

**Eastern & Oriental Berhad (555-K) (“E&O”)
92nd Annual General Meeting held on 28 August 2019
Pertinent Questions and Answers at the Annual General Meeting**

Q1: What are the types of properties that comprised inventories of approximately RM215 million? Where is the location and what is the ageing of these properties?

A1: The completed properties under inventories at cost of approximately RM215 million as at 31 March 2019 are mainly condominiums in Penang for sale. Under our joint venture projects in Klang Valley and Johor, there are about 32 units of condominiums and 39 units of double storey landed properties respectively remaining for sale.

The ageing of our inventories which are comprised mainly properties developed under joint ventures are approximately 2 to 5 years, where the last property handover was in September 2017.

Q2: What is the Company’s strategy to reduce the inventories?

A2: The inventories of unsold completed properties have been reduced by about 53% from its peak in FY2017, a positive sign amidst the soft market. The reported inventory level is RM215 million as at 31 March 2019. Since then, the Company has made further progress comprising sale of 46 units. We are working with premier agents to reach out to foreign and local buyers. Part of our strategy is to fit-out the units to make it more appealing to buyers. By focusing on providing value to our buyers, we are able to uphold the E&O premier brand that has been built over the years. In the last 3 months, sales have been encouraging and we will continue to focus on selling our inventories.

Q3: What is the outlook and prospect of the Company?

A3: In the past two years, the Company has undertaken a careful and prudent approach amidst a soft property market and held back new launches in order to focus on the sale of inventories. Moving forward, our resources will be earmarked for the reclamation and development of STP2A. STP1 of 240 acres has been fully developed and proven to be a success. The reclamation of STP2A is now 99% complete and ready for the next phase of development. The maiden launch of STP2A is expected to be in second half of 2020. In Kuala Lumpur, Conlay and The Peak with GDV in excess of RM1.0 billion are projects earmarked for launch in early 2020.

Q4: In Penang, what are the development plans and what is the average height above sea level of the reclaimed land, whether there will be any issue of flooding as sea level is rising?

A4: The Company has been awarded the concession rights to reclaim a total of 1000 acres of land by the Penang State Government. First phase of 240 acres has been fully developed and fully sold apart from the remaining 101 units of condominium as at end July 2019. STP2A will be completed with infrastructure by year 2022 and it is envisaged that the 166 acres net development land of STP2A will be developed over a period of 15 to 20 years.

The next phase will be reclaiming the balance of 507 acres for STP2B and STP2C and the extension of the completion of reclamation to year 2025 and 2028 respectively has been agreed recently.

With regards to average height of the reclaimed land, the reclamation platform of STP2 is at a level of +5 metres above sea level which is much higher than the rest of the land in Penang Island. This means that STP2 is more resilient to sea level rise compared to its surrounding vicinity and with adequate irrigation and drainage in place, there should not be any issue of flooding on the reclaimed land.

Q5: What is the unrecognized revenue of RM406 million from KWAP?

A5: On 31 March 2017, we have signed a shareholders' agreement with KWAP and KWAP has purchased 8 parcels of land measuring about 33 acres of STP2A development project. Under the shareholders' agreement, KWAP will be our 20% JV Partnership to co-develop the entire STP2A. Upon completion of the reclamation works, we are embarking on infrastructure works up to year 2022 which includes the bridges, road works and other facilities. We have collected 80% of RM766 million from KWAP to-date and the balance of 20% will be paid progressively over the next 2 years based on the infrastructure works progress. The recognition of revenue will be based on the collection of payment from KWAP and the percentage of completion of the reclamation and infrastructure works.

Q6: What is the plan for Kemensah Heights comprised of 309.5 acres and Elmina West of 65.93 acres?

A6: Development on the land in Kemensah Heights is no doubt quite challenging. However if the land value appreciates, the Company will be in a better position to decide on the next course of action. As for the Elmina West land which was purchased from Sime Darby, we will continue to evaluate and assess the right time to offer products that will be well received by the market.

Q7: How is the high-end market that E&O is in affected by the current market slowdown? Will E&O have plans to widen its projects and cater to the middle-end segment of market?

A7 E&O is well known in the property market for its premium residential developments and we have steadfastly maintained a proven track record in developing premium properties in good and established locations. Despite soft market sentiments, our commendable sales performance for FY19 is a clear indication of the market's confidence in our product and trust in our brand. Our business strategy is to study the market carefully and offer developments that suit current demands and economic sentiments. A good example is the varied offerings of Seri Tanjung Pinang, from luxurious seafront villas to executive condominiums that cater to a multi-generation community.