ANNUAL REPORT 2019

EASTERN & ORIENTAL BERHAD

THE E&O GROUP

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

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

In Penang, 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)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
STATEMENTS OF COMPREHENSIVE INCOME										
Revenue	886,320	982,706	704,764	422,183	449,497	497,141	605,536	492,151	271,271	352,375
Profit before tax	161,898	189,083#	125,296	54,755	202,136	167,173	187,271	171,172	48,154	93,276
Income tax expense	(85,534)	(79,261)#	(34,380)	(15,926)	(45,470)	(47,389)	(50,505)	(43,433)	(11,948)	(18,630)
Profit attributable to owners of the parent	61,918	94,298#	86,604	37,191	152,088	113,239	129,556	123,296	32,880	70,765
STATEMENTS OF FINANCIAL POSITION										
Issued and Paid-up capital (unit)	1,456,937	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
Weighted Average Number of stock units	1,316,724	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
Shareholders' Fund	2,007,574	1,844,162#	1,698,831	1,638,405	1,599,974	1,474,912	1,389,868	1,289,523	1,058,237	1,043,259
Total Assets	4,195,014	4,098,557#	3,896,977	3,758,725	3,070,500	2,473,998	2,477,871	2,178,319	2,113,796	2,180,724
Total Loans and Borrowings	1,413,373	1,650,573	1,532,349	1,518,339	1,164,189	728,159	772,014	604,825	743,138	831,064
RATIOS										
Net Earnings per stock unit (sen)	4.7	7.2#	6.9	3.0	12.5	9.3	11.7	11.3	3.0	6.6
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)*	1.40	1.42	1.35	1.31	1.31	1.33	1.26	1.17	1.21	1.25
Net Gearing (times)	0.28	0.61	0.73	0.78	0.60	0.31	0.35	0.26	0.41	0.26

* Net assets per stock unit is computed based on the number of ordinary stock units in issue net of treasury stock units at:
- 31.3.2019 of 1,432,544,648
- 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

\# Restated following the effects of transition to Malaysian Financial Reporting Standards as disclosed in the audited financial statements for the financial year ended 31 March 2019.

*** The Company distributed a total of 25,937,951 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.

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

^ Proposed first and final single-tier dividend of 3 sen per stock unit, to be approved by the stockholders at the forthcoming Annual General Meeting.

Eastern & Oriental Hotel, Penang

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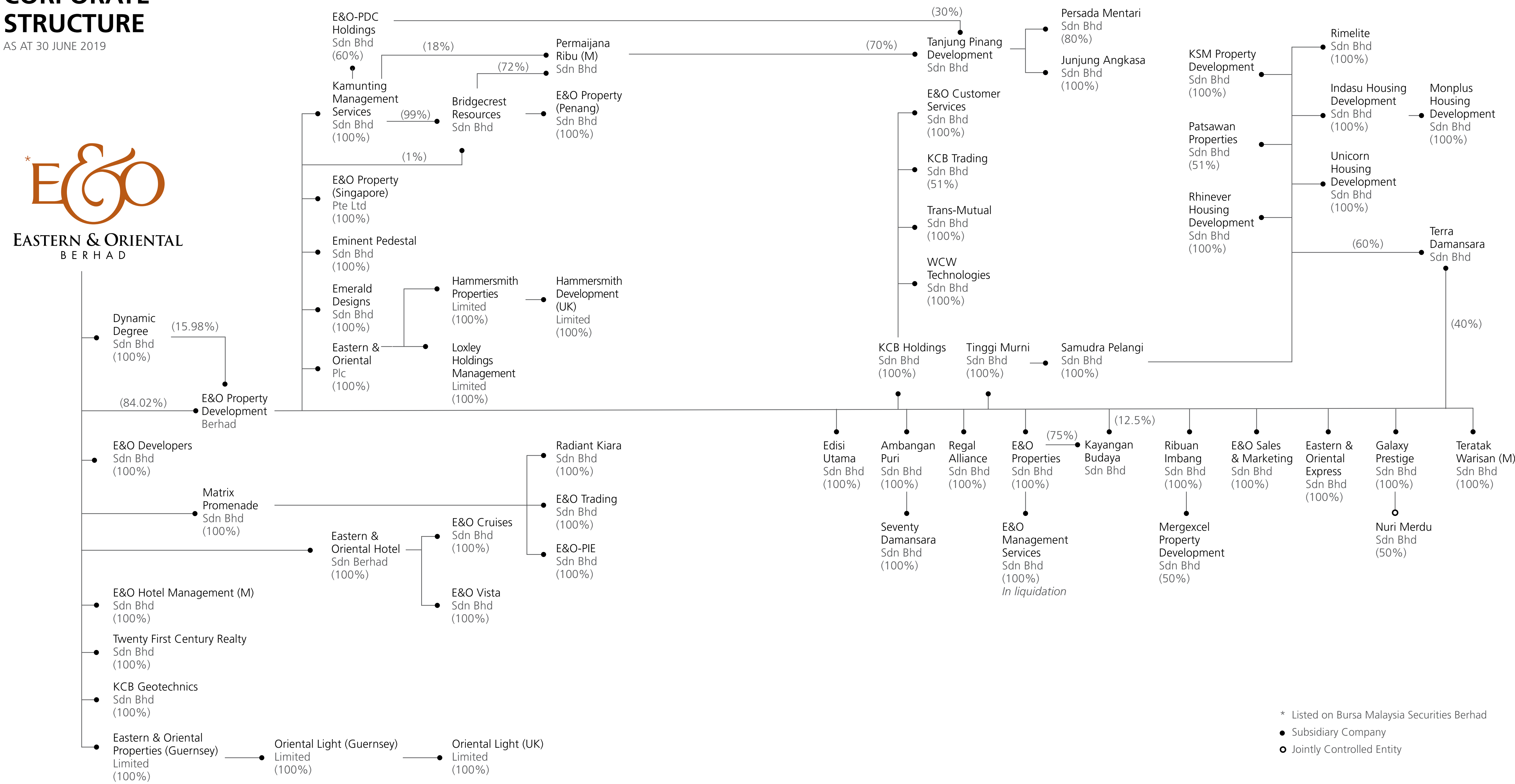
GROUP CORPORATE STRUCTURE

AS AT 30 JUNE 2019



Victory Annexe, Eastern & Oriental Hotel, 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
Affin Bank Berhad
Alliance Bank Malaysia Berhad
CIMB Islamic Bank Berhad
Hong Leong 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' SERI THAM KA HON
Executive Deputy Chairman

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

ENCIK KAMIL AHMAD MERICAN
Non-Independent Non-Executive Director

DATUK CHRISTOPHER MARTIN BOYD
Independent Non-Executive Director

MR KOK TUCK CHEONG
Managing Director

MADAM KOK MENG CHOW
Finance Director

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

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

DATUK TEE ENG HO
Non-Independent Non-Executive Director

DATO' AZIZAN BIN ABD RAHMAN

Independent Non-Executive Director / Chairman

Dato' Azizan bin Abd Rahman, a Malaysian, male, aged 69 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 66, 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 134-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 63, 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 59, 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 65, 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 has retired as the Executive Deputy Chairman and Managing Director of Sime Darby Plantation Berhad with effect from 30 June 2019. On 18 June 2019, he was appointed as a Director of Petroliam Nasional Berhad (PETRONAS) and on 1 July 2019, he was appointed as the Chairman of Federal Land Development Authority (FELDA). He is currently a Council Member of Yayasan Sime Darby.

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 as 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 69, 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 67, 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 75 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 72, 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 54, 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.

Avira Garden Terraces, Bandar Medini Iskandar, Johor

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 15 and 16 respectively.

MANAGEMENT'S PROFILE

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

Mr Lum Kwok Weng @ Lum Kok Weng, a Malaysian, male, aged 68, 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 51, 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 TAN HWEE HIAN
Director, Development & Construction Management

Mr Michael Tan Hwee Hian, a Malaysian, male, aged 54, 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.

MS EMILY TEH HOOI CHUAN
Director, Projects & Property Investments

Ms Emily Teh Hooi Chuan, a Malaysian, female, aged 51, is the Director, Projects & Property Investments of Eastern & Oriental Berhad. She joined Eastern & Oriental Berhad in 2010 as Senior Manager, Group Retail and was appointed Senior General Manager, Projects & Property Investments in 2017. On 1 April 2018, she was appointed to her current position as Director, Projects & Property Investments.

Ms Teh was a Certified Real Estate Negotiator (CREN) operating mainly in the Penang and Kuala Lumpur markets and has over 20 years' experience in leasing, sales and management of residential, retail and commercial assets.

Ms Teh 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.

The Tamarind, Seri Tanjung Pinang, Penang

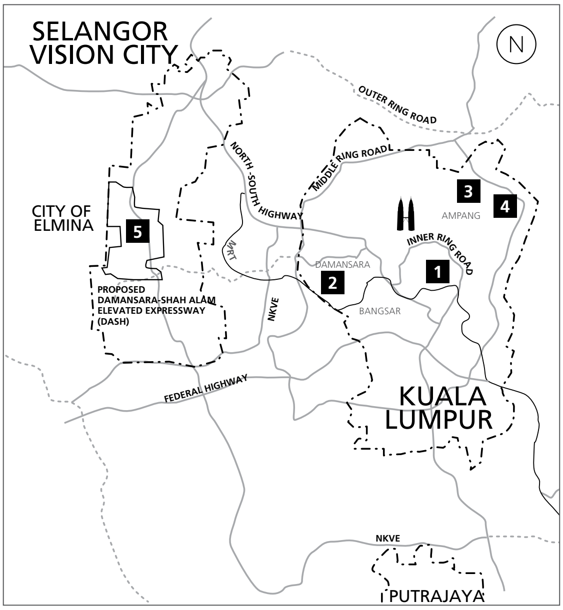
MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS & OPERATIONS

Eastern & Oriental Berhad (E&O or the Group) is one of Malaysia's most trusted and respected property brands with businesses in property development, hospitality and retail. The E&O name is synonymous with timeless elegance and discernment, inspired by the rich heritage of our namesake, Penang's historic luxury icon, the Eastern & Oriental Hotel (E&O Hotel) established in 1885. The Group's success stems from its commitment to quality and penchant for innovative design, resulting in addresses of enduring value. Its property development portfolio is spread across four main growth engines spanning major destinations in Kuala Lumpur, Penang and Johor's Iskandar Malaysia as well as internationally, in Central London.

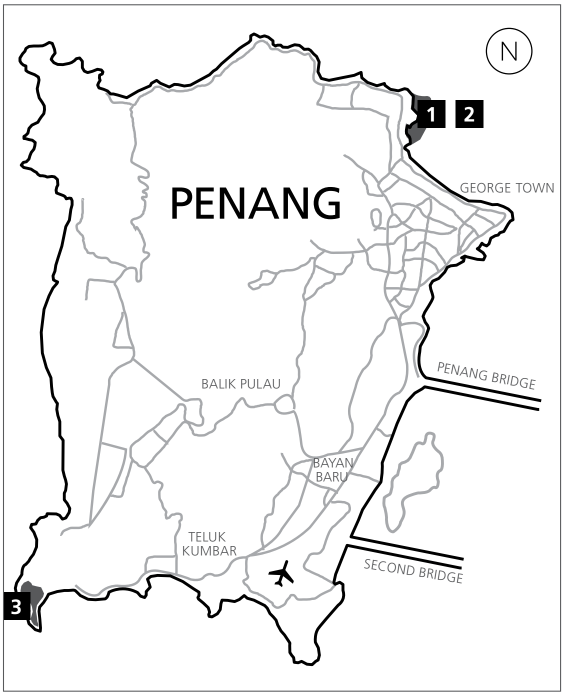
LIST OF MAJOR LANDBANKS*

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. Kemensah Heights, Ulu Kelang	309.5
4. Elmina West, Selangor	65.93

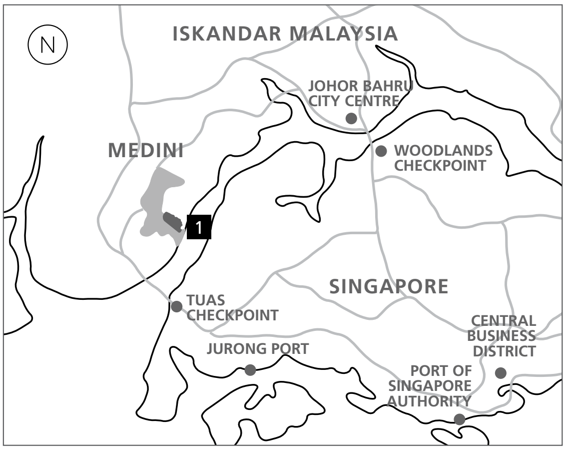


* Land for future development

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	32.9



** Reclamation works on-going

Seri Tanjung Pinang Phase 1

In 2005, E&O had a vision for the development of a world class seafront development that began with the launch of Seri Tanjung Pinang Phase 1 (STP1). Working with architects, landscape designers, technical consultants and environmental specialists, E&O created a new residential address that celebrates Penang's heritage of island living.

STP1 has already matured into a vibrant community of 3,000 homes with over 20 nationalities and is arguably recognised as Penang's most desired investment and residential destination. With its graceful homes, stunning Straits-eclectic styled façade and lush landscaping, STP1 immediately captured the hearts and minds of Penang's discerning local and international property buyers.

STP1's promise and eventual delivery of higher development standards and of innovation in design and quality led to new benchmark pricing at every launch. To date the 240 acres that is STP1 has achieved a GDV of RM5.5 billion.

With the successful completion of STP1, E&O is now moving forward with its ambition to deliver a truly world class seafront development at Seri Tanjung Pinang Phase 2 (STP2).

On land scarce Penang island, STP2 provides a significant injection of 760 prime acres – a unique opportunity to design and create the most liveable island, encompassing the concept of "cradle to care" living, complemented by hospitality and healthcare, commercial and culture, leisure and learning, interwoven into the development fabric. In essence, we are creating the new iconic address for Penang.

A detailed masterplan is currently being finalised for the first phase of the island known as Seri Tanjung Pinang Phase 2A (STP2A) comprising 253 acres while infrastructure works have started to take shape with the building of the first vehicular bridge marking the gateway onto the island. STP2A is expected to have a GDV of over RM17 billion and will be developed over a period of 15 years.

While the Group maintains a formidable presence in Penang, Kuala Lumpur is where its operations took form with iconic addresses such as Dua Residency, Idamansara, Seventy Damansara, St Mary Residences and The Mews. A strong brand position and track record built through the years has paved the way for E&O to forge solid partnerships with industry giants like Khazanah Nasional Berhad and Temasek Holdings (Pte) Ltd for its Avira development in Medini, Iskandar Malaysia. With the successful launch and handover of the first phase of Avira garden terraced homes, plans are now underway for the official launch of its second phase.

In its expansion overseas, E&O's international foray into real estate investment and development is focused within prime locations in London. Starting with the acquisition of Princes House along Kingsway in 2012, the Group's international portfolio now includes ESCA House in Bayswater, and a sizeable commercial property in Hammersmith.

The Group's hospitality division provides a complementary lifestyle component that supports E&O's core business of developing premier properties with innovative concepts in key locations. Best known for the landmark 134-year old E&O Hotel in Penang, the Group is undertaking an extensive renovation and upgrade to the Heritage Wing of this iconic heritage hotel in 2019. These updates are designed to keep the E&O Hotel relevant to the evolving luxury travel market whilst retaining its treasured style of refinement and timeless elegance. In the heart of Kuala Lumpur, E&O Residences represents an extension of the Group's hospitality expertise into the management of serviced residences. Opened in 2012, it is the first service suites to share the name and pedigree of the legendary E&O Hotel, bringing with it the service culture and care synonymous with the luxury heritage brand.

The Group's property investment division is primarily designed to reinforce E&O's position as a true lifestyle developer and provide a showcase of the E&O brand standards. The signature property in the Group's retail portfolio is the 270,000 sq ft Straits Quay festive retail marina in Seri Tanjung Pinang, Penang. The island's first retail marina destination, it 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.

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

The Mews, Kuala Lumpur

Avira Garden Terraces,
Bandar Medini Iskandar

Princes House, London

Earning a reputation for quality, integrity, social leadership and responsibility, E&O aims to operate and encourage working practices that are economically, socially and environmentally sustainable to create enduring financial, social and physical value over the long term. To fulfil our promises, we invest in people, recruit from a diverse pool of talent, build lasting relationships with partners, work closely and responsibly with local communities and support good causes through charitable activities and volunteering. The Group's commitments, objectives, values and engagement process are formally set out in the Sustainability Statement 2019 on page 52 of this report.

SNAPSHOT OF THE YEAR IN REVIEW

For the year in review, we continued our efforts to build a premium brand, with a focused business strategy underpinned by our resilient portfolio. Key indicators of this are as follows:

- Financially, our gearing has improved from 0.61x to 0.28x.
- Reclamation works for our catalyst project, STP2A nears completion and infrastructure works have started to take shape such as the first vehicular bridge onto the new island.
- The Tamarind, the Group's first executive apartments launched in 2015, achieved 100% take-up rate with a total GDV of RM961 million.
- In the United Kingdom, the requisite planning and project approvals have been successfully secured from the relevant authorities and works are expected to commence early 2020.
- On the hospitality front, E&O Hotel undertakes extensive refurbishment and upgrade of the Heritage Wing from March 2019 to December 2019.
- In parallel with our fundraising exercise, completion of a private placement exercise in March 2019, raising RM127.63 million.

GROUP FINANCIAL REVIEW

Revenue

The Group recorded revenue of RM886.32 million for financial year 2019 (FY19), a decrease of RM96.39 million or 9.81% as compared to RM982.71 million recorded in the preceding financial year.

SEGMENT REVENUE	2019 (RM'000)	2018 (RM'000)	VARIANCE %
Property	798,927	880,008	-9.21%
Hospitality	84,348	98,872	-14.69%
Investments and others	3,045	3,826	-20.41%
Total	**886,320**	**982,706**	**-9.81%**

The decrease in revenue was mainly attributed to the property segment which registered a decrease of RM81.08 million and the hospitality segment which registered a decrease of RM14.52 million. The decrease in revenue in the property segment was due to lower revenue recognition for reclaimed land in STP2A, lower sales of completed properties in STP1 and in Princes House, London.

The Hospitality segment which comprises the Group's hotels recorded a drop in revenue from RM98.87 million in financial year 2018 (FY18) to RM84.35 million in FY19. The decrease was mainly due to lower occupancy rate; as well as lower revenue recognised following the disposal of E&O Express Sdn. Bhd. (EOE), a subsidiary company which owned the Lone Pine Hotel. The disposal of EOE was completed in the previous financial year.

Revenue from Investments and Others slid slightly from RM3.83 million in FY18 to RM3.05 million in FY19, which was mainly due to a drop in the property management fees income.

Further detailed breakdown of the revenue is as follows:

	REVENUE	
	2019 (RM'000)	2018 (RM'000)
Sales of properties under development	588,924	605,946
Sale of completed properties	192,562	256,611
Sale of land	706	1,674
Rental income	16,735	15,777
Hotel and restaurant operations	84,348	98,872
Management services fees	3,034	3,815
Dividend income	11	11
Total	**886,320**	**982,706**

Costs and expenses

Total costs and expenses before finance costs and share of results in joint ventures of the Group in FY19 stood at RM694.66 million as compared with RM797.85 million in FY18, a decrease of RM103.19 million.

COSTS AND EXPENSES	2019 (RM'000)	2018 (RM'000)	VARIANCE %
Cost of sales	493,709	603,042	-18.13%
Administrative expenses	65,571	65,835	-0.40%
Selling and marketing expenses	7,737	25,897	-70.12%
Other expenses	127,642	103,072	23.84%
Total	**694,659**	**797,846**	**-12.93%**

The lower costs and expenses were due to the following:

(i) Cost of sales decreased by 18.13% on the back of lower revenue recorded.

	COST OF SALES	
	2019 (RM'000)	2018 (RM'000)
Property development activities	300,460	385,707
Completed properties	119,974	142,666
Land held for property development	681	1,127
Rental operations	11,703	9,852
Hotel and restaurant operations	51,923	55,733
Management services fees	8,968	7,957
Total	**493,709**	**603,042**

The cost of sales for the property segment comprises property development activities, land held for property development, completed properties and rental operations. The cost of sales decreased by 18.13% as compared to decrease in revenue by 9.81%. The lower cost of sales was mainly due to better cost management in the reclamation works for STP2A and in the development projects in STP1 which were recently completed. The decrease in the cost of sales of RM3.81 million for the hotel operations was mainly due to the disposal of EOE which was completed in the previous financial year.

(ii) Drop of 70.12% or RM18.16 million in the Group's selling 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. In addition, with the adoption of Malaysian Financial Reporting Standards (MFRS) 15, certain marketing costs were capitalised and charged out to cost of sales progressively by percentage of work done, resulting in lower selling and marketing expenses being charged out as and when they were incurred.

(iii) Other Expenses increased by 23.84% or RM24.57 million from RM103.07 million to RM127.64 million. In FY19, there was holding costs payable of RM44.57 million in respect of the non-exercise of an option for the acquisition of a parcel of land.

Other income

The Group's Other Income decreased by RM29.83 million, from RM76.96 million in FY18 to RM47.13 million in FY19. The decrease in Other Income was attributed to the fair value gain of RM9.1 million and the disposal of EOE of RM24.49 million in FY18.

Finance costs

The Group's finance costs expensed to the Income Statement increased by 10.33% from RM76.79 million in FY19 as compared to RM69.60 million in FY18. This was due to higher interest expense arising from an additional loan drawdown for working capital purposes, certain borrowing costs were expensed off during non-active development and cessation of interest capitalisation upon completion of the projects.

For FY19, the Group capitalised interest expense of RM11.90 million (FY18: RM16.22 million) in land held for property development and property development costs. The drop-in interest expense capitalised this year was mainly due to application of MFRS 123: Borrowing Costs whereby the capitalisation of finance cost is ceased when the property is ready and available for sale.

Profit before tax (PBT)

For FY19, the Group recorded PBT of RM161.90 million as compared to RM189.08 million in FY18, a decrease of RM27.18 million or 14.38%.

Despite lower revenue recorded, the property segment had achieved better operating profit which was attributed largely to better costs management. However, operating profit in the current financial year was dampened by the holding costs payable of RM44.57 million in respect of the non-exercise of an option for the acquisition of a parcel of land.

Income tax expense

The Group's tax expense for FY19 stood at RM85.53 million, which is higher compared with RM79.26 million in FY18. The increase was mainly due to the higher profits generated from the property segment. 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 and deferred tax assets not recognised for certain loss-making subsidiaries.

Assets

The Group's total assets increased by RM96.46 million from RM4.10 billion to RM4.20 billion.

Inventories of completed properties stood at RM214.79 million as at 31 March 2019 (31 March 2018: RM322.97 million) which represented a drop of RM108.18 million. Notwithstanding the uncertainties and continued weakness in the property market, the Group was able to sustain new sales which has brought down the level of inventory. The successful "E&O Luxury Living" sales campaign aimed at reducing inventory levels enabled the Group to achieve cumulative inventory sales of approximately RM197 million for 12 months compared to RM274 million in the same period last year.

Cash and bank balances increased by RM333.26 million, from RM521.57 million as at 31 March 2018 to RM854.83 million as at 31 March 2019. The net cash flow generated from operating activities amounted to RM471.48 million in FY19 as compared to FY18 of RM47.23 million. Net cash from investing activities of RM1.57 million arose from the proceeds from disposal of other investment of RM10.00 million, tempered by purchase of property, plant and equipment of RM6.60 million. In FY18, net cash inflows from investing activities of RM17.47 million consisted, amongst others, of 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 outflows from financing activities of RM134.37 million in FY19 was made up of, amongst others, net borrowings repayment of RM235.18 million and purchase of treasury stock units of RM25.85 million, moderated by RM127.63 million proceeds from the private placement exercise. In FY18 net cash from financing activities of RM126.75 million was made up of RM115.92 million proceeds from the issuance of new ordinary stock units to Kumpulan Wang Persaraan (Diperbadankan) (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 decreased from RM1.65 billion as at 31 March 2018 to RM1.41 billion as at 31 March 2019.

	2019 (RM'000)	2018 (RM'000)
Loans and borrowings	1,413,373	1,650,573
Less: Cash and bank balances	(854,833)	(521,568)
Net debt	558,540	1,129,005
Equity attributable to owners of the parent, representing total capital	2,007,574	1,844,162
Net gearing ratio (times)	0.28	0.61

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 2019 was 0.28 times as compared to 0.61 times as at 31 March 2018.

Equity Fund Raising

On 11 February 2019, E&O proposes to undertake the Proposed Fund Raising comprising:-

(a) a private placement of new ordinary stocks; and
(b) a renounceable rights issue of new E&O Stocks to the entitled stockholders of E&O together with free detachable warrants

The Proposed Fund Raising will enable the Group to raise funds expeditiously and strengthen the financial position and capital base of E&O by further reducing its gearing level and increasing its net assets thereby providing greater financial flexibility. E&O has successfully raised RM127.63 million through the private placement in March 2019.

GROUP BUSINESS REVIEW – PROPERTY DEVELOPMENT

Property development remains the mainstay of the Group, reporting RM798.93 million in revenue in FY19, as detailed in the Group Financial Review section of this report.

Over the years, we have focused our efforts on building and cementing E&O as a premier lifestyle developer with a focused business strategy anchored on staying ahead through design, innovation and craftsmanship.

While our property development business recorded lower revenue than last year, our performance remains steady given the strong base of new products we are working on and the success of previously launched products. Our continued recognition as one of The Edge Malaysia's Top Ten Developers is strong indication that we continue to be price and quality setters in the premium end of the market and remain a strong, appealing brand to astute investors.

Malaysia

The Group's property development segment secured RM331 million in sales for the year ended 31 March 2019, lower than FY18's RM387 million. FY19 sales were led by our properties in STP1 in Penang island. These include the completion and vacant possession of the final phase of Ariza Seafront Terraces comprising 35 units of elegant 2½ storey, freehold terraced homes. Launched in March 2017, the Ariza Seafront Terraces are a modern interpretation of the original Straits-eclectic styled townhouses which grace the heritage quarters of George Town.

The Tamarind, the Group's first executive apartments launched in 2015, achieved 100% take-up rate recording revenue of RM297 million for FY19 while realising a total GDV of RM961 million. The success of The Tamarind is a reflection of the market's trust in E&O's reputation of delivering developments that are functionally designed, aesthetically pleasing and make for prime investment choices.




Sales of the remaining units of the completed Andaman tower, the final phase within Quayside Seafront Condominiums contributed RM149 million in revenue to the property development segment. Set within 21 acres of landscaped gardens in a gated and guarded enclave, Quayside Seafront Condominiums was the Gold winner in the Edgeprop Malaysia's Best Managed Property Awards 2018 (Below 10 Years Multi-Own Strata Residential Category)

Take up of 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 FY19.

The results of the property development segment are attributed to the "E&O Luxury Living" Sales Campaign which saw the realisation of RM197 million in sales whilst reducing inventory to RM216.07 million. The campaign launched in July 2018 offered homebuyers exclusive packages for selected E&O landmark properties in Penang, Iskandar Malaysia and Kuala Lumpur city centre plus the chance to win two Mercedes Benz C-Class C200 AMG. The success of the E&O Luxury Living Campaign is evident in its global reach of international purchasers and further testament of E&O's reputation as an innovative lifestyle developer.

To the south of Peninsular Malaysia, the development of Avira Garden Terraces has been well received recording 80% take up rate for Phase 1. Located within Medini Iskandar Malaysia, interest in the development reflects the market's appeal for distinctive homes fringed by expansive green spaces. Since its launch in 2015, Avira has evolved into an international enclave with the recent completion of its resort styled clubhouse adding to its community spirit.

The Medini Iskandar region is gaining momentum under a comprehensive network of infrastructure put in place by the State Government and Avira is poised to take advantage of the benefits of accessibility and convenience of a growing host of retail, educational and lifestyle options.

Moving forward, the Group's operations will be centred on STP2 through its subsidiary Tanjung Pinang Development Sdn Bhd (TPD) which holds the concession rights and obligations for the reclamation project. With STP2A reclamation works of 253 acres nearing completion, resources are now focused towards creating a new prime seafront address, building further on the success achieved in STP1. The masterplanned island of STP2 presents a unique and significant opportunity where E&O will continue to lead with innovation, launching products and attractions within an all-encompassing, exemplar destination.

A detailed masterplan is currently being finalised for STP2A while infrastructure works have started to take shape with the building of the first vehicular bridge linking to the new island. With piling works currently ongoing, it is targeted to complete by the first quarter of 2021. The bridge will accommodate four traffic lanes of two-way traffic, connecting the road adjacent to Straits Quay in STP1 to STP2A. Spanning approximately 400 metres in length, the bridge will also provide up to five metres of designated pathway for pedestrian walkway and bicycle lanes on both sides.

THE EVOLUTION OF SERI TANJUNG PINANG

Tanjung Pinang Development Sdn Bhd (TPD), a subsidiary of E&O 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 May 2016 is well underway with the first phase (STP2A) comprising 253 acres nearing completion. In February 2018, TPD obtained all the land titles for STP2A from the relevant authorities. Concurrently, detailed design work for STP2A based on the parameters of the broad conceptual masterplan, are in progress.

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.

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.

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.

HISTORY OF SERI TANJUNG PINANG

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

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

- **FEB 2016** – Began installation of anti-climb secure fencing along Gurney Drive
- **MAY 2016** – Completed installation of fencing along Gurney Drive
- **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 joint venture sealed for STP2A
- **AUG 2017** – E&O shareholders approved land disposal to KWAP, cementing E&O-KWAP deal
- **FEB 2018** – Titles to STP2A issued
- **2019** – Targeted completion of STP2A reclamation

◇ Before E&O ◆ By E&O
STP I STP 2

United Kingdom

The Group's properties in the United Kingdom (UK) include Princes House along Kingsway, ESCA House in Bayswater and a 1.3-acre commercial site in Hammersmith – all located within the prime London postcodes of WC2, W2 and W6 respectively.

Princes House, the Group's maiden project in the UK has been successfully converted and refurbished in 2016 into 20 residential apartments and 48 serviced apartments[1]. All 20 units of the residential apartments are now fully sold and have been successfully handed over to purchasers. We are currently engaged in negotiations with potential operators to manage the 48 units of serviced apartments with a view to sell the units *en bloc* in the near future.

Located in a highly sought-after area of Bayswater bordering Notting Hill, ESCA House is an existing office building that was acquired by the Group in 2017 for its redevelopment potential. Site preparation works have been partially completed on the refurbishment of the residential component of this scheme, which will deliver 9,000 sq ft of premium private residential units in 2020. Planning consent for the remainder of the scheme is currently being optimised, with consent targeted for the second half of 2019 and works targeted to commence in early 2020.

In the third quarter of 2017, the Group successfully received detailed planning consent to redevelop our 1.3-acre freehold commercial site in Hammersmith. This comprises 300,000 sq ft of above-ground commercial space including a new hotel tower, two office buildings, retail cum restaurant space, a cultural facility and public realm. In the fourth quarter of 2018, planning amendment was submitted aimed at simplifying the design to optimise construction costs whilst increasing the consented above ground area to 360,000 sq ft. Consent is expected in the third quarter of 2019 and demolition works to commence shortly thereafter. The completed development will be a new strategic commercial asset on the main arterial route into Central London from the west.

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

HOSPITALITY & LIFESTYLE

The Group's hospitality assets continued to record occupancy rates that were above the industry average in FY19; E&O Hotel at 78% and E&O Residences at 73%. Both establishments showed a decrease of 2% and 5% respectively compared to FY18 which is mainly attributed to the dilution of rates offered by luxury hotels and increasing competition in the residence segment in Kuala Lumpur.

Nonetheless, the E&O Hotel achieved discernible growth in its average room rate (ARR) which increased from RM618.47 in FY18 to RM628.21 in FY19, cementing its leadership in the luxury hospitality segment with the highest ARR recorded in the northern region. However, increased competitiveness in the Klang Valley resulted in a reduction in rates and impacted E&O Residences causing a drop in ARR from last financial year's RM435.66 to RM405.16 this financial year.

DESCRIPTION	EASTERN & ORIENTAL HOTEL		E&O RESIDENCES	
	FY2019	FY2018	FY2019	FY2018
No. of Keys	232		200	
Occupancy	78%	80%	73%	78%
Occupied Rooms–Net (room days)	64,004	67,600	53,227	56,927
No. of Available Rooms (room days)	81,850	84,680	73,000	73,000
Average Room Rate (RM)	628.21	618.47	405.16	435.66
MICE Facilities	3,240 sqm Covering 2 ballrooms and 12 function rooms		Not available	

For FY19, Malaysia, UK, Australia, China and Singapore remain the top five geographical markets for both E&O Hotel and E&O Residences. 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 channels.

In the capital city of Kuala Lumpur, the corporate traveller segment showed a slight increase of 0.6% against FY18 with 9.8%. E&O Residences focused on long stay guests as they contributed 13% of total occupancy in FY19. As such this segment will continue to be worked on in the future as it provides a good base. E&O Residences continued their collaboration with their top ten online travel agents as they represent over 70% of business, producing RM 415.81 in ARR. However, the leisure segment experienced a decline in rates attributed to increased competition within close proximity and the emergence of alternative hospitality offerings such as Airbnb, homestays and boutique hotels.

In Penang, the E&O Hotel remains the preferred venue for events such as weddings, international conferences and exhibitions, corporate meetings and dinners. The MICE segment continued to contribute positively to the overall revenue of the hotel from venues that include two ballrooms and 12 function rooms within the Heritage Wing and Victory Annexe of E&O Hotel. Efforts are ongoing by the hotel's marketing team to strengthen relationships with their global network of event companies, partners and the Malaysian Convention and Exhibition Bureau (MYCEB) for future business.

A significant development for E&O Hotel is the closure of the Heritage Wing for a comprehensive refurbishment exercise from March 2019 until December 2019. This exercise will result in a reduced inventory of 100 Suites, and the closure of three Food and Beverage outlets. The Victory Annexe featuring 132 rooms remains operational during this period. When completed, the improved room product and facilities will better position the Hotel to compete in the marketplace and provide an excellent platform to drive future growth.

The closure of the Heritage Wing is expected to have an impact on the Hotel's financial year as half of room inventory is closed for business and the anticipation of the market's hesitancy over noise whilst renovation works are in progress. Nevertheless, the sales team remain focused on their efforts and improving the global distribution network of the Hotel will be a main marketing focus for the future.

E&O Residences will continue to face challenges due to overall market softness in Kuala Lumpur and growing competition in the serviced suites market. In view of this, sales focus will be centred on ways of creating volume without diluting the ARR and improving their global distribution network in line with the E&O Hotel.

PROPERTY INVESTMENT

The retail property market is fundamentally driven by long term structural changes such as population trends and the impact of online retailing. An uncertain economic environment is putting pressure on discretionary spending and confidence is muted as retailers deal with challenges such as weaker consumer spending, growing cost and price inflation.

Against this backdrop, properties in our property investment portfolio collectively generated revenue of RM16.74 million (FY18: RM15.78 million) and gross profit of RM5.03 million (FY18: RM5.93 million) for the 12-month period ended 31 March 2019. As the main contributor to this performance, Straits Quay Retail Marina achieved RM10.62 million in rental income in FY19 followed by St Mary Place retail annexe which collected RM3.34 million in rental income for that period.

Heritage Wing, E&O Hotel, Penang

Victory Annexe, E&O Hotel, Penang

Pool Lounge-Victory Annexe, E&O Hotel, Penang

2-Bedroom Suite-E&O Residences, Kuala Lumpur

Poolside-E&O Residences, Kuala Lumpur

Superior Suite-Victory Annexe, E&O Hotel, Penang

GROUP OUTLOOK & FOCUS

In 2018, we continued our focus on improving efficiencies and productivity, whilst maintaining stringent cost containment. These measures have not only helped us steer through the current economic slowdown but also allowed us to be better equipped to meet market fluctuations. This approach will continue to form our priorities in the coming year.

PROPERTY DEVELOPMENT

Malaysia

The overall market sentiment remains muted and this dampening effect on the property sector is most keenly felt in the mid to higher end segment. With global as well as local uncertainties on the minds of purchasers and investors over the last few years, the prevailing mood of business has largely been one of caution. Acknowledging that factors affecting confidence were on a ‘macro’ level beyond our control, and anticipating a softening of the market, E&O proactively scaled back on new launches.

While using the time constructively to plan and be prepared for the future upturn, the Group focused on gradually clearing inventory and in so doing, was able to maintain our sales and profit figures.

Moving forward, the Valuation and Property Services Department in its Property Market Report 2018 expects property market activity in 2019 to stabilise as evidenced in the increase in volume and value of total transactions in 2018. Data from National Property Information Centre states residential volume increased 6.9% year-on-year in the first quarter of 2019, while the value also increased 5.1% in the first three months of the year compared with the previous corresponding period.

On the drawing board, we have several launches planned for our property development business for the coming year, with a gross development value in excess of RM1 billion.

We are finalising the rollout of Conlay, our second high-rise development joint-venture project with Mitsui Fudosan located in the heart of Kuala Lumpur. The development will feature a total of 491 private and service residences with a gross development value of RM896 million. The Conlay’s striking architectural form is the final design statement of acclaimed architect Kerry Hill, responsible for iconic projects such as The Datai Langkawi, Aman Tokyo, Japan and Amankora, Bhutan. The first phase comprising 297 units of private residences is targeted for launch in the third quarter of 2019.

Situated on the last sizeable prime piece of real estate in Damansara Heights, The Peak is designed for discerning high net worth clientele, setting a new benchmark for luxury living in the top tier residential segment. The Peak comprises only 54 low rise private residences spread across 3.94 acres of land. Exclusivity and spaciousness is prevalent throughout this low density development, where individual unit sizes range between 3,500 square feet and 4,200 square feet.

Moving forward, the Group is focused on laying the groundwork for its next growth trajectory. With completion of the Equity Fund Raising, proceeds will be utilised largely towards the implementation of projects, namely the infrastructure and development works at STP2A, as well as working capital and loan repayments.

Barring any unforeseen circumstances, the first product launch on STP2A is expected to be launched in the second half of 2020. Whilst the priority is STP2A, reclamation of STP2B and C will be completed within the terms of the Concession Agreement. STP2A is expected to have a GDV of over RM17 billion and will be developed over a period of 15 years.

On the corporate and projects levels, we continue to seek partners to collaborate with and to create value, including joint venture partners, financial institutions and investors, to help us realise the unique and innovative concepts and products to be unveiled by E&O.

The disposal of non-core assets continues to be an ongoing strategy and the Group is continually aligning its investment properties in the best interest of our shareholders. As part of this strategy, the Group sold the Lone Pine Hotel in 2018 for RM85 million and is currently on the lookout for further asset monetisation opportunities.

Overall, our property development business is built on sound fundamentals and we are well positioned to meet the challenges and opportunities that come our way. We have an excellent track record, a list of successful developments and a focused vision for the future, all anchoring a brand that continues to be our highly prized asset.

United Kingdom

The UK property market as a whole registered record highs in the past few years. Research by property firm Savills showed that the total value of UK housing stock had increased by £190 billion to £7.29 trillion[2]. Advisory firm Ernst & Young forecasts an upward trend for the UK's GDP, predicting growth by 1.4% in 2019, followed by 1.7% in 2020, 1.8% in 2021 and 2.0% in 2022. In 2019, spending power will also start to increase as earnings are expected to rise by as much as 3.0% while inflation is predicted to drop to 2.0%[3]. These positive economic indicators continue to underpin the optimistic housing outlook.

As the UK prepares for its exit from the EU, we are navigating uncertain waters in the near term and expect the property market to be subdued. We remain confident in our view that London will remain a highly successful, dynamic global city that provides great opportunities in the long term. The capital remains at the top of the Global Financial Centres Index and attracts more cross border investment into real estate than any other global city.

In view of this, we expect demand for high quality space to continue and will be mindful of developing the right product in the right locations.

HOSPITALITY & LIFESTYLE

Tourism Malaysia targets the arrival of 28.1 million tourists in 2019 involving a tourism income of RM92.2 billion and it is expected to rise to 30 million tourists and an income of RM100 billion in conjunction with the 2020 Visit Malaysia Year[4]. The uptrend of international arrivals across Asia Pacific in 2017 and 2018 indicates stronger spending power and suggests stronger and sustained tourism growth. Despite the influx of hotel supply, demand is expected to improve and room rates remain steady.

The tourism outlook for Penang in particular, looks promising with tourist arrivals growing steadily due to increased direct flights and enhanced cruise routes. Penang airport will increase its capacity to 12.5 million passengers per year from its present 6.5 million. The Penang Tourist Master Plan which is being drafted is envisaged to further spur the tourism sector and its long-term growth[5].

Amidst a competitive tourism market, the E&O Hotel embarked on a comprehensive renovation of its Heritage Wing from March 2019 to December 2019. The renovation and refurbishment works are the most extensive since the wing opened in 2001 and will equip the premises with a host of new suites, dining concepts and common areas. The renovation exercise is expected to bolster the hotel's premier reputation and leadership position and we anticipate positive impact on the hotel's revenue in the coming years.

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[2] *https://www.savills.co.uk/insight-and-opinion/savills-news/170245-1/savills-forecasts-uk-residential-market-in-the-next-5-years*
[3] *https://www.ey.com/Publication/vwLUAssets/ey-item-club-autumn-forecast-2018/$FILE/ey-item-club-autumn-forecast-2018.pdf*
[4] *https://www.tourism.gov.my/media/view/tourism-contributes-rm84-1-billion-to-malaysia-economy-with-25-8-million-tourists-in-2018*
[5] *CBRE Research Malaysia Real Estate Outlook 2019*

Looking ahead, we expect overall business conditions for E&O Residences to remain soft due to slower growth in both leisure and corporate travel, amidst a climate of economic uncertainty coupled with growing competition. In 2019, 11 new hotels with over 3,000 rooms are expected to complete of which 43% are in Kuala Lumpur, 55% consisting of upscale hotels. To counteract this, E&O Residences will aggressively seek to win new accounts from its key corporate markets of Malaysia, Singapore, China and Australia while improving its global distribution network. At the same time, it aims to push up room yield through a more effective rate management strategy. E&O Residences will also streamline its operating cost structure so as to maximise profitability while simultaneously maintaining its commitment to high standards of service delivery.

Responding to the current environment, we are intensifying our overall marketing activities not only across all our key markets but also in potential emerging high growth markets by leveraging on our robust global sales and marketing infrastructure. In a rapidly evolving digital age, we are also accelerating the development of our digital capabilities and innovation, employing the latest technology to spur online business, nurture stronger customer engagement and relationships as well as to grow brand loyalty and a wider customer base. Underpinning our continuing success are the commitment, talent and abilities of our people across the organisation. We constantly invest in the development and training of our people at every level in order to advance their knowledge, skills and capabilities through a well-established range of training programmes.

Our customers are at the heart of everything we do. We are working relentlessly to meet their needs and expectations so as to enable us to deliver exceptional experiences and high levels of customer satisfaction.

PROPERTY INVESTMENT

Evolving millennials' lifestyle and spending preference have changed the retail landscape with the challenging year ahead marked by the growing e-commerce trend which will affect overall retail space demand. The speed of digital revolution and constantly evolving consumption have made it difficult for retail centres to gauge and foresee market appetite.

Destination and convenience centres will continue to outperform other types of retail assets. Success for asset owners will be driven by being in the best locations with active asset management and smart responses to the changing needs of retailers and visitors.

On the back of this, our property investment division is focused on letting remaining space, working to maximise income and lease length through proactive asset management. In 2019, greater effort will be made to secure new tenants and grow rental yields through a competitive rate strategy. Extra emphasis will also be placed on providing a higher standard of maintenance at our properties and on strengthening relationships with existing tenants.

Quayside Seafront Resort Condominiums, Seri Tanjung Pinang, Penang

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

This is E&O's third 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 2018 to 31 March 2019, with one year of comparative historical data wherever applicable.

Our Sustainability Statement, which was previously prepared in accordance with the GRI G4 Guidelines, has now transitioned in compliance to the Global Reporting Initiative ("GRI") standards.

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 properties, we ensure sustainability by creating economic value from all our developments and maintaining a track record of 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

Project Initiation
- Land purchase
- Land creation

Financing
- Strategic partnership
- Financiers
- Investors

Development
- Planning and design
- Approvals
- Licensing
- Procurement
- Construction
- Assessment/ Audit
- Branding

Transaction
- Marketing and Sales
- Agents
- Handover

Property Investment
- Property management
- Retail

Hospitality
- Branding
- Hospitality Management

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 which in turn 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.

SUSTAINABILITY POLICY

The Group is committed to implement sustainable practices and explore its benefits to the business whilst attempting to achieve the right balance between economic success, the requirements of the stakeholders and the needs of the larger society. The Group has established a Sustainability Policy which aims to integrate the principles of sustainability into the Group's strategies, policies and procedures. Additionally, with the adoption of this Policy, we aim to cultivate a culture of sustainability within the Group and the community, with an emphasis on incorporating economic, environmental, social and governance considerations into decision making and the delivery of outcomes.

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 stakeholder 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. Moving forward, we will intensify our engagement with stakeholders so as to be better equipped in undertaking any emerging issues and drive change on the ground.

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' CONCERNS	RESPONSE TO STAKEHOLDERS' CONCERNS
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 • Periodic site visits • Annual report	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.
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.

STAKEHOLDER	ENGAGEMENT CHANNEL	ENGAGEMENT FREQUENCY	STAKEHOLDERS' CONCERNS	RESPONSE TO STAKEHOLDERS' CONCERNS
Employees	• Internal emails • Employee engagement survey on sustainability • Townhall sessions • Annual performance appraisal • Departmental briefing	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.
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.
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.
Non-Governmental Organisations ("NGOs")	• Meetings and collaborations	On-going, ad-hoc	• Environmental and Social 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.

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.

Risk Management Committee ("RMC")

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 RMC. The RMC provides the Board with quarterly updates on sustainability issues.

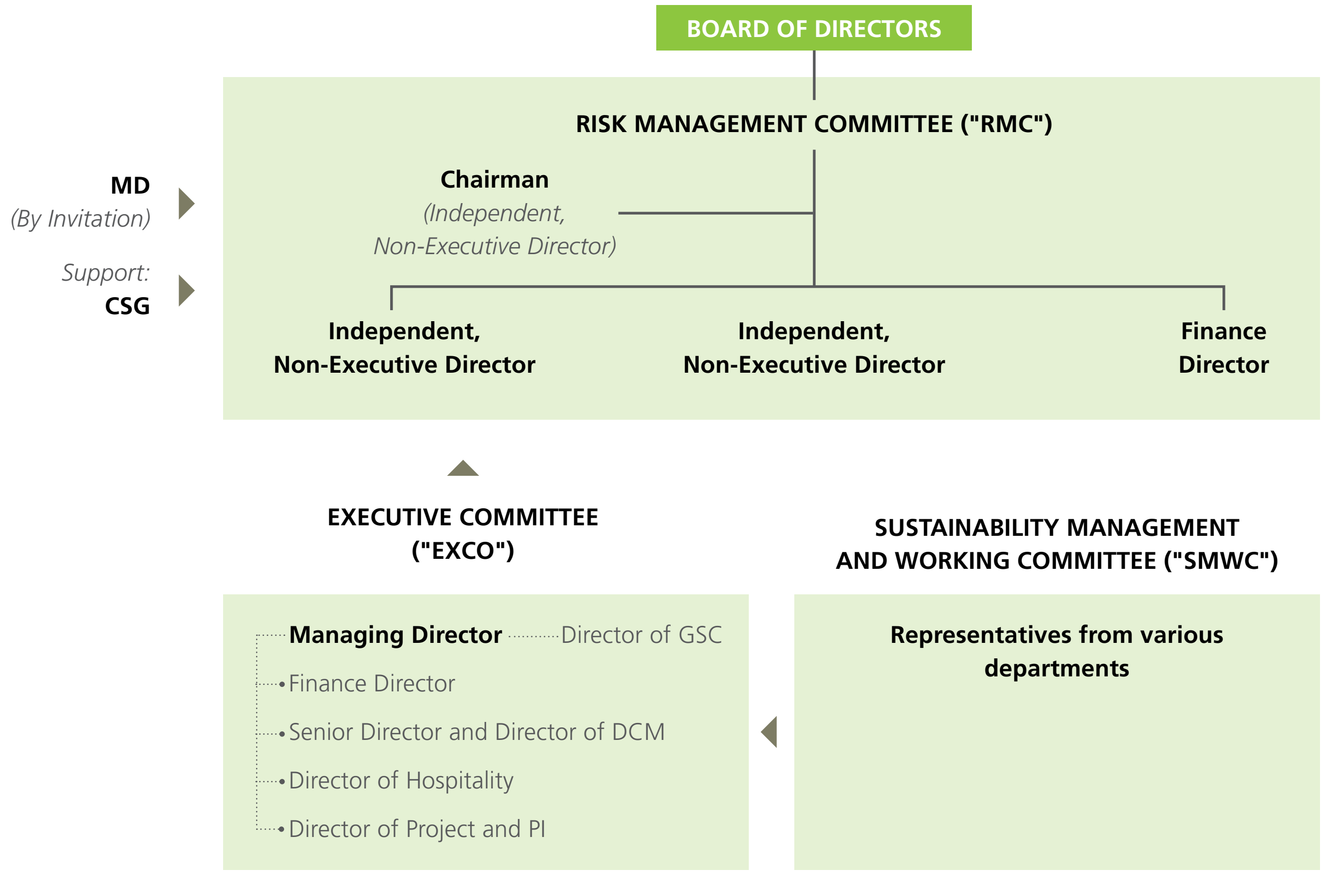
Executive Committee ("EXCO")

Sustainability governance is driven at the management level by the 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.

Sustainability Management and Working Committee ("SMWC")

This committee comprises representatives from various departments across the Group with a combination of diverse functions and reports to the EXCO. The SMWC focuses on driving engagement on the sustainability agenda and to propose ideas on sustainability-focused activities for continuous improvement. While this committee reports and monitors the implementation of ongoing projects and initiatives on sustainability, each department manages its own set of sustainability initiatives and data collection. The governance structure for sustainability is illustrated in Figure 3.

Figure 3: Sustainability Governance Structure at E&O



LEGEND

MD - Managing Director
GSC - Group Strategy & Communications
DCM - Development & Construction Management
Hospitality - Group Hospitality & Lifestyle
PI - Property Investments
CSG - Company Secretarial & Governance

OUR MATERIAL ISSUES

In FY2019, we conducted a materiality assessment workshop to identify sustainability issues affecting our business and stakeholders and the related risks and opportunities the Group potentially encounters as a property developer and hotels operator. This workshop saw participation by the members of Sustainability Management and Working Committee. The process is illustrated in Figure 4.

Figure 4: Materiality assessment process

1 **Identification -** We collated preliminary issues through internal management discussions, comparative analysis of issues that have been reported by other peers within the same industry, and benchmark of industry best practises. We then compared the list of issues with the existing sustainability issues faced by E&O. We maintained the three most material sustainability issues that were first identified in 2017 as they continue to be relevant to our business operations and material to strengthen our sustainability performance.

2 **Prioritisation -** From the list of issues that had been identified as material, we prioritised the material issues based on our assessment on the impact of the issues to the business and the level of concern to our stakeholders. This was achieved through a materiality assessment workshop with internal stakeholders from various departments, where the interests and input of the external stakeholders were represented by the internal stakeholders based on their regular engagement with the external stakeholders. At the end of the workshop, we were able to plot a materiality matrix, indicating the relevant importance of each issue to the Company and our stakeholders.

3 **Validation -** The materiality matrix was then presented to the EXCO and RMC for validation.

Adopting a matrix-based approach, materiality was assessed based on two criteria, namely, the importance of an issue to the company and external stakeholders.

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. Product Responsibility
5. Corporate Governance
6. Waste Management
7. Energy Conservation
8. Water Management
9. Community Engagement
10. Talent Attraction, Retention & Development
11. Material Sourcing and Supply Chain 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*

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("UN SDGs")

We are cognisant of the United Nation's 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals ("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. As the UN SDGs call on businesses to advance sustainable development through the business practices they adopt and investments they make, it is our aspiration that our material issues and initiatives resonate with and are amplified towards the achievement of those global goals.

Figure 6: Lists of E&O's material issues in order of priority, mapping against GRI topics and aligning them to SDGs

PRIORITY	MATERIAL ISSUES	GRI TOPICS	SDGs
1	Financial Sustainability	Economic Performance	8 DECENT WORK AND ECONOMIC GROWTH
2	Compliance with Regulatory Authorities	Environmental Compliance, Socioeconomic Compliance	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
3	Occupational Health and Safety	Occupational Health and Safety	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
4	Product Responsibility	Marketing and Labelling Sustainability Certification, Rating and Labelling	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
5	Corporate Governance	Governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

PRIORITY	MATERIAL ISSUES	GRI TOPICS	SDGs
6	Waste Management	Effluent and Waste	3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
7	Energy Conservation	Energy, Emissions	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION
8	Water Management	Water	3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION
9	Community Engagement	Local Communities	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION
10	Talent Attraction, Retention & Development	Employment, Training and Education, Diversity and Equal Opportunity	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH
11	Material Sourcing and Supply Chain Management	Procurement Practice	8 DECENT WORK AND ECONOMIC GROWTH

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 are depicted as follows:

Ensuring Sustainable Growth
- Financial Sustainability
- Corporate Governance
- Compliance with Regulatory Authorities
- Occupational Health and Safety
- Product Responsibility

Minimising Environmental Impact
- Waste Management
- Energy Conservation
- Water Management
- Material Sourcing & Supply Chain Management

Contributing to Better Society
- Community Engagement
- Talent Attraction, Retention and Development

ENSURING SUSTAINABLE GROWTH

As a premier lifestyle property developer, 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 FY2019, we continue to focus 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) Allocating and prioritising financial resources to prepare for future development through active monitoring and undertaking fund raising activities to right size the group's financial position.
5) 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.

Going forward, the Group intends to launch several projects in anticipation of a property market rebound. With reclamation works nearing completion on STP2A, resources are now focused towards creating a new prime seafront address, building further on the success achieved in our flagship development of STP1. To fund the development, the Group has undertaken an equity fund raising comprising a private placement exercise of approximately RM127 million. The completion of this private placement exercise marks another milestone in the Group's recently announced proposed fund raising plans to raise a minimum of RM250 million from equity issuances. The Group will be focusing on the next phase of its fund raising exercise under a proposed rights issue. This fund raising is to not only right size the balance sheet but also to strike an optimum balance between managing our net gearing levels and growth where some key catalyst projects may require a longer holding period to nurture its yield potential before divesting.

Snapshot of Economic Performance in FY2019

TOTAL REVENUE	**TOTAL OPERATING COSTS**	**RETURN ON SHAREHOLDERS' FUND 3.08%**
RM886.320 million	**RM694.659 million**	
(FY2018: RM982.706 million)	(FY2018: RM797.846 million)	(FY2018: 5.11%)

Corporate Governance

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 ("MCCG"). These standards include having clear policies, best practices, and sound internal controls as well as a system of continuous improvements. The overview of the Company's application of the principles as set out in the MCCG are disclosed in the Corporate Governance Overview Statement in this Annual Report.

Compliance with Regulatory Authorities

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

1) Construction and development activities
2) Occupational health and safety standards
3) Environment
4) Labour practices
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, assuring our stakeholders that we are committed to conducting our business the right way 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 and development works.

There were no instances of non-compliance with the laws and regulations in FY2019. 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. Our OHS initiatives are aimed at avoiding 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 potential incidents of occupational injury and fatality.

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 undertake 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 to 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 management personnel and subcontractors of CCCC.

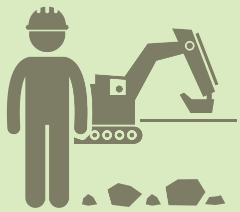
- All workers are required to attend **CIDB training to obtain a CIDB Green Card** before they are allowed to enter a construction site. The programme is an integrated safety and health induction course to increase safety awareness and reduce the risk of injury. Additionally, a workers' Identification 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 FY2019, the workers at STP2 reclamation worksites have collectively received 14,784 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 an emergency. To date, for a total of more than 3 million hours worked, our contractors have 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 FY2019, the workers at STP2 reclamation worksites have achieved **zero** LTIFR for a total of more than 3 million hours worked

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. 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.

Underscoring our pledge in developing superlative homes, the Group has achieved several awards and accolades as a validation of our commitment:

- The Edge Malaysia Top Property Developers Awards ("TPDA") 2018: E&O was named one of the top 10 property developers in Malaysia.

- PropertyGuru Asia Property Awards (Malaysia) 2018: The Tamarind, E&O's first executive apartments project in Penang emerged top in the Best Condo Development (Penang) category.

- PropertyGuru Asia Property Awards (Malaysia) 2018: Other joint venture projects such as The Mews at Kuala Lumpur city centre and Avira Garden Terraces in Iskandar Malaysia, were highly commended as Best Luxury Condo Development (Klang Valley) and the Landed Development (Iskandar) category respectively.

Apart from fulfilling our brand promise, the Group is also mindful of building reliable and resilient infrastructure to achieve economic growth and promote social wellbeing. Our vision for STP2 as a vibrant and sustainable district prompts E&O to be mindful of the importance of public accessibility. The STP2A township urban design guidelines take into account elements such as connectivity, walkability and human scale in its design to encourage safe, comfortable mobility with dedicated pedestrian path and bicycle lane that connects the entire project on the island. The convenient connectivity aims to reduce the use of vehicles especially travelling within the island.

To date, there are two projects in Penang that have successfully obtained green building certificates by the accreditation council namely GreenRE, the sustainability arm of the Real Estate and Housing Developer's Association ("REHDA") Malaysia that promotes sustainability within the property industry. Straits Quay Office Suites, Block 6 is the first E&O property at STP1 that received this certification. The Tamarind, our executive apartments project in Penang, is the second project to receive GreenRE Silver Certification (Residential) - one of the largest green certified residential building in Penang.

Block 6 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.

We aim to create a pleasant experience for our customers by improving customer service across all service points. Recognising that customers' feedback is crucial in providing valuable insights for continuous improvement, we have created a Customer Careline platform for customers to channel their feedback and enquiries, with a dedicated team to manage and resolve complaints. Our emphasis on customer experience is also encapsulated in our level of service provided in our luxury hospitality segment.

Going forward, the Group remains focused on delivering products with superior quality by incorporating an 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 the hallmark of quality and strong value offerings for greater competitive edge.

MINIMISING OUR ENVIRONMENTAL IMPACT

E&O is committed to minimise the environmental impact of its business to uphold its reputation through the adoption of sustainable practices and continual improvement in environmental performance. We manage this through compliance with the relevant environmental 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 focus on developing a positive and proactive environmental culture to be embraced in all aspects of our business, with the goal of zero pollution incidents. We acknowledge the importance of compliance as it not only upholds the Group's license to operate, but most importantly contributes to sustainable development by promoting healthy living and well-being of the community.

Compliance with Regulatory Authorities

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

With the reclamation works for STP2A reaching its completion, the construction of the first bridge linking STP1 to the newly reclaimed island has commenced. As we continue to make progress in the development work of STP2A, we will continue to practice close consultation with the relevant authorities and engagement with our contractors and consultants to ensure full compliance with the regulatory requirements.

Water Management

Mitigation measures are further implemented 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.

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. We endeavour to consume material responsibly and reduce wastage in our operations. We promote awareness of 3R concept to reduce wastage, that is Reduce, Reuse, Recycle initiatives at our worksites. We have incorporated a range of initiatives into our operations to reduce our waste.

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.

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.

As a property developer, we strive to reduce the amount of construction waste from our project sites going to the landfills. We are cognisant of the importance of keeping track of our waste data and going forward we will propose appropriate procedures to the contractor in order to keep records on waste disposal.

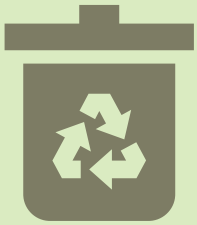
Our hospitality and retail divisions place strong emphasis on sustainable waste management. At the E&O Hotel and at Straits Quay, we have introduced a food waste reduction best practice policy as well as a wet and dry waste sorting initiative.

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.

Recognising the long-term detrimental impact of plastic on the environment and society at large, we are committed to drive awareness and social change together with our colleagues and hotel guests. E&O Hotel is exploring ways and new initiatives to reduce usage of single-use plastic in its daily operations, echoing the Penang State Government's effort to reduce single-use plastic waste going to the landfill, also in line with the Government's target to zero single-use plastic by year 2030.

We continue to evaluate our operations to identify 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 programmes in offices, at construction sites and the hotels.



In FY2019, a total of **3,054 kg** of **solid waste** generated in the corporate offices are being **recycled**

Energy Conservation

As a property developer and hotels 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 Malaysia's commitment to reduce its greenhouse gas intensity of 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 FY2019, we recorded a significant drop in fuel consumption as compared to the previous year largely due to the demobilization of vessels and reduction of machineries for STP2 reclamation and dredging activities as the reclamation works for STP2A is reaching completion.

At the E&O Hotel, the energy saving initiatives implemented include changing the water heater system, upgrading the variable refrigerant volume ("VRV") air conditioning system, replacing all lights in common areas to LED lights. With these upgrades in place, the hotel strives to be more energy efficient thereby reducing its energy cost. Moving forward, the hotel strives to focus on educating hotel staff and guests and raise awareness on energy and water saving as well as responsible consumption, parallel to the hotel's continuous efforts to bring down utilities cost.

The hotel's efforts to conserve energy and water continue with the commencement of the refurbishment of the hotel's Heritage Wing, where the wiring, air-conditioning system and piping will be replaced to reduce energy and water loss. Other detailed enhancements includes replacing seals of the vintage windows and frames to prevent loss of cool air as well as installing sensors to cut off air-conditioning when the windows and balcony doors are opened. In view of the closure of the Heritage Wing for refurbishment from March 2019 to December 2019, lower energy consumption is expected during the period. We will continue with our efforts to identify energy and water saving opportunities in the hotel.

CONTRIBUTING TO A BETTER SOCIETY

Community Engagement

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.

i. Place Making for the Community

Straits Green is a 4-acre public park, a vital green space in STP 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 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 surrounding 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 also 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.

ii. 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. As the programme flourished, Think Green began to reach out to more schools within the community, with a total of seven schools today.

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 to create their own food garden within their respective school compounds. In the last financial year, SK Convent Pulau Tikus launched its own Think Green garden, joining SK Tanjong Tokong, SJK (T) Azad and SMK Tanjong Bungah in the list of partner schools with their own Think Green space. Having their own garden has encouraged the students to be responsible for the space, as well as a way to reach out to the larger student community in each school. Aligned with Think Green's sustainable thrust, monthly programmes were conducted in the schools' respective gardens, allowing the students to actively apply their knowledge into caring for their school's food garden, as well as teaching and sharing their knowledge with other students.

The Think Green programme has come a long way since its inception in 2013, gaining strong traction within the communities it has enriched. In 2019, the Think Green programme was named best curriculum of 2019 in three partner schools - SK Tanjong Tokong, SMK Tanjong Bunga and SK Convent Pulau Tikus, a validation of the programme's aim to build focused and meaningful engagement amongst students.

THINK GREEN
A COMMUNITY EDUCATION PROGRAMME BY E&O

7 SCHOOLS INVOLVED
1 KINDERGARTEN
5 PRIMARY SCHOOLS
1 SECONDARY SCHOOL

145 NATURE-BASED EDUCATION SESSIONS SINCE 2013

16 CROSS CULTURAL ACTIVITIES SINCE 2013

1020 STUDENTS INVOLVED SINCE 2013

5 THINK GREEN POP-UP BOOTHS

1800 MANGROVE TREES PLANTED BY STUDENTS AND COMMUNITY IN 2016 - 2017

4 SCHOOLS WITH THEIR OWN THINK GREEN GARDEN

3 SCHOOLS NAMED THINK GREEN AS BEST CURRICULUM OF 2019

iii. 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 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 and the request for E&O to facilitate their appeals to the relevant authorities. 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 July 2018, E&O reached out to a fisherman belonging to the Tanjung Bungah Fishermen's Unit upon hearing his plight concerning his four-year-old son afflicted with cerebral palsy. E&O contributed a year's supply of branded milk powder and cereal – the only food that the boy can consume upon doctor's recommendation.

In late March 2019, a large water spout appeared near the Tanjong Tokong area in Penang, severely damaging village houses around the area. E&O immediately contacted Tanjung Bungah assemblyman Zairil Khir Johari's service centre to offer assistance. Teaming up with its main contractor Kerjaya Prospek (M) Sdn Bhd, E&O had the zinc roof sheets of two houses, a community hall and the Tanjung Tokong police station replaced. The joint initiative also saw their workers doing repair works on the affected building structures.

iv. Supporting Government Initiatives

Over and above the concession rights to reclaim 760 acres for STP2, TPD is also reclaiming 131 acres off the Gurney Drive foreshore for the Penang State Government at its own cost. The Penang State Government has made known that a public park, Gurney Wharf, is slated to be created within the 131 acres on Gurney Drive foreshore.

TPD, appreciating how special Gurney Drive is in the hearts and minds of Penangites as well as Malaysians as a whole, took the initiative to commission leading local and international architects to produce a concept masterplan for Gurney Wharf for the consideration of the state government at TPD's own cost. These award winning consultants include Malaysia's GDP Architects who produced the overall masterplan; Grant Associates for the landscaping and Jerde International for the retail F&B component.

v. 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.

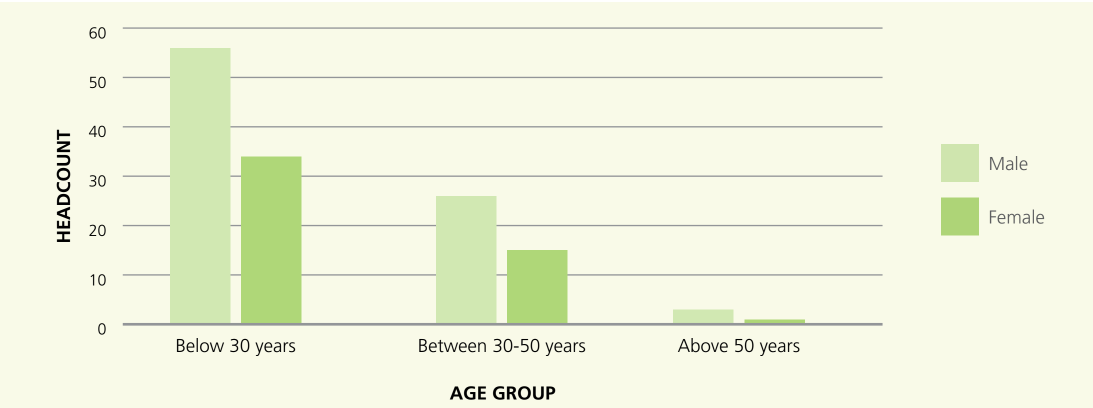
At the E&O Hotel, the E&O Gallery sited within the Victory Annexe retail arcade was refurbished and enhanced. Originally a space to showcase Penang's history as well as social and cultural milestones of more than a century as seen through the eyes of the E&O Hotel, the Gallery now includes a section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

Talent Attraction, Retention and Development

We value our employees at E&O. Our human resource policies support this ethos in ensuring the welfare of our staff is maintained which include the adoption of an equitable and competitive salary structure and benefits plan. We provide a platform for our employees to perform to the best of their ability and recognise their potential to be leaders. We actively engage and foster growth amongst our employees as we recognise E&O's long-term sustainable growth is built upon a strong workforce.

In FY2019, the distribution of new hires by age and gender is presented in Figure 7.

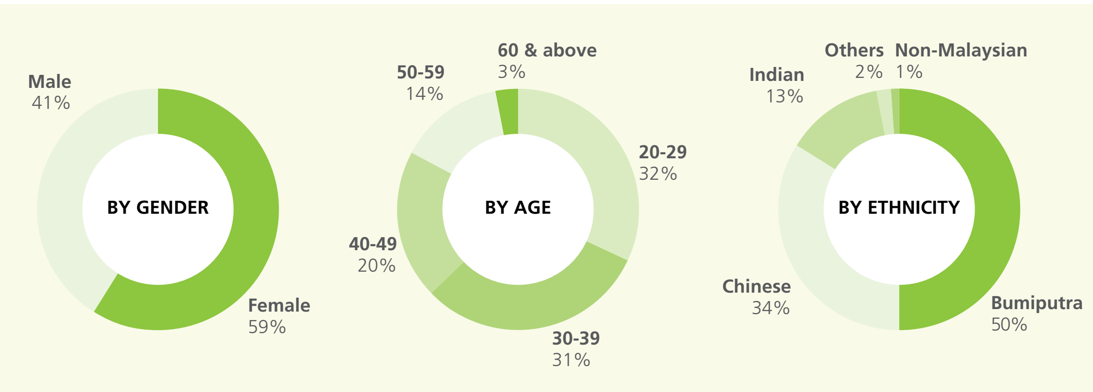
Figure 7: E&O's New Employees Hires in FY2019



i. Diversity and Inclusion

At E&O, we are mindful that a diverse and inclusive workforce is vital for business growth and sustainability. Our workforce planning process includes the consideration to nurture a dynamic work environment and culture of equal opportunity which ensure diversity of qualifications and experiences, age, gender and ethnicity. The composition of our workforce by gender, age and ethnicity in FY2019 is depicted in the following diagram.

Figure 8: E&O Group Workforce Composition FY2019



In line with the Company's efforts to attract talent, we offer the opportunity for undergraduates from local and overseas universities to gain practical working experience by providing internship positions that may lead to a career opportunity with the Company thereafter.

ii. Training and Development

We strive to promote a conducive working environment to ensure employees continue to grow and achieve their full potential through various learning platforms. To facilitate the continuous development and engagement of our employees, the Human Capital Department implements a range of inhouse training programmes and external training participation for the workforce across all levels and functions. These include briefings by various departmental heads with the aim to raise awareness among employees of the property development cycle and to get better understanding of each department's core portfolios.

An annual training and development budget is allocated and in FY2019, RM114,000 was invested in this area. Total training hours for all employees in FY2019 is 1,848.5 hours. The average training hours by employment category are presented in Figure 9.

Figure 9: Average training hours by employee category

We constantly look at optimising resources to avail learning and development opportunities for our employees to acquire new knowledge and sharpen their skills. For example, our Human Capital & Technology teams launched a redesigned intranet portal with many new features including functions that promote self-learning and engagement among employees. We also recognise and reward outstanding performance 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.

iii. Employee Engagement

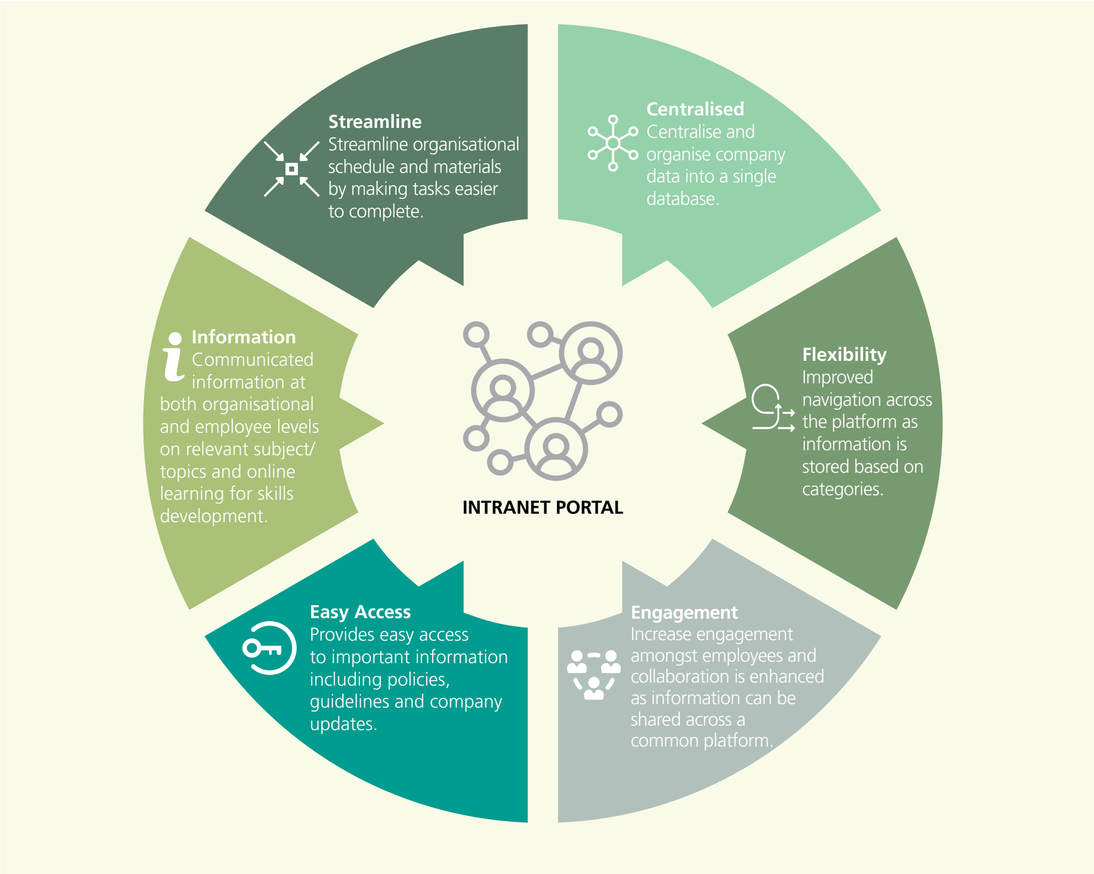
At E&O, we believe that to improve the efficiency of our operations and thereby succeed as a company, collaboration and teamwork are key. Upholding E&O's ethos of 5 Work Habits, we advocate mutual information-sharing, a healthy dose of "work-and-play" activities and events.

Figure 10: E&O's ethos of 5 Work Habits

We believe members who embrace mutual support-shared goals, cooperation and leveraging off each other's talents will achieve a greater sense of accomplishment which essentially promotes workplace synergy. To institutionalise collaboration, the Human Capital Department introduces team synergy activities with the aim of building deeper inter-departmental team spirit. Departments are grouped to form teams and each team is required to execute activities involving all employees in the Company based on the topics assigned. Other employee engagement activities held in FY2019 include E&O's Annual Dinner and celebration of cultural festivals.

We integrate technologies into innovative solutions to promote engagement with employees. The newly launched intranet portal has many new features and functionalities added into its ecosystem as presented below, and acts as a conduit for employee engagement.

Figure 11: New features and functionalities of E&O's Intranet Portal



We recognise the importance of maintaining a healthy and balanced workforce as it affects employees' productivity and ultimately their performance at work. Through the E&O Sports Club, a club run by the staff members, we provide financial support with the aim to promote good health of the workforce through recreational and sporting activities. The E&O Sports Club organises weekly sporting classes like Yoga and Body Weight and recreational activities like outings and movie nights to enable our employees to come together and spend time in activities that positively affect their well-being and lifestyle. In addition, the launching of the Fit Lab page in the Company's intranet allows all employees to access more information and tips on general health, well-being and lifestyle.

GLOSSARY OF TERMS

Code of Conduct & Ethics – 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.

Stakeholder – Anyone who can influence or is impacted by the operations and practices of the company. Stakeholders may include customers, employees, financiers, 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") CONTENT INDEX

This report is developed in accordance with GRI "core" requirements.

GENERAL STANDARDS DISCLOSURE			
GRI STANDARDS	**PROFILE DISCLOSURE**	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
GRI 102: General Disclosure 2016	**ORGANISATIONAL PROFILE**		
	102-1	Name of the organisation	Page 25, Management Discussion & Analysis ("MDA")
	102-2	Activities, brands, products, and services	Page 25-51, MDA
	102-3	Location of headquarters	Page 25-51, MDA
	102-4	Location of operations	Page 25-51, MDA
	102-5	Ownership and legal form	Page 25-51, MDA
	102-6	Markets served	Page 25-51, MDA
	102-7	Scale of the organisation	Page 25-51, MDA
	102-8	Information on employees and other workers	Page 80
	102-9	Supply chain of the organisation	Page 54
	102-10	Significant changes to the organisation and its supply chain	No significant changes
	102-11	Precautionary Principle or approach	E&O undertakes a precautionary approach to its operation by identifying business sustainability risk to the Company. Page 108-111, Statement on Risk Management and Internal Control
	102-12	External initiatives	Not applicable
	102-13	Membership of associations and advocacy organisations	FIABCI-MALAYSIA, FPLC, MIRA, MSWG, REHDA[1]
	STRATEGY		
	102-14	Statement from most senior decision-maker	Page 25-51, MDA
	102-15	Key impacts, risks and opportunities	Page 25-51, MDA

[1] *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.*

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GENERAL STANDARDS DISCLOSURE			
GRI STANDARDS	**PROFILE DISCLOSURE**	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
	ETHICS AND INTEGRITY		
	102-16	Values, principles, standards, and norms of behaviour	Page 94, Section "Board Charter and Code of Conduct & Ethics"
	102-17	Mechanisms for advice and concerns about ethics	Page 95, Section "Whistle-Blowing Policy and Procedures"
	GOVERNANCE		
	102-18	Governance Structure	Page 58-59
	STAKEHOLDER ENGAGEMENT		
	102-40	List of stakeholder groups	Page 56-57
	102-42	Identifying and selecting stakeholders	Page 56-57
	102-43	Approach to stakeholder engagement	Page 56-57
	102-44	Key topics and concerns raised	Page 56-57
	REPORTING PRACTICE		
	102-45	Entities included in the consolidated financial statements	Page 223-229, Notes to the Financial Statements
	102-46	Defining report content and topic Boundaries	Page 53
	102-47	List of material topics	Page 61
	102-48	Restatements of information	Not applicable
	102-49	Changes in reporting	No significant changes from previous reporting periods
	102-50	Reporting period	Page 53
	102-51	Date of most recent report	Sustainability Statement in E&O's Annual Report 2018
	102-52	Reporting cycle	Page 53
	102-53	Contact point for questions regarding the report	Page 53
	102-54	Claims of reporting in accordance with the GRI Standards	Page 53
	102-55	GRI Content Index	Page 85-89
	102-56	External Assurance	Page 53

GENERAL STANDARDS DISCLOSURE			
GRI STANDARDS	**PROFILE DISCLOSURE**	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
FINANCIAL SUSTAINABILITY			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 64-65
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Page 65
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Page 78
COMPLIANCE WITH REGULATORY AUTHORITIES			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 65, 70-71
GRI 307: Compliance 2016	307-1	Non-compliance with environmental laws and regulations	No incidents of non-compliance with environmental laws and regulations
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	No incidents of non-compliance with laws and regulations in the social and economic area
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 66-67
GRI 403: Occupational Health and Safety 2016	403-1	Occupational health and safety management system	Page 66-67
	403-5	Worker training on occupational health and safety	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-9	Work-related injuries	

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GENERAL STANDARDS DISCLOSURE			
GRI STANDARDS	**PROFILE DISCLOSURE**	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
PRODUCT RESPONSIBILITY			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 68-69
SASB: Product and Service Labelling	CRE8	Type and number of sustainability certification, rating, and labelling schemes for new construction, management, occupation, redevelopment	Page 68-69
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance concerning the health and safety impacts of products and services
CORPORATE GOVERNANCE			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 65
WASTE MANAGEMENT			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 71-72
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Page 72
	306-3	Significant spills	No incidents of significants spills
ENERGY CONSERVATION			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 73
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Total energy consumption for Straits Quay and E&O Hotel for financial year 2019 is 63,361.62 GJ
	302-3	Energy Intensity	Total energy intensity for Straits Quay and E&O Hotel is 0.54 GJ/M^2

GENERAL STANDARDS DISCLOSURE			
GRI STANDARDS	**PROFILE DISCLOSURE**	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
WATER MANAGEMENT			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 71
GRI 303: Water and effluents 2018	303-2	Management of water discharge-related impacts	Page 71
COMMUNITY ENGAGEMENT			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 74-79
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programs	Page 74-79
TALENT ATTRACTION, RETENTION AND DEVELOPMENT			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 80-83
GRI 401: Employment 2016	401-1	New hires and employee turnover	Page 80
GRI 404: Training and/ Education 2016	404-1	Average hours of training	Page 81
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity	Page 80
MATERIAL SOURCING AND SUPPLY CHAIN MANAGEMENT			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 54-55

Ariza Seafront Terraces, 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 Malaysian Code on Corporate Governance 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 2019. 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 2019 are summarised as follows:-

- reviewed and recommended the Non-Executive Directors' fees;
- discussed and agreed that an independent consultant be appointed for the review of the Non-Executive Directors' fees for the year ended 31 March 2019;
- reviewed the retirement of Directors and retention of Independent Director;
- reviewed the results of performance evaluation on Board, Board Committees and Individual Directors conducted by the independent consultant namely Boardroom Corporate Services (KL) Sdn Bhd in collaboration with KPMG Management & Risk Consulting Sdn Bhd appointed to facilitate objective, professional and candid board evaluations;
- reviewed the independence of the Independent Directors;
- reviewed the training needs of the Directors;
- recommended the revised Directors' Assessment Policy, Directors' Remuneration Policy and Terms of Reference of the NRSC to be in line with the MCCG;
- discussed and review the practices of MCCG relating to board leadership and effectiveness; and
- reviewed the 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 Dato' Azizan bin Abd Rahman and Datuk Vijeyaratnam a/l V. Thamotharam Pillay 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, 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. In this respect, the Board has adopted a Board Diversity Policy which sets out the approach for achieving diversity on the Board of Directors.

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

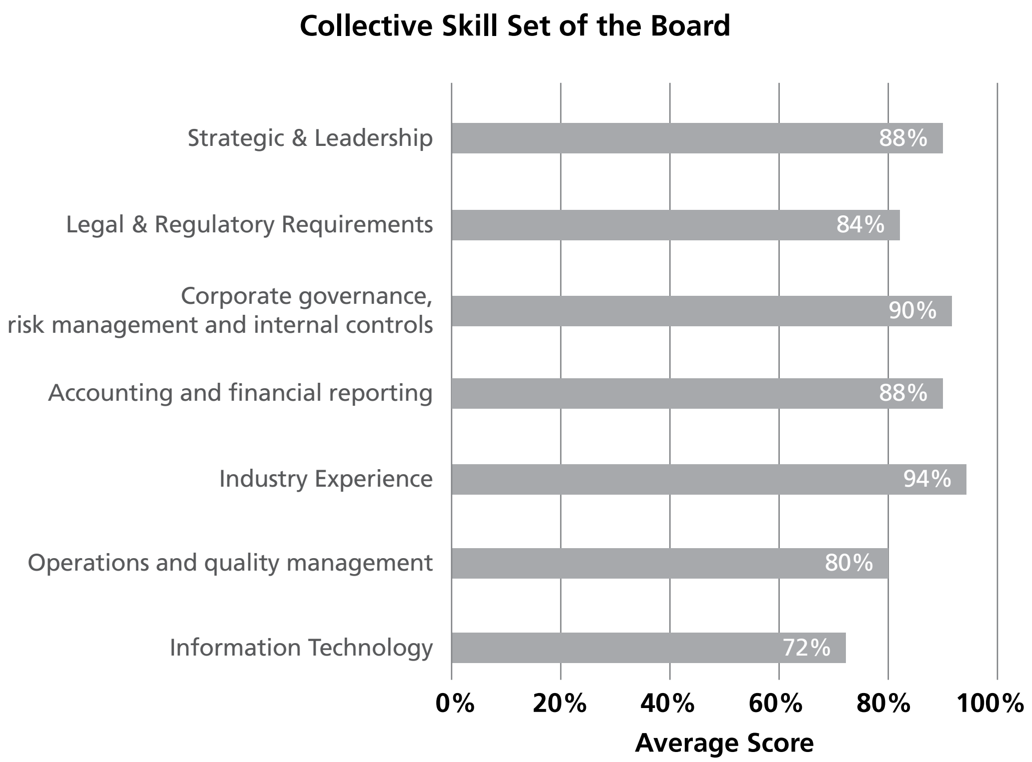
The NRSC is responsible for conducting an annual performance evaluation of the Board, Board Committees and individual Directors. The annual evaluation includes an assessment of the independence of Independent Directors. The Board has formalised a Directors' Assessment Policy which sets out the procedures 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 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 year ended 31 March 2018.

The BEE for the year ended 31 March 2019 was carried out based on a combination of self and peer assessment by Board members via customised questionnaires, which are premised on qualitative and quantitative criteria. The assessment criteria are benchmarked against good governance practices prescribed by the regulators and best practices. 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, boardroom activities, board chairman's role and board skill sets. For Individual Directors, the criteria used in the assessment include professional experience, industry knowledge, specific competencies, business acumen, strategic vision, integrity, attendance, preparation for sessions, teamwork, active participation, general contribution 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 Board 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 2019 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 assesses Independent Directors annually to ascertain if they display a strong element of detached impartiality. In conducting this assessment, the NRSC adopts 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 2019, 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, 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)*	6/6	100
Dato' Seri Tham Ka Hon *(Executive Deputy Chairman)*	6/6	100
Mr Kok Tuck Cheong *(Managing Director)*	6/6	100
Mdm Kok Meng Chow *(Finance Director)*	6/6	100
Tan Sri Dato' Seri Mohd Bakke bin Salleh *(Non-Independent Non-Executive Director)*	4/6	67
Encik Kamil Ahmad Merican *(Non-Independent Non-Executive Director)*	6/6	100
Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Independent Non-Executive Director)*	6/6	100
Datuk Christopher Martin Boyd *(Independent Non-Executive Director)*	5/6	83
Ms Tan Kar Leng @ Chen Kar Leng *(Independent Non-Executive Director)*	6/6	100
Datuk Tee Eng Ho *(Non-Independent Non-Executive Director)*	6/6	100

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 2019.

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

DIRECTORS	SEMINARS/WORKSHOPS/COURSES
Dato' Azizan bin Abd Rahman	• Non-Financials – Does It Matter • Would A Business Judgement Rule Help Directors Sleep Better at Night • Corporate Liability Provision – How ready are your corporations, directors and management in the event of prosecution
Dato' Seri Tham Ka Hon	• Enterprise Risk Management – A refresher session for the Board of Directors
Mr Kok Tuck Cheong	• Enterprise Risk Management – A refresher session for the Board of Directors • Corporate Liability Provision – How ready are your corporations, directors and management in the event of prosecution
Mdm Kok Meng Chow	• Sustainability Engagement Series for Chief Financial Officers / Chief Sustainability Officers • Enterprise Risk Management – A refresher session for the Board of Directors • Lunch Talk on Budget 2019 • Breakfast Talk – Gender Diversity in the Workplace • Corporate Liability Provision – How ready are your corporations, directors and management in the event of prosecution • Board Evaluation-Mutual Admiration or Thoughtful Reflection
Tan Sri Dato' Seri Mohd Bakke bin Salleh	• Enterprise Risk Management – A refresher session for the Board of Directors • Corporate Liability Provision – How ready are your corporations, directors and management in the event of prosecution
Encik Kamil Ahmad Merican	• Enterprise Risk Management – A refresher session for the Board of Directors
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	• Enterprise Risk Management – A refresher session for the Board of Directors • Corporate Liability Provision – How ready are your corporations, directors and management in the event of prosecution
Datuk Christopher Martin Boyd	• An Overview of the Companies Act 2016 and Key Changes to the Malaysian Code on Corporate Governance • Enterprise Risk Management – A refresher session for the Board of Directors • Would A Business Judgement Rule Help Directors Sleep Better at Night • Corporate Liability Provision – How ready are your corporations, directors and management in the event of prosecution

DIRECTORS	SEMINARS/WORKSHOPS/COURSES
Ms Tan Kar Leng @ Chen Kar Leng	• Transfer Pricing • Understanding Fintech and its implications for Banks Programme • E-learning – Anti-Money Laundering, Sanctions, Data Privacy and Cyber Security, Embedding good conduct, Bribery & Corruption • Cyber security framework and cloud strategy • Enterprise Risk Management – A refresher session for the Board of Directors • Leadership Energy Summit Asia 2018 • Mobile Product Strategy • Islamic Finance for Board of Directors Programme • FIDE FORUM Workshop: Building an Effective Board - Board Selection • HSBC Asian Business Forum 2019 • Interactive Lunch session with Ed Jenkins, Group Head of Wholesale Credit and Market Risk • Reading the Signs: The Next Financial Crisis and Potential Impact on Asia • Corporate Liability Provision – How ready are your corporations, directors and management in the event of prosecution • Dinner Talk - Digital Assets: Global Trends Legal Requirements and Opportunities for Financial Institutions
Datuk Tee Eng Ho	• MFRS 16 Training • Invest Malaysia 2018 – The Capital Market Conversation

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 Company has engaged an external consultant namely KPMG Management & Risk Consulting Sdn Bhd to undertake a review and benchmarking of the Company's existing Non-Executive Directors' fees structure against selected peer companies in property industry and general industry. Following the findings of the review, the Board approved 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 2019 as follows:

BOARD/COMMITTEE	CHAIRMAN (RM'000/YEAR)	MEMBER (RM'000/YEAR)
Board	230	100
Audit Committee	35	25
Risk Management Committee	30	20
Nomination, Remuneration and Scheme Committee	30	20

The detailed disclosure on named basis for the remuneration of individual Directors are set out in the CG Report.

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 have 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 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 Risk Management and Internal Control 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/or Extraordinary General Meeting 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 meetings 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 as platform for engagement with its shareholders as well as to address their concerns. All Directors (save for one Director) and Chairman of Board Committees have attended the previous AGM giving opportunity for shareholders to effectively engage with the 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.

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 2019 ("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 Financial Year under review and up to the date of approval of this Statement.

The Group has adopted a structured risk management framework which is aligned with the principles of the international recognised standard of ISO 31000:2018 (Risk Management - Guidelines). The Group's risk management framework outlines risk management policy, structure, roles of the Board, Management and internal audit as well as the risk management process.

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 Group undertakes an on-going process of identification, assessment, treatment, communication and monitoring of risks. Each risk has a specific risk owner, who is responsible to conduct periodic risk assessment and to ensure risk treatments are effective and action plans to mitigate risks are implemented. Updates and new risks since last review are documented in the risk registers maintained by the respective risk owners. The outcome of the risk management process is brought to the attention of Management at the Executive Committee ("EXCO") Risk Meeting held on quarterly basis.

(iii) 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 a quarterly basis for updates.

(iv) Key risk indicators are established to ensure that significant changes in risk levels are identified in a timely manner and actions are taken appropriately to address the risks.

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

(vi) The Management is also required to perform control self-assessments half-yearly 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.

(vii) 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.

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

(ix) Assessment of the effectiveness and adequacy of the risk management and internal control system are performed by the Risk Management Committee on an 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; and
- 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 periodically 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 provides 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 20 June 2019.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee during the financial year ended 31 March 2019 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

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

(i) with the External Auditors, the audit plan;
(ii) with the External Auditors, their evaluation of the system of internal controls;
(iii) with the External Auditors, their audit report;
(iv) the assistance given by the employees of the Company to the External Auditors;
(v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work; 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 2019. 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 2019.

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 governed by the Group's Internal Audit Charter which defines the purpose, authority, scope of work, responsibility, independence & Code of Ethics. The Group's internal audit function 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 2019 are as follows:

(i) formulated annual risk based audit plan taking into account the Group's risk profile and Senior Management 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) reviewed the adequacy of the policies and procedures of the Group and proposed recommendations for enhancement;
(vi) issued internal audit reports incorporating audit recommendations and Management response;
(vii) followed up on the implementation of corrective action plans to ensure satisfactory actions have been taken to address previous internal audit findings; and
(viii) attended Audit Committee meetings to table and discuss the audit reports and followed up on matters raised.

During the financial year ended 31 March 2019, the internal audit reviews were conducted to assess the adequacy and effectiveness of the Group's internal control over the following business processes:

(i) Recurrent Related Party Transactions
(ii) Risk Management Framework
(iii) Corporate Investment and Planning
(iv) Group Strategy and Communications
(v) Project Planning and Project Management
(vi) Project Closure and Health and Safety

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 2019 amounted to RM221,721.39.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

On 18 March 2019, the Company has issued and allotted 130,230,000 new ordinary stock units at RM0.98 per stock unit under a private placement and raised the total proceeds of RM127,625,400.

The status of the utilisation of proceeds from the private placement is as follows:

PURPOSE	AMOUNT TO BE UTILISED RM' 000	UTILISED AS AT 31 MARCH 2019 RM'000	UNUTILISED AS AT 31 MARCH 2019 RM'000
Loan Repayment	100,000	72,333	27,667
General working capital	26,626	1,551	25,075
Estimated expenses for the private placement	1,000	257	743
Total	**127,626**	**74,141**	**53,485**

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 33 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 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	**–**	**–**	**–**

For the period from 1 April 2018 to 31 March 2019, there were no LTIP Stock Units granted, vested, forfeited and outstanding.

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 the grant dates, but prior to 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%.

The Company is reviewing the salient features of the LTIP Scheme. Accordingly, no new LTIP grant is made until such time the review is approved by the Board.

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 2019 are set out below:

	COMPANY (RM)	GROUP (RM)
Audit Fees	75,000	872,949
Non-Audit Fees	15,000	35,500
Total	**90,000**	**908,449**

4. MATERIAL CONTRACTS

Other than those disclosed in Note 34 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 2019 or entered into since the end of the previous financial year ended 31 March 2018.

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

On 21 August 2018, 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 2019 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)	4,200
Procurement of interior design services and the purchase of interior design products	Interiors International (M) Sdn Bhd	Dato' Seri Tham Ka Hon (2)	373
Receipt of services in relation to piling and main building construction works, bridge construction, edge protection and reclamation works at Seri Tanjung Pinang Phase 2 and other E&O projects from the Kerjaya Group and KProperty Group	Kerjaya Prospek (M) Sdn Bhd	Datuk Tee Eng Ho (3)	170,501
Purchase of properties sold by E&O Group	Dato' Azizan bin Abd Rahman	Dato' Azizan bin Abd Rahman (4)	2,051

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) Datuk Tee Eng Ho is a Director and major stockholder of the Company. The Directors of Kerjaya Prospek (M) Sdn Bhd are Datuk Tee Eng Ho, his spouse and his brother Mr Tee Eng Seng. Mr Tee Eng Seng is also a major stockholder of the Company.

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

St Mary Residences, Kuala Lumpur

FINANCIAL STATEMENTS 2019

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 2019.

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 and joint ventures are disclosed in Notes 18 and 20 to the financial statements respectively.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the financial year	76,364	73,837
Attributable to:		
Owners of the parent	61,918	73,837
Non-controlling interests	14,446	–
	76,364	73,837

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 forfeitures income, property development costs written down and holding costs of the Group and impairment loss on interest in subsidiaries of the Company as disclosed in Notes 6 and 8 to the financial statements.

DIVIDEND

Dividend paid by the Company since 31 March 2018 was as follows:

	RM'000
In respect of the financial year ended 31 March 2018 as reported in the Directors' report of that year:	
First and final dividend by way of distribution of 25,937,951 treasury stock units as stock dividend at the ratio of one (1) treasury stock unit for every fifty (50) ordinary stock units held in the Company on 12 September 2018	36,095

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the current financial year ended 31 March 2019, of 3.0 sen, amounting to total dividend payable of approximately RM42,976,339 (subject to change on the number of ordinary stock units entitled to dividend on date of book closure) will be proposed for stockholders' approval. This is computed based on the issued and paid-up capital as at 31 March 2019, excluding treasury stock units held by the Company of 24,391,896 units. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2020.

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

* 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
Phan Gaik Cher
Renata Agnes Pellegrino
Ng Ee Choo, Linda
Sufian bin Abdullah
Dato' Rosli bin Jaafar *(resigned on 20 February 2019)*

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.

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 34 to the financial statements.

The Directors' benefits are as follows:

	GROUP RM'000	COMPANY RM'000
Fees	1,178	1,075
Salaries and other emoluments	7,598	2,520
Defined contribution plans	1,079	362
Estimated monetary value of benefits-in-kind	328	290
Insurance effected to indemnify Directors*	76	76
	10,259	4,323

* 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 and warrants in the Company during the financial year were as follows:

INTERESTS IN THE COMPANY

	NUMBER OF ORDINARY STOCK UNITS			
	1 APRIL 2018	ACQUIRED	SOLD	31 MARCH 2019
Direct interests:				
Dato' Azizan bin Abd Rahman	8,190,600	163,812	–	8,354,412
Dato' Seri Tham Ka Hon	47,404,500	948,090	–	48,352,590
Kamil Ahmad Merican	2,103,750	42,075	–	2,145,825
Kok Meng Chow	1,611,003	32,220	–	1,643,223
Datuk Christopher Martin Boyd	11,220	224	–	11,444
Indirect interests:				
Dato' Seri Tham Ka Hon	217,169,666	4,343,392	–	221,513,058
Datuk Tee Eng Ho	140,892,580	58,916,830	–	199,809,410

	NUMBER OF WARRANTS			
	1 APRIL 2018	ACQUIRED	EXERCISED	31 MARCH 2019
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

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 and warrants in the Company or its related corporations during the financial year.

ISSUE OF STOCK UNITS

On 18 March 2019, the Company increased its issued and paid-up ordinary share capital from RM1,394,163,000 to RM1,521,789,000 by way of the issuance of 130,230,000 new ordinary stock units pursuant to a private placement at an issue price of RM0.98 per ordinary 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 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 2019, the entire allotted warrants remained unexercised.

TREASURY STOCK UNITS

During the financial year, the Company repurchased 22,991,100 of its issued ordinary stock units from the open market at an average price of RM1.124 per stock unit. The total consideration paid for the repurchase including transaction costs was RM25,852,000. 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 2019, the Company held as treasury stock units a total of 24,391,896 of its 1,456,936,544 issued ordinary stock units. Such treasury stock units are held at a carrying amount of RM27,719,000 and further relevant details are disclosed in Note 31 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 in the financial statements of the Group and of the Company inadequate to any substantial extent; 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 EVENT

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

AUDITORS AND AUDITORS' REMUNERATION

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	410	75
Other auditors	462	–
	872	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 2019.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 June 2019.

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 142 to 288 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2019 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 20 June 2019.

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 142 to 288 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 20 June 2019

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 2019 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 142 to 288.

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 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group 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(b), 2.22, 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 2019, property development revenue of RM588,924,000 and cost of sales of RM300,460,000 are recognised over time. For property development contracts where revenue is recognised over time, the Group uses the input method which is based on the property development costs incurred to date as a proportion of the estimated total property development costs to be incurred for the respective development projects in accounting for the progress towards complete satisfaction of the Group's performance obligation.

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 progress towards complete satisfaction of the Group's performance obligation 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 development costs, profit margin and progress towards complete satisfaction of the Group's performance obligation 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 costs 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 to be incurred;

- We evaluated the determination of the progress towards complete satisfaction of the Group's performance obligation 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(b), 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 2019, a property with a carrying amount of RM163,159,000 accounted for approximately 31% of the Group's property development costs is stated at 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:

- Consideration of the objectivity, independence and expertise of the firm of independent valuers used in determining the net realisable value;
- 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, including evaluation of the estimated costs to complete the development and estimated costs necessary to make the sale.

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

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.

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 Malaysian Financial Reporting Standards, International 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

1) As stated in Note 2.1 to the financial statements, Eastern & Oriental Berhad adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 April 2018 with a transition date of 1 April 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 March 2018 and 1 April 2017, 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 ended 31 March 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 March 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as at 31 March 2019 and financial performance and cash flows for the financial year then ended.

2) 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

TSEU TET KHONG @ TSAU TET KHONG
03374/06/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
20 June 2019

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	NOTE	GROUP 31.3.2019 RM'000	GROUP 31.3.2018 RM'000 (RESTATED)	COMPANY 31.3.2019 RM'000	COMPANY 31.3.2018 RM'000
Revenue	4	**886,320**	982,706	**129,389**	102,941
Cost of sales	5	**(493,709)**	(603,042)	**–**	–
Gross profit		**392,611**	379,664	**129,389**	102,941
Other income	6	**47,134**	76,965	**6,572**	60,426
Administrative expenses		**(65,571)**	(65,835)	**(23,849)**	(25,847)
Selling and marketing expenses		**(7,737)**	(25,897)	**–**	–
Other expenses		**(127,642)**	(103,072)	**(12,521)**	(92,832)
Operating profit		**238,795**	261,825	**99,591**	44,688
Finance costs	7	**(76,793)**	(69,599)	**(25,024)**	(24,103)
Share of results of an associate		**–**	(20)	**–**	–
Share of results of joint ventures		**(104)**	(3,123)	**–**	–
Profit before tax	8	**161,898**	189,083	**74,567**	20,585
Income tax expense	11	**(85,534)**	(79,261)	**(730)**	(2,496)
Profit for the financial year		**76,364**	109,822	**73,837**	18,089
Other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax):					
Foreign currency translation		**(305)**	(573)	**–**	–
Recycled foreign currency translation to profit or loss		**25**	–	**–**	–
		(280)	(573)	**–**	–
Total comprehensive income for the financial year		**76,084**	109,249	**73,837**	18,089
Profit attributable to:					
Owners of the parent		**61,918**	94,298	**73,837**	18,089
Non-controlling interests	18(d)	**14,446**	15,524	**–**	–
		76,364	109,822	**73,837**	18,089
Total comprehensive income for the financial year attributable to:					
Owners of the parent		**61,638**	93,725	**73,837**	18,089
Non-controlling interests		**14,446**	15,524	**–**	–
		76,084	109,249	**73,837**	18,089
Earnings per stock unit attributable to owners of the parent (sen):					
Basic	12	**4.70**	7.21		
Diluted	12	**4.70**	7.21		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	NOTE	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)	1.4.2017 RM'000 (RESTATED)
ASSETS				
Non-current assets				
Property, plant and equipment	14	**228,151**	243,404	255,779
Inventories	15	**1,427,630**	1,365,919	1,229,360
Investment properties	16	**487,993**	491,828	528,143
Intangible assets	17	**93**	181	256
Investment in an associate	19	**–**	–	–
Investment in joint ventures	20	**130,270**	130,374	141,856
Other investments	21	**3,313**	3,371	2,929
Deferred tax assets	22	**12,909**	4,952	4,387
Trade and other receivables	24	**16,995**	5,762	3,610
		2,307,354	2,245,791	2,166,320
Current assets				
Inventories	15	**750,249**	891,703	1,050,196
Trade and other receivables	24	**253,284**	164,493	136,188
Prepayments		**3,755**	12,707	14,682
Tax recoverable		**1,098**	2,649	5,470
Contract assets	4(b)	**–**	198,107	103,061
Contract cost assets	23	**16,441**	51,539	41,004
Other investments	21	**–**	10,000	–
Cash and bank balances	25	**854,833**	521,568	298,929
		1,879,660	1,852,766	1,649,530
Non-current asset and assets of disposal group classified as held for sale	26	**8,000**	–	81,127
		1,887,660	1,852,766	1,730,657
Total assets		**4,195,014**	4,098,557	3,896,977

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019 (CONT'D)

	NOTE	**31.3.2019 RM'000**	31.3.2018 RM'000 (RESTATED)	1.4.2017 RM'000 (RESTATED)
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	27	**505,333**	395,593	281,650
Provisions	28	**39**	39	4,303
Trade and other payables	29	**332,862**	198,084	208,739
Contract liabilities	4(b)	**309,345**	–	–
Provision for retirement benefits	33(a)	**2**	2	5
Income tax payable		**33,192**	30,544	5,334
		1,180,773	624,262	500,031
Liabilities directly associated with disposal group classified as held for sale		**–**	–	24,214
		1,180,773	624,262	524,245
Net current assets		**706,887**	1,228,504	1,206,412
Non-current liabilities				
Loans and borrowings	27	**908,040**	1,254,980	1,250,699
Provisions	28	**152**	152	152
Trade and other payables	29	**13,254**	305,089	328,111
Provision for retirement benefits	33(a)	**282**	246	395
Deferred tax liabilities	22	**43,422**	42,595	41,481
		965,150	1,603,062	1,620,838
Total liabilities		**2,145,923**	2,227,324	2,145,083
Net assets		**2,049,091**	1,871,233	1,751,894
Equity attributable to owners of the parent				
Share capital	30	**1,521,789**	1,394,163	1,274,879
Treasury stock units	31	**(27,719)**	(37,962)	(5,031)
Reserves	32	**513,504**	487,961	428,983
		2,007,574	1,844,162	1,698,831
Non-controlling interests	18(d)	**41,517**	27,071	53,063
Total equity		**2,049,091**	1,871,233	1,751,894
Total equity and liabilities		**4,195,014**	4,098,557	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 2019

	NOTE	**31.3.2019 RM'000**	31.3.2018 RM'000	1.4.2017 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	14	**1,074**	1,301	1,308
Intangible assets	17	**–**	–	–
Interest in subsidiaries	18	**1,452,672**	1,493,790	1,589,711
Other receivables	24	**343**	322	–
		1,454,089	1,495,413	1,591,019
Current assets				
Other receivables	24	**345,642**	285,289	195,550
Prepayments		**221**	287	235
Cash and bank balances	25	**195,829**	25,322	8,224
		541,692	310,898	204,009
Total assets		**1,995,781**	1,806,311	1,795,028
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	27	**218,061**	47,135	50,042
Provisions	28	**39**	39	39
Trade and other payables	29	**19,093**	17,496	79,256
Income tax payable		**408**	1,230	–
		237,601	65,900	129,337
Net current assets		**304,091**	244,998	74,672
Non-current liability				
Loans and borrowings	27	**185,888**	343,730	329,189
Total liabilities		**423,489**	409,630	458,526
Net assets		**1,572,292**	1,396,681	1,336,502
Equity attributable to owners of the parent				
Share capital	30	**1,521,789**	1,394,163	1,274,879
Treasury stock units	31	**(27,719)**	(37,962)	(5,031)
Reserves	32	**78,222**	40,480	66,654
Total equity		**1,572,292**	1,396,681	1,336,502
Total equity and liabilities		**1,995,781**	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 2019

		ATTRIBUTABLE TO OWNERS OF THE PARENT							
		NON-DISTRIBUTABLE				DISTRIBUTABLE			
	NOTE	SHARE CAPITAL RM'000	TREASURY STOCK UNITS RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	OTHER RESERVE RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2018 (as previously stated)		1,394,163	(37,962)	(3,381)	958	493,222	1,847,000	27,107	1,874,107
Effect of transition to MFRS	2.2	–	–	–	–	(2,838)	(2,838)	(36)	(2,874)
At 1 April 2018 (restated)		1,394,163	(37,962)	(3,381)	958	490,384	1,844,162	27,071	1,871,233
Profit for the financial year		–	–	–	–	61,918	61,918	14,446	76,364
Other comprehensive loss		–	–	(280)	–	–	(280)	–	(280)
Total comprehensive income for the financial year		–	–	(280)	–	61,918	61,638	14,446	76,084
Transactions with owners									
Issue of ordinary stock units pursuant to private placement	30	127,626	–	–	–	–	127,626	–	127,626
Redemption of preference shares		–	–	–	68	(68)	–	–	–
Purchase of treasury stock units	31	–	(25,852)	–	–	–	(25,852)	–	(25,852)
Stock dividend distributed to stockholders	13	–	36,095	–	–	(36,095)	–	–	–
Total transactions with owners		127,626	10,243	–	68	(36,163)	101,774	–	101,774
At 31 March 2019		**1,521,789**	**(27,719)**	**(3,661)**	**1,026**	**516,139**	**2,007,574**	**41,517**	**2,049,091**

		ATTRIBUTABLE TO OWNERS OF THE PARENT								
		NON-DISTRIBUTABLE					DISTRIBUTABLE			
	NOTE	SHARE CAPITAL RM'000	LTIP RESERVE RM'000	TREASURY STOCK UNITS RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	OTHER 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	4,644	(5,031)	(2,808)	956	426,191	1,698,831	53,063	1,751,894
Profit for the financial year (restated)	2.2	–	–	–	–	–	94,298	94,298	15,524	109,822
Other comprehensive loss		–	–	–	(573)	–	–	(573)	–	(573)
Total comprehensive income for the financial year		–	–	–	(573)	–	94,298	93,725	15,524	109,249
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	31	–	–	(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	(4,644)	(32,931)	–	2	(30,105)	51,606	(41,516)	10,090
At 31 March 2018		1,394,163	–	(37,962)	(3,381)	958	490,384	1,844,162	27,071	1,871,233

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 2019

	NOTE	SHARE CAPITAL RM'000	NON-DISTRIBUTABLE TREASURY STOCK UNITS RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
At 1 April 2018		1,394,163	(37,962)	40,480	1,396,681
Profit for the financial year, representing total comprehensive income for the financial year		–	–	73,837	73,837
Transactions with owners					
Issue of ordinary stock units pursuant to private placement	30	127,626	–	–	127,626
Purchase of treasury stock units	31	–	(25,852)	–	(25,852)
Stock dividend distributed to stockholders	13	–	36,095	(36,095)	–
Total transactions with owners		127,626	10,243	(36,095)	101,774
At 31 March 2019		**1,521,789**	**(27,719)**	**78,222**	**1,572,292**

	NOTE	SHARE CAPITAL RM'000	NON-DISTRIBUTABLE LTIP RESERVE RM'000	NON-DISTRIBUTABLE TREASURY STOCK UNITS RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
At 1 April 2017		1,274,879	4,644	(5,031)	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	31	–	–	(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	(4,644)	(32,931)	(39,619)	42,090
At 31 March 2018		1,394,163	–	(37,962)	40,480	1,396,681

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 2019

	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
OPERATING ACTIVITIES		
Profit before tax	**161,898**	189,083
Adjustments for:		
Allowances for expected credit losses on:		
- trade receivables	**627**	891
- other receivables	**1**	3
Amortisation of intangible assets	**88**	91
Depreciation of property, plant and equipment	**15,061**	14,960
Bad debts written off	**155**	4
Net loss from fair value adjustment of investment properties	**3,922**	28,329
Unwinding of discounts - net	**7,085**	(747)
Net fair value loss/(gain) on other investments at fair value through profit or loss	**58**	(442)
Interest expense	**69,528**	69,236
Loss on liquidation of subsidiaries	**77**	–
Property, plant and equipment written off	**203**	13
Impairment loss on property, plant and equipment	**6,966**	20
Land held for property development written down	**5,307**	571
Property development costs written down	**14,424**	–
Completed properties written down	**–**	4,174
Reversal of expected credit losses on trade receivables	**(312)**	–
Reversal of impairment loss on investment in an associate	**–**	(85)
Net loss/(gain) on disposal of:		
- subsidiary	**–**	(24,493)
- property, plant and equipment	**2**	(101)
Unrealised loss on foreign exchange	**5,604**	7,533
Interest income	**(24,695)**	(18,673)
Dividend income	**(11)**	(11)
Share of results of an associate	**–**	20
Share of results of joint ventures	**104**	3,123
LTIP income	**–**	(1,371)
Provision for retirement benefits	**45**	331
Reversal of provision for estimated repair costs	**–**	(162)
Operating profit before changes in working capital carried forward	**266,137**	272,297

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (CONT'D)

	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
Operating profit before changes in working capital brought forward	**266,137**	272,297
Changes in working capital:		
Inventories	**36,276**	(80,776)
Receivables	**100,253**	(129,795)
Payables	**139,349**	(34,426)
Contract cost assets	**62,732**	121,961
Cash flows from operations	**604,747**	149,261
Interest received	**25,275**	20,108
Interest paid	**(68,314)**	(72,441)
Income taxes refunded	**390**	7,974
Income taxes paid	**(90,613)**	(55,513)
Real property gains tax paid	**–**	(1,675)
Retirement benefits paid	**(9)**	(483)
Net cash flows from operating activities	**471,476**	47,231

INVESTING ACTIVITIES

	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
Purchase of property, plant and equipment	**(6,599)**	(2,488)
Purchase of intangible assets	**–**	(16)
Purchase of other investments	**–**	(10,000)
Purchase of investment properties		
- additions (subsequent expenditures)	**(2,030)**	–
Proceeds from disposal of property, plant and equipment	**186**	102
Proceeds from disposal of other investments	**10,000**	–
Net cash inflows from disposal of subsidiary	**–**	51,742
Proceeds from subscription of equity interest in a subsidiary by non-controlling interests	**–**	1,000
Profit distribution from a joint venture	**–**	10,053
Acquisition of remaining equity interest in a subsidiary	**–**	(33,000)
Profit distribution from an associate	**–**	65
Other dividends received	**11**	11
Net cash flows from investing activities	**1,568**	17,469

	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
FINANCING ACTIVITIES		
Purchase of treasury stock units	**(25,852)**	(32,931)
Proceeds from issuance of ordinary stock units	**127,626**	115,920
Drawdown of borrowings	**377,871**	280,522
Repayment of borrowings	**(613,055)**	(192,722)
Repayment of obligations under finance lease	**(512)**	(471)
Dividends paid	**–**	(39,619)
Placement of deposits with licensed banks	**(449)**	(3,947)
Net cash flows (used in)/from financing activities	**(134,371)**	126,752
Net increase in cash and cash equivalents	**338,673**	191,452
Effect of exchange rate changes	**(305)**	(573)
Cash and cash equivalents at the beginning of financial year	**476,705**	285,826
Cash and cash equivalents at the end of financial year (Note 25)	**815,073**	476,705

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 2019

	31.3.2019 RM'000	31.3.2018 RM'000
OPERATING ACTIVITIES		
Profit before tax	**74,567**	20,585
Adjustments for:		
Unwinding of discounts - net	**(21)**	50
Allowance for expected credit losses on other receivables	**207**	144
Depreciation of property, plant and equipment	**440**	432
Net impairment loss/(reversal of impairment loss) on interest in subsidiaries	**9,768**	(7,065)
Interest expense	**25,024**	24,053
Interest in subsidiary written off	**–**	38,451
Unrealised loss on foreign exchange	**2,491**	2,851
Dividend income	**(121,676)**	(95,669)
Reversal of expected credit losses on other receivables	**–**	(7)
Interest income	**(6,456)**	(3,969)
Loss/(gain) on disposal of property, plant and equipment	**20**	(4)
Property, plant and equipment written off	**–**	4
LTIP income	**–**	(854)
Operating loss before changes in working capital	**(15,636)**	(20,998)
Changes in working capital:		
Receivables	**5,626**	219
Payables	**(1,496)**	2,762
Cash flows used in operations	**(11,506)**	(18,017)
Interest paid	**(11,250)**	(11,572)
Income taxes paid	**(1,552)**	(1,266)
Net cash flows used in operating activities	**(24,308)**	(30,855)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(314)**	(430)
Proceeds from disposal of property, plant and equipment	**81**	5
Dividends received	**181,186**	76,212
Interest received	**6,357**	3,538
Net cash flows from investing activities	**187,310**	79,325

	31.3.2019 RM'000	31.3.2018 RM'000
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary stock units	**127,626**	115,920
Drawdown of borrowings	**35,000**	21,500
Repayment of borrowings	**(34,300)**	(45,000)
Repayment of obligations under finance lease	**–**	(42)
Net repayment to subsidiaries	**(93,474)**	(73,335)
Dividends paid	**–**	(39,619)
Purchase of treasury stock units	**(25,852)**	(32,931)
Placement of deposits with licensed banks	**(4)**	(4)
Net cash flows from/(used in) financing activities	**8,996**	(53,511)
Net increase/(decrease) in cash and cash equivalents	**171,998**	(5,041)
Cash and cash equivalents at the beginning of financial year	**1,366**	6,407
Cash and cash equivalents at the end of financial year (Note 25)	**173,364**	1,366

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

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 and joint ventures are disclosed in Notes 18 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 20 June 2019.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 (the "Act") in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 March 2019 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9: Financial Instruments and MFRS 15: Revenue from Contracts with Customers. Subject to certain transition elections as disclosed in Note 2.2, the Group and the Company have consistently applied the same accounting policies in their opening MFRS statement of financial position as at 1 April 2017, being the transition date, and throughout all financial years presented, as if these policies had always been in effect. The impact of the transition to MFRS on the Group's reported financial position and financial performance, are disclosed 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 First-time adoption of Malaysian Financial Reporting Standards

The financial statements of the Group and of the Company for the financial year ended 31 March 2019 are the first set of the financial statements prepared in accordance with MFRS.

Accordingly, the Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 March 2019, together with the comparative period data for the financial year ended 31 March 2018, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statement of financial position was prepared as at 1 April 2017, the Group's and the Company's date of transition to MFRS. This note explains the principal adjustments made by the Group and by the Company in restating their Financial Reporting Standards ("FRS") financial statements, including the statements of financial position as at 1 April 2017 and the financial statements for the financial year ended 31 March 2018.

The effects of the Group's and of the Company's transition to MFRSs are as follows:

(i) As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRS. The Group has elected not to apply MFRS 3: Business Combinations and MFRS 10: Consolidated Financial Statements retrospectively, that is not to restate any of its business combinations that occurred before the date of transition to MFRS.

(ii) MFRS 1 provides the option to apply MFRS 123: Borrowing Costs, prospectively from the date of transition or from a specified date prior to the date of transition. This provides relief from full retrospective application of MFRS 123 which would require restatement of borrowing costs component capitalised prior to the date of transition. The Group has elected to apply MFRS 123 prospectively from the date of transition.

(iii) The classification of certain item in the comparative information is changed in conformity with current period presentation and classification.

(iv) Under FRS, the Group applies FRS 111: Construction Contracts, FRS 118: Revenue, FRS 201: Property Development Activities and related Interpretations. MFRS 15: Revenue from Contracts with Customers establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group and the Company adopted MFRS 15 using the full retrospective method of adoption. The adoption of MFRS 15 did not have material impact on the Group's statement of comprehensive income. Certain balances have been reclassified to conform with the requirements of MFRS 15.

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

2.2 First-time adoption of Malaysian Financial Reporting Standards (cont'd)

The effects of the Group's and of the Company's transition to MFRSs are as follows (cont'd):

(v) MFRS 1 allows for the exemption from the requirements to restate comparative information for MFRS 9: Financial Instruments. Accordingly, the Group and the Company have applied the requirements of FRS in place of the requirements of MFRS 9 to comparative information about items within the scope of MFRS 9.

(a) Classification and measurement

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and to the Company. Trade and other receivables classified as loans and receivables as at 31 March 2018 are classified and measured as debt instruments at amortised cost beginning 1 April 2018 as they are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss ("FVTPL") and other comprehensive income ("OCI"). There are no changes in classification and measurement for the Group's and for the Company's financial liabilities.

(b) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at FVTPL and contract assets.

The Group and the Company applied the simplified approach and record lifetime expected losses on all trade receivables.

The adoption of MFRS 9 did not have a significant financial impact on the Group's and on the Company's financial statements.

The effects of transition to MFRS on the financial statements of the Group are as follows:

(a) Reconciliation of consolidated statement of comprehensive income for the financial year ended 31 March 2018

	FOR THE FINANCIAL YEAR ENDED 31.3.2018 UNDER FRS RM'000		EFFECTS OF TRANSITION TO MFRS RM'000	FOR THE FINANCIAL YEAR ENDED 31.3.2018 UNDER MFRS RM'000
Revenue	982,706			982,706
Cost of sales	(607,878)	(ii)	4,836	(603,042)
Gross profit	374,828			379,664
Other income	76,965			76,965
Administrative expenses	(65,835)			(65,835)
Selling and marketing expenses	(25,897)			(25,897)
Other expenses	(103,072)			(103,072)
Operating profit	256,989			261,825
Finance costs	(61,045)	(ii)	(8,554)	(69,599)
Share of results of an associate	(20)			(20)
Share of results of joint ventures	(2,876)	(ii)	(247)	(3,123)
Profit before tax	193,048			189,083
Income tax expense	(80,352)	(ii)	1,091	(79,261)
Profit for the financial year	112,696			109,822
Other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax):				
Foreign currency translation	(573)			(573)
Total comprehensive income for the financial year	112,123			109,249

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

2.2 First-time adoption of Malaysian Financial Reporting Standards (cont'd)

The effects of transition to MFRS on the financial statements of the Group are as follows (cont'd):

(b) Reconciliation of consolidated statement of financial position as at 31 March 2018

	AS AT 31.3.2018 UNDER FRS RM'000		EFFECTS OF TRANSITION TO MFRS RM'000	AS AT 31.3.2018 UNDER MFRS RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	243,404			243,404
Land held for property development	1,401,765	(iii, iv)	(1,401,765)	–
Inventories	–	(ii, iii)	1,365,919	1,365,919
Investment properties	491,828			491,828
Intangible assets	181			181
Investment in joint ventures	130,621	(ii)	(247)	130,374
Other investments	3,371			3,371
Deferred tax assets	3,861	(ii)	1,091	4,952
Trade and other receivables	5,762			5,762
	2,280,793			2,245,791
Current assets				
Property development costs	586,697	(iii, iv)	(586,697)	–
Inventories	324,417	(ii, iii)	567,286	891,703
Trade and other receivables	164,493			164,493
Prepayments	12,707			12,707
Tax recoverable	2,649			2,649
Accrued billing in respect of property development costs	198,107	(iii, iv)	(198,107)	–
Contract assets	–	(iii, iv)	198,107	198,107
Contract cost assets	–	(iii, iv)	51,539	51,539
Other investments	10,000			10,000
Cash and bank balances	521,568			521,568
	1,820,638			1,852,766
Total assets	4,101,431			4,098,557

	AS AT 31.3.2018 UNDER FRS RM'000		EFFECTS OF TRANSITION TO MFRS RM'000	AS AT 31.3.2018 UNDER MFRS RM'000
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	395,593			395,593
Provisions	39			39
Trade and other payables	198,084			198,084
Provision for retirement benefits	2			2
Income tax payable	30,544			30,544
	624,262			624,262
Net current assets	1,196,376			1,228,504
Non-current liabilities				
Loans and borrowings	1,254,980			1,254,980
Provisions	152			152
Trade and other payables	305,089			305,089
Provision for retirement benefits	246			246
Deferred tax liabilities	42,595			42,595
	1,603,062			1,603,062
Total liabilities	2,227,324			2,227,324
Net assets	1,874,107			1,871,233
Equity attributable to owners of the parent				
Share capital	1,394,163			1,394,163
Treasury stock units	(37,962)			(37,962)
Reserves	490,799	(ii)	(2,838)	487,961
	1,847,000			1,844,162
Non-controlling interests	27,107	(ii)	(36)	27,071
Total equity	1,874,107			1,871,233
Total equity and liabilities	4,101,431			4,098,557

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

2.2 First-time adoption of Malaysian Financial Reporting Standards (cont'd)

The effects of transition to MFRS on the financial statements of the Group are as follows (cont'd):

(c) Reconciliation of consolidated statement of financial position as at 1 April 2017

	AS AT 1.4.2017 UNDER FRS RM'000		EFFECTS OF TRANSITION TO MFRS RM'000	AS AT 1.4.2017 UNDER MFRS RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	255,779			255,779
Land held for property development	1,229,360	(iii, iv)	(1,229,360)	–
Inventories	–	(iii)	1,229,360	1,229,360
Investment properties	528,143			528,143
Intangible assets	256			256
Investment in joint ventures	141,856			141,856
Other investments	2,929			2,929
Deferred tax assets	4,387			4,387
Trade and other receivables	3,610			3,610
	2,166,320			2,166,320
Current assets				
Property development costs	634,561	(iii, iv)	(634,561)	–
Inventories	456,639	(iii)	593,557	1,050,196
Trade and other receivables	136,188			136,188
Prepayments	14,682			14,682
Tax recoverable	5,470			5,470
Accrued billing in respect of property development costs	103,061	(iii, iv)	(103,061)	–
Contract assets	–	(iii, iv)	103,061	103,061
Contract cost assets	–	(iii, iv)	41,004	41,004
Cash and bank balances	298,929			298,929
	1,649,530			1,649,530
Assets of disposal group classified as held for sale	81,127			81,127
	1,730,657			1,730,657
Total assets	3,896,977			3,896,977

	AS AT 1.4.2017 UNDER FRS RM'000	EFFECTS OF TRANSITION TO MFRS RM'000	AS AT 1.4.2017 UNDER MFRS RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	281,650		281,650
Provisions	4,303		4,303
Trade and other payables	208,739		208,739
Provision for retirement benefits	5		5
Income tax payable	5,334		5,334
	500,031		500,031
Liabilities directly associated with disposal group classified as held for sale	24,214		24,214
	524,245		524,245
Net current assets	1,206,412		1,206,412
Non-current liabilities			
Loans and borrowings	1,250,699		1,250,699
Provisions	152		152
Trade and other payables	328,111		328,111
Provision for retirement benefits	395		395
Deferred tax liabilities	41,481		41,481
	1,620,838		1,620,838
Total liabilities	2,145,083		2,145,083
Net assets	1,751,894		1,751,894
Equity attributable to owners of the parent			
Share capital	1,274,879		1,274,879
Treasury stock units	(5,031)		(5,031)
Reserves	428,983		428,983
	1,698,831		1,698,831
Non-controlling interests	53,063		53,063
Total equity	1,751,894		1,751,894
Total equity and liabilities	3,896,977		3,896,977

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

2.3 Standards and interpretation issued but not yet effective

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

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
• MFRS 9: Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
• MFRS 16: Leases	1 January 2019
• MFRS 128: Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
• Annual Improvements to MFRSs 2015 - 2017 Cycle	1 January 2019
• MFRS 119: Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
• IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
• Revised Conceptual Framework for Financial Reporting	1 January 2020
• MFRS 3: Definition of a Business (Amendments to MFRS 3)	1 January 2020
• MFRS 101: Definition of Material (Amendments to MFRS 101)	1 January 2020
• MFRS 108: Definition of Material (Amendments to MFRS 108)	1 January 2020
• MFRS 17: Insurance Contracts	1 January 2021
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

MFRS 16: Leases

MFRS 16 will replace MFRS 117: Leases, IC Interpretation 4: Determining Whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The Group has a number of operating leases for assets which includes a tower block and business premises.

MFRS 16 will be adopted by the Group from 1 April 2019 using the modified retrospective transition approach which measures the lease liabilities based on the present value of future lease payments calculated using the incremental borrowing rate and exchange rate at date of transition. Lease payments would be split into principal and interest payments, using the effective interest method.

Correspondingly, the right-of-use ("ROU") assets will be the present value of the liability at the commencement date of the lease, adding any directly attributable costs. The ROU asset will be depreciated on a straight-line basis over the shorter of the lease term and useful life of the leased asset.

The following practical expedients as permitted by the standards have been adopted:

- leases of less than 12 months duration and leases for low value items are excluded. Rental payments associated with these leases will be recognised in the income statement on a straight-line basis over the life of the lease;

- initial direct costs incurred on leases are excluded from the measurement of the ROU assets at the date of initial application; and

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

The adoption of MFRS 16 will require the Group to make judgment on the discount rates used on transition to discount future lease payments (i.e. Group's incremental borrowing rates).

The Group expects that the following assets and liabilities will be recognised on the consolidated statement of financial position at 1 April 2019 on adoption of MFRS 16:

	AUDITED 31.3.2019 RM'000	PRELIMINARY MFRS 16 ADJUSTMENTS RM'000	AFTER ADOPTION OF MFRS 16 RM'000
Statement of financial position			
Right of use assets	–	70,473	70,473
Lease liabilities	–	70,473	70,473

The assessment is based on present day available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in the financial year ending 31 March 2020 when the Group adopts MFRS 16.

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 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 equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9: Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.6 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 investments in associate and joint ventures are accounted for using the equity method.

Under the equity method, the investments 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 consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate and 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 consolidated 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 interests 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 consolidated 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 consolidated 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Property, plant and equipment

Capital work-in-progress is stated at cost, net of accumulated impairment losses, if any. 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% - 20%
Office equipment, renovation and furniture and fittings	10% - 33%
Vessel	10%
Motor vehicles	20%

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

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

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

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value (“NRV”). NRV is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(a) Food, beverages, tobacco and general supplies

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

(b) Inventory properties

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and NRV.

Cost includes:

- freehold and leasehold rights for land;
- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money if material.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size or value of the property sold.

Where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle, such inventory property is classified within non-current assets as land held for development.

Inventory properties are classified 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.

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

2.10 Investment properties

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

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

Investment properties are derecognised either when they have been disposed of 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.

2.11 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 ("CGU") 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 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 CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

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

2.12 Impairment of non-financial assets (cont'd)

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 financial 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.

2.13 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

Current financial year

A financial instrument is initially measured at fair value. For a financial instrument not recorded at fair value through profit or loss is initially measured at fair value plus or minus transaction costs. However, a trade receivable without a significant financing component is initially measured at the transaction price.

Previous financial year

A financial instrument is initially measured at fair value. For a financial instrument not recorded at fair value through profit or loss is initially measured at fair value plus or minus transaction costs.

(ii) Categories of financial instruments and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequently unless there is a change in the business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised costs

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) FVOCI – debt securities

A debt security is measured at fair value through OCI ("FVOCI") if it is held within a business model with the objective of not holding to collect contractual cash flows and selling; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as at FVTPL.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(c) FVOCI – equity securities

For an equity investment that is not held for trading, the Group or the Company may irrevocably elect to subsequently measure the equity securities at FVOCI on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

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

2.13 Financial instruments – initial recognition and subsequent measurement (cont'd)

(ii) Categories of financial instruments and subsequent measurement (cont'd)

Financial assets (cont'd)

Current financial year (cont'd)

(d) Fair value through profit or loss

All financial assets not classified and measured at amortised costs or FVOCI are measured at FVTPL. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gain or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment.

Previous financial year

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

Financial assets held for trading and derivatives not designated as effective hedging instruments were classified at FVTPL. Such financial assets were subsequently measured at their fair values with the gain or loss taken to profit or loss.

(b) Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. Loans and receivables were subsequently measured at amortised cost using effective interest method.

(c) Held-to-maturity financial assets

Held-to-maturity financial assets were non-derivative quoted financial assets with fixed or determinable payments and fixed maturities that the Group or the Company had the positive intention and ability to hold to maturity. Held-to-maturity financial assets were subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale ("AFS") financial assets were non-derivatives that are either designated in this category or not classified in any of the other categories. AFS financial assets were subsequently measured at fair value with changes in fair value taken to OCI, except for impairment losses. On derecognition, the cumulative gain or loss recognised in OCI was reclassified from equity into profit or loss. Interest calculated from a debt instrument using the effective interest method was recognised in profit or loss.

All financial assets, except for those measured at FVTPL were subject to impairment assessment.

Impairment of financial assets

Current financial year

An allowance is recognised for ECLs for all debt instruments carried at amortised cost and fair value through OCI, contract assets and lease receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at the original effective interest rate ("EIR"). The expected cash flows will include cash flows from the sale of collaterals held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. When estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Previous financial year

All financial assets (except for financial asset categorised as FVTPL, investments in subsidiaries and associates) were assessed at each reporting date whether there was any objective evidence of impairment. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial assets was estimated.

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

2.13 Financial instruments – initial recognition and subsequent measurement (cont'd)

(ii) Categories of financial instruments and subsequent measurement (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

Previous financial year (cont'd)

An impairment loss in respect of loan and receivables and held-to-maturity investments was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of AFS financial assets was recognised in profit or loss and was measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an AFS financial asset had been recognised in the OCI, the cumulative loss in OCI was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in any equity instrument classified as AFS was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

Financial liabilities

Current financial year

The categories of financial liabilities, classified at initial recognition are as follows:

(a) Fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group or the Company that do not meet the hedge accounting criteria.

Financial liabilities categorised as FVTPL are subsequently measured at their fair value with gains or losses, including any interest expense recognised in profit or loss.

For financial liabilities where it is designated as FVTPL upon initial recognition, the amount of change in fair value of the financial liability that is attributable to change in credit risk are recognised in the OCI and the remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the credit risk of the liability would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities were subsequently measured at amortised cost other than those categorised as FVTPL. For financial liabilities measured at amortised cost, interest expense and foreign exchange gains and losses were recognised in profit or loss.

Financial liabilities categorised as FVTPL were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received is recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 profit or loss.

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

2.13 Financial instruments – initial recognition and subsequent measurement (cont'd)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement 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.

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Current financial year

Financial guarantees issued are initially measured at fair value, net of transaction costs. Subsequently, they are measured at the higher of the amount of the loss allowance; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with MFRS 15.

Previous financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date, and the amount initially recognised less cumulative amortisation.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

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

2.20 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 is classified as a finance lease.

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

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group 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.

2.21 Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups 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 or disposal group 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 plan to sell the asset or disposal group and the sale is expected to be completed within one year from the date of the classification.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

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.

2.22 Revenue

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax or sales and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Group recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

(a) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

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

2.22 Revenue (cont'd)

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Group recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below (cont'd):

(c) Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Generally, the Group receives progress payment in advance from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(d) Allocate the transaction price to the performance obligation in the contract

For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when (or as) the Group satisfies a performance obligation

The Group satisfies a performance obligation and recognise revenue over time if the Group's performance:

(i) do not create an asset with an alternative use to the Group and has an enforceable right to payment for performance obligation completed to-date; or

(ii) create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) provide benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

For performance obligations that the Group satisfies over time, the Group determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's effort and the transfer of service to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.1(a).

The following describes the performance obligation in contracts with customers:

(1) Sale of property

The Group enters into contracts with customers to sell properties that are either complete or under development.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time using input method, by reference to the progress towards complete satisfaction of that performance obligation based on the property development costs incurred to date as a proportion of the estimated total property development costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified development milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received progress payment in advance from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

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

2.22 Revenue (cont'd)

The following describes the performance obligation in contracts with customers (cont'd):

(2) 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 or sales and services tax.

(3) Management fees

Management fees are recognised when services are rendered.

(4) Other revenue

Revenue from other sources are recognised as follows:

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

(b) Interest income is recognised using the effective interest method.

(c) 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.

Contract cost

The Group incurs commissions that are incremental costs of obtaining a contract with a customer. Where the amortisation period is longer than one year, the Group capitalises the incremental costs of obtaining a contract that meet the criteria in MFRS 15. Costs incurred by the Group to fulfil a contract prior to the commencement of its performance (e.g., tendering costs) are mostly general and administrative expenses that are expensed as incurred.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.13.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.23 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.

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

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

(c) Goods and Service 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.

Effective from 1 June 2018, the rate was reduced from 6% to 0% and GST was subsequently abolished and replaced by Sales and Service Tax on 1 September 2018.

(d) Sales and Service Tax ("SST")

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset applicable as SST is not recoverable from the taxation authority.

Whereas, revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.24 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.

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

2.24 Foreign currencies (cont'd)

(a) Transactions and balances (cont'd)

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.

2.25 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 the Act, a distribution is authorised when it is approved by the stockholders.

A corresponding amount is recognised directly in equity.

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

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

2.26 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.

(c) Defined benefit plans

Two subsidiaries of the Company, namely Eastern & Oriental Hotel Sdn. Berhad and E&O Vista 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 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.

2.28 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.

2.29 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.

2.30 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.

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

2.30 Fair value measurement (cont'd)

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 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 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) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations

The Group enters into contracts with customers to sell properties that are either completed or under development.

The sale of completed property is generally expected to be the only performance obligation and the Group has determined that it will be satisfied at the point in time when control transfers. For unconditional exchange of contracts, this is generally expected to be when legal title transfers to the customer. For conditional exchanges, this is expected to be when all significant conditions are satisfied.

For contracts relating to the sale of properties under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures (e.g., windows, doors, cabinetry, etc.) and finishing work. In such contracts, the Group has determined that the goods and services are not distinct and will generally account for them as a single performance obligation.

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

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

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 (cont'd):

(a) Revenue from contracts with customers (cont'd)

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers (cont'd):

Determining the timing of satisfaction of performance obligation

For the sale of development properties, the Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group considered the terms of the contracts entered into with customers and the provisions of relevant laws and regulations applicable to the contracts. The assessment of whether the Group has an enforceable right to payment for performance completed to date involves judgement made in determining the enforceability of the right to payment under the legal environment of the jurisdictions where the contracts are subject to.

For contracts that meet the over time recognition criteria, the Group determined that the input method is the best method in measuring progress of the development because there is direct relationship between the Group's effort (i.e., resources consumed, labour hours expended and costs incurred) and the transfer control of goods and services to the customer.

Consideration of significant financing component in a contract

For contracts involving the sale of properties under development recognised over time, customers generally make progress payments as work goes on. The Group concluded that there is no significant financing component for those contracts as the length of time between when the customers pays for the asset and when the Group transfers the asset to the customer will be one year or less.

Determining method to estimate variable consideration and assessing the constraint

The contracts for the sale of property include delay penalties that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of property with delay penalties.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

(b) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 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.

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

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

For the sale of inventory properties where the Group satisfies its performance obligations over time, management has determined that a input method provides a faithful depiction of the Group's performance in transferring control of the inventory properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the inventory properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the inventory properties.

The estimated total property development costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project team and quantity surveyors to make estimates of the amounts to be incurred.

The carrying amounts of contract cost assets of the Group arising from property development activities are disclosed in Note 23.

(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 different 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(a).

(c) Estimation of net realisable value for inventory property

Inventory property is stated at the lower of cost and 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 land held for property development and property development costs is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

The carrying amount of the Group's inventory properties at the reporting date is disclosed in Note 15.

(d) Impairment on interest in subsidiaries

The Company conducts impairment reviews of investment in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether these investments are impaired requires an estimation of their recoverable amounts which is the higher of the asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from these assets including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

During the financial year, after reviewing the business environment as well as the Company's strategies, past and future performance of its investment in subsidiaries, management concluded that there were impairment losses in the investment in subsidiaries amounting to RM9,768,000 as disclosed in Note 18.

(e) Provision for expected credit losses of trade and other receivables and contract assets

The Group and the Company assess the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition on an individual basis. To determine whether there is a significant increase in credit risks, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is a significant increase in credit risk, the Group and the Company determine the lifetime expected credit loss by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or in full when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

The information about the ECLs on the Group's contract assets and trade and other receivables is disclosed in Notes 4 and 24 respectively.

(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 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) 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.

(h) 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(d) respectively.

4. REVENUE

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Revenue from contracts with customers (Note (a))	**869,574**	966,918	**7,713**	7,272
Rental income (Note 16)	**16,735**	15,777	**–**	–
Dividend income	**11**	11	**121,676**	95,669
	886,320	982,706	**129,389**	102,941

(a) Disaggregated revenue information:

Set out below is the disaggregation of the Group's and of the Company's revenue from contracts with customers:

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Properties:				
- Sale of properties under development	**588,924**	605,946	**–**	–
- Sale of completed properties	**192,562**	256,611	**–**	–
- Sale of land	**706**	1,674	**–**	–
Hotel and restaurant operations	**84,348**	98,872	**–**	–
Management services fees	**3,034**	3,815	**7,713**	7,272
Total revenue from contracts with customers	**869,574**	966,918	**7,713**	7,272

Timing of revenue recognition

	GROUP		COMPANY	
At a point in time	**280,650**	360,972	**7,713**	7,272
Over time	**588,924**	605,946	**–**	–
	869,574	966,918	**7,713**	7,272

4. REVENUE (CONT'D)

(b) Contract balances

	GROUP		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Trade receivables, net (Note 24(a)):			
- current	**192,951**	86,576	82,163
- non-current	**14,681**	2,909	2,527
Contract assets	**–**	198,107	103,061
Contract liabilities	**(309,345)**	–	–

The Group has recognised expected credit losses on trade receivables amounting to RM2,829,000 (2018: RM2,514,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for sale of development properties. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received progress payment in advance from customers for sale of development properties.

Contract liabilities are recognised as revenue as the Group performs under the contract.

(c) Remaining performance obligations

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) are, as follows:

	GROUP	
	31.3.2019 RM'000	31.3.2018 RM'000
Within one year	**46,706**	310,916
More than one year	**406,044**	788,051
	452,750	1,098,967

5. COST OF SALES

	GROUP	
	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
Properties:		
- property development costs (Note 23(c))	**300,460**	385,707
- cost of completed properties (Note (a))	**119,974**	142,666
- cost of land sold (Note 15(a))	**681**	1,127
Rental related costs (Note 16)	**11,703**	9,852
Cost of hotel and restaurant operations	**51,923**	55,733
Cost of sales with respect to management services rendered	**8,968**	7,957
	493,709	603,042

(a) Cost of completed properties

Analysed into:		
- contract cost assets (Note 23(c))	**2,196**	–
- completed properties (Note 15(c))	**117,778**	142,666
	119,974	142,666

6. OTHER INCOME

	GROUP 31.3.2019 RM'000	GROUP 31.3.2018 RM'000	COMPANY 31.3.2019 RM'000	COMPANY 31.3.2018 RM'000
Interest income from:				
- subsidiaries	**–**	–	**4,911**	3,207
- deposits with licensed banks	**20,941**	12,266	**1,545**	762
- advances to joint ventures	**2,984**	3,524	**–**	–
- others	**770**	2,883	**–**	–
Reversal of expected credit losses on:				
- trade receivables (Note 24(a))	**312**	–	**–**	–
- other receivables (Note 24(d))	**–**	–	**–**	7
Reversal of impairment loss on:				
- interest in subsidiaries	**–**	–	**–**	56,347
- investment in an associate	**–**	85	**–**	–
Gain on disposal of:				
- subsidiary (Note 18(c))	**–**	24,493	**–**	–
- property, plant and equipment	**23**	101	**–**	4
Hotel and restaurant related services	**1,755**	1,842	**–**	–
Rental income of premises	**5,223**	10,783	**–**	–
Management service fees	**4,162**	7,594	**–**	–
Realised gain on foreign exchange	**37**	61	**–**	–
Unwinding of discounts	**180**	1,110	**21**	–
Fair value gain on other investments at fair value through profit or loss	**–**	442	**–**	–
Fair value gain on investment properties (Note 16)	**–**	9,100	**–**	–
Forfeitures	**10,032**	702	**–**	–
Reversal of provision for estimated repair costs (Note 28)	**–**	162	**–**	–
Miscellaneous	**715**	1,817	**95**	99
	47,134	76,965	**6,572**	60,426

Included in forfeitures income during the financial year are forfeiture of deposit in relation to the proposed disposal of Rimelite Sdn. Bhd. as disclosed in Note 26 amounting to RM6,870,000 and other forfeitures on termination of sales and purchase agreements.

7. FINANCE COSTS

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)	**31.3.2019 RM'000**	31.3.2018 RM'000
Interest expense on:				
- bank overdrafts	**1,856**	528	**1,768**	410
- term loans	**37,212**	47,304	**1,376**	1,438
- revolving credits	**21,537**	17,649	**1,118**	2,048
- medium term notes	**20,762**	19,925	**20,762**	19,925
- obligations under finance leases	**60**	54	**–**	1
- advances from subsidiaries	**–**	–	**–**	231
Unwinding of discounts	**7,265**	363	**–**	50
	88,692	85,823	**25,024**	24,103
Less: Interest expense capitalised in:				
Land held for property development (Note 15(a)(ii))	**(3,725)**	(7,258)	**–**	–
Property development costs (Note 15(b))	**(8,174)**	(8,966)	**–**	–
	76,793	69,599	**25,024**	24,103

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	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Auditors' remuneration:				
- statutory audits (EY Malaysia)	**410**	402	**75**	75
- statutory audits (others than EY)	**462**	456	**–**	–
- other services (EY Malaysia)	**35**	192	**15**	165
Amortisation of:				
- intangible assets (Note 17)	**88**	91	**–**	–
Allowances for expected credit losses on:				
- trade receivables (Note 24(a))	**627**	891	**–**	–
- other receivables (Note 24(d))	**1**	3	**207**	144
Bad debts written off	**155**	4	**–**	–
Depreciation of property, plant and equipment (Note 14)	**15,061**	14,960	**440**	432
Employee benefits expense (Note 9)	**64,032**	66,398	**16,154**	17,598
Fair value loss on investment properties (Note 16)	**3,922**	37,429	**–**	–
Non-Executive Directors' remuneration (Note 10)	**1,203**	1,022	**1,075**	869
Impairment loss on:				
- property, plant and equipment (Note 14)	**6,966**	20	**–**	–
- interest in subsidiaries	**–**	–	**9,768**	49,282
Interest in subsidiary written off	**–**	–	**–**	38,451
Loss on liquidation of subsidiaries	**77**	–	**–**	–
Property development costs written down (Note 15(b))	**14,424**	–	**–**	–
Land held for property development written down (Note 15(a))	**5,307**	571	**–**	–
Completed properties written down (Note 15 (c))	**–**	4,174	**–**	–
Fair value loss on other investments at fair value through profit or loss	**58**	–	**–**	–
Loss on disposal of property, plant and equipment	**25**	–	**20**	–
Property, plant and equipment written off	**203**	13	**–**	4
Rental of land and buildings	**10,551**	9,578	**1,579**	1,524
Rental of equipment	**371**	261	**97**	112
Realised loss on foreign exchange	**–**	748	**–**	742
Unrealised loss on foreign exchange	**5,604**	7,533	**2,491**	2,851
Holding costs (Note 35(a))	**44,573**	–	**–**	–

9. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Wages and salaries	**52,788**	56,246	**13,618**	15,600
Social security contributions	**461**	854	**61**	54
Contributions to defined contribution plans	**6,141**	5,913	**1,553**	1,862
Increase in liability of defined benefit plans (Note 33(a))	**45**	331	**–**	–
LTIP income	**–**	(1,371)	**–**	(854)
Other benefits	**4,597**	4,425	**922**	936
	64,032	66,398	**16,154**	17,598

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

10. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Executive Directors' remuneration:				
- other emoluments	**8,677**	8,583	**2,882**	4,359
Non-Executive Directors' remuneration:				
- fees (Note 8)	**1,203**	1,022	**1,075**	869
Total Directors' remuneration	**9,880**	9,605	**3,957**	5,228
Estimated monetary value of benefits-in-kind	**328**	524	**290**	486
Total Directors' remuneration including benefits-in-kind	**10,208**	10,129	**4,247**	5,714

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

Executive:				
Salaries and other emoluments	**7,598**	7,472	**2,520**	3,780
Defined contribution plans	**1,079**	1,111	**362**	579
Estimated monetary value of benefits-in-kind	**290**	486	**290**	486
	8,967	9,069	**3,172**	4,845
Non-Executive:				
Fees	**1,178**	972	**1,075**	869
Estimated monetary value of benefits-in-kind	**38**	38	**–**	–
	1,216	1,010	**1,075**	869
Total Directors' remuneration including benefits-in-kind	**10,183**	10,079	**4,247**	5,714

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 31.3.2019	31.3.2018
Executive Directors:		
RM1,200,001 - RM1,250,000	**1**	1
RM3,200,001 - RM3,250,000	**1**	1
RM4,450,001 - RM4,500,000	**1**	–
RM4,600,001 - RM4,650,000	**–**	1
Non-Executive Directors:		
RM50,001 - RM100,000	**2**	3
RM100,001 - RM150,000	**1**	3
RM150,001 - RM200,000	**3**	–
RM350,001 - RM400,000	**1**	1

11. INCOME TAX EXPENSE

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)	**31.3.2019 RM'000**	31.3.2018 RM'000
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	**88,820**	69,808	**730**	–
Foreign tax	**–**	2,398	**–**	–
Underprovision in prior financial years	**3,844**	4,831	**–**	2,496
	92,664	77,037	**730**	2,496
Malaysian real property gains tax	**–**	1,675	**–**	–
Deferred income tax (Note 22):				
Relating to origination and reversal of temporary differences	**(7,130)**	(1,555)	**–**	–
Underprovision in prior financial years	**–**	2,104	**–**	–
	(7,130)	549	**–**	–
	85,534	79,261	**730**	2,496

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 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%.

In the previous financial year, a subsidiary of the Company was 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 2019 and 2018 are as follows:

	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
Group		
Profit before tax	**161,898**	189,083
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	**38,856**	45,380
Effect of different tax rates in foreign jurisdiction	**1,606**	297
Effect of reduction in tax rate on incremental chargeable income	**–**	(3,311)
Effect of expenses not deductible for tax purposes	**44,699**	34,277
Effect of income not subject to tax	**(6,098)**	(1,791)
Effect of share of results of an associate	**–**	5
Effect of share of results of joint ventures	**25**	750
Effect of income subject to real property gains tax	**–**	(6,365)
Effect of utilisation of previously unrecognised deferred tax assets	**(1,647)**	(331)
Deferred tax assets not recognised during the financial year	**4,249**	3,415
Underprovision of income tax in prior financial years	**3,844**	4,831
Underprovision of deferred tax in prior financial years	**–**	2,104
	85,534	79,261
Company		
Profit before tax	**74,567**	20,585
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	**17,896**	4,940
Effect of expenses not deductible for tax purposes	**12,041**	31,545
Effect of income not subject to tax	**(29,207)**	(36,485)
Underprovision of income tax in prior financial years	**–**	2,496
	730	2,496

12. EARNINGS PER ORDINARY STOCK UNIT

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	
	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
Profit attributable to owners of the parent	**61,918**	94,298
	31.3.2019 '000	31.3.2018 '000
Weighted average number of ordinary stock units in issue	**1,316,724**	1,307,535
	31.3.2019 SEN	31.3.2018 SEN (RESTATED)
Basic earnings per stock unit	**4.70**	7.21

The Group has no potential ordinary shares in issue as at reporting date and therefore the diluted earnings per share is same as basic earnings per share. The outstanding warrants and Redeemable Convertible Medium Term Notes ("RCMTNs") have not been included for 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	
	31.3.2019	31.3.2018
	RM'000	RM'000
Recognised during the financial year		
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
First and final dividend by way of distribution of 25,937,951 treasury stock units as stock dividend at the ratio of one (1) treasury stock unit for every fifty (50) ordinary stock units held in the Company on 12 September 2018	**36,095**	–
	36,095	39,619

At the forthcoming Annual General Meeting, a first and final single-tier dividend in respect of the current financial year ended 31 March 2019, of 3.0 sen, amounting to total dividend payable of approximately RM42,976,339 (subject to change on the number of ordinary stock units entitled to dividend on date of book closure) will be proposed for stockholders' approval. This is computed based on the issued and paid-up capital as at 31 March 2019, excluding treasury stock units held by the Company of 24,391,896 units. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the stockholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2020.

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
At 31 March 2019							
Cost							
At 1 April 2018	315,368	12,491	52,373	842	5,072	1,075	387,221
Additions	–	39	757	–	1,269	5,108	7,173
Disposals	–	(104)	(118)	–	(279)	–	(501)
Written off	–	(578)	(4,490)	–	–	–	(5,068)
Exchange differences	–	–	9	–	–	–	9
At 31 March 2019	315,368	11,848	48,531	842	6,062	6,183	388,834
Accumulated depreciation and impairment losses							
At 1 April 2018	94,769	8,447	37,157	399	3,045	–	143,817
Depreciation charge for the financial year (Note 8)	9,682	853	3,723	84	719	–	15,061
Impairment loss for the financial year (Note 8)	–	577	6,389	–	–	–	6,966
Disposals	–	(81)	(53)	–	(179)	–	(313)
Written off	–	(575)	(4,290)	–	–	–	(4,865)
Exchange differences	–	–	17	–	–	–	17
At 31 March 2019	104,451	9,221	42,943	483	3,585	–	160,683
Analysed as:							
Accumulated depreciation	104,451	8,644	36,092	483	3,585	–	153,255
Accumulated impairment losses	–	577	6,851	–	–	–	7,428
	104,451	9,221	42,943	483	3,585	–	160,683
Net carrying amount	210,917	2,627	5,588	359	2,477	6,183	228,151

*** 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 2018/31 March 2019	**24,900**	**290,105**	**363**	**315,368**
Accumulated depreciation				
At 1 April 2018	**–**	**94,587**	**182**	**94,769**
Depreciation charge for the financial year	**–**	**9,677**	**5**	**9,682**
At 31 March 2019	**–**	**104,264**	**187**	**104,451**
Net carrying amount	**24,900**	**185,841**	**176**	**210,917**

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
At 31 March 2018							
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

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
At 31 March 2018 (cont'd)							
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

COMPANY	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
At 31 March 2019			
Cost			
At 1 April 2018	**3,119**	**1,115**	**4,234**
Additions	**314**	**–**	**314**
Disposals	**(1)**	**(278)**	**(279)**
Written off	**(1)**	**–**	**(1)**
At 31 March 2019	**3,431**	**837**	**4,268**
Accumulated depreciation			
At 1 April 2018	**2,184**	**749**	**2,933**
Depreciation charge for the financial year (Note 8)	**374**	**66**	**440**
Disposals	**–**	**(178)**	**(178)**
Written off	**(1)**	**–**	**(1)**
At 31 March 2019	**2,557**	**637**	**3,194**
Net carrying amount	**874**	**200**	**1,074**

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 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

(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	
	31.3.2019 RM'000	31.3.2018 RM'000
Freehold land and buildings	**208,192**	217,762
Long term leasehold land	**176**	181
	208,368	217,943

(b) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM7,173,000 (2018: RM2,636,000), of which RM574,000 (2018: RM148,000) 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	
	31.3.2019 RM'000	31.3.2018 RM'000
Motor vehicles	**1,590**	1,518

(c) During the financial year, the Group recognised impairment loss of RM6,966,000 (2018: RM20,000) in the statement of comprehensive income based on the recoverable amount of the assets of certain subsidiaries in the investment and hospitality segments.

15. INVENTORIES

	NOTE	GROUP		
		31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)	1.4.2017 RM'000 (RESTATED)
Non-current				
Land held for property development	(a)	**1,427,630**	1,365,919	1,229,360
Current				
Property development costs	(b)	**534,183**	567,311	593,557
Completed properties	(c)	**214,785**	322,972	455,085
Food, beverages and tobacco	(d)	**351**	387	559
General supplies	(d)	**930**	1,033	1,303
Transfer to assets of disposal group classified as held for sale		**–**	–	(308)
		750,249	891,703	1,050,196
		2,177,879	2,257,622	2,279,556

(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 2019				
At 1 April 2018	**439,376**	**889,433**	**37,110**	**1,365,919**
Additions	**7,198**	**68,399**	**102**	**75,699**
Cost recognised in profit or loss (Note 5)	**(681)**	**–**	**–**	**(681)**
Transfer to non-current asset classified as held for sale (Note 26)	**(8,000)**	**–**	**–**	**(8,000)**
Written down during the financial year (Note 8)	**(5,307)**	**–**	**–**	**(5,307)**
At 31 March 2019	**432,586**	**957,832**	**37,212**	**1,427,630**

15. INVENTORIES (CONT'D)

(a) Land held for property development (cont'd)

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
Group				
At 31 March 2018 (Restated)				
At 1 April 2017	407,468	790,755	31,137	1,229,360
Additions	14,960	211,770	107	226,837
Cost recognised in profit or loss (Note 5)	(1,121)	–	(6)	(1,127)
Transfer from assets of disposal group classified as held for sale (Note 26)	18,155	–	15	18,170
Transfer to contract cost assets (Note 23)	–	(107,235)	–	(107,235)
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	889,433	37,110	1,365,919

Notes:

(i) Land held for property development of the Group with carrying amount of RM1,215,639,000 (2018: RM1,170,096,000) is pledged as security for credit facilities granted to the Group.

(ii) Included in additions to land held for property development during the financial year is interest expense of RM3,725,000 (2018: RM7,258,000).

(b) Property development costs

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
Group				
At 31 March 2019				
At 1 April 2018	**3,313**	**–**	**563,998**	**567,311**
Costs incurred during the financial year	**–**	**–**	**16,318**	**16,318**
Transfer to contract cost assets (Note 23)	**(2,429)**	**–**	**(25,205)**	**(27,634)**
Written down during the financial year (Note 8)	**–**	**–**	**(14,424)**	**(14,424)**
Unsold units transferred to inventories	**(884)**	**–**	**(6,504)**	**(7,388)**
At 31 March 2019	**–**	**–**	**534,183**	**534,183**
At 31 March 2018 (Restated)				
At 1 April 2017	9,689	693	583,175	593,557
Costs incurred during the financial year	–	–	22,045	22,045
Transfer to contract cost assets (Note 23)	(3,691)	(274)	(21,296)	(25,261)
Re-allocation of costs	(485)	–	–	(485)
Unsold units transferred to inventories	(2,200)	(419)	(19,926)	(22,545)
At 31 March 2018	3,313	–	563,998	567,311

Development properties of the Group with carrying amount of RM534,183,000 (2018: RM562,627,000) are pledged to the financial institutions as securities for credit facilities granted to the Group.

Included in property development costs incurred during the financial year is interest expense of RM8,174,000 (2018: RM8,966,000).

As at financial year end, included in property development costs is a residential and commercial property in United Kingdom amounted to RM163,159,000 (2018: RM176,235,000) measured at net realisable value. The Group recognised a write down of property development costs of RM14,424,000 in the current financial year based on valuation performed by professional independent valuers.

15. INVENTORIES (CONT'D)

(c) Completed properties

	GROUP	
	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
At cost:		
Completed properties	**214,785**	301,536
Net realisable value:		
Completed properties	**–**	21,436
	214,785	322,972

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM117,778,000 (2018: RM142,666,000) as disclosed in Note 5(a).

Completed properties amounting to RM189,503,000 (2018: RM264,322,000) have been pledged to the financial institution for credit facility granted to a subsidiary as disclosed in Notes 27(b) and 27(c).

In the previous financial year, the Group had recorded a charge to profit or loss pertaining to inventories written down of RM4,174,000 as disclosed in Note 8.

(d) Other inventories

	GROUP	
	31.3.2019 RM'000	31.3.2018 RM'000
At cost:		
Food, beverages and tobacco	**351**	387
General supplies	**930**	1,033
	1,281	1,420

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM7,253,000 (2018: RM9,757,000).

16. INVESTMENT PROPERTIES

	GROUP 31.3.2019 RM'000	31.3.2018 RM'000
At fair value		
At the beginning of financial year	**491,828**	528,143
Subsequent expenditures	**2,030**	–
Reversal of accrued costs to complete	**–**	(5,032)
Fair value gain recognised in profit or loss (Note 6)	**–**	9,100
Fair value loss recognised in profit or loss (Note 8)	**(3,922)**	(37,429)
Exchange differences	**(1,943)**	(2,954)
At the end of financial year	**487,993**	491,828

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 31.3.2019 RM'000	31.3.2018 RM'000
Rental income derived from investment properties (Note 4)	**16,735**	15,777
Direct operating expenses (including repair and maintenance) of income generating properties (Note 5)	**(11,703)**	(9,852)
Profit arising from investment properties carried at fair value	**5,032**	5,925

Investment properties of the Group amounting to RM306,000,000 (2018: RM434,828,000) have been pledged as security for the credit facilities granted to the Company and certain subsidiaries, as disclosed in Note 27.

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(a).

16. INVESTMENT PROPERTIES (CONT'D)

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

VALUATION TECHNIQUES	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE
At 31 March 2019		
Investment method	Estimated rental value per square foot per month	RM1.20 - RM13.00
	Estimated rental value per parking bay per month	RM120 - RM349
	Estimated outgoing per square foot per month	RM0.31 - RM2.60
	Market yield rate	5.0% - 6.50%
Market comparable approach	Difference in location, time factor, size, land usage, shape, and tenure	-45.0% to 41.4%
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%

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

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

	COMPUTER SOFTWARE RM'000
Group	
At 31 March 2019	
Cost	
At 1 April 2018	**1,652**
Written off	**(48)**
At 31 March 2019	**1,604**
Accumulated amortisation	
At 1 April 2018	**1,471**
Amortisation charge for the financial year (Note 8)	**88**
Written off	**(48)**
At 31 March 2019	**1,511**
Net carrying amount	**93**
At 31 March 2018	
Cost	
At 1 April 2017	1,651
Additions	16
Written off	(15)
At 31 March 2018	1,652
Accumulated amortisation	
At 1 April 2017	1,395
Amortisation charge for the financial year (Note 8)	91
Written off	(15)
At 31 March 2018	1,471
Net carrying amount	181

17. INTANGIBLE ASSETS (CONT'D)

	COMPUTER SOFTWARE RM'000
Company	
At 31 March 2019	
Cost	
At 1 April 2018/31 March 2019	**14**
Accumulated amortisation	
At 1 April 2018/31 March 2019	**14**
Net carrying amount	**–**
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	–

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 31.3.2019 RM'000	31.3.2018 RM'000
Unquoted shares at cost	**1,536,758**	1,568,108
Less: Accumulated impairment losses	**(84,086)**	(74,318)
	1,452,672	1,493,790

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 impairment loss of RM9,768,000 (2018: net reversal of impairment loss of RM7,065,000) as disclosed in Notes 6 and 8 based on the recoverable amounts of the investments.

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2019 %	2018 %	NON-CONTROLLING INTERESTS 2019 %	2018 %	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	**–**	–	131,171,783
E&O Developers Sdn. Bhd.**	Malaysia	Investment holding	**100**	100	**–**	–	23,000,000
Eastern & Oriental Hotel Sdn. Berhad	Malaysia	Ownership and management of hotel, property development and investment holding	**100**	100	**–**	–	263,700,000
Matrix Promenade Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	120,300,000
KCB Geotechnics Sdn. Bhd.** ∞	Malaysia	Property investment	**100**	100	**–**	–	500,000
Twenty First Century Realty Sdn. Bhd.	Malaysia	Property investment	**100**	100	**–**	–	12,650,337

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2019 %	2018 %	NON-CONTROLLING INTERESTS 2019 %	2018 %	SHARE CAPITAL RM
I) SUBSIDIARIES OF THE COMPANY (CONT'D)							
Eastern & Oriental Properties (Guernsey) Limited** ∞	Guernsey	Investment holding	**100**	100	**–**	–	£1
E&O Hotel Management (M) Sdn. Bhd. ** ∞	Malaysia	Lease, operate and manage service apartments and related hospitality services	**100**	100	**–**	–	2
II) SUBSIDIARIES OF EASTERN & ORIENTAL HOTEL SDN. BERHAD							
E&O Restaurants Sdn. Bhd.α	Malaysia	Investment holding	**–**	100	**–**	–	–
E&O Cruises Sdn. Bhd.	Malaysia	Charter of vessel	**100**	100	**–**	–	2
E&O Vista Sdn. Bhd.	Malaysia	Provision of management services	**100**	100	**–**	–	320,000
III) SUBSIDIARIES OF MATRIX PROMENADE SDN. BHD.							
Radiant Kiara Sdn. Bhd.** ∞	Malaysia	Property investment	**100**	100	**–**	–	920,004
E&O-PIE Sdn. Bhd.** ∞	Malaysia	Property investment	**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 and trading	**100**	100	**–**	–	£1

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2019 %	2018 %	NON-CONTROLLING INTERESTS 2019 %	2018 %	SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP							
Ambangan Puri Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	**–**	–	28,150,160
Eminent Pedestal Sdn. Bhd.** ∞	Malaysia	Project management services	**100**	100	**–**	–	100,000
Edisi Utama Sdn. Bhd.∞	Malaysia	Property development	**100**	100	**–**	–	250,000
E&O Properties Sdn. Bhd.	Malaysia	Property development, property investment and 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	Rendering of sales and marketing services for property development projects	**100**	100	**–**	–	6,000,000
E&O Property (Singapore) Pte. Ltd.** ∞	Singapore	Rendering of sales and marketing services for property development projects	**100**	100	**–**	–	S$500,000
Emerald Designs Sdn. Bhd. ∞	Malaysia	Property development	**100**	100	**–**	–	300,000

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2019 %	2018 %	NON-CONTROLLING INTERESTS 2019 %	2018 %	SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP (CONT'D)							
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
KCB Holdings Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	29,011,392
Eastern & Oriental PLC**	United Kingdom	Property investment and property management	**100**	100	**–**	–	£2,006,250
Pelicrest Sdn. Bhd.α	Malaysia	Investment holding	**–**	100	**–**	–	–
Regal Alliance Sdn. Bhd. ∞	Malaysia	Property development	**100**	100	**–**	–	24,152,582
Ribuan Imbang Sdn. Bhd.	Malaysia	Trading of completed properties	**100**	100	**–**	–	3,302
Tinggi Murni Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	21,185,402
Teratak Warisan (M) Sdn. Bhd.** ∞	Malaysia	Investment holding	**100**	100	**–**	–	100,000
a) Subsidiary of Ambangan Puri Sdn. Bhd.							
Seventy Damansara Sdn. Bhd. ∞	Malaysia	Property investment and property development	**100**	100	**–**	–	3,250,000
b) Subsidiaries of E&O Properties Sdn. Bhd.							
E&O Management Services Sdn. Bhd.** ∞	Malaysia	Property investment and property management	**100**	100	**–**	–	2
Kayangan Budaya Sdn. Bhd.	Malaysia	Property development	**87.5**	87.5	**12.5**	12.5	12,500,200

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2019 %	2018 %	NON-CONTROLLING INTERESTS 2019 %	2018 %	SHARE CAPITAL RM
c) Subsidiaries of Kamunting Management Services Sdn. Bhd.							
Bridgecrest Resources Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	69,700,000
E&O-PDC Holdings Sdn. Bhd.	Malaysia	Investment holding	**60.0**	60.0	**40.0**	40.0	35,000
i) Subsidiaries of Bridgecrest Resources Sdn. Bhd.							
E&O Property (Penang) Sdn. Bhd.	Malaysia	Property development	**100**	100	**–**	–	2,500,010
Permaijana Ribu (M) Sdn. Bhd.	Malaysia	Investment holding	**90.0**	90.0	**10.0**	10.0	92,000,000
ii) Subsidiary of Permaijana Ribu (M) Sdn. Bhd.							
Tanjung Pinang Development Sdn. Bhd.	Malaysia	Land reclamation and development	**81.0**	81.0	**19.0**	19.0	92,000,000
iii) Subsidiaries of Tanjung Pinang Development Sdn. Bhd.							
Persada Mentari Sdn. Bhd.	Malaysia	Property development	**64.8**	64.8	**35.2**	35.2	5,000,000
Junjung Angkasa Sdn. Bhd. ∞	Malaysia	Property development	**81.0**	81.0	**19.0**	19.0	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	Project management consultancy	**–**	100	**–**	–	–

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2019 %	2018 %	NON-CONTROLLING INTERESTS 2019 %	2018 %	SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP (CONT'D)							
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	Housing development	**100**	100	**–**	–	2
KSM Property Development Sdn. Bhd.	Malaysia	Project management and rendering of sales and marketing services for property development projects	**100**	100	**–**	–	500,002
Rhinever Housing Development Sdn. Bhd. ∞	Malaysia	Housing development	**100**	100	**–**	–	14,396,002
Rimelite Sdn. Bhd.	Malaysia	Property development and property investment	**100**	100	**–**	–	18,180,041
Terra Damansara Sdn. Bhd.** ∞	Malaysia	Property development	**100**	100	**–**	–	540,000
Unicorn Housing Development Sdn. Bhd.** ∞	Malaysia	Housing development	**100**	100	**–**	–	2
ii) Subsidiary of Indasu Housing Development Sdn. Bhd.							
Monplus Housing Development Sdn. Bhd.** ∞	Malaysia	Housing development	**100**	100	**–**	–	250,000
f) Subsidiaries of Eastern & Oriental PLC							
Loxley Holdings Management Limited**	British Virgin Islands	Property development	**100**	100	**–**	–	£5,000,000

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST		NON-CONTROLLING INTERESTS		SHARE CAPITAL RM
			2019 %	2018 %	**2019 %**	2018 %	
Hammersmith Properties Limited**	Channel Islands	Property development and property investment	**100**	100	**–**	–	£1
i) Subsidiary of Hammersmith Properties Limited							
Hammersmith Development (UK) Limited **	England and Wales	Provision of property development and management services	**100**	100	**–**	–	£1

** Audited by firms of auditors other than Ernst & Young

α Liquidated during the financial year

∞ Dormant

Investment in this subsidiary with carrying amount of RM547,784,000 (2018: 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 Kumpulan Wang Persaraan (Diperbadankan) ("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., 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., a 100% wholly-owned subsidiary of E&O Restaurants Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company for a cash consideration of RM100,000.

18. INTEREST IN SUBSIDIARIES (CONT'D)

(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 previous financial year.

	31.3.2018 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)
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

(d) Material partly-owned subsidiaries

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

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

NAME	COUNTRY OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST 31.3.2019 %	PROPORTION OF OWNERSHIP INTEREST 31.3.2018 %
Persada Mentari Sdn. Bhd. ("PMSB")	Malaysia	**35.2**	35.2
Bridgecrest Resources Sdn. Bhd. ("BRSB")	Malaysia	**–**	–*
E&O Property (Penang) Sdn. Bhd. ("EOPP")	Malaysia	**–**	–*
Permaijana Ribu Sdn. Bhd. ("PRSB")	Malaysia	**10.0**	10.0
Tanjung Pinang Development Sdn. Bhd. ("TPD")	Malaysia	**19.0**	19.0

* The proportion of ownership interest of 4.4% was held by non-controlling interests up to 27 November 2017.

	GROUP 31.3.2019 RM'000	GROUP 31.3.2018 RM'000 (RESTATED)
Accumulated balances of material non-controlling interests:		
PMSB	**1,590**	1,639
PRSB	**472**	473
TPD	**39,510**	24,995
Other individually immaterial non-controlling interests	**(55)**	(36)
	41,517	27,071
Total comprehensive (loss)/income allocated to material non-controlling interests:		
PMSB	**(49)**	(121)
BRSB	**–**	(2)
EOPP	**–**	4,676
PRSB	**(1)**	(1)
TPD	**14,515**	10,983
Other individually immaterial non-controlling interests	**(19)**	(11)
	14,446	15,524

18. INTEREST IN SUBSIDIARIES (CONT'D)

(d) Material partly-owned subsidiaries (cont'd)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income for financial year ended 31 March 2019:

	PMSB RM'000	PRSB RM'000	TPD RM'000	TOTAL RM'000
Revenue	–	–	233,814	233,814
Cost of sales	–	–	(127,018)	(127,018)
Other income	133	–	6,676	6,809
Other expenses	(227)	(14)	(809)	(1,050)
Finance costs	–	–	(4,260)	(4,260)
(Loss)/profit before tax	(94)	(14)	108,403	108,295
Income tax expense	(45)	–	(26,198)	(26,243)
(Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year	(139)	(14)	82,205	82,052
Attributable to:				
Non-controlling interests	(49)	(1)	15,619	15,569
Adjustments and eliminations	–	–	(1,104)	(1,104)
Other individually immaterial non-controlling interests	–	–	–	(19)
Total non-controlling interests	(49)	(1)	14,515	14,446

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 (RESTATED)	TOTAL RM'000 (RESTATED)
Revenue	–	–	308,587	–	271,569	580,156
Cost of sales	–	–	(185,351)	–	(176,585)	(361,936)
Other income	54	–	14,398	–	2,560	17,012
Other expenses	(399)	(51)	(25,900)	(13)	(1,862)	(28,225)
Finance costs	–	–	(2,266)	–	(3,070)	(5,336)
(Loss)/profit before tax	(345)	(51)	109,468	(13)	92,612	201,671
Income tax expense	–	–	(25,588)	–	(22,667)	(48,255)
(Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year	(345)	(51)	83,880	(13)	69,945	153,416
Attributable to:						
Non-controlling interests	(121)	(2)	3,691	(1)	13,290	16,857
Adjustments and eliminations	–	–	985	–	(2,307)	(1,322)
Other individually immaterial non-controlling interest	–	–	–	–	–	(11)
Total non-controlling interests	(121)	(2)	4,676	(1)	10,983	15,524

* The proportion of ownership interest of 4.4% was held by non-controlling interests up to 27 November 2017.

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 2019:

	PMSB RM'000	PRSB RM'000	TPD RM'000	TOTAL RM'000
Non-current assets	10	7,000	715,934	722,944
Cash and bank balances	4,523	1	142,683	147,207
Other current assets	–	–	11,978	11,978
Total current assets	4,523	1	154,661	159,185
Total assets	4,533	7,001	870,595	882,129
Trade and other payables and provision	10	2,284	525,678	527,972
Other current liabilities	7	–	6,789	6,796
Total current liabilities	17	2,284	532,467	534,768
Non-current liabilities	–	–	130,179	130,179
Total liabilities	17	2,284	662,646	664,947
Total equity	4,516	4,717	207,949	217,182
Attributable to:				
Non-controlling interests	1,590	472	39,510	41,572
Other individually immaterial non-controlling interests	–	–	–	(55)
Total non-controlling interests	1,590	472	39,510	41,517

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 (RESTATED)	TOTAL RM'000 (RESTATED)
Non-current assets	–	62,939	7,620	7,000	663,845	741,404
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	991,177	2,256,293
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	131,555	1,107,211
Attributable to:						
Non-controlling interests	1,639	2,875	39,641	473	24,995	69,623
Acquisition of remaining equity interest	–	(2,875)	(39,641)	–	–	(42,516)
Other individually immaterial non-controlling interests	–	–	–	–	–	(36)
Total non-controlling interests	1,639	–	–	473	24,995	27,071

* The proportion of ownership interest of 4.4% was held by non-controlling interests up to 27 November 2017.

Summarised cash flow information for financial year ended 31 March 2019:

	PMSB RM'000	PRSB RM'000	TPD RM'000
Operating	**(138)**	**–**	**241,149**
Financing	**–**	**–**	**(191,683)**
Net (decrease)/increase in cash and cash equivalents during the financial year	**(138)**	**–**	**49,466**

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

	PMSB 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

19. INVESTMENT IN AN ASSOCIATE

In previous financial year, Renown Heritage Sdn. Bhd. ("RHSB"), the only associate of the Group 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. Prior to the dissolution, RHSB recorded a loss for the financial year of RM40,000 and distributed its remaining profit of RM129,000.

20. INVESTMENT IN JOINT VENTURES

	GROUP	
	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
Unquoted shares at cost	**94,392**	94,392
Share of post-acquisition reserves	**35,878**	35,982
	130,270	130,374

NAME OF JOINT VENTURES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST	
			31.3.2019 %	31.3.2018 %
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

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.

∞ Dormant

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

(i) Summarised statement of financial position

	PPSB RM'000	MPDSB RM'000	NMSB RM'000	KCBT RM'000	TOTAL RM'000
31 March 2019					
Non-current assets	**395**	**2**	**58,239**	**409**	**59,045**
Cash and bank balances	**8,590**	**13,982**	**41,266**	**21,059**	**84,897**
Other current assets	**122,912**	**27**	**152,934**	**56,946**	**332,819**
Total current assets	**131,502**	**14,009**	**194,200**	**78,005**	**417,716**
Total assets	**131,897**	**14,011**	**252,439**	**78,414**	**476,761**
Trade and other payables and provisions	**4,185**	**2,847**	**103,620**	**20,353**	**131,005**
Other current liabilities	**15,000**	**17**	**134**	**–**	**15,151**
Total current liabilities	**19,185**	**2,864**	**103,754**	**20,353**	**146,156**
Non-current liabilities	**129,765**	**–**	**36,027**	**–**	**165,792**
Total liabilities	**148,950**	**2,864**	**139,781**	**20,353**	**311,948**
Net (liabilities)/assets	**(17,053)**	**11,147**	**112,658**	**58,061**	**164,813**
31 March 2018 (Restated)					
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	215,483	113,093	427,603
Total current assets	134,401	13,823	231,353	154,943	534,520
Total assets	136,744	13,924	262,171	155,789	568,628
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	119,330	47,421	165,137

20. INVESTMENT IN JOINT VENTURES (CONT'D)

(ii) Summarised statement of comprehensive income

	PPSB RM'000	MPDSB RM'000	NMSB RM'000	KCBT RM'000	TOTAL RM'000
31 March 2019					
Revenue	**–**	**–**	**26,978**	**59,536**	**86,514**
Depreciation and amortisation	**(1,066)**	**(14)**	**(708)**	**(80)**	**(1,868)**
Interest income	**662**	**218**	**893**	**1,299**	**3,072**
(Loss)/profit before tax	**(4,361)**	**107**	**(6,472)**	**14,611**	**3,885**
Income tax expense	**–**	**(38)**	**(200)**	**(3,971)**	**(4,209)**
(Loss)/profit after tax	**(4,361)**	**69**	**(6,672)**	**10,640**	**(324)**
31 March 2018 (Restated)					
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	(11,582)	14,048	132
Income tax expense	–	56	(125)	(3,046)	(3,115)
(Loss)/profit after tax	(2,641)	363	(11,707)	11,002	(2,983)
Profit distribution from joint venture	–	(22,780)	–	–	(22,780)

(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	TOTAL RM'000
31 March 2019					
Net (liabilities)/assets at 1 April 2018	**(12,692)**	**11,078**	**119,330**	**47,421**	**165,137**
(Loss)/profit for the financial year	**(4,361)**	**69**	**(6,672)**	**10,640**	**(324)**
Net (liabilities)/assets at the end of financial year	**(17,053)**	**11,147**	**112,658**	**58,061**	**164,813**
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	**(8,697)**	**4,919**	**56,329**	**29,611**	**82,162**
Fair value adjustment	**44,496**	**–**	**–**	**3,612**	**48,108**
Net assets at 31 March 2019	**35,799**	**4,919**	**56,329**	**33,223**	**130,270**
31 March 2018 (Restated)					
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	(11,707)	11,002	(2,983)
Profit distribution during the financial year	–	(22,780)	–	–	(22,780)
Net (liabilities)/assets at the end of financial year	(12,692)	11,078	119,330	47,421	165,137
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	59,665	24,185	82,266
Fair value adjustment	44,496	–	–	3,612	48,108
Net assets at 31 March 2018	38,023	4,889	59,665	27,797	130,374

21. OTHER INVESTMENTS

	31.3.2019		GROUP 31.3.2018	
	CARRYING AMOUNT RM'000	**MARKET VALUE RM'000**	CARRYING AMOUNT RM'000	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	**3,313**	**3,313**	3,371	3,371
Total other investments	**3,313**		13,371	

The range of interest rates earned in the previous financial year and the maturity of the AFS financial asset as at the reporting date are as follows:

	RANGE OF INTEREST RATES 31.3.2018 % PER ANNUM	MATURITY OF INVESTMENT 31.3.2018 DAYS
Investment in money market fund	3.49 - 3.69	1 - 30

The investment in 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		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)	**31.3.2019 RM'000**	31.3.2018 RM'000
At the beginning of financial year	**(37,643)**	(37,094)	**–**	–
Recognised in profit or loss (Note 11)	**7,130**	(549)	**–**	–
At the end of financial year	**(30,513)**	(37,643)	**–**	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	**12,909**	4,952	**–**	–
Deferred tax liabilities	**(43,422)**	(42,595)	**–**	–
	(30,513)	(37,643)	**–**	–

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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

Deferred tax assets of the Group

	INVENTORIES RM'000	PROPERTY, PLANT AND EQUIPMENT RM'000	PROVISIONS RM'000	OTHERS RM'000	TOTAL RM'000
At 1 April 2017	2,858	391	1,854	–	5,103
Recognised in profit or loss	258	6	275	–	539
At 31 March 2018 (Restated)	3,116	397	2,129	–	5,642
At 1 April 2018	**3,116**	**397**	**2,129**	**–**	**5,642**
Recognised in profit or loss	**1,440**	**–**	**6,517**	**1,146**	**9,103**
At 31 March 2019	**4,556**	**397**	**8,646**	**1,146**	**14,745**

Deferred tax liabilities of the Group

	PROPERTY, PLANT AND EQUIPMENT RM'000	INVESTMENT PROPERTIES RM'000	INVENTORIES RM'000 (RESTATED)	OTHERS RM'000	TOTAL RM'000
At 1 April 2017	(879)	(2,525)	(38,940)	147	(42,197)
Recognised in profit or loss	879	(509)	(733)	(725)	(1,088)
At 31 March 2018 (Restated)	–	(3,034)	(39,673)	(578)	(43,285)
At 1 April 2018	**–**	**(3,034)**	**(39,673)**	**(578)**	**(43,285)**
Recognised in profit or loss	**–**	**(2,830)**	**279**	**578**	**(1,973)**
At 31 March 2019	**–**	**(5,864)**	**(39,394)**	**–**	**(45,258)**

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 (cont'd):

Deferred tax (liability)/asset of the Company

	PROPERTY, PLANT AND EQUIPMENT RM'000	PROVISIONS RM'000	TOTAL RM'000
At 1 April 2017	(129)	129	–
Recognised in profit or loss	–	–	–
At 31 March 2018	(129)	129	–
At 1 April 2018	**(129)**	**129**	**–**
Recognised in profit or loss	**–**	**–**	**–**
At 31 March 2019	**(129)**	**129**	**–**

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

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Unused tax losses	**101,808**	85,339	**1,569**	1,569
Unabsorbed capital allowances	**91,203**	92,299	**63**	63
Unabsorbed investment tax allowances	**135,748**	135,748	**–**	–
Provisions	**7,415**	6,687	**4,198**	4,198
Others	**4,948**	10,208	**–**	–
	341,122	330,281	**5,830**	5,830
Deferred tax benefit at 24% (2018: 24%), if recognised	**81,869**	79,267	**1,399**	1,399

At the reporting date, the Group and the Company have unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowances that are available for offset against future taxable profits for the companies in which the losses and allowances arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the Company and the respective subsidiaries are subject to a 7-year limitation on the carry forward of those losses under the Finance Bill 2018 and guidelines issued by the tax authority. 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 also subject to no substantial changes in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

23. CONTRACT COST ASSETS

	NOTE	GROUP 31.3.2019 RM'000	 31.3.2018 RM'000 (RESTATED)	 1.4.2017 RM'000 (RESTATED)
Costs to fulfill a contract	(a)	**13,720**	51,539	41,004
Costs to obtain contracts with customers	(b)	**2,721**	–	–
		16,441	51,539	41,004

	GROUP 31.3.2019 RM'000	 31.3.2018 RM'000 (RESTATED)
(a) Costs to fulfill a contract		
At beginning of the financial year	**51,539**	41,004
Transfer from land held for development (Note 15(a))	**–**	107,235
Transfer from property development costs (Note 15(b))	**27,634**	25,261
Additions	**234,031**	263,746
Recognised during the financial year	**(299,484)**	(385,707)
At end of the financial year	**13,720**	51,539
(b) Costs to obtain contracts with customers		
At beginning of the financial year	**–**	–
Additions	**5,893**	–
Recognised during the financial year	**(3,172)**	–
At end of the financial year	**2,721**	–
(c) Total cost recognised during the financial year		
Analysed into:		
- property development costs (Note 5)	**300,460**	385,707
- completed properties (Note 5(a))	**2,196**	–
	302,656	385,707

Proceeds from sales of development properties are assigned to certain financial institutions as securities for a revolving credit and term loan facilities granted to certain subsidiaries.

24. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 31.3.2019 RM'000	GROUP 31.3.2018 RM'000	COMPANY 31.3.2019 RM'000	COMPANY 31.3.2018 RM'000
Current					
Trade receivables					
Third parties		**141,121**	64,978	**–**	–
Retention sum receivable		**54,659**	24,112	**–**	–
		195,780	89,090	**–**	–
Less: Allowance for expected credit losses:					
- Third parties		**(2,829)**	(2,514)	**–**	–
Trade receivables, net	(a)	**192,951**	86,576	**–**	–
Other receivables					
Other receivables		**12,848**	16,248	**309**	222
Dividend receivable		**–**	–	**–**	59,510
Amounts due from subsidiaries	(b)	**–**	–	**346,562**	226,584
Amounts due from joint ventures	(c)	**44,976**	59,811	**–**	–
Deposits		**2,786**	2,134	**61**	56
		60,610	78,193	**346,932**	286,372
Less: Allowance for expected credit losses					
- Other receivables		**(277)**	(276)	**(126)**	(125)
- Amounts due from subsidiaries		**–**	–	**(1,164)**	(958)
		(277)	(276)	**(1,290)**	(1,083)
Other receivables, net	(d)	**60,333**	77,917	**345,642**	285,289
		253,284	164,493	**345,642**	285,289
Non-current					
Trade receivable					
Retention sum receivable	(a)	**14,681**	2,909	**–**	–
Other receivable					
Deposits		**2,314**	2,853	**343**	322
		16,995	5,762	**343**	322
Total trade and other receivables (current and non-current)		**270,279**	170,255	**345,985**	285,611
Less: GST receivable		**(3,618)**	(5,395)	**(2)**	–
Add: Cash and bank balances (Note 25)		**854,833**	521,568	**195,829**	25,322
Total financial assets measured at amortised cost/loans and receivables		**1,121,494**	686,428	**541,812**	310,933

(a) Trade receivables

The credit period for completed properties is generally for a period of three months, extending up to four months (2018: four months) while the term in respect of property development activities is approximately 21 (2018: 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 (2018: 7 to 170) days.

Retention sum receivables are 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	
	31.3.2019 RM'000	31.3.2018 RM'000
Neither past due nor impaired	**152,577**	54,443
1 to 30 days past due not impaired	**21,102**	9,611
31 to 60 days past due not impaired	**7,318**	3,142
61 to 90 days past due not impaired	**7,928**	5,329
91 to 120 days past due not impaired	**14,031**	10,385
More than 121 days past due not impaired	**4,676**	6,575
Past due but not impaired	**55,055**	35,042
Impaired	**2,829**	2,514
	210,461	91,999

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 RM55,055,000 (2018: RM35,042,000) 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 expected credit losses are as follows:

	GROUP	
	31.3.2019 RM'000	31.3.2018 RM'000
Trade receivables - nominal amount	**3,153**	2,863
Less: Allowance for expected credit losses	**(2,829)**	(2,514)
	324	349
Movement in allowance accounts:		
At the beginning of financial year	**2,514**	1,623
Charge for the financial year (Note 8)	**627**	891
Reversal for the financial year (Note 6)	**(312)**	–
At the end of financial year	**2,829**	2,514

(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 RM69,361,000 (2018: RM31,980,000) which bore interest at rate of 6.90% (2018: 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 RM42,861,000 (2018: RM56,361,000) which bore interest at rates ranging from 5.00% to 5.395% (2018: 4.70% to 5.00%) per annum.

(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 expected credit losses are as follows:

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Other receivables - nominal amount	**277**	276	**1,686**	1,637
Less: Allowance for expected credit losses	**(277)**	(276)	**(1,290)**	(1,083)
	–	–	**396**	554
Movement in allowance accounts:				
At the beginning of financial year	**276**	459	**1,083**	1,079
Charge for the financial year (Note 8)	**1**	3	**207**	144
Reversal for the financial year (Note 6)	**–**	–	**–**	(7)
Bad debts written off against allowance	**–**	(186)	**–**	(133)
At the end of financial year	**277**	276	**1,290**	1,083

25. CASH AND BANK BALANCES

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Cash at banks and on hand	**477,572**	336,211	**93,972**	13,421
Short-term deposits	**377,261**	185,357	**101,857**	11,901
Cash and bank balances	**854,833**	521,568	**195,829**	25,322

25. CASH AND BANK BALANCES (CONT'D)

(a) Included in cash at banks and on hand of the Group are amounts of RM320,624,000 (2018: RM241,581,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. RM13,117,000 (2018: RM30,790,000) of these cash at banks and on hand are assigned and charged as security for a term loan facility.

(b) Short-term deposits of the Group and of the Company amounting to RM7,377,000 (2018: RM8,651,000) and RM1,825,000 (2018: RM1,821,000) respectively are pledged as securities for facilities granted to the Group and the Company.

(c) In addition to the above sums, other cash and bank balances of the Group amounting to RM10,723,000 (2018: RM9,000,000) 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	
	31.3.2019	31.3.2018	**31.3.2019**	31.3.2018
Weighted average effective interest rates (%)				
- Fixed rates	**3.62%**	3.14%	**3.69%**	3.20%
- Floating rates	**3.42%**	2.97%	**–**	–
Average maturities (days)	**1 - 30**	1 - 30	**14 - 30**	14 - 30

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

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Cash at banks and on hand	**477,572**	336,211	**93,972**	13,421
Short-term deposits	**377,261**	185,357	**101,857**	11,901
Less: Restricted cash and bank balances	**(18,100)**	(17,651)	**(1,825)**	(1,821)
Less: Bank overdrafts (Note 27)	**(21,660)**	(27,212)	**(20,640)**	(22,135)
Total cash and cash equivalents	**815,073**	476,705	**173,364**	1,366

26. NON-CURRENT ASSET AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

2019

Non-current asset classified as held for sale

On 15 January 2019, the Group entered into a sale and purchase agreement with a third party to dispose of 10 plots of freehold land of Rhinever Housing Development Sdn. Bhd., a wholly-owned subsidiary of the Company, for a sale consideration of RM8,000,000. A plan had been in place and the land was available for immediate sale in its present condition prior to 31 March 2019. As at 31 March 2019, the non-current asset classified as held for sale amounted to RM8,000,000.

The freehold land is pledged as securities for credit facilities granted to the Group and the Company as disclosed in Note 27.

2018

Disposal group classified as held for sale

(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.

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

	RM'000
Assets	
Non-current assets	
Inventories (Note 15(a))	18,170
Current assets	
Trade and other receivables	5
Cash and cash equivalent	106
	111
Total assets of disposal group classified as held for sale	18,281
Current liabilities	
Income tax payables	29
Trade and other payables	94
Total liabilities directly associated with disposal group classified as held for sale	123

26. NON-CURRENT ASSET AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(b) On 16 June 2017, the Group had entered into a share sales 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 assets and liabilities of EOE classified as held for sale as at 31 March 2017 were RM62,846,000 and RM24,091,000 respectively.

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

27. LOANS AND BORROWINGS

		GROUP		COMPANY	
	MATURITY	**31.3.2019 RM'000**	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Current					
Secured:					
Bank overdrafts	On demand	**21,660**	27,212	**20,640**	22,135
Term loans	2020	**176,115**	327,940	**–**	20,000
Revolving credits	On demand	**114,595**	40,000	**5,000**	5,000
Obligations under finance leases (Note 35(d))	2020	**542**	441	**–**	–
Unsecured:					
RCMTNs	2020	**192,421**	–	**192,421**	–
		505,333	395,593	**218,061**	47,135
Non-current					
Secured:					
Term loans	2021 - 2030	**502,455**	638,720	**35,000**	–
Revolving credits	2021 - 2022	**261,052**	293,146	**7,200**	21,500
Obligations under finance leases (Note 35(d))	2021 - 2022	**845**	884	**–**	–
Unsecured:					
RCMTNs	2021	**143,688**	322,230	**143,688**	322,230
		908,040	1,254,980	**185,888**	343,730
Total loans and borrowings					
Secured:					
Bank overdrafts (Note 25)		**21,660**	27,212	**20,640**	22,135
Term loans		**678,570**	966,660	**35,000**	20,000
Revolving credits		**375,647**	333,146	**12,200**	26,500
Obligations under finance leases (Note 35(d))		**1,387**	1,325	**–**	–
Unsecured:					
RCMTNs		**336,109**	322,230	**336,109**	322,230
		1,413,373	1,650,573	**403,949**	390,865

As at the reporting date, the weighted average effective interest rates for loans and borrowings, were as follows:

	GROUP		COMPANY	
	31.3.2019	31.3.2018	**31.3.2019**	31.3.2018
Bank overdrafts - Floating rates	**7.08%**	6.93%	**7.15%**	7.15%
Term loans - Floating rates	**4.82%**	4.64%	**6.23%**	5.27%
Revolving credits - Floating rates	**6.02%**	5.70%	**5.61%**	5.44%
RCMTNs - Fixed rates	**6.38%**	6.38%	**6.38%**	6.38%

The finance leases bore interest at rates ranging from 2.28% to 2.75% (2018: 2.43% to 2.59%) per annum during the financial year.

The remaining maturities of loans and borrowings as at 31 March 2019 and 31 March 2018 were as follows:

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
On demand or within one year	**505,333**	395,593	**218,061**	47,135
More than 1 year and less than 2 years	**308,755**	647,229	**143,688**	322,230
More than 2 years and less than 5 years	**492,468**	498,120	**42,200**	21,500
5 years or more	**106,817**	109,631	**–**	–
	1,413,373	1,650,573	**403,949**	390,865

(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 36 and charges on certain properties, inventories, investment properties, unquoted shares, contract cost assets and cash and bank balances 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 inventories, unquoted shares, contract cost assets, cash and bank balances and freehold land of the Group and of the Company as disclosed in Notes 15, 18, 23, 25 and 26 respectively.

27. LOANS AND BORROWINGS (CONT'D)

(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 the 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 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 1 April 2018/31 March 2019	**191**	**–**	**–**	**191**

	RESTORATION COST OF PROPERTY, PLANT AND EQUIPMENT RM'000 (a)
Group	
At 31 March 2019	
Current	**39**
Non-current:	
Later than 1 year but not later than 2 years	**152**
	191
At 31 March 2018	
Current	39
Non-current:	
Later than 1 year but not later than 2 years	152
	191
Company	
At 1 April 2017/31 March 2018/31 March 2019	**39**
At 31 March 2019	
Current	**39**
At 31 March 2018	
Current	39

28. PROVISIONS (CONT'D)

(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 in the previous 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 **31.3.2019 RM'000**	GROUP 31.3.2018 RM'000	COMPANY **31.3.2019 RM'000**	COMPANY 31.3.2018 RM'000
Current					
Trade payables	(a)				
Third parties		**73,031**	95,645	**–**	–
Retention sum payable		**70,079**	14,274	**–**	–
		143,110	109,919	**–**	–
Other payables					
Amounts due to subsidiaries	(b)	**–**	–	**12,035**	9,024
Amount due to non-controlling interests	(c)	**12,826**	12,826	**–**	–
Other payables	(d)	**67,767**	19,642	**651**	1,137
Holding costs payable	(e)	**44,573**	–	**–**	–
Accruals		**58,133**	43,528	**6,407**	7,335
Deposits received		**6,453**	12,169	**–**	–
		189,752	88,165	**19,093**	17,496
		332,862	198,084	**19,093**	17,496

	NOTE	GROUP 31.3.2019 RM'000	GROUP 31.3.2018 RM'000	COMPANY 31.3.2019 RM'000	COMPANY 31.3.2018 RM'000
Non-current					
Trade payables					
Retention sum payable		**11,643**	61,411	**–**	–
Other payables					
Other payable	(d)	**–**	241,868	**–**	–
Deposits received		**1,611**	1,810	**–**	–
		1,611	243,678	**–**	–
		13,254	305,089	**–**	–
Total trade and other payables (current and non-current)		**346,116**	503,173	**19,093**	17,496
Less: SST/GST payable		**(625)**	(728)	**–**	(60)
Less: Other payable (non-current)		**–**	(241,868)	**–**	–
Less: Other payable (current)		**(46,706)**	–	**–**	–
Add: Loans and borrowings (Note 27)		**1,413,373**	1,650,573	**403,949**	390,865
Total financial liabilities carried at amortised cost		**1,712,158**	1,911,150	**423,042**	408,301

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 120 (2018: 14 to 120) days.

(b) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

(c) Amount due to non-controlling interests

The amount due to non-controlling interests is in respect of advances extended to a subsidiary by its shareholder. The amount is unsecured, non-interest bearing and is repayable upon demand.

29. TRADE AND OTHER PAYABLES (CONT'D)

(d) Other payables

(i) Current

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2018: average term of six months), except for the accrued liability in the form of reclaimed land amounted to RM46,706,000 as disclosed in Note 29(d)(ii).

(ii) Non-current

In the previous financial year, the non-current portion of other payable of the Group represented accrued liability in the form of reclaimed land, arising from the Group's land reclamation project. It was measured at the fair value of the non-monetary asset given up. As at 31 March 2019, the remaining liability of RM46,706,000 has been reclassified as current other payables as the land reclamation project is expected to be completed within the next 12 months.

(e) Holding costs payable

This amount is payable in conjunction with non-exercise of lease option to acquire a land as disclosed in Note 35(a).

30. SHARE CAPITAL

	GROUP/COMPANY			
	NUMBER OF ORDINARY STOCK UNITS		AMOUNT	
	31.3.2019 '000	31.3.2018 '000	**31.3.2019 RM'000**	31.3.2018 RM'000
Issued and fully paid:				
At the beginning of financial year	**1,326,707**	1,262,319	**1,394,163**	1,274,879
Ordinary stock units issued during the year				
- pursuant to LTIP vested	**–**	1,388	**–**	3,364
- pursuant to restricted issue	**–**	63,000	**–**	115,920
- pursuant to private placement	**130,230**	–	**127,626**	–
At the end of financial year	**1,456,937**	1,326,707	**1,521,789**	1,394,163

(a) Issue of stock units

On 18 March 2019, the Company increased its issued and paid-up ordinary share capital from RM1,394,163,000 to RM1,521,789,000 by way of the issuance of 130,230,000 new ordinary stock units pursuant to a private placement at an issue price of RM0.98 per ordinary 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 1,456,936,544 (2018: 1,326,706,544) issued and fully paid-up ordinary stock units, 24,391,896 (2018: 27,338,747) ordinary stock units are held as treasury stock units by the Company. As at 31 March 2019, the number of issued and fully paid-up ordinary stock units (not held as treasury stock units) is 1,432,544,648 (2018: 1,299,367,797) ordinary stock units.

In the previous 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.

(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.

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30. SHARE CAPITAL (CONT'D)

(b) Warrants 2015/2019 (cont'd)

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. TREASURY STOCK UNITS

	GROUP/COMPANY			
	NUMBER OF TREASURY STOCK UNITS		AMOUNT	
	31.3.2019	31.3.2018	**31.3.2019**	31.3.2018
	'000	'000	**RM'000**	RM'000
At the beginning of financial year	**27,339**	5,121	**37,962**	5,031
Stock dividend to stockholders (Note 13)	**(25,938)**	–	**(36,095)**	–
Purchase of treasury stock units	**22,991**	22,218	**25,852**	32,931
At the end of financial year	**24,392**	27,339	**27,719**	37,962

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 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 22,991,100 (2018: 22,218,100) of its issued ordinary stock units from the open market at an average price of RM1.124 (2018: RM1.482) per stock unit. The total consideration paid for the repurchase including transaction cost was RM25,852,000 (2018: 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 2019, the Company held as treasury stock units a total of 24,391,896 (2018: 27,338,747) of its 1,456,936,544 (2018: 1,326,706,544) issued ordinary stock units. Such treasury stock units are held at a carrying amount of RM27,719,000 (2018: RM37,962,000).

32. RESERVES

	NOTE	GROUP 31.3.2019 RM'000	GROUP 31.3.2018 RM'000 (RESTATED)	COMPANY 31.3.2019 RM'000	COMPANY 31.3.2018 RM'000
Distributable:					
Retained profits	(a)	**516,139**	490,384	**78,222**	40,480
Non-distributable:					
Foreign currency translation reserve	(b)	**(3,661)**	(3,381)	**–**	–
Other reserve	(c)	**1,026**	958	**–**	–
		(2,635)	(2,423)	**–**	–
		513,504	487,961	**78,222**	40,480

(a) Retained profits

The Company may distribute dividends out of its entire retained profits as of 31 March 2019 and 31 March 2018 under the single-tier system.

(b) 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.

(c) 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 the Act.

33. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

Two subsidiaries of the Group, namely Eastern & Oriental Hotel Sdn. Berhad and E&O Vista 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:

	31.3.2019 RM'000	31.3.2018 RM'000
Group		
At the beginning of financial year	**248**	400
Recognised in profit or loss (Note 9)	**45**	331
Paid during the financial year	**(9)**	(483)
At the end of financial year	**284**	248

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

	31.3.2019 RM'000	31.3.2018 RM'000
Group		
Present value of defined benefit obligations, representing net liability	**284**	248
Analysed as:		
- current liabilities	**2**	2
- non-current liabilities	**282**	246
	284	248

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

	31.3.2019 RM'000	31.3.2018 RM'000
Group		
Current service cost	**32**	57
Interest cost on benefit obligation	**13**	274
Net benefit expense	**45**	331

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

	31.3.2019 %	31.3.2018 %
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 (2018: 15-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% (2018: 6%) was used due to longer term of the Scheme.

33. EMPLOYEE BENEFITS (CONT'D)

(a) Retirement benefit obligations (cont'd)

A quantification sensitivity analysis for significant assumption as at 31 March 2019 and 31 March 2018 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
2019				
Impact on defined benefit obligation	**(65)**	**79**	**89**	**(74)**
2018				
Impact on defined benefit obligation	(58)	70	74	(62)

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:

	31.3.2019 RM'000	31.3.2018 RM'000
Within the next 12 months	**4**	5
Between 2 and 5 years	**136**	129
Beyond 5 years	**87**	188
Total expected payments	**227**	322

The average duration of the defined benefit plan obligation at the end of the reporting period is 13 years (2018: 14 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 the Company's Employees' Share Option Scheme ("E&O ESOS").

In the previous financial year, the remaining stock units awarded under the final third LTIP grant was partially vested with the balance awarded stock units forfeited. There were no new LTIP approved and awarded since the end of the previous financial year.

The salient features and terms of the LTIP were as follows:

(a) The scheme committee appointed by the Board of Directors to administer the LTIP may, in its discretion where necessary, direct the implementation and administration of the plan. The scheme committee may at any time within the duration of the plan, offer PSU Award and RSU Award under the LTIP to Eligible Person of the Group.

(b) The Board of Directors and/or the scheme committee will if required by prevailing laws establish a Trust to be administered by the Trustee for purposes of subscribing for new stock units or purchasing existing stock units from the market and transferring them to Eligible Person of the Group participating in the LTIP at such time as the scheme committee may direct. The Trustee will, to the extent permitted by law, to accept funding and/or assistance, financial or otherwise from the Company and/or its subsidiaries and/or third parties to pay expenses in relation to the administration of the Trust.

(c) The aggregate number of LTIP stock units that may be allocated to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person holds 20.0% or more of the issued and paid-up stock units (excluding treasury stock units) of the Company, shall not exceed 10.0% of the total number of LTIP stock units to be awarded under the scheme.

(d) All new ordinary stock units issued pursuant to the LTIP will rank pari passu in all respect with the then existing ordinary stock units of the Company, except that the new ordinary stock units so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to stockholders prior to the date of allotment of such new ordinary stock units, and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise.

(e) Any employee shall be eligible to participate in the LTIP if the following conditions are satisfied:

<u>RSU Award</u>

(i) he/she must be at least eighteen (18) years of age;

(ii) his/her employment has been confirmed in writing and continues to be so employed by the Group as at the Award Date; and

(iii) he/she meets any other criteria as may be determined by the scheme committee in its sole discretion from time to time.

<u>PSU Award</u>

(i) he/she must be at least eighteen (18) years of age;

(ii) his/her employment has been confirmed in writing and continues to be so employed by the Group at senior managers or higher level (who for avoidance of doubt includes the Executive Directors) as at the Award Date; and

(iii) he/she meets any other criteria as may be determined by the scheme committee in its sole discretion from time to time.

33. EMPLOYEE BENEFITS (CONT'D)

(b) LTIP (cont'd)

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

(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
(Third Grant)		
Date of award	31 July 2014	31 July 2014
Number of LTIP stock units awarded to the eligible employees and Executive Directors:		
(a) Executive Directors	198	163
(b) Eligible Employees	482	2,197
	680	2,360
Vesting period	31 July 2014 to 31 July 2017	31 July 2014 to 31 July 2017

Movement of LTIP in the previous financial year

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

	NUMBER OF STOCK UNITS			
		MOVEMENT DURING THE FINANCIAL YEAR		
	AT 1 APRIL 2017 '000	VESTED '000	FORFEITED '000	AT 31 MARCH 2018 '000
2018				
2014/15 PSU Award	470	–	(470)	–
2014/15 RSU Award	1,711	(1,688)	(23)	–
	2,181	(1,688)	(493)	–

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)
Fair value of LTIP stock units granted:	
Weighted average fair value of stock unit price (RM)	
- PSU	2.88
- RSU	2.66
Stock unit at grant date (RM)	2.92
Expected volatility (day)	39.53
Expected life (years)	3 years
Risk free rate (%)	3.48
Expected dividend yield (%)	1.55

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.

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the related party transaction 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	
	31.3.2019 RM'000	31.3.2018 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)**	(104)
- Interiors International (M) Sdn. Bhd. ("Interiors") in which a Director of Interiors is a person connected to a Director of the Company	**(35)**	(92)
- a joint venture	**(14)**	(648)
Project management and administrative services fees paid and payable/(received and receivable) from joint ventures *	**368**	(288)
Interest receivable from joint ventures *	**(2,984)**	(2,202)
Selling and marketing fees receivable from joint ventures	**(1,207)**	(539)
Profit distribution received from a joint venture	**–**	(10,053)
Profit distribution received from an associate	**–**	(65)
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	**883**	700
Design services rendered by:		
- Interiors in which a director of Interiors is a person connected to a Director of the Company	**50**	727
Sale of properties to Directors and a person connected to a Director of the Company	**(2,051)**	(2,093)
Berthing fee received from a Director	**(12)**	(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	**120,859**	143,854

	COMPANY (INCOME)/EXPENSE	
	31.3.2019 RM'000	31.3.2018 RM'000
Subsidiaries:		
Dividend income	**(121,676)**	(95,669)
Interest income received and receivable	**(4,911)**	(3,207)
Management fee received and receivable	**(7,713)**	(7,272)
Interest expense paid and payable	**–**	231

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 2019 and 2018 are disclosed in Notes 24 and 29.

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

(b) Compensation of key management personnel

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Short term employee benefits	**12,653**	11,452	**4,821**	5,695
Defined contribution plan	**1,559**	1,467	**512**	687
	14,212	12,919	**5,333**	6,382

Included in the total remuneration of key management personnel are:

	GROUP		COMPANY	
	31.3.2019 RM'000	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000
Executive Directors' remuneration (Note 10)	**8,677**	8,583	**2,882**	4,359

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

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

The balance of LTIPs awarded to Executive Directors of the Group and of the Company and other members of key management are as follows:

	GROUP AND COMPANY 31.3.2018 '000
At the beginning of the financial year	528
Vested	(275)
Forfeited	(253)
At the end of the financial year	–

The LTIPs awarded were on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 33(b).

35. COMMITMENTS

(a) Capital commitments

Capital commitments as at 31 March 2019 and 2018 are as follows:

	GROUP	
	31.3.2019 RM'000	31.3.2018 RM'000
Capital expenditure		
Approved and contracted for:		
- Land reclamation	**495,331**	619,638
- Acquisition of freehold land	**–**	7,057
- Property, plant and equipment	**31,514**	1,705
Approved but not contracted for:		
- Property, plant and equipment	**6,206**	3,086
Share of joint venture's capital commitments:		
- Acquisition of land	**–**	125,321

The share of joint venture's capital commitment in relation to the acquisition of land amounting to RM125,321,000 had lapsed on 11 January 2019. The capital commitment is void since the lease option to acquire the land had lapsed. In conjunction with this, a holding costs payable of RM44,573,000 has been accrued during the financial year as disclosed in Notes 8 and 29(e) respectively.

(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
	31.3.2019	31.3.2018
	RM'000	RM'000
Future minimum rentals payable:		
Not later than 1 year	**8,489**	8,489
Later than 1 year and not later than 5 years	**38,254**	36,702
Later than 5 years	**41,674**	51,715
	88,417	96,906

(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
	31.3.2019	31.3.2018	**31.3.2019**	31.3.2018
	RM'000	RM'000	**RM'000**	RM'000
Future minimum rentals payable:				
Not later than 1 year	**2,330**	1,849	**1,334**	1,317
Later than 1 year and not later than 5 years	**1,441**	2,264	**365**	1,633
	3,771	4,113	**1,699**	2,950

35. 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
	31.3.2019 RM'000	31.3.2018 RM'000
Future minimum rentals receivable:		
Not later than 1 year	**12,206**	15,573
Later than 1 year and not later than 5 years	**9,403**	17,717
	21,609	33,290

(d) Finance lease commitments

The Group and the Company have finance leases for certain 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
	31.3.2019 RM'000	31.3.2018 RM'000
Future minimum lease payments:		
Not later than 1 year	**602**	494
Later than 1 year and not later than 2 years	**428**	473
Later than 2 years and not later than 5 years	**517**	510
Total future minimum lease payments	**1,547**	1,477
Less: Future finance charges	**(160)**	(152)
Present value of finance lease liabilities (Note 27)	**1,387**	1,325
Less: Amount due within 12 months (Note 27)	**(542)**	(441)
Amount due after 12 months (Note 27)	**845**	884

36. FINANCIAL GUARANTEES

	COMPANY	
	31.3.2019	31.3.2018
	RM'000	RM'000
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries:		
- financial institutions	**930,485**	1,160,711

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.

37. 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.

37. 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	
		31.3.2019 RM'000	31.3.2018 RM'000
Group			
Floating rate borrowings	25	**(1,893)**	(1,549)
	(25)	**1,893**	1,549
Company			
Floating rate borrowings	25	**(169)**	(172)
	(25)	**169**	172

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 a 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 statement 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 2019	
Cash and bank balances	**7,885**
Trade and other receivables	**6,021**
Trade and other payables	**(7,806)**
Loans and borrowings	**(214,569)**
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)

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	
		31.3.2019 RM'000	31.3.2018 RM'000
GBP/RM	- strengthened 5%	**(10,423)**	(14,129)
	- weakened 5%	**10,423**	14,129

37. 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 their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet their working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to their 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.

				2019 RM'000
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
Group				
Financial liabilities:				
Trade and other payables	285,531	15,229	–	300,760
Loans and borrowings	526,338	902,209	149,604	1,578,151
Total undiscounted financial liabilities	811,869	917,438	149,604	1,878,911
Company				
Financial liabilities:				
Trade and other payables	19,093	–	–	19,093
Loans and borrowings	229,622	203,956	–	433,578
Total undiscounted financial liabilities	248,715	203,956	–	452,671

	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	2018 RM'000 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

(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 and the Company are exposed to credit risk from their operating activities (primarily trade and other receivables) and from their financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company'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 and the Company's exposure to bad debts are not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company'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.

37. 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 expected credit losses at the reporting date are as follows:

	31.3.2019		31.3.2018	
	RM'000	% OF TOTAL	RM'000	% OF TOTAL
Properties	**206,393**	**99.4%**	86,977	97.2%
Hospitality	**1,202**	**0.6%**	2,493	2.8%
Investments and others	**37**	**0.0%**	15	0.0%
	207,632	**100.0%**	89,485	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 listed equity securities at fair value was RM3,313,000 (2018: RM3,371,000). An increase/(decrease) of 5% (2018: 5%) on the FTSE Bursa Malaysia KLCI market index, with all other variables held constant, could have an impact of approximately RM166,000 (2018: RM169,000) 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.

38. FAIR VALUE MEASUREMENT

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.

(a) Non-financial assets that are measured at fair value

The table below analyses the Group's and the Company's non-financial assets measured at fair value at the reporting date, according to the levels in the fair value hierarchy:

	FAIR VALUE LEVEL 3 RM'000
Group	
At 31 March 2019	
Investment properties (Note 16)	**487,993**
At 31 March 2018	
Investment properties (Note 16)	491,828

Description of valuation techniques used and key inputs to valuation on investment properties is as disclosed in Note 16.

There have been no transfer between Level 1, Level 2 and Level 3 during the financial year.

38. FAIR VALUE MEASUREMENT (CONT'D)

(b) Financial instruments that are measured at fair value

	FAIR VALUE LEVEL 1 RM'000
Group	
At 31 March 2019	
Other investments (Note 21)	**3,313**
At 31 March 2018	
Other investments (Note 21)	13,371

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.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	GROUP		COMPANY	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
2019				
Financial liabilities:				
Loans and borrowings				
- RCMTNs	**143,688**	**143,737**	**143,688**	**143,737**
- Obligations under finance lease	**845**	**757**	**–**	**–**
2018				
Financial liabilities:				
Loans and borrowings				
- RCMTNs	322,230	321,659	322,230	321,659
- Obligations under finance lease	884	788	–	–

(d) 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

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.

39. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

							2019
	AT 1 APRIL 2018 RM'000	DRAWDOWN RM'000	REPAYMENT RM'000	EXCHANGE DIFFERENCES RM'000	RECLASSI-FICATIONS RM'000	OTHER CHANGES RM'000	AT 31 MARCH 2019 RM'000
Group							
Short term borrowings:							
Term loans	**327,940**	**–**	**(324,436)**	**(1,179)**	**175,160**	**(1,370)**	**176,115**
Revolving credits	**40,000**	**–**	**–**	**–**	**74,595**	**–**	**114,595**
Obligations under finance leases	**441**	**–**	**(512)**	**–**	**613**	**–**	**542**
RCMTNs	**–**	**–**	**–**	**–**	**192,421**	**–**	**192,421**
	368,381	**–**	**(324,948)**	**(1,179)**	**442,789**	**(1,370)**	**483,673**
Long term borrowings:							
Term loans	**638,720**	**321,063**	**(274,319)**	**(3,439)**	**(175,160)**	**(4,410)**	**502,455**
Revolving credits	**293,146**	**56,808**	**(14,300)**	**–**	**(74,595)**	**(7)**	**261,052**
Obligations under finance leases	**884**	**–**	**–**	**–**	**(613)**	**574**	**845**
RCMTNs	**322,230**	**–**	**–**	**–**	**(192,421)**	**13,879**	**143,688**
	1,254,980	**377,871**	**(288,619)**	**(3,439)**	**(442,789)**	**10,036**	**908,040**
	1,623,361	**377,871**	**(613,567)**	**(4,618)**	**–**	**8,666**	**1,391,713**

39. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

2019	AT 1 APRIL 2018 RM'000	DRAWDOWN RM'000	REPAYMENT RM'000	RECLASSI-FICATIONS RM'000	OTHER CHANGES RM'000	AT 31 MARCH 2019 RM'000
Company						
Short term borrowings:						
Term loans	**20,000**	**–**	**(20,000)**	**–**	**–**	**–**
Revolving credits	**5,000**	**–**	**–**	**–**	**–**	**5,000**
RCMTNs	**–**	**–**	**–**	**192,421**	**–**	**192,421**
	25,000	**–**	**(20,000)**	**192,421**	**–**	**197,421**
Long term borrowings:						
Term loans	**–**	**35,000**	**–**	**–**	**–**	**35,000**
Revolving credits	**21,500**	**–**	**(14,300)**	**–**	**–**	**7,200**
RCMTNs	**322,230**	**–**	**–**	**(192,421)**	**13,879**	**143,688**
	343,730	**35,000**	**(14,300)**	**(192,421)**	**13,879**	**185,888**
	368,730	**35,000**	**(34,300)**	**–**	**13,879**	**383,309**

2018	AT 1 APRIL 2017 RM'000	DRAWDOWN RM'000	REPAYMENT RM'000	EXCHANGE DIFFERENCES RM'000	RECLASSI-FICATIONS RM'000	OTHER CHANGES RM'000	AT 31 MARCH 2018 RM'000
Group							
Short term borrowings:							
Term loans	171,199	–	(172,722)	(3,075)	332,674	(136)	327,940
Revolving credits	110,000	–	(20,000)	–	(50,000)	–	40,000
Obligations under finance leases	451	–	(471)	–	313	148	441
	281,650	–	(193,193)	(3,075)	282,987	12	368,381
Long term borrowings:							
Term loans	811,304	165,830	–	(5,059)	(332,674)	(681)	638,720
Revolving credits	129,009	114,692	–	–	50,000	(555)	293,146
Obligations under finance leases	1,197	–	–	–	(313)	–	884
RCMTNs	309,189	–	–	–	–	13,041	322,230
	1,250,699	280,522	–	(5,059)	(282,987)	11,805	1,254,980
	1,532,349	280,522	(193,193)	(8,134)	–	11,817	1,623,361

	AT 1 APRIL 2017 RM'000	DRAWDOWN RM'000	REPAYMENT RM'000	RECLASSI-FICATIONS RM'000	OTHER CHANGES RM'000	2018 AT 31 MARCH 2018 RM'000
Company						
Short term borrowings:						
Term loans	25,000	–	(25,000)	20,000	–	20,000
Revolving credits	25,000	–	(20,000)	–	–	5,000
Obligations under finance leases	42	–	(42)	–	–	–
	50,042	–	(45,042)	20,000	–	25,000
Long term borrowings:						
Term loans	20,000	–	–	(20,000)	–	–
Revolving credits	–	21,500	–	–	–	21,500
RCMTNs	309,189	–	–	–	13,041	322,230
	329,189	21,500	–	(20,000)	13,041	343,730
	379,231	21,500	(45,042)	–	13,041	368,730

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 financial year.

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 is to maintain net gearing ratio at an acceptable limit.

40. CAPITAL MANAGEMENT (CONT'D)

No changes were made in the objectives, policies or processes for managing capital during the financial years ended 31 March 2019 and 2018.

	NOTE	GROUP **31.3.2019** **RM'000**	31.3.2018 RM'000 (RESTATED)	COMPANY **31.3.2019** **RM'000**	31.3.2018 RM'000
Loans and borrowings	27	**1,413,373**	1,650,573	**403,949**	390,865
Less: Cash and bank balances	25	**(854,833)**	(521,568)	**(195,829)**	(25,322)
Net debt		**558,540**	1,129,005	**208,120**	365,543
Equity attributable to the owners of the parent, representing total capital		**2,007,574**	1,844,162	**1,572,292**	1,396,681
Net gearing ratio		**28%**	61%	**13%**	26%

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	
	2019 RM'000	2018 RM'000	**2019 RM'000**	2018 RM'000
Malaysia	**875,783**	912,257	**3,522,005**	3,375,924
United Kingdom	**10,537**	70,449	**673,001**	722,602
Others	**–**	–	**8**	31
	886,320	982,706	**4,195,014**	4,098,557

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			PER CONSOLIDATED FINANCIAL STATEMENTS	
	31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)	**31.3.2019 RM'000**	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000	**31.3.2019 RM'000**	31.3.2018 RM'000 (RESTATED)	**NOTE**	**31.3.2019 RM'000**	31.3.2018 RM'000 (RESTATED)
Revenue											
External sales	**798,927**	880,008	**84,348**	98,872	**3,045**	3,826	**–**	–		**886,320**	982,706
Inter-segment sales	**461**	505	**–**	–	**341,924**	212,046	**(342,385)**	(212,551)	A	**–**	–
Total revenue	**799,388**	880,513	**84,348**	98,872	**344,969**	215,872	**(342,385)**	(212,551)		**886,320**	982,706
Results											
Interest income	**22,002**	17,785	**674**	446	**12,609**	16,894	**(10,590)**	(16,452)	A	**24,695**	18,673
Loss from fair value adjustment of investment properties	**(3,922)**	(28,329)	**–**	–	**–**	–	**–**	–		**(3,922)**	(28,329)
Depreciation and amortisation	**(1,543)**	(1,496)	**(12,930)**	(13,026)	**(676)**	(529)	**–**	–	B	**(15,149)**	(15,051)
Share of results of an associate	**–**	–	**–**	–	**–**	(20)	**–**	–		**–**	(20)
Share of results of joint ventures	**(104)**	(3,123)	**–**	–	**–**	–	**–**	–		**(104)**	(3,123)
Gain on disposal of subsidiary	**–**	–	**–**	24,493	**–**	–	**–**	–		**–**	24,493
Other material non-cash expenses	**(27,358)**	(4,025)	**(6,913)**	(486)	**(5,971)**	(6,121)	**–**	–	C	**(40,242)**	(10,632)
Segment results	**275,803**	238,667	**(8,310)**	21,609	**207,889**	124,938	**(313,484)**	(196,131)	D	**161,898**	189,083
Assets											
Investment in joint ventures	**130,270**	130,374	**–**	–	**–**	–	**–**	–		**130,270**	130,374
Assets of disposal group classified as held for sale	**8,000**	–	**–**	–	**–**	–	**–**	–		**8,000**	–
Additions to non-current assets	**78,675**	222,417	**4,795**	1,574	**1,432**	466	**–**	–	E	**84,902**	224,457
Segment assets	**3,584,372**	3,693,425	**251,352**	279,577	**1,703,892**	1,498,378	**(1,344,602)**	(1,372,823)	F	**4,195,014**	4,098,557
Liabilities											
Segment liabilities	**1,296,163**	1,227,938	**16,335**	15,048	**187,796**	178,735	**645,629**	805,603	G	**2,145,923**	2,227,324

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	31.3.2019 RM'000	31.3.2018 RM'000
Amortisation of intangible assets	8	**(88)**	(91)
Depreciation of property, plant and equipment	8	**(15,061)**	(14,960)
		(15,149)	(15,051)

C Other material non-cash (expenses)/income consist of the following items as presented in the respective notes to the financial statements:

		31.3.2019 RM'000	31.3.2018 RM'000
Completed properties written down	8	**–**	(4,174)
Net expected credit losses on financial assets:			
- trade receivables	6,8	**(315)**	(891)
- other receivables	8	**(1)**	(3)
Bad debts written off	8	**(155)**	(4)
Net (loss)/gain on disposal of:			
- property, plant and equipment	6,8	**(2)**	101
Reversal of impairment loss on investment in an associate	6	**–**	85
Unrealised loss on foreign exchange	8	**(5,604)**	(7,533)
Unwinding of discounts - net	6,7	**(7,085)**	747
Property, plant and equipment written off	8	**(203)**	(13)
Net fair value (loss)/gain on other investments	6,8	**(58)**	442
Loss on liquidation of subsidiaries	8	**(77)**	–
Property development costs written down	8	**(14,424)**	–
Impairment loss on property, plant and equipment	6	**(6,966)**	(20)
Reversal of provision for estimated repair costs	6	**–**	162
LTIP income	9	**–**	1,371
Land held for property development written down	8	**(5,307)**	(571)
Provision for retirement benefits	9	**(45)**	(331)
		(40,242)	(10,632)

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	**31.3.2019 RM'000**	31.3.2018 RM'000
Inter-segment expense/(income)		**7,982**	(2,024)
Inter-segment dividends		**(330,001)**	(207,606)
Inter-segment interests		**8,535**	13,499
		(313,484)	(196,131)

E Additions/(deduction) to non-current assets consist of:

		31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
Property, plant and equipment	14	**7,173**	2,636
Intangible assets	17	**–**	16
Investment properties	16	**2,030**	(5,032)
Land held for property development	15	**75,699**	226,837
		84,902	224,457

F The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

		31.3.2019 RM'000	31.3.2018 RM'000 (RESTATED)
Deferred tax assets	22	**12,909**	4,952
Tax recoverable		**1,098**	2,649
Investment in joint ventures	20	**130,270**	130,374
Inter-segment assets		**(1,488,879)**	(1,510,798)
		(1,344,602)	(1,372,823)

G The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

		31.3.2019 RM'000	31.3.2018 RM'000
Deferred tax liabilities	22	**43,422**	42,595
Income tax payable		**33,192**	30,544
Loans and borrowings	27	**1,413,373**	1,650,573
Inter-segment liabilities		**(844,358)**	(918,109)
		645,629	805,603

42. SIGNIFICANT EVENT

On 11 February 2019, the Company announced the proposal for fund raising that comprised of private placement of stock units as disclosed in Note 30 and a renounceable rights issue of new ordinary stocks in the Company to the entitled stockholders of E&O together with free detachable warrants at an issue price and basis to be determined and announced later which in aggregate will aim to raise minimum gross proceeds of RM250 million for the Company.

The private placement which raised a proceeds of RM127,626,000 was completed on 18 March 2019.

GROUP'S PROPERTIES

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2019 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	–	8,000
Lot No. 43, 62, 72, 73, 76, 77, 88, 89, 91, 93, 94, 137 - 140, 149, 150, 168, 169, 171, 172, 177, 179, 183 - 189, 192 (New Lot 244), 194, 202 - 204, 222 - 224, 228 - 234 & PT No. 2 Mukim 8, South-West District Pulau Pinang	Freehold	2006	339.184 acres	Vacant Land	–	117,370
	Lease expiring 10.12.2022	2006	7.787 acres	Vacant Land	–	2,487
	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, H.S.(D) No. 14395 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Freehold	2007	0.66 acres	Vacant Land	–	2,674
PT No. 1, 3, 4, 7, 8 ,9, 10, 12, 16, 18, 19, 22 - 406 All within Bandar Tanjong Pinang Daerah Timor Laut	Lease expiring 30.1.2117	2018	560,385 sq. mt.	Reclaimed Land	–	862,894
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 Timor Laut Pulau Pinang	Freehold	2012	3 units	Terrace House	8	2,831
Lot No. 10014, H.S.(D) No. 166726 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Freehold	2013	5 units	Residential Condominium	7	7,248

GROUP'S PROPERTIES

(CONT'D)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2019 RM'000
Lot No. 10014, H.S.(D) No. 166726 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Freehold	2015	122 units	Residential Condominium	5	177,221
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 Timor Laut Pulau Pinang	Freehold	2017	3 units	Superlink Terrace	3	6,943
PT No. 1483, H.S.(D) No. 18823 PT No. 1493, H.S.(D) No. 18836 PT No. 1495, H.S.(D) No. 18838 PT No. 1506, H.S.(D) No. 19949 PT No. 1510, H.S.(D) No. 18853 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Freehold	2018	5 units	Superlink Terrace	2	10,384
PT 711, H.S.(D) No. 11105 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Lease expiring 28.4.2103	2018	5 units	Low medium cost apartment	2	321
Lot No. 10016, H.S.(D) No. 169813 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Freehold	2019	10 units	Executive apartment	1	5,034
PT No. 1406, H.S.(D) No. 17016 PT No. 1409, H.S.(D) No. 17019 PT No. 1429, H.S.(D) No. 17471 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Freehold	2019	3 units	Terrace House	1	4,803

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2019 RM'000
Lot No. 1300 to 1314, 1316, 1318 to 1320, 1322, 1323, 1325, 1326, 1329 to 1333, 1335, 1336, 1338 to 1340, 1342, 1343,	Lease expiring 2088/89	2006	303.276 acres	Vacant Land	–	105,595
1345 to 1347, 1349, 1351 to 1354, 1356, 1357, 1359, 1360, 1363 to 1369, 1372 to 1374, 1376, 1377, 1379 to 1393 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
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	–	53,487
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	12	51,000
Dua Residency Condominium Jalan Tun Razak Geran 71700/M1-A/20/139 Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2009	1 unit	Residential Condominium	12	2,549

GROUP'S PROPERTIES

(CONT'D)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2019 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 Timor Laut Pulau Pinang	Freehold	2010	575,288.47 sq. ft.	Retail Mall Light House Marina	9	200,000
Geran 76431/M1/B1/1 Geran 76431/M1/B2/2 Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2010	4,312 sq. mt.	Retail Mall	6	43,000
Lot 10001, Seksyen 1 (Hakmilik 138146) Bandar Tanjong Pinang Sek. 1 Daerah Timor Laut Pulau Pinang	Freehold	2016	18,295 sq. ft.	Office building	3	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	–	208,192
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	–	176
37-39 Kingsway London WC2B 6TP United Kingdom Title Number NGL226475	Freehold	2012	2,060.90 sq. mt.	Serviced Apartment and Basement - Restaurant	–	123,993

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.3.2019 RM'000
Landmark House and Thames Tower London W6 9DP United Kingdom Title Number BGL4589 and NGL549314	Freehold	2015	130,486 sq. ft.	Land with building	–	371,024
Esca House London W2 4HY United Kingdom Title Number NGL947388	Freehold	2014	26,996 sq. ft.	Land with building	–	163,159
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	65.93 acres	Land held for development	–	276,890

ANALYSIS OF STOCKHOLDINGS

AS AT 28 JUNE 2019

ORDINARY SHARE CAPITAL

Issued Shares	:	1,456,936,544 Ordinary Stock Units
Class of Share	:	Ordinary Stock Unit
Voting Rights	:	One (1) vote per Ordinary Stock Unit
Number of Treasury Stock Units held	:	24,391,896

DISTRIBUTION OF STOCKHOLDINGS

SIZE OF STOCKHOLDINGS	NO. OF STOCKHOLDERS	%	NO. OF STOCK UNITS	%
Less than 100	1,297	6.02	43,236	0.00
100 to 1,000	8,245	38.25	3,482,859	0.24
1,001 to 10,000	8,887	41.23	29,456,348	2.06
10,001 to 100,000	2,699	12.52	71,247,374	4.98
100,001 to less than 5% of issued Stock Units	421	1.95	645,552,307	45.06
5% and above of issued Stock Units	6	0.03	682,762,524	47.66
Total	**21,555**	**100.00**	**1,432,544,648#**	**100.00**

Excluding 24,391,896 Treasury Stock Units.

THIRTY LARGEST STOCKHOLDERS BASED ON THE RECORD OF DEPOSITORS

(Excluding 24,391,896 Treasury Stock Units)

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
1.	JS Nominees (Tempatan) Sdn Bhd *Sime Darby Nominees Sendirian Berhad*	155,827,823	10.88
2.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – AmBank (M) Berhad for Sweetwater SPV Sdn Bhd*	130,230,000	9.09
3.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Paramount Spring Sdn. Bhd. (BDA)*	128,497,890	8.97
4.	Urusharta Jamaah Sdn Bhd	94,248,000	6.58
5.	Kumpulan Wang Persaraan (Diperbadankan)	88,117,617	6.15
6.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank Berhad for Morning Crest Sdn Bhd (CBM)*	85,841,194	6.00
7.	Maybank Nominees (Asing) Sdn Bhd *G. K. Goh Strategic Holdings Pte Ltd (260551)*	60,674,114	4.24

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
8.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	55,134,204	3.85
9.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon (EDG)*	48,352,590	3.38
10.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kerjaya Hotel Sdn. Bhd.*	28,050,000	1.96
11.	Kerjaya Hotel Sdn Bhd	28,048,980	1.96
12.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Bank Julius Baer & Co. Ltd. (Singapore BCH)*	19,323,247	1.35
13.	Maybank Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	18,606,885	1.30
14.	Maybank Nominees (Tempatan) Sdn Bhd *MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali) (419455)*	18,512,993	1.29
15.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	17,555,258	1.23
16.	Amcorp Group Berhad	16,817,529	1.17
17.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for BNP Paribas Singapore Branch (A/C Clients-FGN)*	16,541,983	1.15
18.	Kerjaya Prospek Development (M) Sdn. Bhd.	14,928,046	1.04
19.	Maybank Nominees (Asing) Sdn Bhd *Alpha Securities Pte Ltd (260550)*	13,307,383	0.93
20.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 1)*	13,150,900	0.92

ANALYSIS OF STOCKHOLDINGS

AS AT 28 JUNE 2019 (CONT'D)

NO.	NAME OF STOCKHOLDERS	NO. OF STOCK UNITS	%
21.	Amcorp Group Berhad	12,312,748	0.86
22.	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for State Street Bank & Trust Company (West CLT OD67)*	11,771,996	0.82
23.	Magnum Berhad	11,321,622	0.79
24.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	8,628,455	0.60
25.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	8,215,225	0.57
26.	Amanahraya Trustees Berhad *Public Smallcap Fund*	8,078,767	0.56
27.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Azizan bin Abd Rahman (PBCL-0G0617)*	7,209,972	0.50
28.	UOBM Nominees (Asing) Sdn Bhd *TAEL Two Partners Ltd for Billford Holdings Limited*	7,173,974	0.50
29.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-Asing)*	7,057,006	0.49
30.	JS Nominees (Asing) Sdn Bhd *Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)*	6,437,643	0.45
	Total	**1,139,974,044**	**79.58**

SUBSTANTIAL STOCKHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL STOCKHOLDERS AS AT 28 JUNE 2019

	STOCKHOLDINGS			
NAME OF SUBSTANTIAL STOCKHOLDERS	DIRECT	%	INDIRECT	%
Sime Darby Nominees Sendirian Berhad	155,827,823	10.88	–	–
Sime Darby Holdings Berhad	–	–	155,827,823(1)	10.88
Sime Darby Berhad	–	–	155,827,823(2)	10.88
Dato' Seri Tham Ka Hon	48,352,590	3.38	221,513,058(3)	15.46
Datuk Tee Eng Ho	–	–	199,524,916(4)	13.93
Tee Eng Seng	–	–	199,524,916(4)	13.93
Sweetwater SPV Sdn Bhd	130,230,000	9.09	–	–
The Sweet Water Alliance Sdn Bhd	–	–	130,230,000(5)	9.09
Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah	–	–	130,230,000(6)	9.09
Puan Sri Nik Anida Binti Nik Manshor	–	–	130,230,000(7)	9.09
Paramount Spring Sdn Bhd	128,497,890	8.97	–	–
Summerchrome Sdn Bhd	–	–	128,497,890(8)	8.97
Pentas Jasa Sdn Bhd	–	–	128,497,890(9)	8.97
Grand Mission International Limited	–	–	128,497,890(10)	8.97
Bright Milestone Sdn Bhd	–	–	128,497,890(11)	8.97
Billford Holdings Limited	7,173,974	0.50	85,841,194(12)	5.99
Morning Crest Sdn Bhd	85,841,194	5.99	–	–
Goh Geok Khim	3,570,000	0.25	98,400,036(13)	6.87
Goh Yew Lin	–	–	98,400,036(13)	6.87
GKG Investment Holdings Pte Ltd	–	–	98,400,036(14)	6.87
G. K. Goh Holdings Limited	–	–	79,280,999(15)	5.53
Kumpulan Wang Persaraan (Diperbadankan)	90,180,135	6.30	7,532,205	0.53
Urusharta Jamaah Sdn Bhd	94,248,000	6.58	–	–

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 100% interest in Sweetwater SPV Sdn Bhd ("SSSB").
(6) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through 60% interest in The Sweet Water Alliance Sdn Bhd ("TSWA"), which in turn holds 100% interest in SSSB.
(7) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through 40% interest in TSWA, which in turn holds 100% interest of SSSB.
(8) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through PSSB, a wholly-owned subsidiary of SCSB.
(9) 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.
(10) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through its shareholding of 100% in PJSB, which in turn holds 55% in SCSB, which in turn holds 100% of PSSB.
(11) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through SCSB, which in turn holds 100% in PSSB.
(12) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through MCSB, a wholly-owned subsidiary of BHL.
(13) Deemed interest by virtue of Section 8(4) of the Companies Act 2016 held through GKG Investment Holdings Pte Ltd.
(14) 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.
(15) 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.

DIRECTORS' INTEREST IN STOCK UNITS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 28 JUNE 2019

NAME OF DIRECTORS	STOCKHOLDINGS DIRECT	%	INDIRECT	%
Dato' Azizan bin Abd Rahman	8,354,412	0.58	–	–
Dato' Seri Tham Ka Hon	48,352,590	3.38	221,513,058[1]	15.46
Kok Tuck Cheong	–	–	–	–
Kok Meng Chow	1,643,223	0.11	–	–
Tan Sri Dato' Seri Mohd Bakke bin Salleh	–	–	–	–
Kamil Ahmad Merican	2,145,825	0.15	–	–
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	–	–	–	–
Datuk Christopher Martin Boyd	11,444	0.001	–	–
Tan Kar Leng @ Chen Kar Leng	–	–	–	–
Datuk Tee Eng Ho	–	–	199,809,410[2]	13.95

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 28 JUNE 2019

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	3,609	19.57	181,057	0.08
100 to 1,000	11,430	62.00	3,915,113	1.76
1,001 to 10,000	2,665	14.45	7,684,350	3.46
10,001 to 100,000	551	2.99	20,217,312	9.09
100,001 to less than 5% of Warrants in issue	179	0.97	86,089,917	38.73
5% and above of Warrants in issue	3	0.02	104,212,666	46.88
Total	**18,437**	**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)*	40,415,634	18.18
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.	Maybank Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	3,251,701	1.46

ANALYSIS OF WARRANT HOLDINGS

AS AT 28 JUNE 2019 (CONT'D)

NO.	NAME OF WARRANT HOLDERS	NO. OF WARRANTS	%
7.	JS Nominees (Tempatan) Sdn Bhd *Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)*	2,141,300	0.96
8.	Magnum Berhad	2,046,280	0.92
9.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – AmBank (M) Berhad* *for Kalimullah Bin Masheerul Hassan (Smart)*	2,019,600	0.91
10.	Kenanga Nominees (Tempatan) Sdn Bhd *ECM Libra Financial Group Berhad (001)*	1,978,642	0.89
11.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Ooi Peng Cuan (PBCL-0G0102)*	1,740,000	0.78
12.	Kenanga Nominees (Asing) Sdn Bhd *Pledged Securities Account for Halfmoon Bay Ventures Limited (Third Party)*	1,603,820	0.72
13.	Woi Pei Hooi	1,500,000	0.67
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.	Goh Hock Leong	1,400,000	0.63
17.	Cheong Mei Yik	1,300,000	0.59
18.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Azizan bin Abd Rahman (PBCL-0G0617)*	1,260,000	0.57
19.	Lim Kian Onn	1,100,900	0.50
20.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Total International Stock Index Fund*	1,014,820	0.46
21.	Thang Gek Hong	990,500	0.45
22.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 1)*	929,260	0.42

NO.	NAME OF WARRANT HOLDERS	NO. OF WARRANTS	%
23.	Tan Hong Lee	921,100	0.41
24.	Liong Hong Hoh	830,000	0.37
25.	Liong Yen Yong	814,200	0.37
26.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	807,220	0.36
27.	UOBM Nominees (Asing) Sdn Bhd *TAEL Two Partners Ltd for Billford Holdings Limited*	782,000	0.35
28.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Kok Hin*	775,720	0.35
29.	JS Nominees (Asing) Sdn Bhd *Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)*	715,056	0.32
30.	Ter Leong Swe	706,100	0.32
	Total	**156,194,321**	**70.26**

DIRECTORS' INTEREST IN WARRANTS BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 28 JUNE 2019

	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-Second 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 Wednesday, 28 August 2019 at 9.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**

2. To approve a first and final single-tier dividend of 3.0 sen per stock unit for the financial year ended 31 March 2019. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' fees of RM1,075,000 in respect of the financial year ended 31 March 2019. **(Ordinary 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) Mr Kok Tuck Cheong **(Ordinary Resolution 3)**
   (b) Madam Kok Meng Chow **(Ordinary Resolution 4)**
   (c) Encik Kamil Ahmad Merican **(Ordinary Resolution 5)**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:

6. **Retention of Dato' Azizan bin Abd Rahman as Independent Director** **(Ordinary 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** **(Ordinary 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** **(Ordinary 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** **(Ordinary Resolution 10)**

"THAT 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 21 August 2018 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 31 July 2019 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.

THAT 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."

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** **(Ordinary 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 Ninety-First Annual General Meeting of the Company held on 21 August 2018, 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. **Proposed Adoption of a New Constitution of the Company** **(Special Resolution 1)**

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Part C of the circular to stockholders dated 31 July 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

12. **Conversion of all Stock Units into Ordinary Shares** **(Ordinary Resolution 12)**

"THAT subject to the passing of Special Resolution 1, approval be and is hereby given to the Company to convert all duly paid-up stock units of the Company into duly paid-up ordinary shares on the basis of one (1) ordinary share for each one (1) stock unit AND THAT the Directors of the Company be and are hereby authorised to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

13. To transact any other business for which due notice shall have been given in accordance with the Articles of Association of the Company and the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the stockholders, a first and final single-tier dividend of 3.0 sen per stock unit in respect of the financial year ended 31 March 2019, will be paid on 1 October 2019 to stockholders whose names appear on the Record of Depositors at the close of business on 12 September 2019.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) securities transferred into the Depositors' Securities Account before 4.30 p.m. on 12 September 2019 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
31 July 2019

NOTES:

1. Only members registered in the Record of Depositors as at 20 August 2019 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. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her stockholdings to be represented by each proxy. 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 office of the Company's Share 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 not later than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

EXPLANATORY NOTES ON ORDINARY BUSINESS

Note 1 - Audited Financial Statements for the Financial Year ended 31 March 2019

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.

Ordinary Resolution 2 – Payment of Directors' fees

Based on the review conducted by an external consultant, the Board has approved the payment of the proposed Directors' fees for financial year ended 31 March 2019 as follows:

BOARD/COMMITTEE	CHAIRMAN (RM'000/YEAR)	MEMBER (RM'000/YEAR)
Board	230	100
Audit Committee	35	25
Risk Management Committee	30	20
Nomination, Remuneration and Scheme Committee	30	20

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary 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-Second 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, 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 2018, the stockholders of the Company had approved the retention of Dato' Azizan bin Abd Rahman as an Independent Non-Executive Director of the Company.

Ordinary 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-Second Annual General Meeting, he had served the Company for more than twelve (12) years. Having undertaken the assessment, 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 2018, 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.

Ordinary 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. The Company had on 18 March 2019 issued and allotted 130,230,000 new ordinary stock units at RM0.98 per stock unit under a Private Placement pursuant to the general mandate which was approved by the stockholders at the Company's Ninety-First Annual General Meeting held on 21 August 2018. A total proceeds of RM127,625,400 was raised from the Private Placement. The status of utilisation of proceeds from the Private Placement is detailed on page 118 of the Company's 2019 Annual Report.

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).

Ordinary 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 31 July 2019 despatched together with the Company's 2019 Annual Report. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Ordinary 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 31 July 2019 despatched together with the Company's 2019 Annual Report. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Special Resolution 1 – Proposed Adoption of a New Constitution of the Company

The proposed Special Resolution, if passed, will align the Company's Constitution with the Companies Act 2016 which came into force on 31 January 2017 and the relevant amendments to the Main Market Listing Requirements of Bursa Securities, prevailing laws, guidelines or requirements of the relevant authorities. The proposed new Constitution is set out in the Company's circular to stockholders dated 31 July 2019 despatched together with the Company's 2019 Annual Report.

Ordinary Resolution 12 – Conversion of all Stock Units into Ordinary Shares

The proposed resolution 12, if passed, will allow the Company to convert all paid-up stock units into paid-up ordinary shares pursuant to Clause 59 of the new Constitution. The Company wishes to clarify that the existing "stocks" or "stock units" in issue are for all intent and purposes referring to "ordinary shares". Therefore, this resolution is to align the terminology used in the Constitution and to avoid any confusion on the differences between "stock" or "stock units" and "share" in the capital of the Company moving forward. Given that the conversion is to be carried out on the basis of one (1) ordinary share for one (1) stock unit, such conversion shall not have any impact on the stockholding of the Members in 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-Second Annual General Meeting of the Company are as follows:

(a) Mr Kok Tuck Cheong
(b) Madam Kok Meng Chow
(c) Encik Kamil Ahmad Merican

(2) The details of the above Directors standing for re-election are set out in the Directors' Profile on pages 15 to 17 in the Annual Report.

(3) The details of the above Directors' securities holding in the Company are set out on pages 298 to 301 in the Annual Report.

EASTERN & ORIENTAL
BERHAD

FORM OF PROXY

Number of stock units held	CDS Account No

I/We ....
(FULL NAME IN CAPITAL LETTERS)

NRIC/Passport/Company No. ....

of ....
(FULL ADDRESS)

and Tel. No. ...., being a member(s) of **EASTERN & ORIENTAL BERHAD (Company No.: 555–K)** hereby appoint the following person(s) as my/our proxy(ies):

	FULL NAME	NRIC/PASSPORT NO.	PERCENTAGE (%) OF STOCKHOLDINGS TO BE REPRESENTED
Proxy 1			
and/or (delete as appropriate)			
Proxy 2			

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-Second 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 Wednesday, 28 August 2019 at 9.30 a.m. and at any adjournment thereof.

RESOLUTIONS		FOR*	AGAINST*
Ordinary Resolution 1	To approve a first and final dividend		
Ordinary Resolution 2	To approve payment of Directors' fees		
Ordinary Resolution 3	To re-elect Mr Kok Tuck Cheong as Director		
Ordinary Resolution 4	To re-elect Madam Kok Meng Chow as Director		
Ordinary Resolution 5	To re-elect Encik Kamil Ahmad Merican as Director		
Ordinary Resolution 6	To re-appoint Messrs Ernst & Young as Auditors of the Company		
Ordinary Resolution 7	To retain Dato' Azizan bin Abd Rahman as Independent Director		
Ordinary Resolution 8	To retain Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Independent Director		
Ordinary Resolution 9	To authorise the issue of shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 10	To approve the Proposed Renewal of the Stockholders' Mandate for Recurrent Related Party Transactions		
Ordinary Resolution 11	To approve the Proposed Renewal of Stockholders' Mandate for Share Buy-Back		
Special Resolution 1	To approve the Proposed Adoption of a New Constitution of the Company		
Ordinary Resolution 12	To approve conversion of all Stock Units into Ordinary Shares		

*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(ies) may vote or abstain as he/she thinks fit.

Signed this day of 2019 ....
Signature of member(s)/Seal

NOTES:

1. Only members registered in the Record of Depositors as at 20 August 2019 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. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her stockholdings to be represented by each proxy. 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 office of the Company's Share 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 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

Registrar
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
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59200 Kuala Lumpur
MALAYSIA

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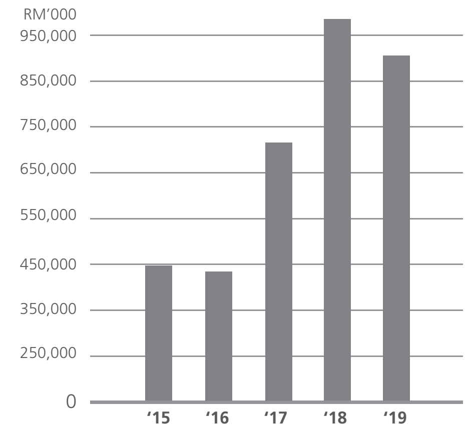
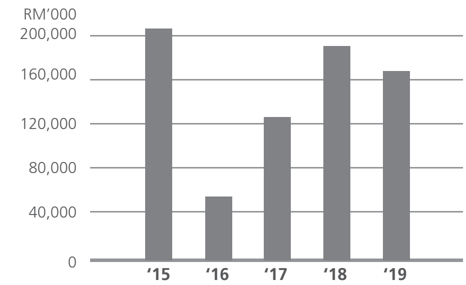
5-YEAR GROUP FINANCIAL HIGHLIGHTS

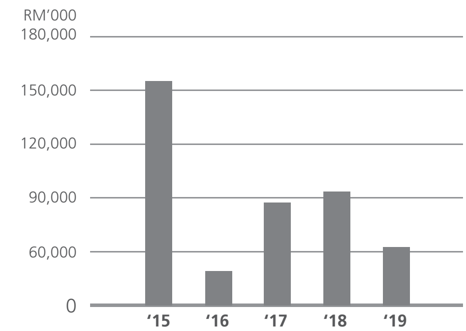
REVENUE



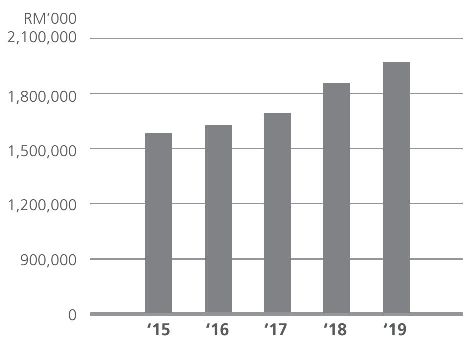
PROFIT BEFORE TAX



PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT



SHAREHOLDERS' FUND



Note: Please refer to page 5 for Eastern & Oriental Berhad's 10-year financial highlights

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