 2016	386,472	14,366	55,150	842	6,126	–	462,956
Additions	479	11	3,232	–	1,302	226	5,250
Disposals	–	–	(58)	–	(1,173)	–	(1,231)
Written off	–	(5)	(4,169)	–	–	–	(4,174)
Exchange differences	–	–	443	–	–	–	443
Transfer to assets of disposal group classified as held for sale (Note 26)	(72,022)	(2,088)	(3,061)	–	(204)	–	(77,375)
At 31 March 2017	314,929	12,284	51,537	842	6,051	226	385,869

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 2016	86,466	6,858	31,921	231	4,004	–	129,480
Depreciation charge for the financial year (Note 8)	11,646	1,517	4,153	84	566	–	17,966
Impairment loss for the financial year (Note 8)	–	512	3,333	–	–	–	3,845
Reversal of impairment loss for the financial year (Note 6)	–	–	(1,835)	–	–	–	(1,835)
Disposals	–	–	(57)	–	(817)	–	(874)
Written off	–	(2)	(2,279)	–	–	–	(2,281)
Exchange differences	–	–	453	–	–	–	453
Transfer to assets of disposal group classified as held for sale (Note 26)	(13,053)	(1,305)	(2,102)	–	(204)	–	(16,664)
At 31 March 2017	85,059	7,580	33,587	315	3,549	–	130,090
Analysed as:							
Accumulated depreciation	85,059	7,068	30,033	315	3,549	–	126,024
Accumulated impairment losses	–	512	3,554	–	–	–	4,066
	85,059	7,580	33,587	315	3,549	–	130,090
Net carrying amount	229,870	4,704	17,950	527	2,502	226	255,779

*** 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 2016	52,410	333,699	363	386,472
Additions	–	479	–	479
Transfer to assets of disposal group classified as held for sale	(27,510)	(44,512)	–	(72,022)
At 31 March 2017	24,900	289,666	363	314,929
Accumulated depreciation				
At 1 April 2016	–	86,294	172	86,466
Depreciation charge for the financial year	–	11,641	5	11,646
Transfer to assets of disposal group classified as held for sale	–	(13,053)	–	(13,053)
At 31 March 2017	–	84,882	177	85,059
Net carrying amount	24,900	204,784	186	229,870

COMPANY	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
At 31 March 2018			
Cost			
At 1 April 2017	**2,716**	**1,120**	**3,836**
Additions	**430**	**–**	**430**
Disposals	**(12)**	**–**	**(12)**
Written off	**(15)**	**(5)**	**(20)**
At 31 March 2018	**3,119**	**1,115**	**4,234**
Accumulated depreciation			
At 1 April 2017	**1,850**	**678**	**2,528**
Depreciation charge for the financial year (Note 8)	**356**	**76**	**432**
Disposals	**(11)**	**–**	**(11)**
Written off	**(11)**	**(5)**	**(16)**
At 31 March 2018	**2,184**	**749**	**2,933**
Net carrying amount	**935**	**366**	**1,301**

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
At 31 March 2017			
Cost			
At 1 April 2016	2,660	1,716	4,376
Additions	133	–	133
Disposals	(2)	(596)	(598)
Written off	(75)	–	(75)
At 31 March 2017	2,716	1,120	3,836
Accumulated depreciation			
At 1 April 2016	1,541	907	2,448
Depreciation charge for the financial year (Note 8)	379	111	490
Disposals	–	(340)	(340)
Written off	(70)	–	(70)
At 31 March 2017	1,850	678	2,528
Net carrying amount	866	442	1,308

(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	
	2018 RM'000	2017 RM'000
Freehold land and buildings	**217,762**	225,337
Long term leasehold land	**181**	186
	217,943	225,523

(b) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM2,636,000 (2017: RM5,250,000), of which RM148,000 (2017: RM960,000) 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	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Motor vehicles	**1,518**	1,994	**–**	145

(c) During the financial year, the Group recognised impairment loss of RM20,000 (2017: RM3,845,000) in the statement of comprehensive income based on the recoverable amount of the assets of certain subsidiaries in the investment and hospitality segments.

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 2018				
At 1 April 2017	**407,468**	**790,755**	**31,137**	**1,229,360**
Additions	**14,960**	**318,568**	**107**	**333,635**
Cost recognised to profit or loss (Note 5)	**(1,121)**	**(178,187)**	**(6)**	**(179,314)**
Transfer from assets of disposal group classified as held for sale	**18,155**	**–**	**15**	**18,170**
Re-allocation of costs	**485**	**–**	**–**	**485**
Reclassification	**–**	**(5,857)**	**5,857**	**–**
Written down during the financial year (Note 8)	**(571)**	**–**	**–**	**(571)**
At 31 March 2018	**439,376**	**925,279**	**37,110**	**1,401,765**
At 31 March 2017				
At 1 April 2016	413,862	636,408	32,306	1,082,576
Additions	14,942	187,438	2,218	204,598
Cost recognised to profit or loss (Note 5)	(692)	(33,091)	(3)	(33,786)
Transfer to assets of disposal group classified as held for sale (Note 26)	(18,155)	–	(15)	(18,170)
Re-allocation of costs	2,504	–	–	2,504
Transfer to property development costs (Note 15(b))	(4,993)	–	(3,369)	(8,362)
At 31 March 2017	407,468	790,755	31,137	1,229,360

Notes:

(i) Land held for property development of the Group with carrying amount of RM1,193,110,000 (2017: RM1,068,718,000) 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 RM9,107,000 (2017: RM8,728,000).

15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
Group				
At 31 March 2018				
Cumulative property development costs				
At 1 April 2017	**65,195**	**4,361**	**913,462**	**983,018**
Costs incurred during the financial year	**–**	**–**	**187,438**	**187,438**
Re-allocation of costs	**(485)**	**–**	**–**	**(485)**
Reversal of completed projects	**(6,281)**	**(3,942)**	**(136,604)**	**(146,827)**
Unsold units transferred to inventories	**(2,200)**	**(419)**	**(19,926)**	**(22,545)**
At 31 March 2018	**56,229**	**–**	**944,370**	**1,000,599**
Cumulative costs recognised in profit or loss				
At 1 April 2017	**(27,476)**	**(3,447)**	**(317,534)**	**(348,457)**
Recognised during the financial year (Note 5)	**(15,919)**	**(495)**	**(195,858)**	**(212,272)**
Reversal of completed projects	**6,281**	**3,942**	**136,604**	**146,827**
At 31 March 2018	**(37,114)**	**–**	**(376,788)**	**(413,902)**
Property development costs at 31 March 2018	**19,115**	**–**	**567,582**	**586,697**
At 31 March 2017				
Cumulative property development costs				
At 1 April 2016	96,272	9,912	1,038,018	1,144,202
Costs incurred during the financial year	–	6,001	212,294	218,295
Re-allocation of costs	(2,504)	–	–	(2,504)
Transfer from land held for development (Note 15(a))	4,993	–	3,369	8,362
Reversal of completed projects	(4,867)	–	(34,079)	(38,946)
Unsold units transferred to inventories	(28,699)	(11,552)	(306,140)	(346,391)
At 31 March 2017	65,195	4,361	913,462	983,018
Cumulative costs recognised in profit or loss				
At 1 April 2016	(15,476)	–	(114,109)	(129,585)
Recognised during the financial year (Note 5)	(16,867)	(3,447)	(222,368)	(242,682)
Written down during the financial year (Note 8)	–	–	(15,136)	(15,136)
Reversal of completed projects	4,867	–	34,079	38,946
At 31 March 2017	(27,476)	(3,447)	(317,534)	(348,457)
Property development costs at 31 March 2017	37,719	914	595,928	634,561

Development properties of the Group with carrying amount of RM578,747,000 (2017: RM591,208,000) are pledged to the financial institutions as securities for credit facilities granted to the Group.

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 is interest expense of RM15,705,000 (2017: RM15,963,000).

The Group recognised a write down of property development costs of RM15,136,000 in the previous financial year based on valuation performed by professional independent valuers.

16. INVESTMENT PROPERTIES

	GROUP	
	2018 **RM'000**	2017 RM'000
Investment properties	**491,828**	528,143
Investment properties under construction	**–**	–
	491,828	528,143

Investment properties

	2018 **RM'000**	2017 RM'000
At fair value		
At the beginning of financial year	**528,143**	318,000
Subsequent expenditures	**–**	833
Reversal of provision for costs to complete	**(5,032)**	–
Fair value gain recognised in profit or loss (Note 6)	**9,100**	73
Fair value loss recognised in profit or loss (Note 8)	**(37,429)**	(3,006)
Exchange differences	**(2,954)**	–
Transfer from investment properties under construction	**–**	212,243
At the end of financial year	**491,828**	528,143

16. INVESTMENT PROPERTIES (CONT'D)

Investment properties under construction

	AT COST RM'000	AT FAIR VALUE RM'000	TOTAL RM'000
Group			
At 31 March 2017			
At the beginning of financial year	63,049	114,342	177,391
Subsequent expenditures	13,934	12,967	26,901
Fair value gain recognised in profit or loss (Note 6)	2	17,228	17,230
Disposal during the financial year	–	(6,822)	(6,822)
Exchange differences	–	(2,457)	(2,457)
Transfer to investment properties	(76,985)	(135,258)	(212,243)
At the end of financial year	–	–	–

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 2018 RM'000	2017 RM'000
Rental income derived from investment properties (Note 4)	**15,777**	14,276
Direct operating expenses (including repair and maintenance) of income generating properties (Note 5)	**(9,852)**	(9,291)
Profit arising from investment properties carried at fair value	**5,925**	4,985

Investment properties of the Group amounting to RM434,828,000 (2017: RM469,643,000) 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 in the previous financial year was interest expense of RM895,000.

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)(iii).

Reconciliation of investment properties measured at fair value:

	GROUP	
	INVESTMENT PROPERTIES	
	2018	2017
	RM'000	RM'000
At the beginning of financial year	**528,143**	432,342
Subsequent expenditures	**–**	13,800
Reversal of provision for costs to complete	**(5,032)**	–
Re-measurement recognised in profit or loss	**(28,329)**	14,295
Disposal during the financial year	**–**	(6,822)
Transfer from investment properties under construction	**–**	76,985
Exchange differences	**(2,954)**	(2,457)
At the end of financial year	**491,828**	528,143

Description of valuation techniques used and key inputs to valuation of investment properties:

VALUATION TECHNIQUES	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE
At 31 March 2018		
Investment method	Estimated rental value per square foot per month	RM1.00 - RM14.60
	Estimated rental value per parking bay per month	RM80 - RM250
	Estimated outgoing per square foot per month	RM0.32 - RM3.18
	Market yield rate	5.5% - 6.8%
Market comparable approach	Difference in location, time factor, size, land usage, shape, and tenure	-45.0% to 36.4%
At 31 March 2017		
Investment method	Estimated rental value per square foot per month	RM1.80 - RM8.00
	Estimated rental value per parking bay per month	RM80 - RM250
	Estimated outgoing per square foot per month	RM1.70 - RM3.96
	Market yield rate	6.5% - 7.0%
Market comparable approach	Difference in location, time factor, size, land usage, shape, and tenure	-45.0% to -10.0%

For investment properties, significant changes in any of the above inputs in isolation would result in significant changes in the fair value.

16. INVESTMENT PROPERTIES (CONT'D)

Description of valuation techniques used and key inputs to valuation of investment properties: (cont'd)

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, are then discounted.

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 in the previous financial years.

	GOODWILL RM'000	COMPUTER SOFTWARE (a) RM'000	TOTAL RM'000
Group			
At 31 March 2018			
Cost			
At 1 April 2017	**–**	**1,651**	**1,651**
Additions	**–**	**16**	**16**
Written off	**–**	**(15)**	**(15)**
At 31 March 2018	**–**	**1,652**	**1,652**
Accumulated amortisation and impairment losses			
At 1 April 2017	**–**	**1,395**	**1,395**
Amortisation charge for the financial year (Note 8)	**–**	**91**	**91**
Written off	**–**	**(15)**	**(15)**
At 31 March 2018	**–**	**1,471**	**1,471**
Net carrying amount	**–**	**181**	**181**
At 31 March 2017			
Cost			
At 1 April 2016	2,911	1,651	4,562
Disposal of subsidiary	(2,911)	–	(2,911)
At 31 March 2017	–	1,651	1,651
Accumulated amortisation and impairment losses			
At 1 April 2016	2,911	1,285	4,196
Amortisation charge for the financial year (Note 8)	–	110	110
Disposal of subsidiary	(2,911)	–	(2,911)
At 31 March 2017	–	1,395	1,395
Net carrying amount	–	256	256

17. INTANGIBLE ASSETS (CONT'D)

	COMPUTER SOFTWARE (a) RM'000
Company	
At 31 March 2018	
Cost	
At 1 April 2017	**29**
Written off	**(15)**
At 31 March 2018	**14**
Accumulated amortisation	
At 1 April 2017	**29**
Written off	**(15)**
At 31 March 2018	**14**
Net carrying amount	**–**
At 31 March 2017	
Cost	
At 1 April 2016/31 March 2017	29
Accumulated amortisation	
At 1 April 2016/31 March 2017	29
Net carrying amount	–

(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 2018 RM'000	2017 RM'000
Unquoted shares at cost	**1,568,108**	1,668,139
Less: Accumulated impairment losses	**(74,318)**	(81,383)
	1,493,790	1,586,756
LTIP granted to employees of subsidiaries	**–**	2,955
	1,493,790	1,589,711

At the reporting date, the Company conducted an impairment review of the interest in certain subsidiaries based on the recoverable amounts of these subsidiaries, which represents the Directors' estimation of fair value less costs to sell of these subsidiaries.

The review gave rise to the recognition of net reversal of impairment loss of interest in subsidiaries of RM7,065,000 (2017: net impairment loss of RM1,915,000) as disclosed in Notes 6 and 8 based on recoverable amounts of the investments.

Included in the total carrying amount of interest in subsidiaries of RM1,493,790,000 is the interest in a subsidiary in the investment segment with carrying amount of RM71,335,000. During the financial year, the Company carried out a review of the recoverable amount of interest in this subsidiary because there is a significant decline in the value of the investment property indicated that the carrying amount of the interest in this subsidiary may be impaired. Accordingly, the impairment review gave rise to an impairment loss of RM49,282,000 for the financial year ended 31 March 2018.

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2018 %	2017 %	NON-CONTROLLING INTERESTS 2018 %	2017 %	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	**–**	–	738,819,160
Dynamic Degree Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	140,670,833
E&O Developers Sdn. Bhd.**	Malaysia	Investment holding	**100**	100	**–**	–	23,000,000

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2018 %	2017 %	NON-CONTROLLING INTERESTS 2018 %	2017 %	SHARE CAPITAL RM
I) SUBSIDIARIES OF THE COMPANY (CONT'D)							
Eastern & Oriental Hotel Sdn. Berhad	Malaysia	Ownership and management of hotel, property development and investment holding	**100**	100	**–**	–	263,700,000
Major Liberty Sdn. Bhd.^	Malaysia	Investment holding	**–**	100	**–**	–	–
Matrix Promenade Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	120,300,000
KCB Geotechnics Sdn. Bhd.**	Malaysia	Inactive	**100**	100	**–**	–	500,000
Twenty First Century Realty Sdn. Bhd.	Malaysia	Property investment	**100**	100	**–**	–	14,000,202
Eastern & Oriental Properties (Guernsey) Limited**	Guernsey	Investment holding	**100**	100	**–**	–	£1
E&O Hotel Management (M) Sdn. Bhd.**	Malaysia	Inactive	**100**	100	**–**	–	2
II) SUBSIDIARIES OF EASTERN & ORIENTAL HOTEL SDN. BERHAD							
E&O Restaurants Sdn. Bhd.α	Malaysia	Investment holding	**100**	100	**–**	–	100,000
E&O Express Sdn. Bhd.+	Malaysia	Hotel operator	**–**	100	**–**	–	–
E&O Cruises Sdn. Bhd.	Malaysia	Charter of vessel	**100**	100	**–**	–	2
E&O Vista Sdn. Bhd. (formerly known as Lone Pine Hotel (Penang) Sdn. Bhd.)	Malaysia	Provision of management services	**100**	–	**–**	–	320,000
a) Subsidiaries of E&O Restaurants Sdn. Bhd.							
Eminent Pedestal Sdn. Bhd.**	Malaysia	Inactive	**–**	100	**–**	–	100,000
b) Subsidiary of E&O Express Sdn. Bhd.							
E&O Vista Sdn. Bhd. (formerly known as Lone Pine Hotel (Penang) Sdn. Bhd.)	Malaysia	Provision of management services	**–**	100	**–**	–	320,000

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2018 %	2017 %	NON-CONTROLLING INTERESTS 2018 %	2017 %	SHARE CAPITAL RM
III) SUBSIDIARIES OF MATRIX PROMENADE SDN. BHD.							
Radiant Kiara Sdn. Bhd.**	Malaysia	Inactive	**100**	100	**–**	–	920,004
E&O-PIE Sdn. Bhd.**	Malaysia	Inactive	**100**	100	**–**	–	100,000
E&O Trading Sdn. Bhd.	Malaysia	Property investment	**100**	100	**–**	–	124,500,002
IV) SUBSIDIARY OF EASTERN & ORIENTAL PROPERTIES (GUERNSEY) LIMITED							
Oriental Light (Guernsey) Limited**	Guernsey	Property investment	**100**	100	**–**	–	£1
a) Subsidiary of Oriental Light (Guernsey) Limited							
Oriental Light (UK) Limited**	United Kingdom	Property development	**100**	100	**–**	–	£1
V) SUBSIDIARIES OF E&OPROP							
Ambangan Puri Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	**–**	–	28,750,100
Eminent Pedestal Sdn. Bhd.**	Malaysia	Project management	**100**	–	**–**	–	100,000
Edisi Utama Sdn. Bhd.	Malaysia	Inactive	**100**	100	**–**	–	250,000
E&O Properties Sdn. Bhd.	Malaysia	Project management	**100**	100	**–**	–	16,580,000
Eastern & Oriental Express Sdn. Bhd.	Malaysia	Property development	**100**	100	**–**	–	90,422,000
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	Inactive	**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	**–**	–	31,657,000
Kamunting Management Services Sdn. Bhd.**	Malaysia	Investment holding	**100**	100	**–**	–	78,407,150

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2018 %	2017 %	NON-CONTROLLING INTERESTS 2018 %	2017 %	SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP (CONT'D)							
KCB Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	32,911,002
Eastern & Oriental PLC**	United Kingdom	Property investment and property management	**100**	100	**–**	–	£2,006,250
Pelicrest Sdn. Bhd.α	Malaysia	Investment holding	**100**	100	**–**	–	119,003,002
Prime-Lite Sdn. Bhd.^	Malaysia	Investment holding	**–**	100	**–**	–	–
Regal Alliance Sdn. Bhd.	Malaysia	Inactive	**100**	100	**–**	–	24,152,582
Ribuan Imbang Sdn. Bhd.	Malaysia	Trading of completed properties	**100**	100	**–**	–	20,501,252
Tinggi Murni Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	85,021,502
Teratak Warisan (M) Sdn. Bhd.**	Malaysia	Investment holding	**100**	100	**–**	–	100,000
a) Subsidiary of Ambangan Puri Sdn. Bhd.							
Seventy Damansara Sdn. Bhd.	Malaysia	Inactive	**100**	100	**–**	–	3,250,000
b) Subsidiaries of E&O Properties Sdn. Bhd.							
E&O Management Services Sdn. Bhd.**	Malaysia	Inactive	**100**	100	**–**	–	2
Kayangan Budaya Sdn. Bhd.	Malaysia	Property development	**87.5**	87.5	**12.5**	12.5	12,500,200
c) Subsidiaries of Kamunting Management Services Sdn. Bhd.							
Bridgecrest Resources Sdn. Bhd.	Malaysia	Investment holding	**100**	95.6	**–**	4.4	69,700,000
E&O-PDC Holdings Sdn. Bhd.	Malaysia	Investment holding	**60.0**	60.0	**40.0**	40.0	35,000

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2018 %	2017 %	NON-CONTROLLING INTERESTS 2018 %	2017 %	SHARE CAPITAL RM
i) Subsidiaries of Bridgecrest Resources Sdn. Bhd.							
E&O Property (Penang) Sdn. Bhd.	Malaysia	Property development	**100**	95.6	**–**	4.4	2,500,010
Permaijana Ribu (M) Sdn. Bhd.	Malaysia	Investment holding	**90.0**	86.8	**10.0**	13.2	92,000,000
ii) Subsidiary of Permaijana Ribu (M) Sdn. Bhd.							
Tanjung Pinang Development Sdn. Bhd.	Malaysia	Land reclamation and development	**81.0**	78.8	**19.0**	21.2	92,000,000
iii) Subsidiaries of Tanjung Pinang Development Sdn. Bhd.							
Persada Mentari Sdn. Bhd.	Malaysia	Property development	**64.8**	78.8	**35.2**	21.2	5,000,000
Junjung Angkasa Sdn. Bhd.	Malaysia	Dormant	**81.0**	78.8	**19.0**	21.2	1
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	**–**	–	29,380,000
E&O Customer Services Sdn. Bhd.	Malaysia	Property and project management	**100**	100	**–**	–	2,500,010
i) Subsidiary of Trans-Mutual Sdn. Bhd.							
Kamunting Management (HK) Limited α	Hong Kong	Dormant	**100**	100	**–**	–	HK$1,000
e) Subsidiary 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	Inactive	**100**	100	**–**	–	2

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2018 %	2017 %	NON-CONTROLLING INTERESTS 2018 %	2017 %	SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP (CONT'D)							
e) Subsidiary of Tinggi Murni Sdn. Bhd. (cont'd)							
i) Subsidiaries of Samudra Pelangi Sdn. Bhd. (cont'd)							
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	**–**	–	14,396,002
Rimelite Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	**–**	–	18,316,027
Senna Sdn. Bhd.^	Malaysia	Inactive	**–**	100	**–**	–	–
Terra Damansara Sdn. Bhd.**	Malaysia	Inactive	**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	Inactive	**100**	100	**–**	–	250,000
f) Subsidiary of Pelicrest Sdn. Bhd.							
KCB (Guernsey) Limited*	Channel Islands	Investment holding	**–**	100	**–**	–	–
g) Subsidiaries of Eastern & Oriental PLC							
Loxley Holdings Management Limited**	British Virgin Islands	Property development	**100**	100	**–**	–	£5,000,000
Hammersmith Properties Limited*	Channel Islands	Property development and property investment	**100**	100	**–**	–	£1

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST		NON-CONTROLLING INTERESTS		SHARE CAPITAL RM
			2018 %	2017 %	**2018 %**	2017 %	
i) Subsidiary of Hammersmith Properties Limited							
Hammersmith Development (UK) Limited **	England and Wales	Provision of property development and management services	**100**	100	**–**	–	£1

** Audited by firms of auditors other than Ernst & Young
α Under member's voluntary winding up
^ Dissolved during the financial year
* Voluntarily struck off during the financial year
+ Disposed of during the financial year
# Investment in this subsidiary with carrying amount of RM547,784,000 (2017: RM547,784,000) has been pledged as security for borrowings as disclosed in Note 27.

(a) Acquisition of equity interest in subsidiaries

2018

On 10 October 2017, Persada Mentari Sdn. Bhd. ("PMSB"), a wholly-owned subsidiary of Tanjung Pinang Development Sdn. Bhd. ("TPD"), had increased its paid-up capital to 5,000,000 ordinary shares to effect the shareholdings of TPD and KWAP in the proportion of 80% and 20% respectively pursuant to the Shareholders' Agreement entered into on 30 March 2017.

On 27 November 2017, Kamunting Management Services Sdn. Bhd. ("KMS"), an indirect wholly-owned subsidiary of the Company had completed its acquisition of 4,400 ordinary shares of Bridgecrest Resources Sdn. Bhd. ("BRSB"), a subsidiary of KMS, which representing the remaining 4.40% equity interest of BRSB not owned by KMS for an acquisition price of RM33,000,000. Accordingly, BRSB became an indirect wholly-owned subsidiary of the Company.

Acquisition of subsidiaries

2018

On 16 October 2017, Eastern & Oriental Hotel Sdn. Berhad acquired E&O Vista Sdn. Bhd. (formerly known as Lone Pine Hotel (Penang) Sdn. Bhd.) ("EOV"), a 100% wholly-owned subsidiary of E&O Express Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company for a cash consideration of RM851,260.

On 20 October 2017, E&OPROP acquired Eminent Pedestal Sdn. Bhd. ("EPSB"), a 100% wholly-owned subsidiary of E&O Express Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company for a cash consideration of RM100,000.

There are no disclosure of the impact on the financial position and financial results of EOV and EPSB as the amounts involved are immaterial.

18. INTEREST IN SUBSIDIARIES (CONT'D)

(a) Acquisition of equity interest in subsidiaries (cont'd)

Acquisition and incorporation of subsidiaries

2017

On 29 March 2017, TPD acquired one (1) ordinary share of RM1, representing 100% equity interest in the capital of two companies, namely PMSB and Junjung Angkasa Sdn. Bhd. ("JASB").

PMSB was incorporated on 6 March 2017 as a private limited company with an issued and paid-up share capital of RM1 comprising 1 ordinary share. JASB was incorporated on 20 March 2017 as a private limited company with an issued and paid-up capital of RM1 comprising of 1 ordinary share. Both companies have remained dormant since incorporation.

(b) Business combinations

There were no business combinations during the financial year.

(c) Disposal of a subsidiary

2018

On 16 June 2017, the Group entered into a Share Sale Agreement ("the Agreement") with third parties to dispose of its entire equity interest in E&O Express Sdn. Bhd. ("EOE"), an indirect wholly-owned subsidiary of the Company, for a sale consideration of RM85,000,000.

On 16 October 2017, the disposal was completed upon fulfilment of all the terms of the Agreement.

The disposal had the following effects on the financial statements of the Group as at the end of the financial year.

	2018 RM'000
Property, plant and equipment	59,337
Inventories	206
Receivables	582
Cash and bank balances	182
Payables	(970)
Net assets	59,337
Net assets disposed of (at 100%)	59,337
Transaction cost paid	1,170
Total disposal proceeds settled by cash	(85,000)
Gain on disposal to the Group (Note 6)	(24,493)

	2018 RM'000
Cash inflows arising on disposal:	
Cash consideration	**85,000**
Cash and bank balances of subsidiary disposed of	**(182)**
Settlement of existing borrowings and payables	**(31,906)**
Transaction cost paid	**(1,170)**
Net cash inflows on disposal	**51,742**

2017

On 24 June 2016, the Group entered into a Share Sale Agreement for the disposal of its entire equity interest in The Delicious Group Sdn. Bhd. ("TDG") to a third party for a consideration of RM1,000,000.

On 30 August 2016, subsequent to the Share Sale Agreement, a Supplemental Agreement was formed and signed. The disposal was completed on 9 September 2016 upon fulfilment of all the terms of the Supplemental Agreement.

The disposal had the following effects on the financial statements of the Group as at the end of the previous financial year.

	2017 RM'000
Property, plant and equipment	900
Inventories	156
Receivables	1,229
Tax recoverable	87
Cash and bank balances	1,017
Payables	(2,956)
Net assets	433
Net assets disposed of (at 100%)	433
Total disposal proceeds settled by cash	(437)
Gain on disposal to the Group (Note 6)	(4)
Disposal proceeds offset by excess debts	563
Disposal proceeds settled by cash	437
Total sale consideration	1,000
Cash outflows arising on disposal:	
Cash consideration	437
Cash and bank balances of subsidiary disposed of	(1,017)
Net cash outflows on disposal	(580)

18. INTEREST IN SUBSIDIARIES (CONT'D)

(d) Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interest are provided below:

Proportion of equity interest held by material non-controlling interest:

NAME	COUNTRY OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST 2018 %	2017 %
Persada Mentari Sdn. Bhd. ("PMSB")	Malaysia	**35.2**	21.2
Bridgecrest Resources Sdn. Bhd. ("BRSB")	Malaysia	**–***	4.4
E&O Property (Penang) Sdn. Bhd. ("EOPP")	Malaysia	**–***	4.4
Permaijana Ribu Sdn. Bhd. ("PRSB")	Malaysia	**10.0**	13.2
Tanjung Pinang Development Sdn. Bhd. ("TPD")	Malaysia	**19.0**	21.2

* The proportion of ownership interest was held by non-controlling interest up to 27 November 2017. The details of acquisition of the remaining equity interest are as disclosed in Note 18(a).

	GROUP 2018 RM'000	2017 RM'000
Accumulated balances of material non-controlling interest:		
PMSB	**1,639**	–
BRSB	**–**	2,877
EOPP	**–**	34,965
PRSB	**473**	626
TPD	**25,031**	14,620
Other individually immaterial non-controlling interest	**(36)**	(25)
	27,107	53,063
Total comprehensive (loss)/income allocated to material non-controlling interest:		
PMSB	**(121)**	–
BRSB	**(2)**	(5)
EOPP	**4,676**	4,898
PRSB	**(1)**	(2)
TPD	**11,019**	(499)
Other individually immaterial non-controlling interest	**(11)**	(80)
	15,560	4,312

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 2018:

	PMSB RM'000	BRSB * RM'000	EOPP * RM'000	PRSB RM'000	TPD RM'000	TOTAL RM'000
Revenue	–	–	308,587	–	271,569	580,156
Cost of sales	–	–	(185,351)	–	(177,442)	(362,793)
Other income	54	–	14,398	–	2,560	17,012
Total expenses	(399)	(51)	(25,900)	(13)	(1,862)	(28,225)
Finance costs	–	–	(2,266)	–	(92)	(2,358)
(Loss)/profit before tax	(345)	(51)	109,468	(13)	94,733	203,792
Income tax expense	–	–	(25,588)	–	(23,176)	(48,764)
(Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year	(345)	(51)	83,880	(13)	71,557	155,028
Attributable to:						
Non-controlling interest	(121)	(2)	3,691	(1)	13,596	17,163
Adjustments and eliminations	–	–	985	–	(2,577)	(1,592)
Other individually immaterial non-controlling interest	–	–	–	–	–	(11)
Total non-controlling interest	(121)	(2)	4,676	(1)	11,019	15,560

* The proportion of ownership interest was held by non-controlling interest up to 27 November 2017. The acquisition of the remaining equity interest is as disclosed in Note 18(a).

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 comprehensive income for financial year ended 31 March 2017:

	PMSB RM'000	BRSB RM'000	EOPP RM'000	PRSB RM'000	TPD RM'000	TOTAL RM'000
Revenue	–	–	487,010	–	33,091	520,101
Cost of sales	–	–	(310,094)	–	(33,091)	(343,185)
Other income	–	–	17,082	–	1,418	18,500
Total expenses	–	(110)	(52,114)	(15)	(831)	(53,070)
Finance costs	–	–	(420)	–	(72)	(492)
(Loss)/profit before tax	–	(110)	141,464	(15)	515	141,854
Income tax expense	–	–	(29,805)	–	–	(29,805)
(Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year	–	(110)	111,659	(15)	515	112,049
Attributable to:						
Non-controlling interest	–	(5)	4,913	(2)	109	5,015
Adjustments and eliminations	–	–	(15)	–	(608)	(623)
Other individually immaterial non-controlling interest	–	–	–	–	–	(80)
Total non-controlling interest	–	(5)	4,898	(2)	(499)	4,312

Summarised statement of financial position as at 31 March 2018:

	PMSB RM'000	BRSB * RM'000	EOPP * RM'000	PRSB RM'000	TPD RM'000	TOTAL RM'000
Non-current assets	–	62,939	7,620	7,000	664,034	741,593
Cash and bank balances	4,661	298	386,985	1	94,501	486,446
Other current assets	–	2,128	793,484	–	232,831	1,028,443
Total current assets	4,661	2,426	1,180,469	1	327,332	1,514,889
Total assets	4,661	65,365	1,188,089	7,001	991,366	2,256,482
Trade and other payables and provision	6	31	72,222	2,269	369,606	444,134
Other current liabilities	–	–	10,664	–	15,099	25,763
Total current liabilities	6	31	82,886	2,269	384,705	469,897
Non-current liabilities	–	–	204,268	–	474,917	679,185
Total liabilities	6	31	287,154	2,269	859,622	1,149,082
Total equity	4,655	65,334	900,935	4,732	131,744	1,107,400
Attributable to:						
Non-controlling interest	1,639	2,875	39,641	473	25,031	69,659
Acquisition of remaining equity interest	–	(2,875)	(39,641)	–	–	(42,516)
Other individually immaterial non-controlling interest	–	–	–	–	–	(36)
Total non-controlling interest	1,639	–	–	473	25,031	27,107

* The proportion of ownership interest was held by non-controlling interest up to 27 November 2017. The acquisition of the remaining equity interest is as disclosed in Note 18(a).

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 2017:

	PMSB RM'000	BRSB RM'000	EOPP RM'000	PRSB RM'000	TPD RM'000	TOTAL RM'000
Non-current assets	–	62,939	10,527	7,000	561,642	642,108
Cash and bank balances	–	332	185,145	1	2,556	188,034
Other current assets	–	2,128	823,080	–	19,558	844,766
Total current assets	–	2,460	1,008,225	1	22,114	1,032,800
Total assets	–	65,399	1,018,752	7,001	583,756	1,674,908
Trade and other payables and provision	–	14	76,625	2,256	126,799	205,694
Other current liabilities	–	–	351	–	–	351
Total current liabilities	–	14	76,976	2,256	126,799	206,045
Non-current liabilities	–	–	147,126	–	387,993	535,119
Total liabilities	–	14	224,102	2,256	514,792	741,164
Total equity	–	65,385	794,650	4,745	68,964	933,744
Attributable to:						
Non-controlling interest	–	2,877	34,965	626	14,620	53,088
Other individually immaterial non-controlling interest	–	–	–	–	–	(25)
Total non-controlling interest	–	2,877	34,965	626	14,620	53,063

Summarised cash flow information for financial year ended 31 March 2018:

	PMSB RM'000	BRSB * RM'000	EOPP * RM'000	PRSB RM'000	TPD RM'000
Operating	**(339)**	**–**	**–**	**–**	**(98,908)**
Investing	**5,000**	**–**	**–**	**(42,000)**	**(4,000)**
Financing	**–**	**–**	**–**	**42,000**	**192,729**
Net increase in cash and cash equivalents during the financial year	**4,661**	**–**	**–**	**–**	**89,821**

Summarised cash flow information for financial year ended 31 March 2017:

	PMSB RM'000	BRSB RM'000	EOPP RM'000	PRSB RM'000	TPD RM'000
Operating	–	(110)	180,237	(45,000)	(122,331)
Investing	–	(36,000)	(2,881)	–	–
Financing	–	36,000	(114,289)	45,000	124,884
Net (decrease)/increase in cash and cash equivalents during the financial year	–	(110)	63,067	–	2,553

* The proportion of ownership interest was held by non-controlling interest up to 27 November 2017. The acquisition of the remaining equity interest is as disclosed in Note 18(a).

19. INVESTMENT IN AN ASSOCIATE

	GROUP 2018 RM'000	GROUP 2017 RM'000
Unquoted shares, at cost	–	9,460
Share of post-acquisition reserves	–	962
	–	10,422
Less: Accumulated impairment loss	–	(10,422)
	–	–

Details of the associate which is incorporated in Malaysia, is as follows:

NAME OF ASSOCIATE	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2018 %	PROPORTION OF OWNERSHIP INTEREST 2017 %	PROPORTION OF VOTING POWER 2018 %	PROPORTION OF VOTING POWER 2017 %
Held through a subsidiary:					
Renown Heritage Sdn. Bhd. ("RHSB")	Property investment and property development	–	50.00	–	50.00

RHSB which was placed under Members' Voluntary Winding-up on 10 October 2016 and had held its final meeting on 30 October 2017, was dissolved on 1 February 2018.

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies.

	2018 RM'000	2017 RM'000
Assets and liabilities		
Current assets, representing total assets	–	193
Current liabilities, representing total liabilities	–	24
Results		
(Loss)/profit for the financial year	(40)	206

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's investment in an associate is as follows:

	2018 RM'000	2017 RM'000
Net assets at the beginning of financial year	**169**	14,663
(Loss)/profit for the financial year	**(40)**	206
Profit distribution paid during the financial year	**(129)**	(14,700)
Net assets at the end of financial year	**–**	169
Investment in an associate as at the financial year end	**0.0%**	50.0%
Carrying value of Group's investment in an associate	**–**	85
Goodwill on acquisition	**–**	10,337
Impairment loss on investment in an associate	**–**	(10,422)
Net carrying value of Group's investment in an associate	**–**	–

The associate had no contingent liabilities or capital commitments as at 31 March 2017.

20. INVESTMENT IN JOINT VENTURES

	GROUP	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost	**94,392**	94,392
Share of post-acquisition reserves	**36,229**	47,464
	130,621	141,856

20. INVESTMENT IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows:

NAME OF JOINT VENTURES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST 2018 %	PROPORTION OF OWNERSHIP INTEREST 2017 %
Mergexcel Property Development Sdn. Bhd. ("MPDSB")	Malaysia	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
Joint venture between E&O Property (Penang) Sdn. Bhd. and Tanjung Pinang Villas Sdn. Bhd. ("EOPP TPV")*	Unincorporated	Property development	**–**	–

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.

* EOPP TPV was terminated on 28 April 2016. The termination in the previous financial year has no material impact on the financial statements.

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 2018						
Non-current assets	**2,343**	**101**	**30,818**	**846**	**–**	**34,108**
Cash and bank balances	**35,508**	**13,689**	**15,870**	**41,850**	**–**	**106,917**
Other current assets	**98,893**	**134**	**215,501**	**113,560**	**–**	**428,088**
Total current assets	**134,401**	**13,823**	**231,371**	**155,410**	**–**	**535,005**
Total assets	**136,744**	**13,924**	**262,189**	**156,256**	**–**	**569,113**
Trade and other payables and provisions	**8,187**	**2,846**	**60,829**	**108,368**	**–**	**180,230**
Other current liabilities	**15,000**	**–**	**89**	**–**	**–**	**15,089**
Total current liabilities	**23,187**	**2,846**	**60,918**	**108,368**	**–**	**195,319**
Non-current liabilities	**126,249**	**–**	**81,923**	**–**	**–**	**208,172**
Total liabilities	**149,436**	**2,846**	**142,841**	**108,368**	**–**	**403,491**
Net (liabilities)/assets	**(12,692)**	**11,078**	**119,348**	**47,888**	**–**	**165,622**
31 March 2017						
Non-current assets	3,578	116	31,204	1,464	–	36,362
Cash and bank balances	42,083	29,174	14,585	15,117	–	100,959
Other current assets	86,983	6,949	226,692	145,338	–	465,962
Total current assets	129,066	36,123	241,277	160,455	–	566,921
Total assets	132,644	36,239	272,481	161,919	–	603,283
Trade and other payables and provisions	2,064	2,744	44,073	74,469	–	123,350
Other current liabilities	–	–	–	47,662	–	47,662
Total current liabilities	2,064	2,744	44,073	122,131	–	171,012
Non-current liabilities	140,631	–	97,371	3,369	–	241,371
Total liabilities	142,695	2,744	141,444	125,500	–	412,383
Net (liabilities)/assets	(10,051)	33,495	131,037	36,419	–	190,900

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 2018						
Revenue	**–**	**–**	**26,630**	**74,416**	**–**	**101,046**
Depreciation and amortisation	**(1,234)**	**(15)**	**(577)**	**(1,243)**	**–**	**(3,069)**
Interest income	**1,078**	**388**	**902**	**877**	**–**	**3,245**
(Loss)/profit before tax	**(2,641)**	**307**	**(11,564)**	**14,662**		**764**
Income tax expense	**–**	**56**	**(125)**	**(3,193)**	**–**	**(3,262)**
(Loss)/profit after tax	**(2,641)**	**363**	**(11,689)**	**11,469**	**–**	**(2,498)**
Profit distribution from joint venture	**–**	**(22,780)**	**–**	**–**	**–**	**(22,780)**
31 March 2017						
Revenue	–	–	31,481	129,213	–	160,694
Depreciation and amortisation	(825)	(15)	(658)	(1,587)	–	(3,085)
Interest income	538	678	1,148	730	–	3,094
(Loss)/profit before tax	(2,960)	2,426	12,346	33,440	(21)	45,231
Income tax expense	–	(161)	(191)	(6,845)	–	(7,197)
(Loss)/profit after tax	(2,960)	2,265	12,155	26,595	(21)	38,034
Profit distribution from joint venture	–	–	–	–	4	4

(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 2018						
Net (liabilities)/assets at 1 April 2017	**(10,051)**	**33,495**	**131,037**	**36,419**	**–**	**190,900**
(Loss)/profit for the financial year	**(2,641)**	**363**	**(11,689)**	**11,469**	**–**	**(2,498)**
Profit distribution during the financial year	**–**	**(22,780)**	**–**	**–**	**–**	**(22,780)**
Net (liabilities)/assets at the end of financial year	**(12,692)**	**11,078**	**119,348**	**47,888**	**–**	**165,622**
Interest in joint ventures as at the end of financial year	**51.00%**	**44.13%**	**50.00%**	**51.00%**	**–**	
Carrying value of Group's interest	**(6,473)**	**4,889**	**59,674**	**24,423**	**–**	**82,513**
Fair value adjustment	**44,496**	**–**	**–**	**3,612**	**–**	**48,108**
Net assets at 31 March 2018	**38,023**	**4,889**	**59,674**	**28,035**	**–**	**130,621**
31 March 2017						
Net (liabilities)/assets at 1 April 2016	(7,091)	31,230	88,882	9,824	25	122,870
(Loss)/profit for the financial year	(2,960)	2,265	12,155	26,595	(21)	38,034
Issuance of share capital	–	–	30,000	–	–	30,000
Profit distribution during the financial year	–	–	–	–	(4)	(4)
Net (liabilities)/assets at the end of financial year	(10,051)	33,495	131,037	36,419	–	190,900
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	(5,126)	14,781	65,519	18,574	–	93,748
Fair value adjustment	44,496	–	–	3,612	–	48,108
Net assets at 31 March 2017	39,370	14,781	65,519	22,186	–	141,856

21. OTHER INVESTMENTS

	GROUP 2018 CARRYING AMOUNT RM'000	2018 MARKET VALUE RM'000	2017 CARRYING AMOUNT RM'000	2017 MARKET VALUE RM'000
Current				
AFS financial asset:				
- Investment in money market fund	**10,000**	**10,000**	–	–
Non-current				
At fair value through profit or loss:				
- Quoted shares in Malaysia	**3,371**	**3,371**	2,929	2,929
Total other investments	**13,371**		2,929	

The range of interest rates earned during the financial year and the maturity of the AFS financial asset as at reporting date is as follows:

	RANGE OF INTEREST RATES 2018 % PER ANNUM	RANGE OF INTEREST RATES 2017 % PER ANNUM	MATURITY OF INVESTMENT 2018 DAYS	MATURITY OF INVESTMENT 2017 DAYS
Investment in money market fund	**3.49 - 3.69**	–	**1 - 30**	–

These quoted shares in Malaysia carried at fair value through profit or loss 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 LIABILITIES/(ASSETS)

	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
At the beginning of financial year	**(37,094)**	(37,094)	**–**	–
Recognised in profit or loss (Note 11)	**(1,640)**	–	**–**	–
At the end of financial year	**(38,734)**	(37,094)	**–**	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	**3,861**	4,387	**–**	–
Deferred tax liabilities	**(42,595)**	(41,481)	**–**	–
	(38,734)	(37,094)	**–**	–

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

	LAND HELD FOR PROPERTY DEVELOPMENT RM'000	INVENTORIES RM'000	PROPERTY, PLANT AND EQUIPMENT RM'000	PROVISIONS RM'000	TOTAL RM'000
At 1 April 2016	–	1,689	397	3,890	5,976
Recognised in profit or loss	1,406	(237)	(6)	(2,036)	(873)
At 31 March 2017	1,406	1,452	391	1,854	5,103
At 1 April 2017	**1,406**	**1,452**	**391**	**1,854**	**5,103**
Recognised in profit or loss	**619**	**(1,452)**	**6**	**275**	**(552)**
At 31 March 2018	**2,025**	**–**	**397**	**2,129**	**4,551**

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 2016	(885)	(39,058)	(2,650)	(597)	120	(43,070)
Recognised in profit or loss	6	499	125	216	27	873
Reclassifications	–	609	–	(609)	–	–
At 31 March 2017	(879)	(37,950)	(2,525)	(990)	147	(42,197)
At 1 April 2017	**(879)**	**(37,950)**	**(2,525)**	**(990)**	**147**	**(42,197)**
Recognised in profit or loss	**879**	**(734)**	**(509)**	**1**	**(725)**	**(1,088)**
At 31 March 2018	**–**	**(38,684)**	**(3,034)**	**(989)**	**(578)**	**(43,285)**

22. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

The components and movements of deferred tax (liabilities)/assets during the financial year prior to offsetting are as follows:

Deferred tax (liabilities)/assets of the Company

	PROPERTY, PLANT AND EQUIPMENT RM'000	PROVISIONS RM'000	TOTAL RM'000
At 1 April 2016	(129)	129	–
Recognised in profit or loss	–	–	–
At 31 March 2017	(129)	129	–
At 1 April 2017	**(129)**	**129**	**–**
Recognised in profit or loss	**–**	**–**	**–**
At 31 March 2018	**(129)**	**129**	**–**

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

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Unused tax losses	**79,973**	71,836	**3,757**	3,757
Unabsorbed capital allowances	**89,031**	88,961	**53**	53
Unabsorbed investment tax allowances	**135,748**	135,748	**–**	–
Provisions	**8,618**	7,871	**5,850**	5,850
Others	**13,795**	8,737	**–**	–
	327,165	313,153	**9,660**	9,660
Deferred tax benefit at 24% (2017: 24%), if recognised	**78,520**	75,157	**2,318**	2,318

The availability of the unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowances for offsetting against future taxable profits of the Company and of the respective subsidiaries are subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

23. INVENTORIES

	GROUP 2018 RM'000	2017 RM'000
At cost:		
Completed properties	**301,561**	430,374
Food, beverages and tobacco	**387**	559
General supplies	**1,033**	1,303
Transfer to assets of disposal group classified as held for sale (Note 26)	**–**	(308)
	302,981	431,928
Net realisable value:		
Completed properties	**21,436**	24,711
	324,417	456,639

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM152,507,000 (2017: RM111,714,000).

Completed properties amounting to RM264,322,000 (2017: RM338,860,000) have been pledged to the financial institution for credit facility granted to a subsidiary as disclosed in Note 27(b) and 27(c).

The Group has recorded a charge to profit or loss pertaining to inventories written down of RM4,174,000 (2017: RM543,000) as disclosed in Note 8.

24. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Current					
Trade receivables					
Third parties		**64,978**	46,379	**–**	–
Retention sum receivable		**24,112**	37,407	**–**	–
		89,090	83,786	**–**	–
Less: Allowance for impairment:					
- Third parties		**(2,514)**	(1,623)	**–**	–
Trade receivables, net	(a)	**86,576**	82,163	**–**	–

24. TRADE AND OTHER RECEIVABLES (CONT'D)

	NOTE	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Other receivables					
Other receivables		**16,248**	21,573	**222**	518
Dividend receivable		**–**	–	**59,510**	40,053
Amounts due from subsidiaries	(b)	**–**	–	**226,584**	155,423
Amounts due from joint ventures	(c)	**59,811**	28,918	**–**	–
Deposits		**2,134**	3,993	**56**	635
		78,193	54,484	**286,372**	196,629
Less: Allowance for impairment:					
- Other receivables		**(276)**	(459)	**(125)**	(255)
- Amounts due from subsidiaries		**–**	–	**(958)**	(824)
		(276)	(459)	**(1,083)**	(1,079)
Other receivables, net	(d)	**77,917**	54,025	**285,289**	195,550
		164,493	136,188	**285,289**	195,550
Non-current					
Trade receivables					
Retention sum receivable	(a)	**2,909**	2,527	**–**	–
Other receivables					
Deposits		**2,853**	1,083	**322**	–
		5,762	3,610	**322**	–
Total trade and other receivables (current and non-current)		**170,255**	139,798	**285,611**	195,550
Less: GST receivable		**(5,395)**	(12,312)	**–**	(38)
Add: Receivables classified as held for sale (Note 26)		**–**	645	**–**	–
Add: Cash and bank balances (Note 25)		**521,568**	298,929	**25,322**	8,224
Total loans and receivables		**686,428**	427,060	**310,933**	203,736

(a) Trade receivables

The credit period for completed properties is generally for a period of three months, extending up to four months (2017: three to four months) while the term in respect of property development activities is approximately 21 (2017: 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 (2017: 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 possession.

Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables is as follows:

	GROUP	
	2018	2017
	RM'000	RM'000
Neither past due nor impaired	**54,443**	65,797
1 to 30 days past due not impaired	**9,611**	11,484
31 to 60 days past due not impaired	**3,142**	2,250
61 to 90 days past due not impaired	**5,329**	1,116
91 to 120 days past due not impaired	**10,385**	121
More than 121 days past due not impaired	**6,575**	3,922
Past due but not impaired	**35,042**	18,893
Impaired	**2,514**	1,623
	91,999	86,313

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 RM35,042,000 (2017: RM18,893,000) 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.

24. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (cont'd)

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	
	2018	2017
	RM'000	RM'000
Trade receivables - nominal amount	**2,863**	2,090
Less: Allowance for impairment	**(2,514)**	(1,623)
	349	467
Movement in allowance accounts:		
At the beginning of financial year	**1,623**	1,330
Charge for the financial year (Note 8)	**891**	762
Reversal of impairment losses (Note 6)	**–**	(469)
At the end of financial year	**2,514**	1,623

Trade receivables that are 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 RM31,980,000 which bore interest at rates ranging from 6.65% to 6.90% per annum.

(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 RM56,361,000 (2017: RM24,941,000) which bore interest at rates ranging from 4.70% to 5.00% (2017: 5.00%) per annum during the financial year.

(d) Other receivables

Other receivables that are impaired

The Group's and the Company'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	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Other receivables - nominal amount	**276**	459	**1,637**	1,646
Less: Allowance for impairment	**(276)**	(459)	**(1,083)**	(1,079)
	–	–	**554**	567
Movement in allowance accounts:				
At the beginning of financial year	**459**	485	**1,079**	1,566
Charge for the financial year (Note 8)	**3**	2	**144**	192
Reversal of impairment losses (Note 6)	**–**	–	**(7)**	(679)
Bad debts written off against allowance	**(186)**	(28)	**(133)**	–
At the end of financial year	**276**	459	**1,083**	1,079

25. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Cash at banks and on hand	**336,211**	258,448	**13,421**	6,377
Short-term deposits	**185,357**	40,481	**11,901**	1,847
Cash and bank balances	**521,568**	298,929	**25,322**	8,224

25. CASH AND BANK BALANCES (CONT'D)

(a) Included in cash at banks and on hand of the Group are amounts of RM241,581,000 (2017: RM142,379,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. RM30,790,000 (2017: RM52,984,000) 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 and of the Company amounting to RM8,651,000 (2017: RM5,330,000) and RM1,821,000 (2017: RM1,817,000) respectively are pledged as securities for facilities granted to the Group and the Company.

(c) Cash and bank balances of the Group amounting to RM9,000,000 (2017: RM8,374,000) are assigned and charged as security for a term loan facility as disclosed in Note 27.

(d) 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	
	2018	2017	**2018**	2017
Weighted average effective interest rates (%)				
- Fixed rates	**3.14%**	3.20%	**3.20%**	2.91%
- Floating rates	**2.97%**	3.49%	**–**	–
Average maturities (days)	**1 - 30**	1 - 30	**14 - 30**	1 - 30

For the purpose of statements of cash flows, cash and cash equivalents comprise the following:

	GROUP		COMPANY	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Cash at banks and on hand	**336,211**	258,448	**13,421**	6,377
Short-term deposits	**185,357**	40,481	**11,901**	1,847
Less: Restricted cash and bank balances	**(17,651)**	(13,704)	**(1,821)**	(1,817)
Less: Bank overdrafts (Note 27)	**(27,212)**	–	**(22,135)**	–
Add: Assets of disposal group classified as held for sale (Note 26)	**–**	601	**–**	–
Total cash and cash equivalents	**476,705**	285,826	**1,366**	6,407

26. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The disposal group classified as held for sale comprises the following assets of the Group:

(a) On 23 May 2017, the Group had entered into a sale and purchase agreement with a third party to dispose of Rimelite Sdn. Bhd. ("RSB"), a wholly-owned subsidiary of the Company, for a sale consideration of RM68,704,000. A plan had been in place and RSB was available for immediate sale in its present condition prior to 31 March 2017.

As at 31 March 2018, the Group does not expect the disposal to be completed within the next 12 months. Accordingly, the disposal group classified as held for sale has been reclassified to its respective assets and liabilities categories in the consolidated statement of financial position.

(b) On 16 June 2017, the Group had entered into a share sale agreement with third parties to dispose of EOE, a wholly-owned subsidiary of the Company, for a sale consideration of RM85,000,000. A plan had been in place and EOE was available for immediate sale in its present condition prior to 31 March 2017.

The Group has completed its disposal of EOE on 16 October 2017.

The details of the assets and liabilities as held for sales as at 31 March 2017 were as follows:

GROUP	RSB RM'000 (a)	EOE RM'000 (b)	TOTAL RM'000
Assets			
Non-current assets			
Property, plant and equipment (Note 14)	–	60,711	60,711
Land held for property development (Note 15(a))	18,170	–	18,170
	18,170	60,711	78,881
Current assets			
Inventories (Note 23)	–	308	308
Trade and other receivables (Note 24)	5	640	645
Prepayments	–	686	686
Tax recoverable	–	6	6
Cash and cash equivalent (Note 25)	106	495	601
	111	2,135	2,246
Total assets of disposal group classified as held for sale	18,281	62,846	81,127

26. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

The details of the assets and liabilities as held for sales as at 31 March 2017 were as follows: (cont'd)

GROUP	RSB RM'000 (a)	EOE RM'000 (b)	TOTAL RM'000
Non-current liability			
Borrowings (Note 29)	–	17,360	17,360
Current liabilities			
Borrowings (Note 29)	–	4,479	4,479
Income tax payables	29	–	29
Trade and other payables (Note 29)	94	2,252	2,346
	123	6,731	6,854
Total liabilities directly associated with disposal group classified as held for sale	123	24,091	24,214

Included in property, plant and equipment of EOE amounted to RM58,969,000 were pledged as securities for its facilities in the previous financial year.

27. LOANS AND BORROWINGS

		GROUP		COMPANY	
	MATURITY	**2018 RM'000**	2017 RM'000	**2018 RM'000**	2017 RM'000
Current					
Secured:					
Bank overdrafts (Note 25)	On demand	**27,212**	–	**22,135**	–
Term loans	2019	**327,940**	171,199	**20,000**	25,000
Revolving credits	On demand	**40,000**	110,000	**5,000**	25,000
Obligations under finance leases (Note 36(d))	2019	**441**	451	**–**	42
		395,593	281,650	**47,135**	50,042
Non-current					
Secured:					
Term loans	2020 - 2030	**638,720**	811,304	**–**	20,000
Revolving credits	2020 - 2022	**293,146**	129,009	**21,500**	–
Obligations under finance leases (Note 36(d))	2020 - 2022	**884**	1,197	**–**	–
Unsecured:					
RCMTNs	2020	**322,230**	309,189	**322,230**	309,189
		1,254,980	1,250,699	**343,730**	329,189

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Total loans and borrowings				
Secured:				
Bank overdrafts (Note 25)	**27,212**	–	**22,135**	–
Term loans	**966,660**	982,503	**20,000**	45,000
Revolving credits	**333,146**	239,009	**26,500**	25,000
Obligations under finance leases (Note 36(d))	**1,325**	1,648	**–**	42
Unsecured:				
RCMTNs	**322,230**	309,189	**322,230**	309,189
	1,650,573	1,532,349	**390,865**	379,231

As at reporting date, the weighted average effective interest rates for the loans and borrowings including those classified as held for sale, were as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
Bank overdrafts - Floating rates	**6.93%**	–	**7.15%**	–
Term loans				
- Fixed rates	**–**	5.50%	**–**	–
- Floating rates	**4.64%**	4.42%	**5.27%**	5.31%
Revolving credits - Floating rates	**5.70%**	5.60%	**5.44%**	5.25%
RCMTNs - Fixed rates	**6.38%**	6.38%	**6.38%**	6.38%

The finance leases bore interest at rates ranging from 2.43% to 2.59% (2017: 2.37% to 2.59%) per annum during the financial year.

The remaining maturities of the loans and borrowings as at 31 March 2018 and 31 March 2017 were as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
On demand or within one year	**395,593**	281,650	**47,135**	50,042
More than 1 year and less than 2 years	**647,229**	321,580	**322,230**	20,000
More than 2 years and less than 5 years	**498,120**	780,041	**21,500**	309,189
5 years or more	**109,631**	149,078	**–**	–
	1,650,573	1,532,349	**390,865**	379,231

27. LOANS AND BORROWINGS (CONT'D)

(a) Bank overdrafts

The bank overdrafts were secured by charge on certain properties, unquoted shares and quoted shares as disclosed in Notes 14, 18 and 21 respectively.

(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, property development costs, unquoted shares, inventories and cash and bank balances of the Group and of the Company as disclosed in Notes 15, 18, 23 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 FORESEEABLE LOSS RM'000 (b)	OTHERS RM'000 (c)	TOTAL RM'000
Group				
At 1 April 2016	317	15,442	162	15,921
Utilisation of provision during the financial year	(126)	(11,340)	–	(11,466)
At 31 March 2017	191	4,102	162	4,455
Utilisation of provision during the financial year	–	(4,102)	–	(4,102)
Reversal of provision during the financial year (Note 6)	–	–	(162)	(162)
At 31 March 2018	**191**	**–**	**–**	**191**
At 31 March 2018				
Current	**39**	**–**	**–**	**39**
Non-current:				
Later than 1 year but not later than 2 years	**152**	**–**	**–**	**152**
	191	**–**	**–**	**191**
At 31 March 2017				
Current	39	4,102	162	4,303
Non-current:				
Later than 1 year but not later than 2 years	152	–	–	152
	191	4,102	162	4,455

28. PROVISIONS (CONT'D)

	RESTORATION COST OF PROPERTY, PLANT AND EQUIPMENT RM'000 (a)
Company	
At 1 April 2016/31 March 2017/31 March 2018	39
At 31 March 2018	
Current	**39**
At 31 March 2017	
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.

(b) Provision for foreseeable loss

Provision for foreseeable 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. The project has been completed during the financial year.

(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 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Current					
Trade payables	(a)				
Third parties		**95,645**	104,465	**–**	–
Retention sum payable		**14,274**	13,956	**–**	–
		109,919	118,421	**–**	–
Other payables					
Amounts due to subsidiaries	(b)	**–**	–	**9,024**	72,576
Amount due to non-controlling interest	(c)	**12,826**	12,826	**–**	–
Other payables	(d)	**19,642**	29,958	**1,137**	635
Accruals		**43,528**	38,427	**7,335**	6,045
Deposits received		**12,169**	9,107	**–**	–
		88,165	90,318	**17,496**	79,256
		198,084	208,739	**17,496**	79,256
Non-current					
Trade payables					
Retention sum payable		**61,411**	33,623	**–**	–
Other payables					
Other payable	(d)	**241,868**	292,671	**–**	–
Deposits received		**1,810**	1,817	**–**	–
		243,678	294,488	**–**	–
		305,089	328,111	**–**	–
Total trade and other payables (current and non-current)		**503,173**	536,850	**17,496**	79,256
Less: GST payable		**(728)**	(4,828)	**(60)**	(36)
Less: Other payable (non-current)		**(241,868)**	(292,671)	**–**	–
Add: Payables classified as held for sale (Note 26)		**–**	2,346	**–**	–
Add: Loans and borrowings classified as held for sale (current and non-current) (Note 26)		**–**	21,839	**–**	–
Add: Loans and borrowings (Note 27)		**1,650,573**	1,532,349	**390,865**	379,231
Total financial liabilities carried at amortised cost		**1,911,150**	1,795,885	**408,301**	458,451

29. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 120 (2017: 14 to 120) days.

(b) Amounts due to subsidiaries

In the previous financial year, the amounts due to subsidiaries were unsecured, non-interest bearing and were repayable upon demand except for an amount of RM61,943,000 which bore interest at rate of 6.65% per annum.

(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 (2017: 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		AMOUNT	
	2018	2017	**2018**	2017
	'000	'000	**RM'000**	RM'000
Issued and fully paid:				
At the beginning of financial year	**1,262,319**	1,259,784	**1,274,879**	1,259,784
Ordinary stock units issued during the year				
- pursuant to LTIP vested	**1,388**	2,535	**3,364**	2,535
- pursuant to restricted issue	**63,000**	–	**115,920**	–
Effect of implementation of the Companies Act 2016	**–**	–	**–**	12,560
At the end of financial year	**1,326,707**	1,262,319	**1,394,163**	1,274,879

(a) Issue of stock units

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,274,879,000 to RM1,394,163,000 by way of:

(i) issuance of 1,388,300 new ordinary stock units pursuant to the vesting of the Restricted Stock Unit Incentive Plan at a price of RM2.423 per stock unit; and

(ii) issuance of 63,000,000 new ordinary stock units pursuant to the restricted issue to KWAP at an issue price of RM1.84 per stock unit.

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.

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 1,326,706,544 (2017: 1,262,318,244) issued and fully paid-up ordinary stock units, 27,338,747 (2017: 5,120,647) ordinary stock units are held as treasury stock units by the Company. As at 31 March 2018, the number of issued and fully paid-up ordinary stock units (not held as treasury stock units) is 1,299,367,797 (2017: 1,257,197,597) ordinary stock units.

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 RM1,259,784,000 to RM1,274,879,000 by way of issuance of 234,000 and 2,301,000 new ordinary stock units pursuant to the vesting and exercise of the Performance-based Restricted Stock Unit Incentive Plan and the Restricted Stock Unit Incentive Plan at a price of RM1.84 and RM1.67 per stock unit respectively.

30. SHARE CAPITAL (CONT'D)

(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 Securities 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 in the Company and each warrant will entitle the registered holder to subscribe for 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 6 weeks after passing of such resolution for a members' voluntarily winding up of the Company, or within 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 2017 RM'000
At the beginning of financial year	10,821
Ordinary stock units issued during the financial year	
- pursuant to LTIP	1,739
Effect of implementation of the Companies Act 2016	(12,560)
At the end of financial year	–

Share premium related to the amount that stockholders have paid for the stocks in excess of the nominal value. With the Act coming into effect on 31 January 2017, the credit standing in the share premium account of RM12,560,000 had been transferred to the share capital account. Pursuant to Subsection 618(3) of the Act, the Company may exercise its right to use the credit amount being transferred from share premium within 24 months after the commencement of the Act.

32. TREASURY STOCK UNITS

	GROUP/COMPANY			
	NUMBER OF TREASURY STOCK UNITS		AMOUNT	
	2018 '000	2017 '000	**2018 RM'000**	2017 RM'000
At the beginning of financial year	**5,121**	4,838	**5,031**	4,557
Purchase of treasury stock units	**22,218**	283	**32,931**	474
At the end of financial year	**27,339**	5,121	**37,962**	5,031

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, the Company repurchased 22,218,100 of its issued ordinary stock units from the open market at an average price of RM1.482 per stock unit. The total consideration paid for the repurchase including transaction cost was RM32,931,000. The stock units repurchased are being held as treasury stock units in accordance with Section 127 of the Act.

As at 31 March 2018, the Company held as treasury stock units a total of 27,338,747 of its 1,326,706,544 issued ordinary stock units. Such treasury stock units are held at a carrying amount of RM37,962,000.

33. RESERVES

	NOTE	GROUP 2018 RM'000	GROUP 2017 RM'000	COMPANY 2018 RM'000	COMPANY 2017 RM'000
Distributable:					
Retained profits	(a)	**493,222**	426,191	**40,480**	62,010
Non-distributable:					
LTIP reserve	(b)	**–**	4,644	**–**	4,644
Foreign currency translation reserve	(c)	**(3,381)**	(2,808)	**–**	–
Other reserve	(d)	**958**	956	**–**	–
		(2,423)	2,792	**–**	4,644
		490,799	428,983	**40,480**	66,654

(a) Retained profits

The Company may distribute dividends out of its entire retained profits as of 31 March 2018 and 31 March 2017 under the single-tier system.

(b) LTIP reserve

In the previous financial year, LTIP reserve represented the equity-settled LTIP awarded to employees. This reserve was made up of the cumulative value of services received from employees recorded over the vesting period commencing from the award date of LTIP, and was 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 represented capital redemption reserve arose as a result of redemption of preference shares by subsidiaries in accordance with Section 618(4) of Companies Act 2016.

34. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

Two subsidiaries of the Group, namely Eastern & Oriental Hotel Sdn. Berhad and E&O Vista Sdn. Bhd. (formerly known as Lone Pine Hotel (Penang) Sdn. Bhd.), 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.

Movements in the net liability were as follows:

	2018 RM'000	2017 RM'000
Group		
At the beginning of financial year	**400**	501
Recognised in profit or loss (Note 9)	**331**	92
Paid during the financial year	**(483)**	(11)
Actuarial gain recognised in OCI	**–**	(182)
At the end of financial year	**248**	400

The amounts recognised in the statement of financial position were determined as follows:

	2018 RM'000	2017 RM'000
Group		
Present value of defined benefit obligations, representing net liability	**248**	400
Analysed as:		
- current liabilities	**2**	5
- non-current liabilities	**246**	395
	248	400

34. EMPLOYEE BENEFITS (CONT'D)

(a) Retirement benefit obligations (cont'd)

The amounts recognised in the profit or loss were determined as follows:

	2018 RM'000	2017 RM'000
Group		
Current service cost	**57**	74
Interest cost on benefit obligation	**274**	18
Actuarial gain	**–**	(182)
Net benefit expense/(income)	**331**	(90)

The principal assumptions used in determining the retirement benefit obligations for the Group's Scheme are shown below:

	2018 %	2017 %
Discount rate (i)	**5.5**	5.5
Price inflation (ii)	**3.0**	3.0
Expected rate of salary increase (iii)	**6.0**	6.0

(i) Based on 15-year (2017: 16-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 6% (2017: 6%) was used due to longer term of the Scheme.

A quantification sensitivity analysis for significant assumption as at 31 March 2018 and 31 March 2017 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
2018				
Impact on defined benefit obligation	**(58)**	**70**	**74**	**(62)**
2017				
Impact on defined benefit obligation	(50)	62	61	(51)

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 of the defined benefit plan in future years are as follows:

	2018 **RM'000**	2017 RM'000
Within the next 12 months	**5**	4
Between 2 and 5 years	**129**	71
Beyond 5 years	**188**	251
Total expected payments	**322**	326

The average duration of the defined benefit plan obligation at the end of the reporting period is 14 years (2017: 15 years).

(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.

34. EMPLOYEE BENEFITS (CONT'D)

(b) LTIP (cont'd)

The salient features and terms of the LTIP are as follows: (cont'd)

(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.

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

34. EMPLOYEE BENEFITS (CONT'D)

(b) LTIP (cont'd)

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

<u>Movement of LTIP during the financial year</u>

The following table illustrates the number and movement in stock units awarded under LTIP during the financial year:

	NUMBER OF STOCK UNITS			
		MOVEMENT DURING THE FINANCIAL YEAR		
	AT 1 APRIL '000	VESTED '000	FORFEITED '000	AT 31 MARCH '000
2018				
2014/15 PSU Award	**470**	**–**	**(470)**	**–**
2014/15 RSU Award	**1,711**	**(1,688)**	**(23)**	**–**
	2,181	**(1,688)**	**(493)**	**–**
2017				
2013/14 PSU Award	234	(234)	–	–
2013/14 RSU Award	2,830	(2,706)	(124)	–
2014/15 PSU Award	700	–	(230)	470
2014/15 RSU Award	2,071	(3)	(357)	1,711
	5,835	(2,943)	(711)	2,181

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	
	2018 RM'000	2017 RM'000
Rental received and 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	**(104)**	(97)
- Interiors International (M) Sdn. Bhd. ("Interiors") in which a Director of Interiors is a person connected to a Director of the Company	**(92)**	(86)
- a joint venture	**(648)**	(743)
Project management and administrative services fees received and receivable from joint ventures *	**(288)**	(1,261)
Interest receivable from joint ventures *	**(2,202)**	(1,247)
Selling and marketing fees receivable from joint ventures	**(539)**	(303)
Profit distribution received from a joint venture	**(10,053)**	(2)
Profit distribution received from an associate	**(65)**	(7,350)
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	**700**	5,663
Design services rendered by:		
- Interiors in which a director of Interiors is a person connected to a Director of the Company	**727**	186
Purchase of motor vehicle from a Director	**–**	180
Sale of properties to Directors and a person connected to a Director of the Company	**(2,093)**	(6,803)
Berthing fee received from a Director	**(11)**	(11)
Procurement of contractual work from:		
- Kerjaya Prospek Group in which a Director of the Company also hold directorship in the Kerjaya Prospek Group Berhad	**143,854**	–

	COMPANY (INCOME)/EXPENSE	
	2018	2017
	RM'000	RM'000
Subsidiaries:		
Dividend income	**(95,669)**	(55,053)
Interest income receivable	**(3,207)**	(65)
Management fee receivable	**(7,272)**	(7,609)
Food catering services	**–**	1
Interest expense payable	**231**	587

Related companies in these financial statements refer to companies within the Eastern & Oriental Berhad 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 2018 and 2017 are disclosed in Notes 24 and 29.

* Represent gross income/receivable before elimination of unrealised profit.

(b) Compensation of key management personnel

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Short term employee benefits	**11,452**	7,622	**5,695**	3,655
Defined contribution plan	**1,467**	940	**687**	384
	12,919	8,562	**6,382**	4,039

Included in the total remuneration (excluding award of LTIP) of key management personnel are:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors' remuneration (Note 10)	**8,583**	4,519	**4,359**	1,807

35. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel (cont'd)

Executive Directors of the Group and of the Company and other members of key management have been awarded the following number of LTIPs:

	GROUP AND COMPANY	
	2018	2017
	'000	'000
At the beginning of the financial year	**528**	1,584
Vested	**(275)**	(701)
Forfeited	**(253)**	(355)
At the end of the financial year	**–**	528

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 commitments as at 31 March 2018 and 2017 are as follows:

	GROUP	
	2018	2017
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
- Land reclamation	**619,638**	901,992
- Acquisition of freehold land	**7,057**	21,170
- Property, plant and equipment	**1,705**	–
- Investment property	**–**	3,461
Approved but not contracted for:		
- Property, plant and equipment	**3,086**	3,033
Share of joint venture's capital commitments:		
- Property, plant and equipment	**–**	804
- Acquisition of land	**125,321**	125,241

(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	
	2018	2017
	RM'000	RM'000
Future minimum rentals payable:		
Not later than 1 year	**8,489**	7,626
Later than 1 year and not later than 5 years	**36,702**	35,499
Later than 5 years	**51,715**	61,407
	96,906	104,532

(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 restrictions 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	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Future minimum rentals payable:				
Not later than 1 year	**1,849**	465	**1,317**	341
Later than 1 year and not later than 5 years	**2,264**	38	**1,633**	32
	4,113	503	**2,950**	373

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36. COMMITMENTS (CONT' D)

(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	
	2018	2017
	RM'000	RM'000
Future minimum rentals receivable:		
Not later than 1 year	**15,573**	13,753
Later than 1 year and not later than 5 years	**17,717**	6,802
	33,290	20,555

(d) Finance lease commitments

The Group and the Company have finance leases for certain 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	
	2018	2017	**2018**	2017
	RM'000	RM'000	**RM'000**	RM'000
Future minimum lease payments:				
Not later than 1 year	**494**	503	**–**	43
Later than 1 year and not later than 2 years	**473**	459	**–**	–
Later than 2 years and not later than 5 years	**510**	874	**–**	–
Total future minimum lease payments	**1,477**	1,836	**–**	43
Less: Future finance charges	**(152)**	(188)	**–**	(1)
Present value of finance lease liabilities (Note 27)	**1,325**	1,648	**–**	42
Less: Amount due within 12 months (Note 27)	**(441)**	(451)	**–**	(42)
Amount due after 12 months (Note 27)	**884**	1,197	**–**	–

37. FINANCIAL GUARANTEES

	COMPANY	
	2018 RM'000	2017 RM'000
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries:		
- financial institutions	**1,160,711**	1,081,745

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 and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their 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 and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate risk (cont'd)

Sensitivity analysis for variable rate instruments

The Group and the Company do not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

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 and the Company's profit before tax are affected through the impact on floating rate borrowings, as follows:

	INCREASE/ (DECREASE) IN BASIS POINTS	(DECREASE)/INCREASE IN PROFIT BEFORE TAX	
		2018 RM'000	2017 RM'000
Group			
Floating rate borrowings	25	**(1,549)**	(1,172)
	(25)	**1,549**	1,172
Company			
Floating rate borrowings	25	**(172)**	(175)
	(25)	**172**	175

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 country in which certain foreign subsidiaries operate. The currency giving rise to this risk is primarily Great Britain Pound ("GBP").

Included in the following consolidated statements of financial position captions of the Group as at the reporting date are balances denominated in the following major foreign currency:

	GROUP GBP RM'000
At 31 March 2018	
Cash and bank balances	**31,074**
Trade and other receivables	**11,124**
Trade and other payables	**(11,297)**
Loans and borrowings	**(313,479)**
At 31 March 2017	
Cash and bank balances	64,459
Trade and other receivables	9,680
Trade and other payables	(28,917)
Loans and borrowings	(386,281)

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 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 (DECREASE)/INCREASE IN PROFIT BEFORE TAX	
		2018 **RM'000**	2017 RM'000
GBP/RM	- strengthened 5%	**(14,129)**	(17,053)
	- weakened 5%	**14,129**	17,053

38. FINANCIAL INSTRUMENTS (CONT'D)

(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 and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by bank borrowings.

The Group and the Company actively manage their 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 and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive 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 of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2018 RM'000			
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
Group				
Financial liabilities:				
Trade and other payables	197,356	70,207	–	267,563
Loans and borrowings	406,559	1,298,140	158,627	1,863,326
Total undiscounted financial liabilities	603,915	1,368,347	158,627	2,130,889
Company				
Financial liabilities:				
Trade and other payables	17,436	–	–	17,436
Loans and borrowings	47,271	389,621	–	436,892
Total undiscounted financial liabilities	64,707	389,621	–	454,328

	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	2017 RM'000 TOTAL
Group				
Financial liabilities:				
Trade and other payables	203,989	41,557	–	245,546
Trade and other payables (classified as held for sale)	2,268	–	–	2,268
Loans and borrowings	287,721	1,261,204	221,967	1,770,892
Loans and borrowings (classified as held for sale)	5,571	18,868	–	24,439
Total undiscounted financial liabilities	499,549	1,321,629	221,967	2,043,145
Company				
Financial liabilities:				
Trade and other payables	79,220	–	–	79,220
Loans and borrowings	50,440	391,824	–	442,264
Total undiscounted financial liabilities	129,660	391,824	–	521,484

(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 and other 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.

38. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit risk (cont'd)

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:

	2018 RM'000	2018 % OF TOTAL	2017 RM'000	2017 % OF TOTAL
Properties	**86,977**	**97.2%**	83,130	97.8%
Hospitality	**2,493**	**2.8%**	1,553	1.8%
Hospitality (classified as held for sale)	**–**	**–**	291	0.4%
Investments and others	**15**	**0.0%**	7	0.0%
	89,485	**100.0%**	84,981	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 other investments 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 other investments. These instruments are classified as financial asset at fair value through profit or loss. The Group does not have exposure to commodity price risk.

Equity price risk sensitivity analysis

At the reporting date, the exposure to a listed equity securities at fair value was RM3,371,000 (2017: RM2,929,000). An increase/(decrease) of 5% (2017: 5%) on the FTSE Bursa Malaysia KLCI market index, with all other variables held constant, could have an impact of approximately RM169,000 (2017: RM146,000) 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 and of the Company'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
2018				
Financial liabilities:				
Loans and borrowings				
- RCMTNs	**322,230**	**321,659**	**322,230**	**321,659**
- Obligations under finance lease	**884**	**788**	**–**	**–**
2017				
Financial liabilities:				
Loans and borrowings				
- Term loans with fixed rate (classified as held for sale)	17,360	15,233	–	–
- RCMTNs	309,189	303,570	309,189	303,570
- Obligations under finance lease	1,197	1,047	–	–

(ii) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation 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	24
Loans and borrowings	
- with floating rate	27
Trade and other payables	29

38. FINANCIAL INSTRUMENTS (CONT'D)

(g) Fair values (cont'd)

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 as the impact of discounting is immaterial.

The fair values of 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 shares 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.

	LEVEL 1 RM'000	LEVEL 3 RM'000	TOTAL RM'000
Group			
At 31 March 2018			
Financial asset at fair value through profit or loss (Note 21)	**3,371**	**–**	**3,371**
AFS financial asset (Note 21)	**10,000**	**–**	**10,000**
Investment properties (Note 16)	**–**	**491,828**	**491,828**
At 31 March 2017			
Financial asset at fair value through profit or loss (Note 21)	2,929	–	2,929
Investment properties (Note 16)	–	528,143	528,143

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. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	AT 1 APRIL 2017 RM'000	CASH FLOWS RM'000	OTHER RM'000	AT 31 MARCH 2018 RM'000
2018				
Group				
Current interest-bearing loans and borrowings	**281,650**	**(165,833)**	**279,776**	**395,593**
Non-current interest-bearing loans and borrowings	**1,250,699**	**273,530**	**(269,249)**	**1,254,980**
Total liabilities from financing activities	**1,532,349**	**107,697**	**10,527**	**1,650,573**
Company				
Current interest-bearing loans and borrowings	**50,042**	**(22,907)**	**20,000**	**47,135**
Non-current interest-bearing loans and borrowings	**329,189**	**14,508**	**33**	**343,730**
Total liabilities from financing activities	**379,231**	**(8,399)**	**20,033**	**390,865**

	AT 1 APRIL 2016 RM'000	CASH FLOWS RM'000	TRANSFER TO LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE RM'000	OTHER RM'000	AT 31 MARCH 2017 RM'000
2017					
Group					
Current interest-bearing loans and borrowings	178,040	(125,845)	(4,479)	233,934	281,650
Non-current interest-bearing loans and borrowings	1,340,299	153,807	(17,360)	(226,047)	1,250,699
Total liabilities from financing activities	1,518,339	27,962	(21,839)	7,887	1,532,349
Company					
Current interest-bearing loans and borrowings	25,084	(84)	–	25,042	50,042
Non-current interest-bearing loans and borrowings	341,989	(7,005)	–	(5,795)	329,189
Total liabilities from financing activities	367,073	(7,089)	–	19,247	379,231

40. CAPITAL MANAGEMENT

For the purpose of the Group's and of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the owners of the parent. The primary objective of the Group's and of the Company's capital management is to maximise the stockholders' value.

In order to achieve this overall objective, the Group's and the Company's capital management, amongst other things, aims to ensure that they meet 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 recall the loans and borrowings. There have been no breaches of financial covenants of any interest-bearing loans and borrowings in the current period.

The Group and the Company manage their capital structure and make adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new stock units. The Group and the Company monitor capital using a net gearing ratio, which is net debt divided by total capital (excluding assets and liabilities classified as disposal group). The Group's and the Company's policy are to maintain net 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 2018 and 2017.

	NOTE	GROUP		COMPANY	
		2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Loans and borrowings	27	**1,650,573**	1,532,349	**390,865**	379,231
Less: Cash and bank balances	25	**(521,568)**	(298,929)	**(25,322)**	(8,224)
Net debt		**1,129,005**	1,233,420	**365,543**	371,007
Equity attributable to the owners of the parent, representing total capital		**1,847,000**	1,698,831	**1,396,681**	1,336,502
Net gearing ratio		**61%**	73%	**26%**	28%

41. 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.

The Group's geographical segments information are prepared based on the locations of assets. The segment revenue by geographical location of customers does not differ materially from segment revenue by geographical location of assets.

Transfer prices between operating segments are at terms agreed between the parties during the financial year.

Geographical segments

The following table provides an analysis of the Group's revenue and assets, analysed by geographical segments:

	TOTAL REVENUE FROM EXTERNAL CUSTOMERS		SEGMENT ASSETS	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000
Malaysia	**912,257**	656,185	**3,378,798**	3,078,447
United Kingdom	**70,449**	48,579	**722,602**	818,443
Others	**–**	–	**31**	87
	982,706	704,764	**4,101,431**	3,896,977

41. 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	
	2018 RM'000	2017 RM'000	**2018 RM'000**	2017 RM'000	**2018 RM'000**	2017 RM'000	**2018 RM'000**	2017 RM'000		**2018 RM'000**	2017 RM'000
Revenue											
External sales	**880,008**	593,655	**98,872**	108,968	**3,826**	2,141	**–**	–		**982,706**	704,764
Inter-segment sales	**505**	1,335	**–**	–	**212,046**	23,905	**(212,551)**	(25,240)	A	**–**	–
Total revenue	**880,513**	594,990	**98,872**	108,968	**215,872**	26,046	**(212,551)**	(25,240)		**982,706**	704,764
Results											
Interest income	**17,785**	6,472	**446**	168	**16,894**	14,978	**(16,452)**	(12,364)	A	**18,673**	9,254
(Loss)/gain from fair value adjustment of investment properties	**(28,329)**	14,297	**–**	–	**–**	–	**–**	–		**(28,329)**	14,297
Depreciation and amortisation	**(1,496)**	(1,261)	**(13,026)**	(15,935)	**(529)**	(880)	**–**	–	B	**(15,051)**	(18,076)
Share of results of an associate	**–**	–	**–**	–	**(20)**	103	**–**	–		**(20)**	103
Share of results of joint ventures	**(2,876)**	18,779	**–**	–	**–**	–	**–**	–		**(2,876)**	18,779
Gain on disposal of subsidiary	**–**	–	**24,493**	–	**–**	4	**–**	–		**24,493**	4
Other material non-cash (expenses)/income	**(4,025)**	502	**(486)**	(3,917)	**(6,121)**	(7,578)	**–**	–	C	**(10,632)**	(10,993)
Segment results	**242,632**	187,700	**21,609**	(5,782)	**124,938**	(58,448)	**(196,131)**	1,826	D	**193,048**	125,296
Assets											
Investment in joint ventures	**130,621**	141,856	**–**	–	**–**	–	**–**	–		**130,621**	141,856
Assets of disposal group classified as held for sale	**–**	18,281	**–**	62,846	**–**	–	**–**	–		**–**	81,127
Additions to non-current assets	**329,215**	236,628	**1,574**	807	**466**	147	**–**	–	E	**331,255**	237,582
Segment assets	**3,698,143**	3,511,770	**279,577**	334,972	**1,498,378**	936,680	**(1,374,667)**	(886,445)	F	**4,101,431**	3,896,977
Liabilities											
Liabilities directly associated with disposal group classified as held for sale	**–**	123	**–**	24,091	**–**	–	**–**	–		**–**	24,214
Segment liabilities	**1,227,938**	1,052,999	**15,048**	39,212	**178,735**	152,051	**805,603**	900,821	G	**2,227,324**	2,145,083

41. 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	2018 RM'000	2017 RM'000
Amortisation of intangible assets	8	**(91)**	(110)
Depreciation of property, plant and equipment	8	**(14,960)**	(17,966)
		(15,051)	(18,076)

C Other material non-cash (expenses)/income consist of the following items as presented in the respective notes to the financial statements:

		2018 RM'000	2017 RM'000
Inventories written down	8	**(4,174)**	(543)
Net impairment loss on financial assets:			
- trade receivables	6,8	**(891)**	(293)
- other receivables	8	**(3)**	(2)
Bad debts written off	8	**(4)**	(643)
Net gain on disposal of:			
- property, plant and equipment	6,8	**101**	19
- investment properties	6	**–**	10,785
Reversal of impairment loss on investment in an associate	6	**85**	906
Net unrealised loss on foreign exchange	6,8	**(7,533)**	(4,387)
Unwinding of discounts - net	6,7	**747**	3,077
Property, plant and equipment written off	8	**(13)**	(1,893)
Net fair value gain on other investment	6	**442**	547
Property development costs written down	8	**–**	(15,136)
Net impairment loss on property, plant and equipment	6,8	**(20)**	(2,010)
Reversal of provision for estimated repair costs	6	**162**	–
LTIP income/(expense)	9	**1,371**	(1,328)
Land held for property development written down	8	**(571)**	–
Provision for retirement benefits	9	**(331)**	(92)
		(10,632)	(10,993)

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:

	NOTE	2018 RM'000	2017 RM'000
Allowance for impairment in amounts due from subsidiaries		**(2,024)**	76
Inter-segment dividends		**(207,606)**	(14,600)
Inter-segment interests		**13,499**	16,350
		(196,131)	1,826

E Additions/(deduction) to non-current assets consist of:

		2018 RM'000	2017 RM'000
Property, plant and equipment	14	**2,636**	5,250
Intangible assets	17	**16**	–
Investment properties	16	**(5,032)**	27,734
Land held for property development	15	**333,635**	204,598
		331,255	237,582

F The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

		2018 RM'000	2017 RM'000
Deferred tax assets	22	**3,861**	4,387
Tax recoverable		**2,649**	5,470
Investment in joint ventures	20	**130,621**	141,856
Inter-segment assets		**(1,511,798)**	(1,038,158)
		(1,374,667)	(886,445)

G The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

		2018 RM'000	2017 RM'000
Deferred tax liabilities	22	**42,595**	41,481
Income tax payable		**30,544**	5,334
Loans and borrowings	27	**1,650,573**	1,532,349
Inter-segment liabilities		**(918,109)**	(678,343)
		805,603	900,821

42. SIGNIFICANT EVENTS

(a) Acquisition of equity interest in subsidiary

Details of acquisition of equity interest in subsidiary are disclosed in Note 18(a).

(b) Disposal of subsidiary

Details of disposal of subsidiary are disclosed in Note 18(c).

(c) Restricted issue of stock units

On 22 May 2017, the Company increased its issued and paid-up ordinary share capital by way of issuance of restricted issue of 63,000,000 new ordinary stock units to KWAP at an issue price of RM1.84. The details of the restricted issue are disclosed in Note 30.

GROUP'S PROPERTIES

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2018 RM'000
Lot No. 305, 633 - 637 643, 644, 646 & 647 Mukim 2, Daerah Barat Daya Pulau Pinang	Freehold	2006	16.398 acres	Vacant Land	–	12,831
Lot No. 43, 62, 72, 73, 76, 77, 88, 89, 91, 93, 94, 137 - 140, 149, 150, 168,	Freehold	2006	339.184 acres	Vacant Land	–	117,370
169, 171, 172, 177, 179, 183 - 189, 192 (New Lot 244), 194, 202 - 204, 222 - 224, 228 - 234 & PT No. 2	Lease expiring 10.12.2022	2006	7.787 acres	Vacant Land	–	2,487
Mukim 8, South-West District 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, 1419 - 1422, 1428 - 1429 All within Bandar Tanjong Pinang Daerah Timur Laut	Freehold	2007	9.48 acres	Currently Under Development	–	177,860
PT No. 1 - 17, 22 - 396 All within Bandar Tanjong Pinang Daerah Timur Laut	Lease expiring 5.11.2117	2018	166.10 acres	Reclaimed Land	–	685,045
PT No. 1416, H.S.(D) No. 17026 PT No. 1417, H.S.(D) No. 17027 PT No. 1418, H.S.(D) No. 17028 Bandar Tanjong Pinang Sek.1 Daerah Timur Laut Pulau Pinang	Freehold	2012	3 units	Terrace House	7	2,831
Lot No.10014 H.S. (D) 166726 Bandar Tanjong Pinang Sek.1 Daerah Timur Laut Pulau Pinang	Freehold	2013	10 units	Residential Condominium	6	14,490

GROUP'S PROPERTIES

(CONT'D)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2018 RM'000
Lot No.10014 H.S. (D) 166726 Bandar Tanjong Pinang Sek.1 Daerah Timur Laut Pulau Pinang	Freehold	2015	180 units	Residential Condominium	4	249,832
PT No. 1523, H.S.(D) No. 19339 PT No. 1524, H.S.(D) No. 19340 PT No. 1534, H.S.(D) No. 19350 Bandar Tanjong Pinang Sek.1 Daerah Timur Laut Pulau Pinang Pulau Pinang	Freehold	2017	3 units	Superlink Terrace	2	6,961
PT No 1483, H.S.(D)18823 PT No 1485, H.S.(D)18825 PT No 1493, H.S.(D)18836 PT No 1495, H.S.(D)18838 PT No 1496, H.S.(D)18839 PT No 1497, H.S.(D)18840 PT No 1506, H.S.(D)19949 PT No 1510, H.S.(D)18853 Bandar Tanjong Pinang Sek.1 Daerah Timur Laut Pulau Pinang	Freehold	2018	8 units	Superlink Terrace	1	15,613
PT 711, H.S. (D) No.11105 Bandar Tanjong Pinang Sek.1 Daerah Timur Laut Pulau Pinang	Lease expiring 28.4.2103	2018	39 units	Low medium cost apartment	1	2,509
Lot No. 1300 to 1314, 1316, 1318 to 1320, 1322, 1323, 1325, 1326, 1329 to 1333, 1335, 1336, 1338 to 1340, 1342, 1343, 1345 to 1347, 1349, 1351 to 1354, 1356, 1357, 1359, 1360, 1363 to 1369, 1372 to 1374, 1376, 1377, 1379 to 1393	Lease expiring 2088/89	2006	303.276 acres	Vacant Land	–	105,595
All within Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Lease expiring 19.05.2097	2006	6.256 acres	Vacant Land	–	1,261

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2018 RM'000
Ukay Heights Selangor Darul Ehsan Lot No. 1622 to 1623, 1641 Mukim of Ulu Kelang	Freehold	2006	39,933 sq. ft.	Vacant Land	-	1,157
Jalan Teruntung Damansara Heights Kuala Lumpur PT No.8971 - 8981, H.S.(D) No.118131 - 118141 Mukim and Dearah Kuala Lumpur Wilayah Persekutuan	Freehold	2006	15,379.2 sq. mt.	Land held for development	-	52,856
St Mary Residences Geran 76431/M1 - A/27/281 Geran 76431/M1 - A/27/285 Geran 76431/M1 - A/27/286 Geran 76431/M1 - A/27/287 Geran 76431/M1 - A/27/288 Geran 76431/M1 - C/27/656 Daerah Kuala Lumpur Wilayah Persekutuan	Freehold	2015	6 units	Residential Condominium	6	21,436
Geran 36397, Lot 53, Seksyen 43 Geran 36399, Lot 55, Seksyen 43 Geran 36400, Lot 56, Seksyen 43 Daerah Kuala Lumpur Bandar Kuala Lumpur	Freehold	2007	3,545.942 sq. mt.	Vacant Land	-	18,170
Annexe Block Jalan Tun Razak Lot No. 383, Section 63, Town and District of Kuala Lumpur	Freehold	2008	2,750 sq. mt.	3-Storey designated Commercial Block	11	50,000
Dua Residency Condominium Jalan Tun Razak Geran 71700/M1-A/20/139 Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2009	1 unit	Residential Condominium	11	2,656

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2018 RM'000
Lot 10001, Seksyen 1 (Hakmilik 138146) PT No.1216, H.S.(D) No.15928 PT No.1431, H.S.(D) No.18120 Bandar Tanjong Pinang Sek. 1 Daerah Timur Laut Pulau Pinang	Freehold	2010	575,288.47 sq. ft.	Retail Mall Clock Tower Marina	8	200,000
Lot No. 11384, HSD No. 76431 Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2010	48,048 sq. ft	Retail Mall	5	45,000
Lot 10001, Seksyen 1 (Hakmilik 138146) Bandar Tanjung Pinang Sek. 1 Daerah Timur Laut Pulau Pinang	Freehold	2016	18,295 sq. ft.	Office building	2	70,000
Lot No. 124, Geran 35844 Lot No. 831, Geran 61602 Lot No. 224, Geran 63919 Lot No. 249, Geran 35873 Bandar Georgetown Daerah Timor Laut Penang	Freehold	1978	4.35 acres	Land with building for hotel use	–	217,762
Lot No. 407, PN 1380 Bandar Georgetown Daerah Timor Laut Penang	Lease expiring in 31.12.2055	1978	0.08 acres	Land with building for hotel use	–	181
37-39 Kingsway London WC2B 6TP United Kingdom Title Number NGL226475	Freehold	2012	2,060.90 sq. mt.	Service Apartment and Basement Restaurant	–	126,828

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2018 RM'000
Unit No. 703 Princes House London WC2B 6TP United Kingdom	999 years from 25 December 2013	2014	1 unit	Residential Apartment	2	9,325
Landmark House and Thames Tower London W6 9DP United Kingdom Title Number BGL4589 and NGL549314	Freehold	2015	130,486 sq. ft.	Land with building	–	367,381
Esca House London W2 4HY United Kingdom Title Number NGL947388	Freehold	2014	26,996 sq. ft.	Land with building	–	176,235
PT 52001, HSD No. 306719 PT 52002, HSD No. 306720 PT 52003, HSD No. 306721 PT 52004, HSD No. 306722 PT 52005, HSD No. 306723 Seksyen U17 Mukim Sungai Buloh Daerah Petaling Selangor Darul Ehsan	Freehold	2016	266,796.99 sq. mt.	Land held for development	–	269,692

ANALYSIS OF STOCKHOLDINGS

AS AT 29 JUNE 2018

ORDINARY SHARE CAPITAL

Issued Shares	:	1,326,706,544 Ordinary Stock Units
Class of Share	:	Ordinary Stock Unit
Voting Rights	:	One (1) vote per Ordinary Stock Unit
Number of Treasury Stock Units held	:	29,361,747

DISTRIBUTION OF STOCKHOLDINGS

SIZE OF STOCKHOLDINGS	NO. OF STOCKHOLDERS	%	NO. OF STOCK UNITS	%
Less than 100	1,191	5.68	38,751	0.00
100 to 1,000	8,446	40.24	3,527,717	0.27
1,001 to 10,000	8,708	41.49	28,022,588	2.16
10,001 to 100,000	2,267	10.80	60,170,040	4.64
100,001 to less than 5% of issued Stock Units	371	1.77	661,865,069	51.02
5% and above of issued Stock Units	5	0.02	543,720,632	41.91
Total	**20,988**	**100.00**	**1,297,344,797#**	**100.00**

Excluding 29,361,747 Treasury Stock Units.

THIRTY LARGEST STOCKHOLDERS BASED ON THE RECORD OF DEPOSITORS

(Excluding 29,361,747 Treasury Stock Units)

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd *Sime Darby Nominees Sendirian Berhad*	152,772,376	11.78
2.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Paramount Spring Sdn. Bhd. (BDA)*	125,978,324	9.71
3.	Lembaga Tabung Haji	92,400,000	7.12
4.	Kumpulan Wang Persaraan (Diperbadankan)	88,411,898	6.81
5.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad for Morning Crest Sdn Bhd (CBM)*	84,158,034	6.49
6.	Maybank Nominees (Asing) Sdn Bhd *G. K. Goh Strategic Holdings Pte Ltd (260551)*	58,837,826	4.54
7.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	53,975,842	4.16

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
8.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon (EDG)*	47,404,500	3.65
9.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kerjaya Hotel Sdn. Bhd.*	27,500,000	2.12
10.	Kerjaya Hotel Sdn Bhd	27,499,000	2.12
11.	Amsec Nominees (Tempatan) Sdn Bhd *MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali)*	22,531,856	1.74
12.	Maybank Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	18,242,045	1.41
13.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Bank Julius Baer & Co. Ltd. (Singapore BCH)*	17,338,785	1.34
14.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	16,906,447	1.30
15.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for BNP Paribas Singapore Branch (A/C Clients-FGN)*	16,190,768	1.25
16.	Kerjaya Prospek Development (M) Sdn. Bhd.	14,635,340	1.13
17.	Maybank Nominees (Asing) Sdn Bhd *Alpha Securities Pte Ltd (260550)*	13,046,454	1.01
18.	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for State Street Bank & Trust Company (West CLT OD67)*	11,258,574	0.87
19.	Magnum Berhad	11,099,630	0.85
20.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	10,581,681	0.81

ANALYSIS OF STOCKHOLDINGS

AS AT 29 JUNE 2018 (CONT'D)

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
21.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Total International Stock Index Fund*	9,692,326	0.75
22.	Amsec Nominees (Tempatan) Sdn Bhd *Fulcrum Asset Management Sdn Bhd for Equity Vision Sdn Bhd*	9,668,009	0.74
23.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Emerging Markets Stock Index Fund*	8,533,200	0.66
24.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	8,029,571	0.62
25.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Affin Hwang Select Asia (EX Japan) Quantum Fund (4579)*	8,000,000	0.62
26.	Amanahraya Trustees Berhad *Public Smallcap Fund*	7,920,360	0.61
27.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Azizan bin Abd Rahman (PBCL-0G0617)*	7,068,600	0.54
28.	UOBM Nominees (Asing) Sdn Bhd *TAEL Two Partners Ltd for Billford Holdings Limited*	7,033,308	0.54
29.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund*	6,711,412	0.52
30.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)*	6,137,739	0.47
	Total	**989,563,905**	**76.28**

SUBSTANTIAL STOCKHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL STOCKHOLDERS AS AT 29 JUNE 2018

NAME OF SUBSTANTIAL STOCKHOLDERS	STOCKHOLDINGS DIRECT	%	INDIRECT	%
Sime Darby Nominees Sendirian Berhad	152,772,376	11.78	–	–
Sime Darby Holdings Berhad	–	–	152,772,376[1]	11.78
Sime Darby Berhad	–	–	152,772,376[2]	11.78
Dato’ Seri Tham Ka Hon	47,404,500	3.65	217,169,666[3]	16.74
Datuk Tee Eng Ho	–	–	195,612,664[4]	15.08
Tee Eng Seng	–	–	195,612,664[4]	15.08
Paramount Spring Sdn Bhd	125,978,324	9.71	–	–
Summerchrome Sdn Bhd	–	–	125,978,324[5]	9.71
Pentas Jasa Sdn Bhd	–	–	125,978,324[6]	9.71
Grand Mission International Limited	–	–	125,978,324[7]	9.71
Bright Milestone Sdn Bhd	–	–	125,978,324[8]	9.71
Billford Holdings Limited	7,033,308	0.54	84,158,034[9]	6.49
Morning Crest Sdn Bhd	84,158,034	6.49	–	–
Goh Geok Khim	3,500,000	0.27	95,824,025[10]	7.39
Goh Yew Lin	–	–	95,824,025[10]	7.39
GKG Investment Holdings Pte Ltd	–	–	95,824,025[11]	7.39
G. K. Goh Holdings Limited	–	–	77,079,871[12]	5.94
Kumpulan Wang Persaraan (Diperbadankan)	88,411,898	6.81	7,374,711	0.57
Lembaga Tabung Haji	97,065,300	7.48	–	–

Notes:

[1] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through its shareholding of 100% in Sime Darby Nominees Sendirian Berhad.

[2] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 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 8(4) of the Companies Act 2016 held through Paramount Spring Sdn Bhd (“PSSB”), Summerchrome Sdn Bhd (“SCSB”), Pentas Jasa Sdn Bhd (“PJSB”), Grand Mission International Limited, Billford Holdings Limited (“BHL”) and Morning Crest Sdn Bhd (“MCSB”).

[4] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through Kerjaya Hotel Sdn Bhd, Kerjaya Prospek Development (M) Sdn Bhd and SCSB, which in turn holds 100% in PSSB.

[5] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through PSSB, a wholly-owned subsidiary of SCSB.

[6] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through its shareholding of 55% in SCSB, which in turn holds 100% of PSSB.

[7] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through its shareholding of 100% PJSB, which in turn holds 55% in SCSB, which in turn holds 100% of PSSB.

[8] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through SCSB, which in turn holds 100% in PSSB.

[9] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through MCSB, a wholly-owned subsidiary of BHL.

[10] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through GKG Investment Holdings Pte Ltd.

[11] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through Alpha Securities Pte Ltd, Future Equity Investments Ltd and G. K. Goh Holdings Limited.

[12] Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through G. K. Goh Strategic Holdings Pte Ltd and Cacona Pte Ltd.

ANALYSIS OF STOCKHOLDINGS

AS AT 29 JUNE 2018 (CONT'D)

DIRECTORS' INTEREST IN STOCK UNITS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 29 JUNE 2018

	STOCKHOLDINGS			
NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dato' Azizan bin Abd Rahman	8,190,600	0.63	–	–
Dato' Seri Tham Ka Hon	47,404,500	3.65	217,169,666[1]	16.74
Kok Tuck Cheong	–	–	–	–
Kok Meng Chow	1,611,003	0.12	–	–
Tan Sri Dato' Seri Mohd Bakke bin Salleh	–	–	–	–
Kamil Ahmad Merican	2,103,750	0.16	–	–
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	–	–	–	–
Datuk Christopher Martin Boyd	11,220	0.001	–	–
Tan Kar Leng @ Chen Kar Leng	–	–	–	–
Datuk Tee Eng Ho	–	–	195,891,580[2]	15.10

Notes:

(1) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through Paramount Spring Sdn Bhd ("PSSB"), Summerchrome Sdn Bhd ("SCSB"), Pentas Jasa Sdn Bhd, Grand Mission International Limited, Billford Holdings Limited and Morning Crest Sdn Bhd.

(2) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through Kerjaya Hotel Sdn Bhd, Kerjaya Prospek Development (M) Sdn Bhd and SCSB, which in turn holds 100% in PSSB and interest of spouse by virtue of Section 59(11)(c) of the Companies Act 2016.

ANALYSIS OF WARRANT HOLDINGS

AS AT 29 JUNE 2018

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	3,582	19.29	180,041	0.08
100 to 1,000	11,484	61.85	3,942,947	1.77
1,001 to 10,000	2,741	14.76	7,946,372	3.58
10,001 to 100,000	586	3.16	20,681,209	9.30
100,001 to less than 5% of Warrants in issue	171	0.92	85,317,400	38.38
5% and above of Warrants in issue	3	0.02	104,232,446	46.89
Total	**18,567**	**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.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Paramount Spring Sdn. Bhd. (BDA)*	48,795,600	21.95
2.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Bank Julius Baer & Co. Ltd. (Singapore BCH)*	40,435,414	18.19
3.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad for Morning Crest Sdn Bhd (CBM)*	15,001,432	6.75
4.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad (EDP 2)*	10,000,000	4.50
5.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon (EDG)*	8,450,000	3.80
6.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – Ambank (M) Berhad* *for Kalimullah Bin Masheerul Hassan (Smart)*	3,800,000	1.71

ANALYSIS OF WARRANT HOLDINGS

AS AT 29 JUNE 2018 (CONT'D)

NO.	NAME OF WARRANT HOLDERS	NO. OF WARRANTS	%
7.	Maybank Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	3,251,701	1.46
8.	Cimsec Nominees (Tempatan) Sdn Bhd *Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)*	2,111,101	0.95
9.	Magnum Berhad	2,046,280	0.92
10.	Rodney John Parker	2,010,000	0.90
11.	Kenanga Nominees (Tempatan) Sdn Bhd *ECM Libra Financial Group Berhad (001)*	1,978,642	0.89
12.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Ooi Peng Cuan (PBCL-0G0102)*	1,740,000	0.78
13.	Kenanga Nominees (Asing) Sdn Bhd *Pledged Securities Account for Halfmoon Bay Ventures Limited*	1,603,820	0.72
14.	Kenanga Nominees (Tempatan) Sdn Bhd *Libra Invest Berhad for ECM Libra Foundation (E00181)*	1,493,236	0.67
15.	Ang Kah Keem	1,410,200	0.63
16.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Azizan bin Abd Rahman (PBCL-0G0617)*	1,260,000	0.57
17.	Lim Kian Onn	1,100,900	0.50
18.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249)*	1,060,000	0.48
19.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Total International Stock Index Fund*	1,014,820	0.46
20.	Thang Gek Hong	990,500	0.45
21.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 1)*	929,260	0.42
22.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Bee Yook (008)*	784,200	0.35

NO.	NAME OF WARRANT HOLDERS	NO. OF WARRANTS	%
23.	UOBM Nominees (Asing) Sdn Bhd *TAEL Two Partners Ltd for Billford Holdings Limited*	782,000	0.35
24.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loi Chee On*	777,900	0.35
25.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Kok Hin	775,720	0.35
26.	HSBC Nominees (Tempatan) Sdn Bhd *HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)*	769,500	0.35
27.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	718,416	0.32
28.	Ter Leong Swe	706,100	0.32
29.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)*	696,305	0.31
30.	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for Standard Chartered Bank Singapore (EFGBHK-ASING)*	692,040	0.31
	Total	**157,185,087**	**70.71**

DIRECTORS' INTEREST IN WARRANTS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 29 JUNE 2018

	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
Kok Tuck Cheong	–	–	–	–
Kok Meng Chow	177,700	0.08	–	–
Tan Sri Dato' Seri Mohd Bakke bin Salleh	–	–	–	–
Kamil Ahmad Merican	375,000	0.17	–	–
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	–	–	–	–
Datuk Christopher Martin Boyd	2,000	0.001	–	–
Tan Kar Leng @ Chen Kar Leng	–	–	–	–
Datuk Tee Eng Ho	–	–	48,995,880(2)	22.04

Notes:

(1) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through Paramount Spring Sdn Bhd ("PSSB"), Summerchrome Sdn Bhd ("SCSB"), Pentas Jasa Sdn Bhd, Grand Mission International Limited, Billford Holdings Limited and Morning Crest Sdn Bhd.

(2) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through Kerjaya Prospek Development (M) Sdn Bhd and SCSB, which in turn holds 100% in PSSB and interest of spouse by virtue of Section 59(11)(c) of the Companies Act 2016.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninety-First Annual General Meeting of Eastern & Oriental Berhad will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 21 August 2018 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 2018 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**

2. To approve a first and final dividend of one (1) treasury stock unit for every fifty (50) existing ordinary stock units held in the Company for the financial year ended 31 March 2018. **(Resolution 1)**

3. To approve the payment of Directors' fees of RM869,137.00 in respect of the financial year ended 31 March 2018. **(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) Tan Sri Dato' Seri Mohd Bakke bin Salleh **(Resolution 4)**
   (c) Datuk Christopher Martin Boyd **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:

6. **Retention of Dato' Azizan bin Abd Rahman as Independent Director** **(Resolution 7)**

   "THAT Dato' Azizan bin Abd Rahman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

7. **Retention of Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Director** **(Resolution 8)**

   "THAT Datuk Vijeyaratnam a/l V. Thamotharam Pillay who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

8. **Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** **(Resolution 9)**

"THAT, subject always to the Companies Act 2016, 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 Sections 75 and 76 of the Companies Act 2016, 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 number of issued stock units 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."

9. **Proposed Renewal of the Stockholders' Mandate for the Company and/or its Subsidiaries to enter into Recurrent Related Party Transactions of A Revenue or Trading Nature** **(Resolution 10)**

"THAT:

(i) pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the 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 19 September 2017 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 2.2 of the circular to stockholders dated 24 July 2018 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 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act 2016); 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."

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

10. **Proposed Renewal of Stockholders' Mandate for the Authority to the Company to Purchase up to ten percent (10%) of its own Stock Units in the Total Number of Issued Stock Units in the Company** **(Resolution 11)**

"THAT subject always to the Companies Act 2016 ("the Act"), 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 Ninetieth Annual General Meeting of the Company held on 19 September 2017, authorising the Company to purchase and/or hold such amount of ordinary stock units ("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 total number of issued 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;

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; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

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."

11. 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 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the stockholders, a first and final dividend of one (1) treasury stock unit for every fifty (50) existing ordinary stock units held in the Company in respect of the financial year ended 31 March 2018, will be credited into the entitled depositors' securities accounts on 28 September 2018 to stockholders whose names appear on the Record of Depositors at the close of business on 10 September 2018.

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 10 September 2018 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

WONG YAH YEE
Company Secretary

Kuala Lumpur
24 July 2018

NOTES:

1. Only members registered in the Record of Depositors as at 13 August 2018 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 (1) 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 forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.

EXPLANATORY NOTES ON ORDINARY BUSINESS

Note 1 - Audited Financial Statements for the Financial Year ended 31 March 2018

Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 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 7 – 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 Ninety-First Annual General Meeting, he had served the Company for more than twelve (12) 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 by independent expert, the Board is convinced of Dato' Azizan's independence and that the length of his services does not interfere with his ability and exercise of independent judgement as an Independent Director. In addition, having served the Company for more than twelve (12) 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 2017, 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 8 – 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 Ninety-First Annual General Meeting, he had served the Company for more than twelve (12) years. Having undertaken the assessment by independent expert, the Board 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. As the Audit Committee Chairman, he is recognised for his leadership qualities and ability to draw on the expertise and perspectives of the members. Having served the Company for more than twelve (12) 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 2017, 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 9 – Authority pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed resolution 9, 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 ten percent (10%) of the total number of issued stock units 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 acquisition(s).

Resolution 10 – Proposed Renewal of the Stockholders' Mandate for the Company and/or its Subsidiaries to enter into Recurrent Related Party Transactions of A Revenue or Trading Nature

The proposed resolution 10, 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 24 July 2018 despatched together with the Company's 2018 Annual Report. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Resolution 11 – Proposed Renewal of Stockholders' Mandate for the Authority to the Company to Purchase up to ten percent (10%) of its own Stock Units in the Total Number of Issued Stock Units in the Company

The proposed resolution 11, if passed, will enable the Company to purchase its own stock units through Bursa Securities of up to ten percent (10%) of the total number of issued stock units in the Company at any point in time, particulars of which are set out in the Company's circular to stockholders dated 24 July 2018 despatched together with the Company's 2018 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

(1) The Directors standing for re-election pursuant to Article 98 of the Company's Articles of Association at the Ninety-First Annual General Meeting of the Company are as follows:

   (a) Dato' Seri Tham Ka Hon
   (b) Tan Sri Dato' Seri Mohd Bakke bin Salleh
   (c) Datuk Christopher Martin Boyd

(2) The details of the above Directors standing for re-election are set out in the Directors' Profile on pages 13 to 17 in the Annual Report.

(3) The details of the above Directors' securities holding in the Company are set out on pages 282 to 285 in the Annual Report.

FORM OF PROXY

EASTERN & ORIENTAL BERHAD

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 Ninety-First Annual General Meeting of the Company to be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 21 August 2018 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 as Director		
4.	To re-elect Tan Sri Dato' Seri Mohd Bakke bin Salleh as Director		
5.	To re-elect Datuk Christopher Martin Boyd as Director		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company		
7.	To retain Dato' Azizan bin Abd Rahman as Independent Director		
8.	To retain Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Director		
9.	To authorise the issue of shares pursuant to Sections 75 and 76 of the Companies Act 2016		
10.	To approve the Proposed Renewal of the Stockholders' Mandate for Recurrent Related Party Transactions		
11.	To approve the Proposed Renewal of Stockholders' Mandate for Share Buy-Back		

*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 2018 Signature of member(s)/Seal

NOTES:

1. Only members registered in the Record of Depositors as at 13 August 2018 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 (1) 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 forty-eight (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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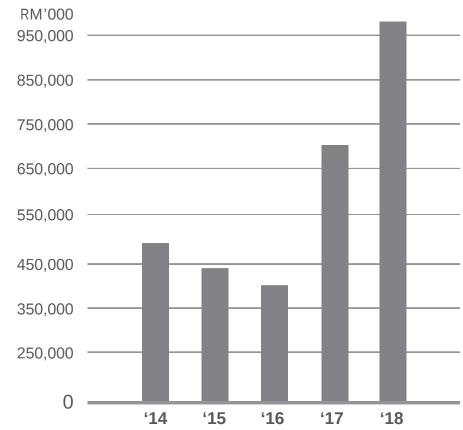
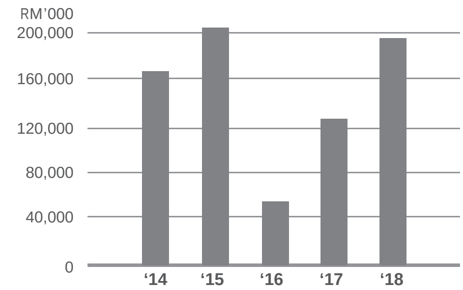
5-YEAR GROUP FINANCIAL HIGHLIGHTS

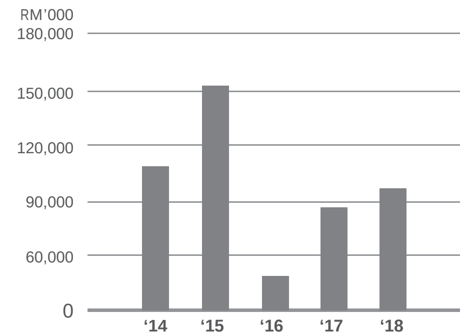
REVENUE



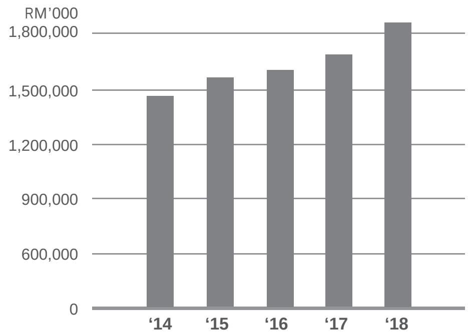
PROFIT BEFORE TAX



PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT



SHAREHOLDERS' FUND



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