ANNUAL REPORT 2020

EASTERN & ORIENTAL BERHAD

THE E&O GROUP

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

In Kuala Lumpur, E&O is known for its portfolio of distinctive properties like **The Mews, St Mary Residences, Dua Residency, Idamansara, Seventy Damansara,** as well as the recently unveiled **Conlay** serviced residences, all located in the most prestigious neighbourhoods of the capital city.

In Penang, award-winning **Seri Tanjung Pinang** (STP) is the island's first masterplanned seafront development. The completed 240-acre first phase is a highly sought-after address to an international community of over 30 nationalities. Going forward, the focus is on the fully reclaimed 253-acre Phase 2A, where infrastructure works are being laid for an innovative and integrated waterfront destination to live, work, play and sail.

To the south in Johor, **Avira** is a residential enclave within Bandar Medini Iskandar, benefitting from easy accessibility to the Second Link connection to Singapore.

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

The Group's leading position as a lifestyle developer is anchored in luxury hospitality by our namesake **Eastern & Oriental Hotel.** Established in 1885, the original grande dame of Southeast Asia's luxury heritage hotels by the pioneering Sarkies Brothers, is a treasured landmark in the George Town UNESCO World Heritage Site.

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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
STATEMENTS OF COMPREHENSIVE INCOME										
Revenue	486,802	886,320	982,706	704,764	422,183	449,497	497,141	605,536	492,151	271,271
(Loss)/Profit before tax	(155,610)	161,898	189,083#	125,296	54,755	202,136	167,173	187,271	171,172	48,154
Income tax expense	(36,728)	(85,534)	(79,261)#	(34,380)	(15,926)	(45,470)	(47,389)	(50,505)	(43,433)	(11,948)
(Loss)/Profit attributable to owners of the parent	(195,942)	61,918	94,298#	86,604	37,191	152,088	113,239	129,556	123,296	32,880
STATEMENTS OF FINANCIAL POSITION										
Issued and Paid-up capital (unit)	1,456,942	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
Weighted Average Number of shares	1,432,448	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
Shareholders' Fund	1,767,462	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
Total Assets	3,385,974	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
Total Loans and Borrowings	1,044,261	1,413,373	1,650,573	1,532,349	1,518,339	1,164,189	728,159	772,014	604,825	743,138
RATIOS										
Net (Loss)/Earnings per share (sen)	(13.7)	4.7	7.2#	6.9	3.0	12.5	9.3	11.7	11.3	3.0
Net Dividend per share (sen)	1.00	3.00	***	3.00	2.00	**	3.00	3.38	3.19	1.50
Net Assets per share attributable to owners of the parent (RM)*	1.23	1.40	1.42	1.35	1.31	1.31	1.33	1.26	1.17	1.21
Net Gearing (times)	0.42	0.28	0.61	0.73	0.78	0.60	0.31	0.35	0.26	0.41

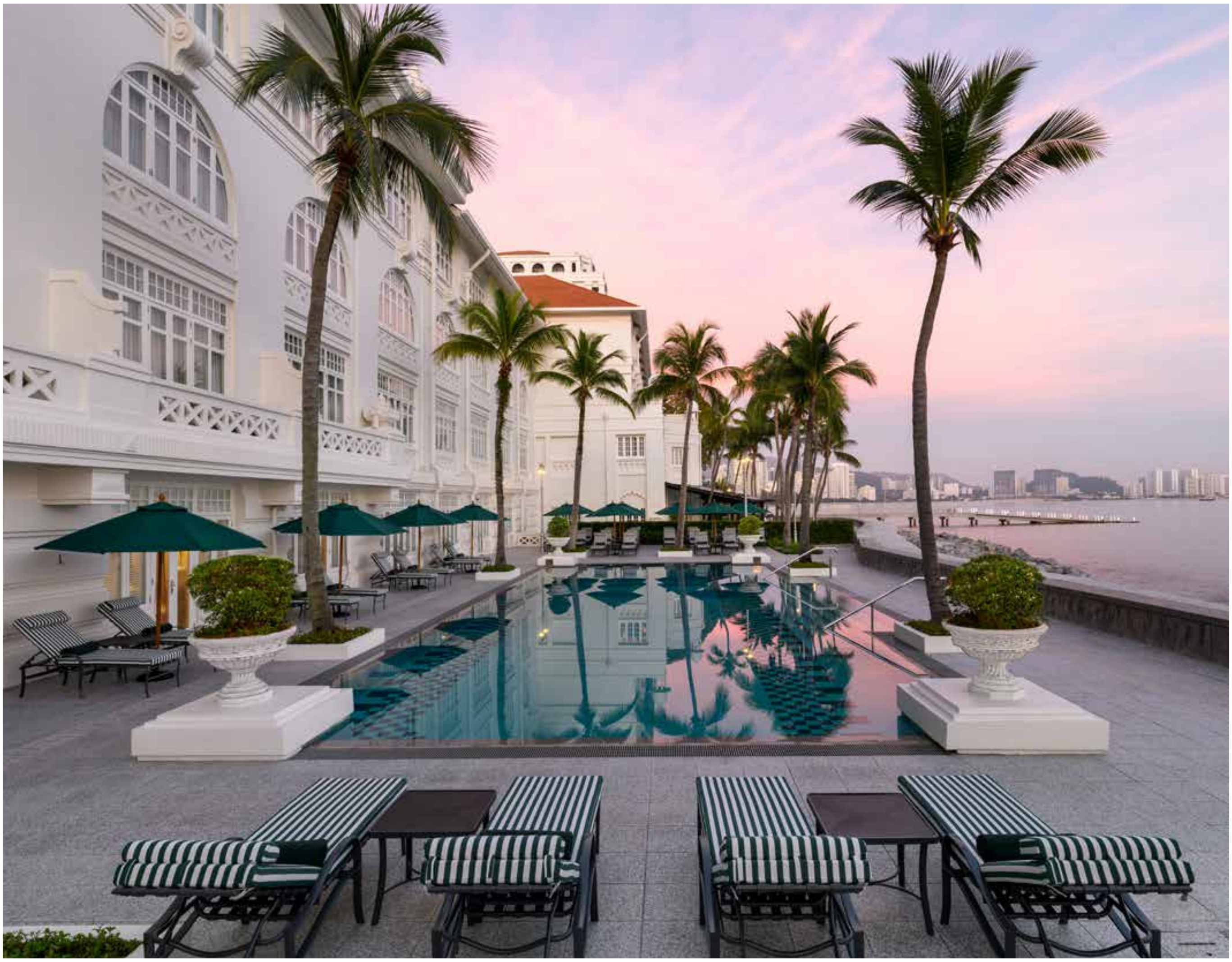
* Net assets per share is computed based on the number of ordinary shares in issue net of treasury shares at:
- 31.3.2020 of 1,431,348,925
- 31.3.2019 of 1,432,544,648
- 31.3.2018 of 1,299,367,797
- 31.3.2017 of 1,257,197,597
- 31.3.2016 of 1,254,944,463
- 31.3.2015 of 1,222,654,764
- 31.3.2014 of 1,106,182,310
- 31.3.2013 of 1,106,182,310
- 31.3.2012 of 1,104,023,810
- 31.3.2011 of 813,202,612

\# 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 shares being payment of the first and final dividend by way of distribution of treasury shares at the ratio of one (1) treasury share for every fifty (50) ordinary shares held in the Company.

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

EASTERN & ORIENTAL HOTEL
PENANG



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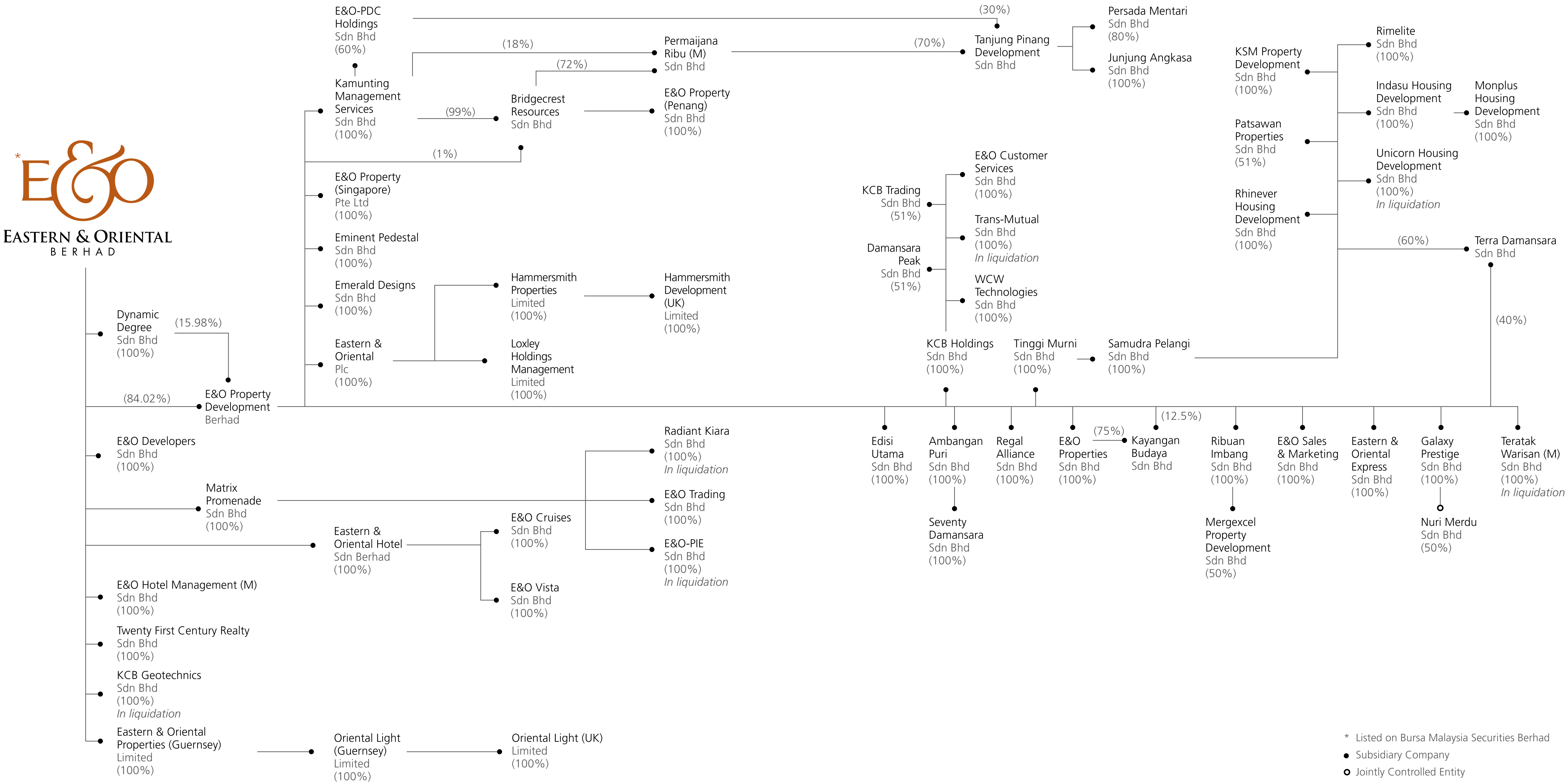
FORM OF PROXY

GROUP CORPORATE STRUCTURE

AS AT 15 JULY 2020



18 EAST, ANDAMAN AT QUAYSIDE
SERI TANJUNG PINANG
PENANG

CORPORATE INFORMATION

DIRECTORS

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

COMPANY SECRETARY

Wong Yah Yee (MAICSA 7040513)
SSM Practicing Certificate No. 202008001898

MAIN BANKERS

AmBank (M) Berhad
Affin Bank Berhad
Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Maybank Islamic Berhad
MUFG Bank (Malaysia) Berhad
Public Bank Berhad
RHB Islamic Bank Berhad

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

AUDITORS

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

REGISTERED OFFICE

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

www.easternandoriental.com

DIRECTORS' PROFILE

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

Dato' Azizan bin Abd Rahman, a Malaysian, male, aged 70 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 has no family relationship with any Director and/or major shareholder 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 67, 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 135-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 shareholder of the Company. He has no family relationship with any Director and/or major shareholder 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 64, 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 shareholder 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 60, 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 shareholder 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 66, 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 shareholder 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 11 May 2020, he was appointed as the Chairman of Telekom Malaysia Berhad. 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 Chairman of Federal Land Development Authority (FELDA), 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 shareholder 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 70, 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 shareholder 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 68, 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 shareholder 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 76 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 shareholder 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 73, 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 Consultant Director 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 shareholder 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 55, 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 shareholder of the Company. Datuk Tee is the brother of Mr Tee Eng Seng, who is a major shareholder 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.

STRAITS QUAY RETAIL MARINA
SERI TANJUNG PINANG
PENANG

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 11 and 12 respectively.

MR LUM KWOK WENG @ LUM KOK WENG

Senior Director
Development & Construction Management

Mr Lum Kwok Weng @ Lum Kok Weng, a Malaysian, male, aged 69, 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 shareholder 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 52, 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 a Director of the Performing Arts Centre of Penang.

Ms Chai has no family relationship with any Director and/or major shareholder 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 55, 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 shareholder 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 LOI KOK MUN

Chief Financial Officer

Mr Loi Kok Mun, a Malaysian, male, aged 50, is the Chief Financial Officer of Eastern & Oriental Berhad since 1 November 2019.

Mr Loi is a member of The Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He started his career with KPMG and since then, he has served in senior management positions in a number of public listed and private companies across a variety of industries. He has more than 21 years of experience in the area of finance and accounting, corporate finance, strategic planning, management and audit, risk management and assessment.

Mr Loi has no family relationship with any Director and/or major shareholder 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 52, 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 shareholder 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.

CONLAY SERVICED RESIDENCES
KUALA LUMPUR

MANAGEMENT DISCUSSION & ANALYSIS

FOREWORD

At the time of writing this Annual Report, the Malaysian Government has begun lifting the Movement Control Order (MCO) in stages, and likewise, the E&O Family is returning to "Work From Office" in scheduled roster after having been separated in "Work From Home" self-isolation in the fight against the Covid-19 pandemic.

In this unprecedented time of uncertainty, posing real risks to both lives and livelihoods, our first message to our valued shareholders and stakeholders is to convey our sincere hope that you and your families are staying safe and keeping well.

A pragmatic and proactive response - on individual and collective, voluntary and organised, local and global fronts - is imperative from which a "new normal" can be found for society and economy at large. On E&O's part, we continue to act responsibly, combining compassion with calm business resolve. In doing so, we pray that we will come through together in strength, solidarity and renewed sense of purpose.

OVERVIEW OF THE GROUP'S BUSINESS & OPERATIONS

When the storied Eastern & Oriental name was adopted by the listed corporate entity, it was to draw upon the E&O Hotel's longevity as a historic landmark, infused with grace, refinement and distinction. Today, facing the scenario of Covid-19, our cherished grande dame hotel of 1885 stands as a beacon of steadfastness and continuity. She reminds us that resilience and perseverance will see us through times of darkness and despair. Just as flexibility, creativity and sheer hard work will ultimately lead to a return to prosperity.

In this light, the foundations of Eastern & Oriental Berhad (E&O or the Group) remain fundamentally sound. Over the years, we have successfully carved a reputation as one of Malaysia's most trusted and respected brands with businesses in property development, property investment and hospitality. Our award-winning portfolio of exclusive properties are located within the prime addresses of Kuala Lumpur, Penang Island and Iskandar Malaysia, with Central London, U.K. marking our international debut.

In terms of project size and scale of investment over time, Penang Island dominates our property development activities. Anchoring our presence is the 240 acre masterplanned seafront community of Seri Tanjung Pinang Phase 1 (STP1), acknowledged as Penang's most desired residential and investment destination.

Taking pride of place is Quayside Seafront Resort Condominiums, where innovative design and expansive grounds are matched by meticulous care in maintenance, winning the EdgeProp Malaysia's Best Managed Property Awards 2018 Gold prize in the Below 10 Years Multi-Own Strata Residential category.

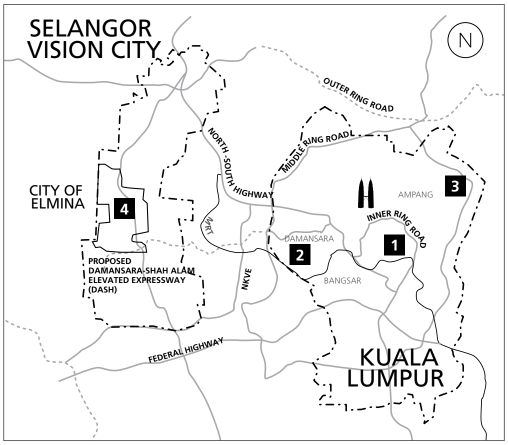
Spearheading innovation, quality of build and pride of delivery in a product bearing the E&O marque, we are heartened by the verdict given to us by our discerning customers. Since its first launch in 2005, each new offering at STP1 achieved benchmark pricing at time of launch. Repeat purchasers share with us the rationale for their continued interest in STP1 and support of E&O, that is, while values enhance during buoyant times, as importantly, values endure through challenging ones.

It is this track record, and having literally watched land rise from the sea, that the upcoming Seri Tanjung Pinang Phase 2 (STP2) is met with great anticipation. STP2A's size alone, at 253 acres is slightly larger than STP1's 240 acres in entirety. In Penang particularly, there is a certain expectation from E&O – to lead the way, to introduce exciting new products for living and working, business and leisure, learning and play. Whereas E&O took over an abandoned dream and made STP1 a reality, at STP2A, we are starting with a clean slate on which to draw a fresh legacy for future generations. At last, we are at the cusp of unlocking future flows of earning streams for our shareholders, reaping the benefits we have invested in its reclamation.

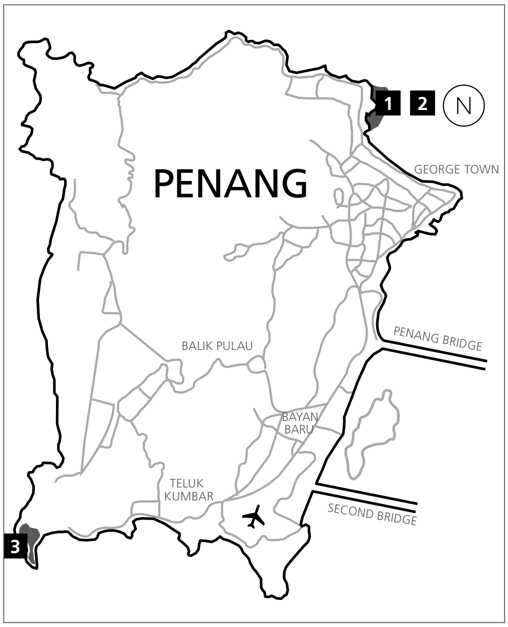
Ongoing STP2A planning is being refined and details will be unveiled as we take stock of market sentiment and investment appetite. We keep to our pledge of designing and offering products to a broad spectrum of society and incomes on our new island, creating the next prime address in an unmatched location overlooking Gurney Drive and the State's proposed public realm, Gurney Wharf.

LIST OF MAJOR LANDBANKS*

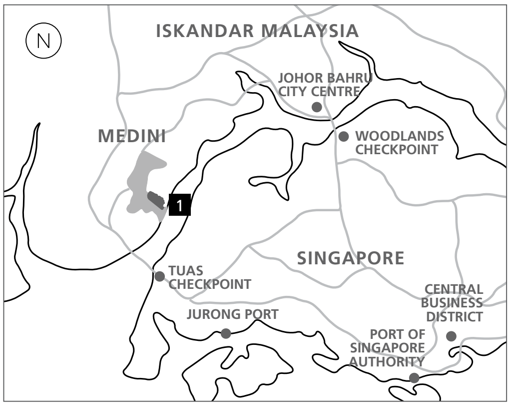
KLANG VALLEY	ACRES
1. Jalan Liew Weng Chee (Off Jalan Yap Kwan Seng)	0.9
2. Jalan Teruntung, Damansara Heights (The Peak)	3.8
3. Kemensah Heights, Ulu Kelang	309.5
4. Elmina West, Selangor	65.93



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



* Land for future development

** Reclamation works on-going

EVOLUTION OF SERI TANJUNG PINANG

Tanjung Pinang Development Sdn Bhd (TPD), a subsidiary of E&O, holds the Concession Rights to the reclamation and development of the project known as Seri Tanjung Pinang (STP) located at the northeast coast of Tanjung Tokong, Penang Island, Peninsular Malaysia.

In totality, STP encompasses 1,000 acres, divided into two main phases. Reclamation of the first phase (STP1) comprising 240 acres, was completed in 2006. Reclamation of the 760-acre second phase (STP2) commenced in May 2016, first focusing on the area zoned as STP2A opposite the existing Seri Tanjung Pinang development and closest to the Gurney Drive foreshore.

In March 2017, TPD entered into a partnership with Kumpulan Wang Persaraan (Diperbadankan) ("KWAP") or the Retirement Fund (Incorporated), to jointly develop STP2A covering a total gross area of approximately 253 acres. In this regard, TPD entered into a conditional sale and purchase agreement 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 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 is owned 80%/ 20% by TPD and KWAP respectively.

In February 2018, TPD obtained all land titles for STP2A from the relevant authorities. In September 2019, in addition to the completion of STP2A reclamation works, TPD also completed reclamation, at its own cost, of 131 acres off the Gurney Drive foreshore for the Penang State Government. Sectional handover to the State is to be concluded this year.

Moving ahead, with STP2A land fully reclaimed and clearly visible, detailed design works based on the parameters of its conceptual masterplan are in progress. Construction of the first bridge linking STP1 to STP2A, and other key infrastructure works for the new island are underway, such as water reticulation systems, roads and drainage.

From the outset we have, and continue to, engage with the many communities within our project vicinity. Support and session meetings with schools and fishermen groups in Tanjung Bungah, Tanjung Tokong, Bagan Jermal and Gurney Drive, and other stakeholder activities are elaborated in the Sustainability Statement section of this Annual Report.

SERI TANJUNG PINANG MILESTONES

◇ Before E&O
◆ By E&O
STP I
STP 2

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

JUN 2018 — Began construction of the first bridge to STP2

SEP 2019 — Completion of reclamation works for Gurney Drive foreshore (131 acres) and STP2A (approx. 253 acres)

OCT 2019 — Commencement of Gurney Drive foreshore handover to Penang State Government

FEB 2020 — Commencement of infrastructure works on STP2A

MAY 2020 — Completed handover of 90.04 acres of Gurney Drive foreshore to Penang State Government to-date

JUN 2020 — Signing of Gurney Wharf Project Management Office (PMO) agreement

The capital city, Kuala Lumpur, is where the E&O name first entered the property arena. As befitting the E&O brand, it was a strategic decision to occupy the niche positioning of a boutique, premier property developer. Focusing on the most prime locales and bringing originality to every development concept, gave rise to Dua Residency, Seventy Damansara, Idamansara and St Mary Residences. Our leading position in the premier segment brought about the Group's first joint venture with Mitsui Fudosan Group, Japan's largest real estate developer, with the launch of The Mews serviced apartments in 2013. This successful partnership led to a second collaboration, launching Conlay serviced residences in 2019, a Kerry Hill Architects design in the centrally prime yet rarefied neighbourhood traditionally reserved for royalty and the city's elites.

The Group extended its footprint to Medini, Iskandar Malaysia in 2011 through its 207-acre Avira project in collaboration with the wholly-owned subsidiaries of Khazanah Nasional Berhad and Temasek Holdings (Private) Limited. Following handover of the first and second phases of Avira garden terraced homes, the third phase comprising 102 units was launched in December 2019, representing the very few new landed properties on offer in the young but growing precinct.

In 2012, the Group ventured overseas with its maiden acquisition of Princes House along Kingsway in the London Borough of Westminster, Central London. E&O UK has since acquired other properties for redevelopment in the residential, commercial and mixed-use categories: the distinctive redbrick ESCA House in Bayswater neighbouring fashionable Notting Hill; and a prominent commercial land parcel in bustling Hammersmith, where the highest concentration of multinational corporations' UK head offices are based.

E&O's core business of property development is supported by a cachet of complementary lifestyle elements. In the hospitality domain, E&O is best known for its iconic heritage hotel from which the Group proudly derives its name - the landmark Eastern & Oriental Hotel in the UNESCO World Heritage Site of George Town, Penang.

In March 2019, the Group made the decision to temporarily close the hotel's Heritage Wing for an extensive refurbishment and training of staff in our desire to constantly elevate the E&O guest experience. While the E&O Hotel's adjacent Victory Annexe remained open and busy, it was an ambitious feat that the Heritage Wing reopened 9 months later, in time to uphold the tradition of George Town's social calendar highlight, E&O Hotel's Christmas tree lighting ceremony. For this, credit goes to the team and our host of consultants, contractors and suppliers, more so, as positive reviews were immediately forthcoming from returning guests and patrons. The Heritage Wing's upgrading has instilled glamour reminiscent of historical heydays whilst retaining E&O's unique charm, evident in fully refreshed suites, introduction of new dining venues and the unveiling of the gilded and polished Grand Ballroom.

The hospitality division's second property is E&O Residences Kuala Lumpur, extending our experience and expertise to the management of serviced residences. Strategically placed in the heart of the city's "Golden Triangle" of business and commerce, the modern one and two-bedroom apartment suites are easily the most spacious and stylish accommodation of its class in the capital.

The Group's property investment division is responsible for certain components within our stable of completed projects that have been identified as key to nurturing development concept intent to fruition. Whilst bringing in rental income, such properties underpin the lifestyle offering that sets E&O developments apart, notably Straits Quay retail marina at Seri Tanjung Pinang. The wide seafronting promenade that embraces the 40-berth marina, extends along the cape to our Andaman and Quayside Seafront Resort Condominiums – a popular and scenic stretch for residents and the public while frequenting Straits Quay's shops, theatre, restaurants and alfresco cafes.

Proud to be, and recognised as, a responsible corporate citizen, E&O's ethos is to ensure high standards of governance and compliance across our entire operations. As such, our business strategies remain firmly grounded by strong core values stressing integrity, operational efficiency, stakeholder engagement and social philanthropy. An executive summary of our sustainability efforts is disclosed in the Sustainability Statement 2020 on page 41 of this report.

SNAPSHOT OF THE YEAR IN REVIEW

Before the global pandemic wreaked havoc on an already lukewarm economy, the Group pushed forward with the following initiatives:

- Completion of reclamation works for our catalyst project, STP2A, in September 2019. The maiden launch for STP2A is currently scheduled for the second half of 2021.
- Successful issuance of RM1.3 billion Islamic medium-term notes (Sukuk Murabahah), the proceeds of which will be utilised primarily on STP2 land reclamation, infrastructure and development costs.
- Unveiling of Conlay serviced residences in Kuala Lumpur City Centre, our second joint venture development with Mitsui Fudosan Group, Japan's largest real estate developer.
- Sealing our third joint venture agreement with Mitsui Fudosan Group to develop 54 units of luxury residences with a GDV of RM348 million in the last remaining sizeable parcel of land at the peak of prestigious Damansara Heights.
- On the hospitality front, the Group celebrated the successful re-opening of the Heritage Wing of the E&O Hotel following an extensive refurbishment exercise from March 2019 to December 2019, including upgrading works on the sea wall.

GROUP FINANCIAL REVIEW

Revenue

The Group recorded revenue of RM486.8 million for financial year 2020 (FY20), a decrease of RM399.5 million or 45% as compared to RM886.3 million recorded in the preceding financial year 2019 (FY19).

SEGMENT REVENUE (RM'000)	FY20	FY19	% DIFFERENCE
Properties	418,372	798,927	-47.6%
Hospitality	63,392	84,348	-24.8%
Investments and others	5,038	3,045	65.5%
Total	**486,802**	**886,320**	**-45.1%**

Lower revenue was mainly attributed to the properties segment which registered a decrease of RM380.6 million and the hospitality segment registering a decrease of RM21.0 million. Reduction in revenue in the properties segment was due to lower revenue recognition from several development projects in STP1 which were completed in the previous financial year. This, however, was mitigated by the continuing sales of completed properties and inventory within STP1.

The hospitality segment recorded a reduction in revenue from RM84.3 million in FY19 to RM63.4 million in FY20, mainly due to the temporary closure for an extensive refurbishment works of the E&O Hotel's Heritage Wing from March 2019 to December 2019.

Revenue from investments and others recorded slight improvement from RM3.0 million in FY19 to RM5.0 million in FY20, mainly as a result of improved management fees income.

Further detailed breakdown of the Group revenue is as follows:

	REVENUE (RM'000)		
	FY20	FY19	% DIFFERENCE
Sale of properties under development	90,079	588,924	-84.7%
Sale of completed properties	301,467	192,562	56.6%
Sale of land	8,000	706	1,033.1%
Rental income	18,826	16,735	12.5%
Sub-total for properties segment	**418,372**	**798,927**	**-47.6%**
Hotel & restaurant operations	63,392	84,348	-24.8%
Sub-total for hospitality segment	**63,392**	**84,348**	**-24.8%**
Management services fees	5,027	3,034	65.7%
Dividend income	11	11	–
Sub-total for investments & others segment	**5,038**	**3,045**	**65.5%**
Grand total	**486,802**	**886,320**	**-45.1%**

Costs and expenses

Total costs and expenses before finance costs and share of results in joint ventures of the Group in FY20 was RM608.4 million as compared with RM694.7 million in FY19, a decrease of RM86.3 million.

COSTS AND EXPENSES (RM'000)	FY20	FY19	% DIFFERENCE
Cost of sales	284,519	493,709	-42.4%
Administrative expenses	74,017	65,571	12.9%
Selling and marketing expenses	5,895	7,737	-23.8%
Other expenses	243,939	127,642	91.1%
Total	**608,370**	**694,659**	**-12.4%**

The lower costs and expenses were due to the following:

(i) Cost of sales decreased by 42.4% on the back of lower revenue recorded.

	COST OF SALES (RM'000)	
	FY20	**FY19**
Property development costs	46,044	300,460
Cost of completed properties	170,618	119,974
Cost of land sold	8,000	681
Rental related costs	8,716	11,703
Properties segment sub-total	**233,378**	**432,818**
Cost of hotel and restaurant operations	45,068	51,923
Cost of sales with respect to management services rendered	6,073	8,968
Grand total	**284,519**	**493,709**

The cost of sales of the properties segment decreased by 46.1% in line with the decrease of segment revenue of 47.6%.

The disproportionate decrease in the cost of sales of the hotel operations of RM6.9 million (-13.2%) compared to reduction in revenue by 24.8% was mainly due to unavoidable utilities and staff costs incurred during the temporary closure of the E&O Hotel's Heritage Wing for an extensive refurbishment. The Heritage Wing re-opened in December 2019.

(ii) The drop of 23.8% or RM1.8 million in the Group's selling and marketing expenses in the financial year was mainly attributed to adopting more cost-efficient marketing and promotional strategies.

(iii) Included in other expenses of FY20 was a total fair value impairment loss on certain assets and properties of the Group amounting to RM209.6 million as compared to RM30.6 million in FY19. The current year fair value of assets and properties reflect their expected value and earnings potential under current economic conditions. The impairment was a consequence of subdued and uncertain global and local economic conditions compounded by the sudden and sharp decline in economic activities due to the Covid-19 pandemic.

Other income

The Group's other income decreased by RM14.9 million, from RM47.1 million in FY19 to RM32.2 million in FY20. Included in FY19 was one-off income from the forfeiture of deposits of RM6.9 million from the cancellation of sale of freehold land parcels. Lower income in FY20 as compared to FY19 was attributed to loss of rental income of RM4.6 million from the Hammersmith office block in U.K. as tenants vacated the property to make way for its re-development.

Finance costs

The Group's finance costs expensed to the Income Statement decreased by 19.3% from RM76.8 million in FY19 as compared to RM62.0 million in FY20. This was due to lower interest expense arising from the net reduction of loan principal of RM405.1 million in FY20.

For FY20, the Group capitalised interest expenses of RM14.3 million (FY19: RM11.9 million) in property, plant and equipment, land held for property development and property development costs. The increased interest expense capitalised was mainly attributed to redevelopment of the properties.

Loss before tax (LBT)

For FY20, the Group recorded LBT of RM155.6 million compared to profit before tax of RM161.9 million in FY19, a decrease of RM317.5 million or 196.1%.

The LBT was attributed largely to lower operating results from both the properties and hospitality segments on the back of lower revenue achieved and fair value impairment losses of RM209.6 million. However, the decrease in operating profit in the current financial year was mitigated by the lower operating costs incurred.

Income tax expense

The Group's tax expense for FY20 stood at RM36.7 million, which is lower compared with RM85.5 million in FY19. The decrease was mainly due to the lower profits generated from the properties 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 decreased by RM809.0 million from RM4,195.0 million to RM3,386.0 million principally due to reduction in cash and inventories holding as at 31 March 2020 and due to impairment of assets and properties of RM209.6 million during the current financial year.

Cash and bank balances decreased by RM558.4 million, from RM854.8 million as at 31 March 2019 to RM296.4 million as at 31 March 2020 due to loan principal repayments of RM922.4 million and investments in E&O Hotel's refurbishment cost of RM35.5 million.

Inventories of completed units reduced from RM214.8 million in FY19 to RM48.3 million in FY20 representing a reduction of RM166.5 million largely due to the successful "E&O Luxury Living" sales campaign aimed at reducing inventory levels. The Group achieved cumulative sales of completed units of approximately RM305.3 million for 12-month period compared to RM196.1 million in the same period the previous financial year.

Net assets per share as at 31 March 2020 was RM1.23 per share as compared to RM1.40 per share of the preceding year.

Liabilities and gearing ratio

The Group's total loans and borrowings decreased from RM1.4 billion as at 31 March 2019 to RM1.0 billion as at 31 March 2020.

(RM 'MIL)	FY20	FY19
Loans and borrowings	1,044.3	1,413.4
Less: Cash and bank balances	(296.4)	(854.8)
Net debt	747.9	558.6
Equity attributable to owners of the parent	1,767.5	2,007.6
Net gearing ratio (times)	**0.42**	**0.28**

The net gearing ratio of the Group as at 31 March 2020 was 0.42x as compared to 0.28x as at 31 March 2019 mainly due to repayment of loans during the financial year and due to lower total equity of RM1.8 billion as at 31 March 2020 compared to RM2.0 billion as at the end of the previous financial year.

Fund Raising

On 19 December 2019, E&O announced the establishment of an Islamic medium term notes issuance ("Sukuk Murabahah") by its indirect subsidiary company, Tanjung Pinang Development Sdn Bhd ("TPD") of up to RM1.5 billion. The Sukuk Murabahah Programme is unrated and has a tenure of 25 years from the date of its first issuance.

Proceeds raised will be utilised primarily on land reclamation, infrastructure and development costs of the Group's STP2 development, as well as to repay existing borrowings, support working capital requirements and to defray expenses incurred in relation to the Sukuk Murabahah issuance. As at 31 March 2020, TPD has utilised RM289.1 million of the Sukuk Murabahah.

In July 2019, the Company announced a proposed fund raising exercise by way of a Rights Issue with Warrants to raise minimum gross proceeds of RM122.37 million. This proposed fund raising exercise was approved by shareholders at an Extraordinary General Meeting on 3 September 2019. Subsequently on December 2019, the Board announced its decision to defer the implementation of the Rights Issue with Warrants after unfavourable market sentiment adversely affected the Malaysian equity market and the share price performance of the Company. In this respect, the Company had applied to Bursa Securities for an extension of time to implement the Rights Issue with Warrants proposal. Consequently, Bursa Securities granted approval to the Company for an extension of time to 7 August 2020 to complete the Rights Issue with Warrants exercise.

On 29 May 2020, the Company announced the cancellation of the Proposed Rights Issue with Warrants after taking into consideration, amongst others, the much weaker market conditions attributable to the on-going Covid-19 pandemic, the decline in market price of E&O Shares as well as the establishment of a Sukuk Murabahah programme to fund the ongoing and future reclamation, infrastructure and development project at STP2.

Dividend

The Company has paid RM43.0 million as first and final single-tier dividend of 3 sen per share in respect of the financial year ended 31 March 2019 to shareholders on 1 October 2019.

The Board of Directors have approved a first and final single-tier dividend of 1 sen per share held in the Company for the financial year ended 31 March 2020. The details of the entitlement date and payment will be announced later.

GROUP BUSINESS REVIEW

PROPERTY DEVELOPMENT

The E&O Group's main business driver is its property development division with activities based in Kuala Lumpur, Penang, Iskandar Malaysia and the United Kingdom. As reported in the Group Financial Review section, the properties segment registered RM418.4 million in revenue in FY20.

On the back of challenging market conditions exacerbated by the Covid-19 pandemic, our property development business recorded lower revenue compared to the previous financial year. A highly respected brand with a loyal following of repeat customers, E&O has nevertheless chosen to adopt a cautious stance with regard to launch timelines. Whilst monitoring the current fluid scenario, we use this time to continuously review the suitability and relevance of proposed concepts, so that our projects best match latent demand and future trends, whilst also adapting and learning new ways of effective marketing and communications in the 'Internet of Things' era.

Malaysia

Notwithstanding a subdued property market, our continued focus on inventory reduction resulted in sales of RM305.3 million worth of properties in FY20, compared to RM196.1 million over the same corresponding period.

FY20 sales were led by our inventory properties in STP1 in Penang, primarily remaining units at the completed Andaman tower, Quayside Seafront Resort Condominiums, Andorra Skyloft Terraces, Amaris Terraces By-The-Sea®, Phase 2 of Ariza Seafront Terraces and The Tamarind executive apartments.

To the south of Peninsular Malaysia, Phase C of Avira Garden Terraces comprising 102 units of landed homes was launched in December 2019. Located within Medini Iskandar Malaysia, Avira has evolved into an international enclave that leverages on its excellent accessibility, with a dedicated highway to the Second Link crossing into Singapore, as well as the growing host of retail, educational and lifestyle options nearby.

Currently, sales and marketing efforts are focused on Conlay serviced residences located across from the upcoming Conlay Station integrated transport hub in the Kuala Lumpur City Centre. With a GDV of RM968 million, this iconic development designed by renowned Kerry Hill Architects marks our second joint venture with Japan's highly respected Mitsui Fudosan Group. The triumvirate of leading names in property development and architecture at Conlay, make for a stellar investment choice. Conlay's first phase of 297 units is being previewed and has garnered interest from both the local and international market.

Our winning partnership with Mitsui Fudosan Group was further cemented with the signing of a third joint venture in December 2019, underscoring the confidence placed in E&O. Jointly developing 3.94 acres of freehold land in the most exclusive and elevated parcel of land in Damansara Heights, 54 units of luxury low rise condo-villas with a GDV of RM348 million are slated for launch in the second half of 2021.

In Penang, where E&O's presence is greatest and the brand is held in highest esteem, completion of STP2A reclamation in September 2019 marked a significant milestone for the Group's next growth trajectory. In creating prime new real estate, a new island no less, we are building further on the success achieved in STP1. The maiden launch for STP2A is currently scheduled for the second half of 2021.

Generally, the Malaysian property market continued its softening trend for the year under review. In 2019, the Government implemented various policies to spur local housing market sales, such as the announcement of the National Housing Policy 2.0, Home Ownership Campaign 2019, and removal of the Goods and Services Tax yet not imposing Sales and Services Tax on various building materials used in construction.

These efforts made headway until external forces took hold in the form of Covid-19 pandemic. Responding to the public health crisis, the Malaysian Government, and particularly the Health Ministry, have been lauded for their rational and systematic approach, communicated in a calm and clear manner. The nation-wide Movement Control Order imposed from 18 March to 4 May 2020, followed by the Conditional Movement Control Order until 9 June 2020 are recognised as having been vital in stemming the spread of the virus and number of fatalities recorded in Malaysia.

Prolonged closures coupled with strict limitations severely hit businesses in almost all sectors in Malaysia and the world over, in what Nobel Memorial-prize winning economist Paul Krugman aptly described as the economy in a "medically induced coma, where you temporarily shut down much of the brain's activity to give it a chance to heal".

E&O responded by fully abiding to all Government directives, and temporarily closed our three Sales Galleries in Kuala Lumpur, Penang and Johor. Although "Work From Home' protocols were immediately implemented, we cannot deny the sudden and severe impact to sales in the final quarter of FY20.

With the announcement of the Recovery Movement Control Order from 10 June 2020, the three Sales Galleries reopened on 15 June 2020 after thorough disinfection and sanitisation. Enhanced screening and physical distancing measures are in place, welcoming customers by appointment. In this ongoing state of flux, our efforts are focused on clearing the balance of inventory. We will ensure that our marketing messages are relevant to the current situation, undertaken primarily through digital channels to drive awareness and create leads.

In FY20, E&O invested time and resources to develop its overseas network of sales agents particularly in the China market, including Hong Kong. This saw a healthy number of sales being concluded, and despite disruptions, we are continuing this engagement through online platforms. The Group believes we must leverage on the pervasiveness of digital marketing to maximise our reach and influence. In this regard, we intensified our digital marketing activities during the MCO period to take advantage of the increase in online consumer presence and successfully grew our social media engagements by over 240%. We are scaling up our online presence by evolving content and marketing materials into digital information such as e-brochures, virtual walkthrough of our show units and ensuring all product information are made available on digital channels to better engage with customers. Raising E&O's profile and conducting campaigns online, we are also provided with an in-depth look at behavioural trends of the younger demographic, a key target segment for our upcoming launches in STP2.

United Kingdom

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

Princes House

Princes House, the Group's maiden project in the UK was the conversion of a 1920s office building into 20 premier residential apartments and 34 serviced apartments[1]. All 20 residential apartments are now entirely sold, handed over to purchasers and occupied. Full fit-out works for the remaining 54 units of serviced apartments are nearing completion and will be ready before the end of the year. Upon completion, the Group will have various options available including an en-bloc sale and/or lease, or the engagement of a professional hotel operator to run the units on its behalf.

ESCA House

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 for its redevelopment potential. In response to the current challenging market conditions, the development has been segmented into three parts aimed at optimising design and deliverability, whilst providing the Group with various options going forward. The three components are:

- **32 Palace Court**
  Originally a grand Edwardian house, consent has been secured to convert the property into five premium residential units comprising 3,500 sq ft. Strip-out works have recently been completed.

- **The Mews – Chapel Side**
  The Mews building has been granted consent for conversion to eight premium residential units comprising 5,550 sq ft of accommodation.

- **ESCA House – 34 Palace Court**
  Plans are currently being prepared to create a further 11 premium residential units within the existing building totalling 11,000 sq ft and an additional 2,500 sq ft of office/ leisure business use.

[1] *Planning permission has subsequently been obtained to increase the existing 34 units of serviced apartments to 54 units.*

Hammersmith
A highly prominent 1.2-acre site was acquired by the Group in 2015 as two existing office buildings, Landmark House and Thames Tower. The site is strategically located in Hammersmith Town Centre, with excellent connectivity to Heathrow Airport, as well as being within close walking distance to three London Underground lines. It is also adjacent to the A4, which is the main arterial route into Central London from the West.

In the third quarter of 2017, the Group successfully obtained detailed planning consent to demolish the existing buildings and construct three new buildings with a total gross area of 375,000 sq ft, including a 22-storey hotel tower, two office buildings, and ground level retail/ restaurant space. In May 2019, consent was received for an optimised scheme which improved the design from a deliverability perspective, whilst increasing the gross area to 392,000 sq ft. Demolition of the existing buildings was completed at the end of March 2020 and the site cleared for the next phase of construction.

HOSPITALITY & LIFESTYLE

Established in 1885, George Town's Eastern & Oriental Hotel is the undisputed grande dame in the Sarkies brothers' stable of celebrated hotels in Southeast Asia, namely Raffles Singapore (1887), The Strand, Rangoon (1901) and Hotel Majapahit, Surabaya (1910). Instantly recognisable by its whitewashed façade, the E&O Hotel is an architectural landmark as it is a cherished institution where many a precious memory has been made and special occasion hosted. Her place in the hearts and minds of those who have stayed as well as those who have served, is poignantly captured in the E&O Hotel's social history gallery. With the re-opening of the Heritage Wing in December 2019, another exciting chapter was added to this heritage icon's rich and enduring story.

Yet even the 135-year old E&O Hotel is not immune to the current health crisis that exacerbated an already muted tourism sector. As a direct result, our hospitality establishments sustained lower occupancy rates in FY20: E&O Hotel at 67.9% and E&O Residences at 55.3%. Admirably, E&O Hotel managed to record a marked improvement in its average room rate (ARR) which increased to approximately RM694 in FY20, bolstered by its niche position as the preferred venue for weddings, corporate events and conferences. E&O Residences, however, faced with an increasingly competitive market for serviced residences and the trend in privately-held short-stay rentals especially in the Kuala Lumpur city centre, saw a drop in ARR to approximately RM384.

HOTEL PROPERTIES PERFORMANCE

DESCRIPTION	EASTERN & ORIENTAL HOTEL		E&O RESIDENCES	
	FY20	FY19	FY20	FY19
No. of Keys	232		200	
Occupancy	67.9%	78.0%	55.3%	73.0%
Occupied Rooms – Net (room days)	39,801	64,004	40,450	53,227
No. of Available Rooms (room days)	58,612	81,850	73,200	73,000
Average Room Rate (RM)	694.08	628.21	383.97	405.16
MICE Facilities	3,240 sqm Covering 2 ballrooms and 12 function rooms		Not available	

Note: The E&O Hotel's 100-suite Heritage Wing closure from March to December 2019 resulted in a variance of room inventory, and as such the Hotel's FY20 figures reflect partial operations gained mainly from the 132-suite Victory Annexe Wing and its F&B outlets which remained opened throughout.

For FY20, Malaysia, United Kingdom, Australia, Japan and China emerged the top five geographical markets for both E&O Hotel and E&O Residences. Bookings via online agents comprised nearly 62% of total hotel room bookings, overtaking the more conventional wholesale/ travel agents booking channels.

The Covid-19 pandemic has hit the tourism, travel and hospitality industries especially hard as countries have gone into total or partial lockdown. Highly restricted travel and quarantine conditions imposed upon entry for international tourists, and limitations locally arising from the MCO, resulted in our receiving significant room cancellations. In adherence to the MCO, E&O Hotel was closed to dining patrons from 18 March 2020 and the last staying guests left by the month's end, after which the Hotel temporarily closed its doors. In Kuala Lumpur, E&O Residences took in no new guests, but remained open to cater for its long stay guests.

On 10 June 2020, the Government initiated the Recovery Movement Control Order which allowed hotels to resume operations with strict adherence to safety protocols. Further gradual easing allowed swimming pool, spa and gym use, as well as controlled numbers for banqueting functions.

Experiencing the Covid-19 pandemic has changed the psychology of consumers around the world. With warnings of a possible 'second wave' of infections, sentiment is understandably cautious. In such unfamiliar scenarios, it has been acknowledged that brand trust makes a considerable difference to consumers, influencing behaviour by focusing on brands they believe in. E&O's strong reputation as an industry leader allows us the opportunity to build on that trust as demand in the hospitality sector rebounds. Implementing comprehensive precautionary measures such as temperature screening, enhanced regular sanitisation, reducing restaurant seating capacity to adhere to social distancing guidelines etc., we remain vigilant whilst offering the welcoming environment for which E&O is renowned for and loved.

From a business perspective, we continue to adopt measures to respond proactively to present conditions. Periods of low occupancy are ideal for staff retraining and to review existing operations and where appropriate, introduce changes to strengthen our overall business model. To generate F&B business during the MCO, E&O Hotel kitchens offered take-away and delivery options starting with special Ramadhan Buka Puasa sets and freshly baked breads which proved popular with the local community.

With the halt in international arrivals, the interim target market centres on domestic tourism. We are tapping on tourism incentives offered under the Government's stimulus programmes by developing a wide range of packages at various price points. The special Penang Staycation package, for example, sold a total of 721 room nights representing approximately RM 258,400 in revenue. Reopening of interstate travel under the RMCO augured well for the E&O Hotel, securing additional room and F&B revenue. At our ever popular Sarkies buffet restaurant, the buffet line was transformed to "All you can eat" table service dining over weekends, which was very well received.

Planning ahead, our focus is to fully utilise the E&O Hotel's competitive position as a truly unique luxury heritage property, whilst enhancing operational efficiency and financial performance to drive sustainable growth and profitability. We are intensifying our marketing activities not only across all our key markets but also in potential emerging high growth markets by leveraging on our global sales and marketing infrastructure. Accelerating the development of our digital capabilities and employing innovative technologies and applications, our aim is to spur online business, nurture stronger customer engagement and relationships as well as to grow brand loyalty to a wider customer base.

Whilst such efforts are also being applied at E&O Residences Kuala Lumpur, the nature of the property as well as the business model are very different, posing its own set of challenges. For example, during the RMCO period, E&O Residences did not see an uptick in reservations as it was evident that domestic holiday bookings were made for trips venturing out of the capital city.

PROPERTY INVESTMENT

Particularly in the fourth quarter of FY20, prevailing weakened consumer and business sentiment coupled with the global Covid-19 pandemic had an adverse impact on our retail operations.

In response to the MCO, Straits Quay retail marina remained open only for essential services, and restaurants were limited to only takeaways or deliveries. The safety and security of our community remains our top priority and across our retail and commercial properties, we increased the frequency and intensity of cleaning, and implemented safe distancing and personal hygiene measures for our customers and tenants.

Global consumer research shows that post lockdown, a pervasive sense of caution has shrouded the retail industry and deeply affected consumer attitudes. Adapting our businesses to the 'new' normal will require balancing health procedures and protocols while continuing to provide a comfortable shopping experience. In this regard, we have successfully ticked the boxes for strict safety adherence earning approval from the relevant local authorities.

As a responsible property owner, we initiated support for our tenants who were able to remain open, conducting vigorous digital promotion of their outlets and menus in the case of F&B outlets, as well as deployment of security personnel to assist in managing customer traffic. For tenants impacted by government-enforced closures, relief measures where applicable, were extended to help cope in this unprecedented situation.

We anticipate a sluggish retail market post the MCO. As a result, challenging tenancy behaviours e.g. accumulation of arrears and rental rate pressures upon expiration of tenancies, may arise. Mitigating efforts will include placing strong focus on Tenant Relationship Management besides effective cost containment programs.

Amid this testing retail market, the properties in the Group's property investment portfolio collectively returned revenue of RM18.8 million (FY19: RM16.7 million) and gross profit of RM10.1 million (FY19: RM5.0 million) for the 12-month period ended 31 March 2020. As the main contributor, Straits Quay retail marina achieved RM11.3 million in rental income in FY20, followed by RM3.5 million in rental income from Straits Quay Commercial Suites in Penang.

GROUP OUTLOOK & FOCUS

At present, Malaysia has entered the recovery phase with the RMCO featuring more lenient restrictions in preparation for the country's eventual Covid-19 exit strategy. Nearly all sectors of the economy have reopened and interstate travel resumed on 10 June 2020, lifting coronavirus restrictions that lasted almost three months. In a move to revive the domestic economy, the Government instituted a series of stimulus packages. In its Malaysia Economic Monitor dated June 2020, the World Bank notes that Malaysia's economy remains resilient and rests on strong fundamentals. With its diversified economic structure, sound financial system, effective public health response and proactive macroeconomic policy support, the World Bank predicts that Malaysia will be able to ride out the storm better than many other countries in the region.

As our economy transitions into recovery mode and finds its footing in the new normal, the Group, too, is continuously monitoring and adjusting our business strategies and directions. In immediate response, a series of cost containment measures have been implemented. The Group has proactively focused on optimising its operations to ensure strong financial discipline with manageable cashflow and financial commitments.

Facing a complex crisis with many fluid variables, the Group's outlook is one of caution that extends across all our business divisions. For lasting confidence to return on which sustained economic recovery is premised, much depends on the availability of effective medical treatment to the virus. Nevertheless, the Group is determined to use this time constructively, especially in our property development division. We are continuously reviewing and refining the suitability and relevance of proposed development concepts, so that our projects best match latent demand and future trends, whilst also adapting and learning ways of effectively harnessing digital marketing and online communications.

PROPERTY DEVELOPMENT

Malaysia

Malaysia's economic prospects took a dramatic turn in 2020. Initially projected as a year of modest recovery, the expected stabilisation in the global economy was interrupted by the sudden outbreak of Covid-19, which quickly escalated into an international health crisis. Global recession is expected in 2020 with the International Monetary Fund forecasting global growth to be -3.0%, the weakest since the Great Depression in the 1920s. However, the World Bank Malaysia Economic Monitor has projected our domestic economy to recover in 2021 with a 6.9% expansion.[2]

In Malaysia, the enforcement of the MCO from 18 March 2020 led to a pause of most economic activities. This coupled with plummeting crude oil prices dampened investor confidence and placed unprecedented strain on the domestic economy. Post-MCO, reduced social and recreational activities are expected to continue until the pandemic finds a cure, thus dampening consumption and investment activity. With uncertainty regarding the pace of recovery post-MCO, Bank Negara Malaysia is projecting GDP growth of between -2.0% and 0.5% in 2020.

Key catalysts mitigating the economic impact of the pandemic are the Government's stimulus packages with monetary and fiscal policy adjustments together with financial relief measures and lending assistance. To manage liquidity, Bank Negara Malaysia lowered the Statutory Reserve Requirement ratio to 2% effective 20 March 2020[3], and by 7 July 2020[4] had cumulatively reduced the Overnight Policy Rate (OPR) by 125 basis points to 1.75%. A RM290 billion Economic Stimulus Package under the Government's Prihatin and Penjana platforms designed to protect business viability, ensure job security and increase household disposable incomes, will lend further impetus to growth.

Despite the four OPR cuts[5] and stimulus packages announced by the Government, the residential property market is expected to remain sluggish throughout 2020. Given the forecast GDP contraction, increase in unemployment and global recession concerns, consumer sentiment is expected to remain depressed, affecting recovery of the residential property market.

In Malaysia, E&O is an established leader in the premium property segment. We anticipate our brand will continue to draw support from a discerning audience and that positive demand for properties will be kindled by the depreciated Ringgit, lowering the cost of entry for foreigners and Malaysians working abroad. To this end, we will streamline relationships with property agents whilst nurturing new networks to reach burgeoning overseas markets, particularly those benefiting from favourable currency exchange positions.

Our primary focus in the next financial year will be the much-anticipated maiden launch at STP2A which will flow consistent new revenue streams for the Group. STP2A presents a unique and significant opportunity where E&O is on the cusp of unveiling what will be the new landmark and pulse of Penang, launching innovative products and attractions within an all-encompassing, exemplar destination. Maintaining a close watch for conditions that are launch conducive, we are ready to unveil the first project on STP2A, currently slated for the second half of 2021.

In tandem with fundraising initiatives, the Group continues to seek reputable partners to collaborate in value creation. This includes joint venture partners, financial institutions and investors, to help realise the unique and innovative lifestyle concepts and property products to be unveiled by E&O. Staying alert in the present, we will also adopt a flexible stance enabling us to capitalise on any future opportunities when the overall market uptrend crystallises. This means that we continuously review the value proposition of our products and marketing strategies whilst maintaining a pulse on the evolving market.

Along with industry peers, we are facing an uncertain environment that impacts our business performance and inevitably, revenue and earnings. The Governments' timely intervention will be critical to supplement private sector efforts, particularly incentives to help the property market, namely:

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[2] *Malaysia Economic Monitor 2020 :*
Surviving the Storm https://openknowledge.worldbank.org/bitstream/handle/10986/33960/149872.pdf?sequence=4&isAllowed=y

[3] *Decrease in Statutory Reserve Requirement (SRR) Ratio https://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=5014#:~:text=Bank%20Negara%20Malaysia%20wishes%20to,part%20of%20the%20SRR%20compliance.*

[4] *Monetary Policy Statement https://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=5078*

[5] *BNM cuts OPR by 25bps to record low of 1.75% https://www.theedgemarkets.com/article/bnm-cuts-opr-25bps-175*

– Uplifting of existing financing limit of 70% margin on housing loan for the third residential property valued at RM600,000 and above

– Exemption of Real Property Gains Tax for disposal of residential property between 1 June 2020 to 31 December 2021; the exemption is given up to three residential properties per individual

– Exemption of Stamp Duty under the reintroduced Home Ownership Campaign

Despite facing challenging headwinds, we are confident the Group's strong foundation will enable us to drive sustainable growth. 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.

United Kingdom

The 2019 General Election paved the way for a decisive Conservative party majority, and the pound surged against the dollar to a 19-month high, renewing market optimism. The year drew to a close with a significantly more positive outlook as the rate of growth for average UK house prices edged up. This upward curve began to gain increasing traction, with the average UK house price rising by 1.9% year-on-year in January 2020.

A majority government, as well as a clearer time frame for Brexit, contributed to a greater sense of confidence, leading to tangible optimism for the UK real estate market. However, such sentiment proved short-lived as the UK succumbed to Covid-19 and the ensuing government lockdown had an immediate impact on consumer confidence and spending.

Economic activity has fallen sharply since the beginning of the year and unemployment has risen markedly. The Group believes how quickly the UK market rebounds will depend on how long the pandemic will last, and the pace at which functionality will return, coupled with investor confidence. In view of these uncertainties, it is deemed wiser to err on the side of caution, and in so doing, we will continue to prudently manage our risk exposure in the UK.

HOSPITALITY & LIFESTYLE

Malaysia's tourism sector has been identified as one of the major contributors to the nation's economic success. In 2019, the country recorded 26.1 million tourist arrivals mainly from our regional neighbours such as Singapore, Indonesia, Thailand and Brunei, as well as the growing China tourist market, contributing a total of RM86.14 billion in tourist receipts to the domestic economy.

Penang, in particular, continued to receive international attention, for example, listed by CNN Travel as one of the best destinations to visit for the ultimate Asian experience. Penang tourist arrivals grew steadily as a result of increased connectivity through direct flights and enhanced cruise routes.

Just as it has dealt a blow to our other divisions, the Covid-19 pandemic struck the travel and tourism sector, arguably the hardest. The Malaysian Association of Hotels (MAH) confirmed that RM75.7 million in losses were recorded by the local hotel industry from January to March 2020, with over 193,000 room cancellations recorded during the period as a direct result of the pandemic.

During this same period, Kuala Lumpur saw the highest number of cancellations at almost 62,000 room nights, resulting in a loss of RM24.9 million. Penang registered the fourth highest number of cancellations at over 18,000 room nights resulting in losses totalling RM8.9 million as at March 2020. MAH has reported that Malaysia will have lost 60% of its tourism business in 2020 with a rising number of hotels reported closing, either temporarily or permanently, throughout the country between March and June this year.

Travel advisories and restrictions are influencing travel plans for individuals and corporations across the globe; hence the impact on the hospitality industry has been immediate and severe. As the global number of Covid-19 cases continues to rise, major conferences and high-profile events have been cancelled or postponed. In addition, individual travellers are wary or growing more selective about their travel decisions, reconsidering non-essential leisure related trips. This adverse impact extends beyond hotel occupancy to F&B and banqueting revenue. Hence, the strategy of targeting domestic travel and tourism receipts would be a compensating factor to pursue.

The Recovery Movement Control Order which began on 10 June 2020 allowed interstate travel to resume and saw the hospitality industry offer heavily discounted programmes in a bid to attract business after nearly 3 months of closure. Given the Government's tax relief incentives for domestic travel, the E&O Hotel introduced several attractive promotions to meet local pent-up demand particularly after the MCO-induced confinement. The Meetings, Incentives, Conferences & Exhibitions (MICE) category is expected to benefit from the further lifting of measures for medium-sized workshops from June 2020, with larger events to follow in adherence to strict guidelines continually updated by the Government.

For E&O Hotel, we anticipate a two-phase recovery process: firstly, from the domestic market and secondly, from the international market once borders re-open. On the domestic front, we applaud the various government initiatives to support the tourism sector particularly the deferment of income tax instalment payment for the industry until 31 December 2020 as well as the personal income tax relief of RM1,000 for domestic tourism expenses. The highly anticipated travel bubble with neighbouring Green Zone countries is poised to have a greater positive impact for our bookings. Nonetheless, the continued closure of international borders between Malaysia and Europe/UK will see the E&O Hotel losing a very significant share of our guest profile, that is unlikely to regain momentum until early 2021.

We are confident that the E&O Hotel's distinct heritage identity and global recognition as a foremost luxury establishment will accord us leverage against our competition and help us maintain our market leader positioning in Penang. In Kuala Lumpur, however, E&O Residences will face mounting obstacles. Global economic contraction and corporate cuts in travel and budgets will see fewer working expatriates taking up long stay leases. This will further fuel desperate cost-cutting within the serviced apartment market, compounded by online disruptors such as Airbnb, resulting in the viability of the business being challenged. Given this bleak outlook, we are continually reviewing our business model and options for E&O Residences.

For the hospitality division overall, the Group will focus on driving operational and cost efficiencies as well as optimise yield management to better negotiate the challenges ahead. It cannot be stressed enough the importance we place on vigorous health and safety standards whilst we remain committed to excellence in our service delivery.

PROPERTY INVESTMENT

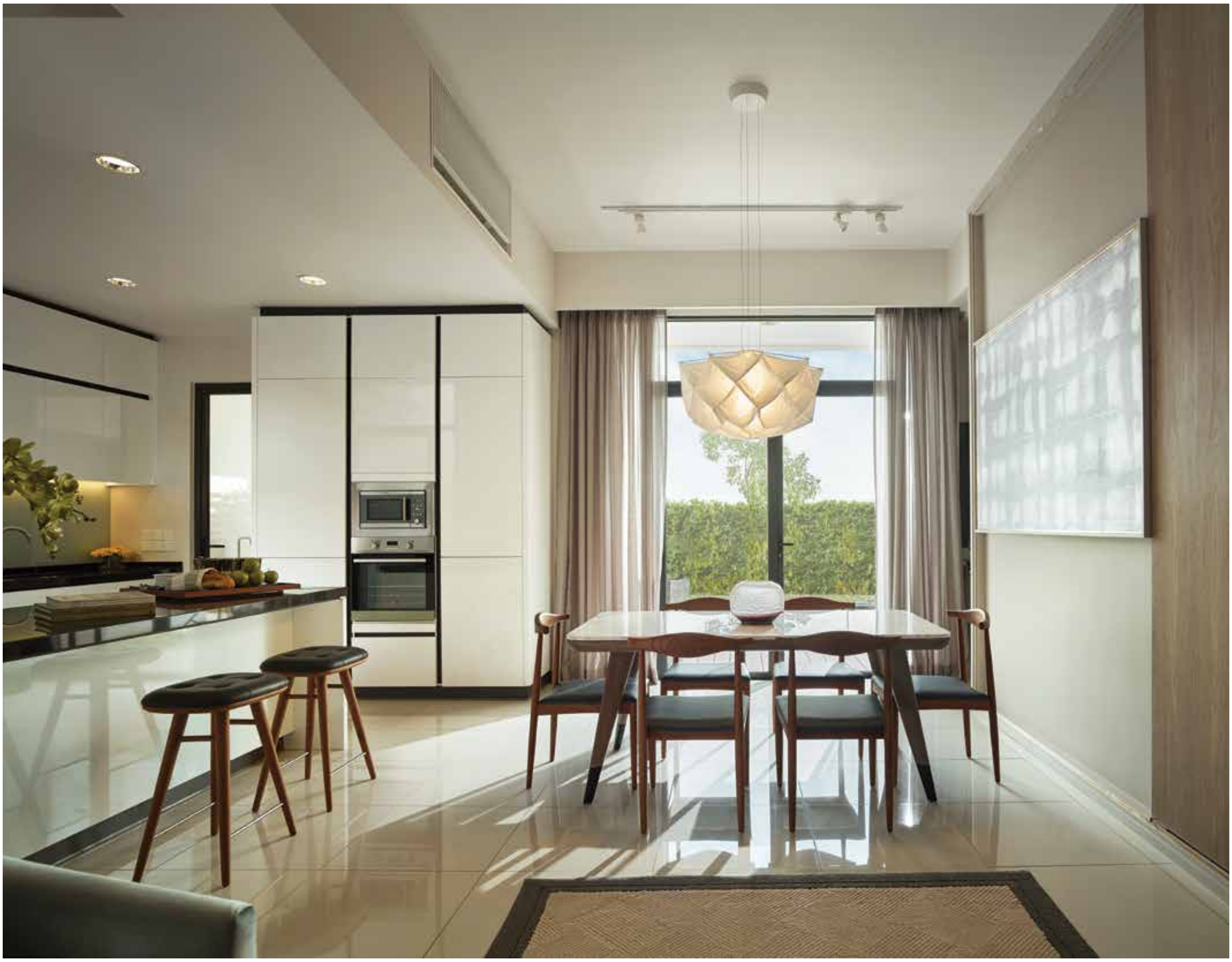
The retail industry is faced with the greatest disruption in recent memory: Covid-19 has hit the real estate market hard with consumption sentiment weakening and regional tourism experiencing a drastic slowdown. The challenge to smaller retailers is much more intense given lower revenue and consumer base.

According to the Malaysian Retail Association, the country's retail industry is expected to suffer a decline of 3.9% during the first quarter of 2020, compared with the same period in 2019. Retail consumption patterns are expected to continue to falter, leading to negative growth rate for the retail industry for the entire year.

The government's 2020 economic stimulus packages aimed at re-invigorating local demand amidst the current crisis, is welcomed by the retail sector. However, we are cognisant of changes to consumer's purchasing behaviours, forced upon by restrictions to contain the virus. Locally, we are seeing attitudes and shopping preferences changing in a way that will impact the retail landscape even after the threat of the virus dissipates.

In overcoming these unprecedented challenges, contingency planning is critical. Key focus and considerations include sensitive cost containment measures, careful cashflow planning, effective reorganising of manpower resources and proactive asset management, to retain occupancy and preserve lease lengths and revenue.

AVIRA GARDEN TERRACES
MEDINI ISKANDAR MALAYSIA



SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

This statement 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 statement contains sustainability data from 1 April 2019 to 31 March 2020, with one year of comparative historical data wherever applicable.

Our Sustainability Statement has been prepared in accordance with the Global Reporting Initiative ("GRI") standards. Our statement also adheres to Bursa Malaysia Securities Berhad 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 the Group. 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.

As part of our ongoing efforts to improve our sustainability reporting, stakeholders are welcome to submit any query or comment to **corp.comm@easternandoriental.com**

SUSTAINABILITY AT E&O

At the time of writing this report, the world is experiencing major economic and social disruption brought about by the global Covid-19 pandemic. From the onset of this crisis, we have implemented measures to protect the health of our employees, customers and business partners. Strict protocols and work organisation adjustments have been put in place and will be adapted according to the evolution of the situation.

In addition to adhering to the Movement Control Order ("MCO") enforced by the Government, we have also put in place the necessary precautionary measures across our premises to safeguard the health and well-being of our customers, tenants, employees, as well as the community around us. Careful consideration is taken prior to the implementation of each action to ensure that they are in accordance with the guidelines issued by the Ministry of Health to minimise the risk of transmission.

Despite the serious challenges brought upon by Covid-19, we remain 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

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

Property Investment
- Property management
- Retail

Project Initiation
- Land purchase
- Land creation

Financing
- Strategic partnership
- Financiers
- Investors

Transaction
- Marketing and Sales
- Agents
- Handover
- Customer Service

Hospitality
- Branding
- Hospitality Management

At E&O, 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 place high expectations on our contractors and suppliers who are held accountable for their activities and products, in line with industry best practices. Internal systems and policies have been put in place for us to effectively manage our contractors, consultants and suppliers.

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 our stakeholders and 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 wider 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, and have a vested interest in, our business operations. Continuous engagement with our stakeholder groups is vital for us to better understand their expectations and how our actions impact them. Thereafter, we may better strategise our business objectives and social goals and conduct in line with stakeholders' expectations.

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	Ongoing	• Product quality • Product value proposition • Future launches • Market outlook	We aim to uphold our proven track record of delivering products of high quality and standards 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, Ongoing	• 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	Ongoing	• 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.
Employees	• Internal emails • Annual performance appraisal • Departmental briefing	Annual, Ongoing	• 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 dialogues • Social gatherings • Community events • Residents' association • Volunteerism	Ongoing, 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.

STAKEHOLDER	ENGAGEMENT CHANNEL	ENGAGEMENT FREQUENCY	STAKEHOLDERS' CONCERNS	RESPONSE TO STAKEHOLDERS' CONCERNS
Contractors	• Meetings and discussions	Ongoing	• 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	Ongoing, ad-hoc	• Environmental and social issues • Local community interests	We continuously collaborate with key NGO representatives, e.g our Think Green eco-education 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 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 reviews the Sustainability Statement and makes recommendation to the Board for approval.

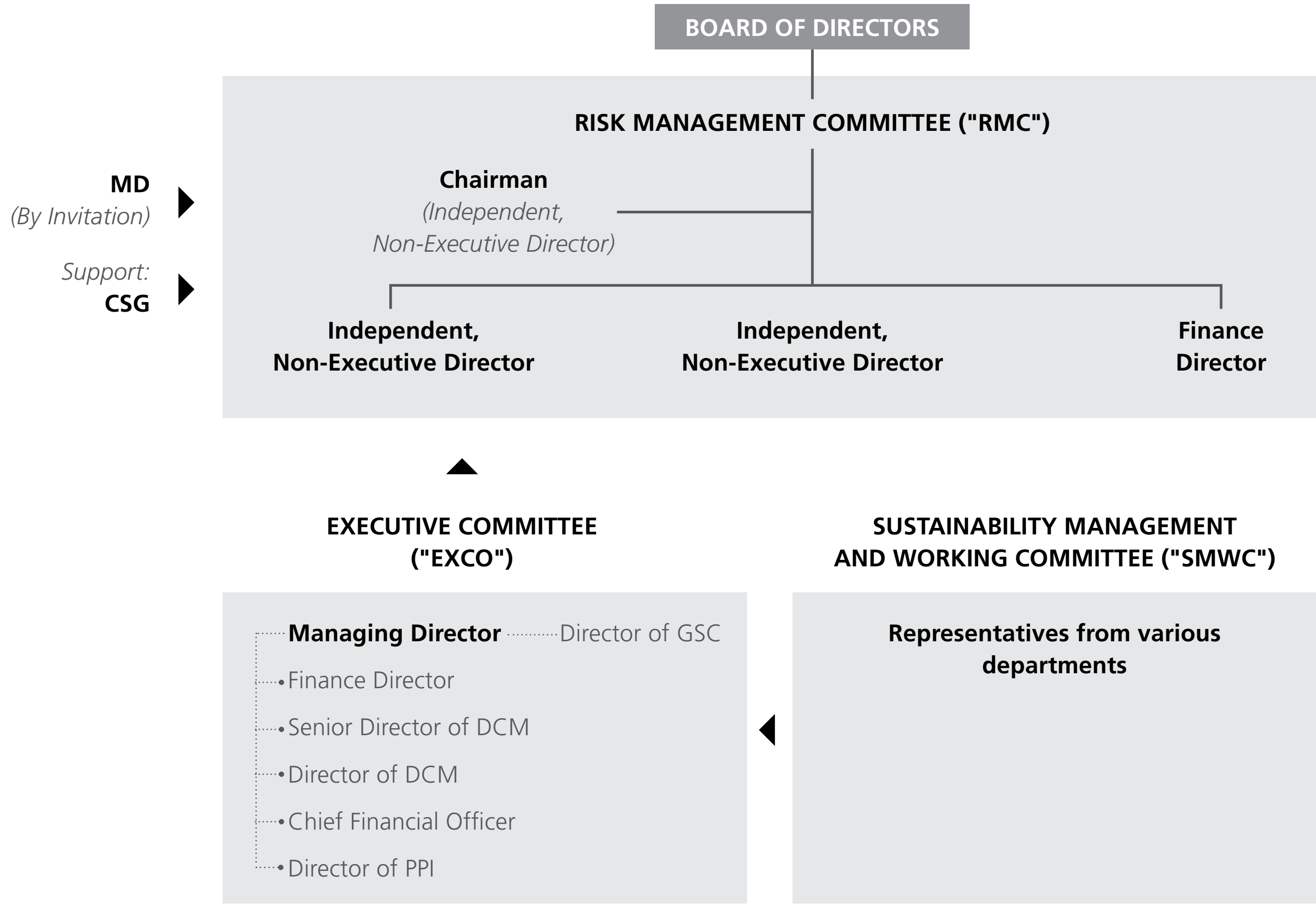
Executive Committee ("EXCO")

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
CSG - Company Secretarial & Governance
GSC - Group Strategy & Communications
DCM - Development & Construction Management
PPI - Projects & Property Investments

OUR MATERIAL ISSUES

We recognise the importance of understanding our economic, environmental and social priority areas. It forms the basis of our sustainability initiatives which generates impacts that are aligned to the Group's strategies. We identified our material sustainability issues by conducting a materiality assessment exercise in FY19. The process is illustrated in Figure 4.

In FY20, we continue to focus on managing these material sustainability issues as they remain our priority areas.

Figure 4: Materiality assessment process

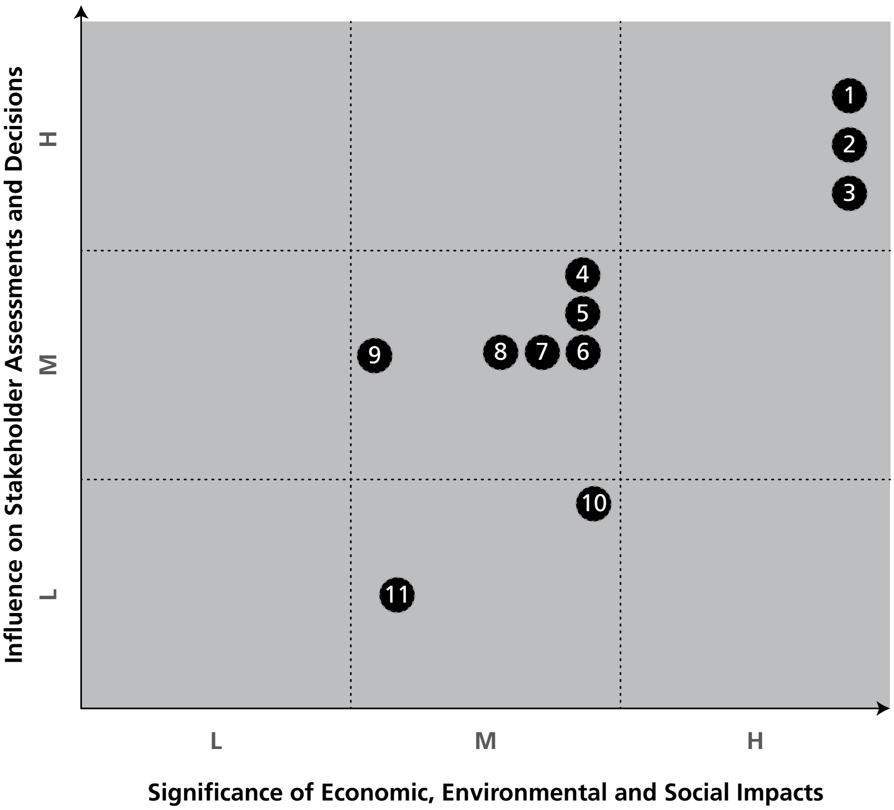
1 Identification - We collated a preliminary list of issues through peer companies' comparative analysis and benchmark of industry best practises. We then identified the sustainability issues that are material to the Group through internal management discussions.

2 Prioritisation - We prioritised the material issues based on our assessment on significance of economic, environmental and social impacts and how they influence stakeholders' assessments and decisions. The perspectives and interests of internal and external stakeholders were considered.

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 significance of economic, environmental and social impacts and influence on stakeholders' assessments and decisions. The outcomes of the materiality assessment exercise is presented in Figure 5.

Figure 5: Materiality Matrix



LEGEND

1. Financial Sustainability
2. Compliance with Regulatory Authorities
3. Occupational Health and Safety
4. Corporate Governance
5. Product Responsibility
6. Waste Management
7. Energy Conservation
8. Water Management
9. Community Engagement
10. Talent Attraction, Retention & Development
11. Material Sourcing and Supply Chain Management

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 these 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	Corporate Governance	Governance, Anti-Corruption	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
5	Product Responsibility	Marketing and Labelling Sustainability Certification, Rating and Labelling	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES
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

PRIORITY	MATERIAL ISSUES	GRI TOPICS	SDGs
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

While the Covid-19 pandemic that came to light in December 2019 impacted the Group's financial performance, our business fundamentals and long-term vision remain consistent. Throughout FY20, we focused on building long-term value for our stakeholders to reinforce the foundation for future growth. 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.
3. Maintaining a cautious and measured stance with regard to the timing of new launches taking into consideration current market conditions. We have focused on selling inventories and non-core assets, whilst ensuring 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 in line with targeted returns.

In December 2019, the Heritage Wing at the E&O Hotel re-opened after an extensive refurbishment exercise featuring fully refreshed suites, new dining venues and upgraded meeting and banquet facilities. While the Hotel's occupancy and revenue has suffered due to the Covid-19 outbreak, we remain optimistic in our ability to face and overcome this challenging period that has severely affected the travel and tourism-driven industries as a whole.

With the completion of STP2A reclamation works in September 2019, resources are now focused towards creating a new prime seafront address, making STP2A a truly unique and first choice destination to live, play and work in Penang. While finalising a detailed masterplan for STP2A, various infrastructure works have started to take shape with the construction of the first bridge linking STP1 to the newly reclaimed island. To fund further development works at STP2A, the Group has completed the RM1.5 billion Sukuk Murabahah programme which raised an initial first tranche of RM1.3 billion.

Our winning partnership with Mitsui Fudosan Group was further cemented with the signing of a third joint venture in December 2019, underscoring the confidence placed in E&O. Jointly developing 3.94 acres of freehold land in the most exclusive and elevated parcel of land in Damansara Heights, 54 units of luxury low rise condo-villas with a GDV of RM348 million are slated for launch in the second half of 2021.

The Company's economic performance for FY20 are disclosed in the Management Discussion and Analysis in this Annual Report.

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.

The Group aims to achieve the highest level of business ethics and prevent any occurrence of corruption activities. We have established an Anti-Corruption Framework which comprises key policies and procedures that, together with general internal controls of the Group, are aimed to mitigate overall corruption risks. The Anti-Corruption Policy sets out the Group's expectations for internal and external parties working with and for the Group in upholding the Group's zero-tolerance stance against corruption. This policy together with the Whistleblowing Policy are accessible by all employees via intranet and by the external stakeholders through the corporate website. Trainings were provided to internal and external stakeholders to reinforce their understanding of the Group's stance on anti-corruption and relevant policies and procedures.

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, and sustainably so.

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.

For 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 strict 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 our 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 completion of reclamation works for STP2A, the construction of the first bridge linking STP1 to the newly reclaimed island has commenced. As we lay the necessary infrastructure for STP2A, we will continue to practice regular consultation with relevant authorities and engagement with contractors and consultants to ensure full compliance with regulatory requirements.

There were no instances of non-compliance with the laws and regulations in FY20. 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 well-being, 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 fatality as well as 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 contractors for projects of STP2 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. Drills and safety trainings on several emergency scenarios are conducted periodically to better prepare the Emergency Response Team and our workers for an emergency.

- Appointment of a Safety and Health Officer ("SHO") who is responsible in monitoring and inspection of all worksites ensuring workers and sub-contractors remain vigilant and comply with all relevant regulatory requirements and safe work practices. SHO is also responsible to perform Job Safety Analysis on each construction activity to identify potential hazards and steps to mitigate safety risk, as well as ensuring documentations relating to safety training, injuries, accidents and hazards are completed and properly stored.

- Active engagement with employees and workers through various communication 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. A Health and Safety Manual is in place to guide employees and workers in protecting themselves against health and safety hazards. Articles of information on safety are also posted at the worksite office to promote awareness among the team.

- 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.

- Weekly 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") for management personnel and subcontractors.

- 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. In FY20, workers were also required to attend compulsory training conducted by the Fire and Rescue Department of Malaysia.

- Additionally, a workers' Identification Card system has been introduced to ensure that only authorised personnel can enter the STP2 work site as well as to facilitate proper records of workers.

In FY20, the workers at the STP2 first bridge work site have collectively received 50 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. Our contractors have recorded Lost Time Injury Frequency Rate ("LTIFR") of 3.4 (3.4 injuries per million hours worked). In response to the injury incidents, additional safety initiatives are implemented at the worksites which include investigations into the cause of accidents by the main contractor and establishment of precautionary measures to prevent future reoccurrence. 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.

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 view of the Covid-19 pandemic, the Group ensured that all operations and activities were in full compliance with the MCO and guidelines issued by the authorities including the National Security Council, the Human Resources Ministry and the Ministry of Health throughout the period. Additional new control measures have been implemented throughout our business operations including communication to raise awareness amongst employees, issuance of workplace health and safety guidelines such as reminders on social distancing as well as frequent cleaning and sanitisation of high traffic office spaces. To safeguard the health and safety of the employees, workers and public at large, the construction team proactively engaged with our contractors to ensure precautionary measures are taken to reduce the risk of exposure to the virus at the worksites. These measures include swab tests to rule out Covid-19 for all foreign workers, and only workers who tested negative can enter the worksites. All local workers were also strongly encouraged to carry out the health screening in order to achieve a safe working environment.

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 guides our choice of materials, our product designs and concepts.

Underscoring our ethos of quality and innovation, the Group has achieved several awards and accolades as a validation of our commitment:

- The Edge Malaysia Top Property Developers Awards ("TPDA") 2019: E&O was ranked 14 of the top 30 property developers in Malaysia.
- iProperty Development Excellence Awards ("iDEA") 2019: E&O was named one of the top 10 property developers for the People's Choice Award and 18 East, Andaman at Quayside emerged top in the Best Waterfront Development Category.

As a testament of sustainability standards in our developments, 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 in Penang, is the second project to receive GreenRE Silver Certification (Residential) - one of the largest green certified residential building in Penang.

Block 6, now known as Wisma AIA, 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.

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's urban design guidelines take into account elements such as connectivity, walkability and human scale to encourage safe, comfortable mobility with dedicated pedestrian paths and bicycle lanes throughout the island. Such enhanced connectivity aims to reduce the use of vehicles especially travelling within the island.

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 residents by improving our delivery across all service points. Recognising that customers' feedback is crucial in providing valuable insights for continuous improvement, we have created a Customer Careline platform with a dedicated team to manage and resolve any issues and queries that may arise.

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's conceptualisation. We continue to distinguish our properties with the hallmark of enduring quality and value, on which the E&O brand is premised.

MINIMISING OUR ENVIRONMENTAL IMPACT

E&O is committed to minimise the environmental impact of our businesses. We uphold our reputation through the adoption of sustainable practices and strive for 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 regular 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 and the well-being of communities.

Waste Management

As part of our operations, we generate scheduled and non-scheduled waste such as solid waste, biomass removal waste, environmental waste as well as domestic waste. In line with the regulations governing scheduled waste, we store scheduled waste at a designated place and only scheduled waste handlers licensed by DOE are allowed to handle the transportation and disposal at STP2 reclamation site.

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 also reduces our carbon footprint as it eliminates the need to transport the dredged material to the designated offshore disposal ground.

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 for monitoring.

We endeavour to consume material responsibly and reduce wastage in our operations by employing the 3R concept - Reduce, Reuse and Recycle. We strive to reduce the amount of construction waste from our project sites going to the landfills and we are cognisant of the importance of keeping track of our waste data.

Our hospitality and retail divisions place strong emphasis on sustainable waste management. At both E&O Hotel and Straits Quay, we have introduced a food waste reduction best practice policy as well as a wet and dry waste sorting initiative. Waste is separated at source where recyclable materials are sold to a recycling company and non-recyclable materials are collected by third party license contractors for responsible disposal.

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.

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's new initiatives to reduce usage of single-use plastic in its daily operations include the use of glass bottles for drinking water and ceramic containers for bathroom amenities replacing plastic bottles, as well as the introduction of paper straws and bamboo stirrers echoing the Penang State Government's effort to reduce plastic waste going to the landfill.

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.

Energy Conservation

The Group'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.

A considerable amount of energy is required for the running of Straits Quay, E&O Hotel and E&O Residences in the form of electricity and the use of generators. Our construction activities at STP2 also need large quantities of fuel to operate machinery and vehicles. In line with Malaysia's commitment to reduce 45% of its greenhouse gas intensity 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 FY20, 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 reached completion.

At the E&O Hotel, energy saving initiatives include changing the water heater system, upgrading the variable refrigerant volume ("VRV") air conditioning system and 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.

Such efforts were incorporated in the refurbishment of the hotel's Heritage Wing, where the wiring, air-conditioning and piping systems were replaced to reduce energy and water loss. Other detailed enhancements include 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.

With all the energy saving initiatives in place to reduce the use of purchased electricity, E&O Hotel and Straits Quay have collectively recorded a reduction in energy consumption from 63,362 GJ in FY19 to 56,083 GJ in FY20 and therefore reduction in energy intensity from 0.54 GJ/M^2 to 0.48 GJ/M^2 in FY20. We will continue with our efforts to identify energy and water saving opportunities in the hotel whilst raising awareness amongst staff and guests on responsible consumption.

Water Management

We implement various mitigation measures to manage the impact on water quality. This includes using an online Total Suspended Solids ("TSS") monitoring system which provides real time reading from multiple remote stations to the desktop using smart sensor, wireless and internet technologies. When the TSS readings exceed the threshold set at 45mg/L (which is below the set suspended solid concentration of 50mg/L as per the regulatory requirement), email alerts are sent out to inform various stakeholders, including our contractors 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. To date, the water quality monitoring system has complied with all the requirements as set out in the DEIA and EMP.

We are also mindful of water consumption at our worksites. Initiatives to conserve water include deployment of pumped sea water used at access points and routes at sites to prevent excessive dust and air pollution, as well as rainwater harvesting system where rainwater is used for toilet flushing and floor cleaning, replacing the need to use fresh water supply.

Material Sourcing and Supply Chain Management

Stringent screening and assessment are adopted in our selection of main contractors for new projects. 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 pricing and the contractor's order book are also taken into consideration.

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

CONTRIBUTING TO SOCIETY

As the Group faces the impact of the Covid-19 pandemic across our operations, E&O's corporate social responsibility initiatives too, were regrettably affected. In mid-March 2020, the Malaysian Education Ministry called for a nationwide suspension of all outdoor assemblies and co-curricular activities in line with the Health Ministry's guidelines. Consequently, E&O's planned calendar of activities with schools were immediately suspended.

Earlier in January, following the World Health Organisation's notice declaring Covid-19 an international public health emergency, the Group made the decision to err on the side of caution and for the first time since its inception in 2014, cancelled E&O's annual Chinese New Year community open house at Seri Tanjung Pinang.

In doing so, the Group pledges to continue to uphold our priority on safety, while evaluating our resources vis-à-vis commitment to corporate social responsibility (CSR) programmes that are relevant and valued by the community.

Community Engagement

E&O's interactions aim to promote meaningful community engagement over the long-term. As an organisation with strong roots as well as an ever-growing presence on Penang Island, our efforts have extended to diverse stakeholder groups that include students, teachers, fishermen, NGOs, special-needs children and the aged.

i. Place Making for the Community

Straits Green is a 4-acre public park, a vital green lung in STP1 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 venue for weekly exercises open to the public at no charge.

In the seven years since its opening, the flora at Straits Green has matured and the interaction amongst surrounding communities has been nurtured. Apart from weekly exercise activities, Straits Green is also a venue for festive open houses, community events, and most significantly, a platform that inspires urban gardening in line with E&O's aim to foster eco-consciousness and sustainable living choices.

A community food garden as part of E&O's Think Green community education programme, is sited at Straits Green. The food garden started out with a keyhole mulch bed and compost bay supplied with leaf litter collected within STP1. Today, it has evolved into a food and knowledge-sharing avenue with various vegetable beds planted and tended to by participating students of the Think Green programme. The Think Green garden is kept open, inviting the neighbouring community to enjoy the harvest.

In October 2019, E&O proudly presented another element to Straits Green – a new sepak takraw court, a nod to the Tanjong Tokong area producing several of the nation's top sepak takraw players. Built at a cost of approximately RM130,000, the Group hopes that the court will inspire a new generation of budding talent to the sport.

Following rising cases of Covid-19 infections, E&O took precautionary measures by suspending gatherings such as all weekly exercises organised for the community. The Think Green community food garden was also closed throughout the Movement Control Order period in adherence to government directives.

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 the next step by trialling monthly educational workshops with SK Tanjung Tokong and outdoor 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 provided the support which enabled schools to launch their own Think Green garden within school compounds. Monthly programmes were conducted allowing students to actively apply their knowledge and share their learning with classmates. This reinforced the teaching staff's emphasis on students taking responsibility for tasks and outcomes, while sharing the fruits of their labour – in this case, tomatoes, eggplant and mushrooms to name a few.

We are delighted that school principals tell us the Think Green programme continues to be the most popular choice and named the best extra-curricular activity in three partner schools for the second consecutive year. Although halted for the time being, we are confident the Think Green programme will resume when it is officially allowed to do so.

THINK GREEN
A COMMUNITY EDUCATION PROGRAMME BY E&O

7 SCHOOLS INVOLVED
1 KINDERGARTEN
1 SPECIAL NEEDS SCHOOL
4 PRIMARY SCHOOLS
1 SECONDARY SCHOOL

167 NATURE-BASED EDUCATION SESSIONS SINCE 2013

20 CROSS CULTURAL ACTIVITIES SINCE 2013

1240 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 CO-CURRICULUM OF 2020

iii. Reaching Out to Special Communities

Aside from schools, E&O supports other communities within our project vicinity. In particular, we respect the role played by fishermen and crew who operate in the waters around STP. In accordance to STP2's DEIA, the Group contributed RM2.04 million in ex-gratia payment to the Penang State Treasury for disbursement to eligible fishermen and their assisting crew in 2015. 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.

Maintaining direct engagement sessions with the fishermen grouped by locality, E&O has also provided annual school supplies to fishermen's children to help ease the cost of education since 2013. Aside from structured assistance, the Group responds to specific aid in emergency cases within the neighbourhood, for example, repair and clean-up crews in the aftermath of storms, and in special circumstances such as supporting a fisherman's child with special needs.

iv. Supporting Government Initiatives

E&O maintains a close affinity with arts and culture, demonstrated by our long-standing support for activities aligned to Penang's rich heritage. Since 2006, the Group has contributed RM200,000 annually towards the Penang State's Chinese New Year celebrations, showcasing the UNESCO World Heritage Site of George Town at its most colourful and festive to locals and tourists alike.

Taking its cue from the State's Penang Vision 2030 statement, the Group takes pride in efforts from corporate contributions to volunteering, in line with building a "family-focused, green and smart state". These activities include, for example, sponsorships for the Penang International Green Conference and Exhibition, beach clean-up programmes as well as visits with care packages to old folks' and children's homes. A project close to many E&O staff who gave their time and expertise on a pro-bono basis, was spearheading the design, construction and completion of a new six-storey building for the Pure Lotus Hospice of Compassion. Located opposite Penang General Hospital and unveiled this January, the hospice will enable end-of-life care with dignity for many more patients.

v. Documenting History

In Penang, E&O's history began in 1885 with the establishment of the Eastern & Oriental Hotel by the famed Armenian Sarkies brothers. To record the story of our legacy, so intertwined with the rich history of Penang itself, the Group opened E&O Hotel's social history gallery in 2013 located at the Victory Annexe of E&O Hotel, and the E&O Visitor Centre at Straits Quay in October 2016. Both venues are open to the public and encourage a greater appreciation of the past, particularly for the benefit of younger generations as well as our guests and overseas visitors.

In documenting our journey, the Group acknowledges the deep and lasting connections we have made, especially in Penang. It is no wonder that the people of Penang hold our brand to such high expectations and take great interest in the new island we have reclaimed and are about to develop. The Group is fully conscious of the legacy we continue to create and the responsibility it entails, to our shareholders and stakeholders. In this respect, we thank all those who have supported us, in helping to make E&O what it is today, and for what the future holds.

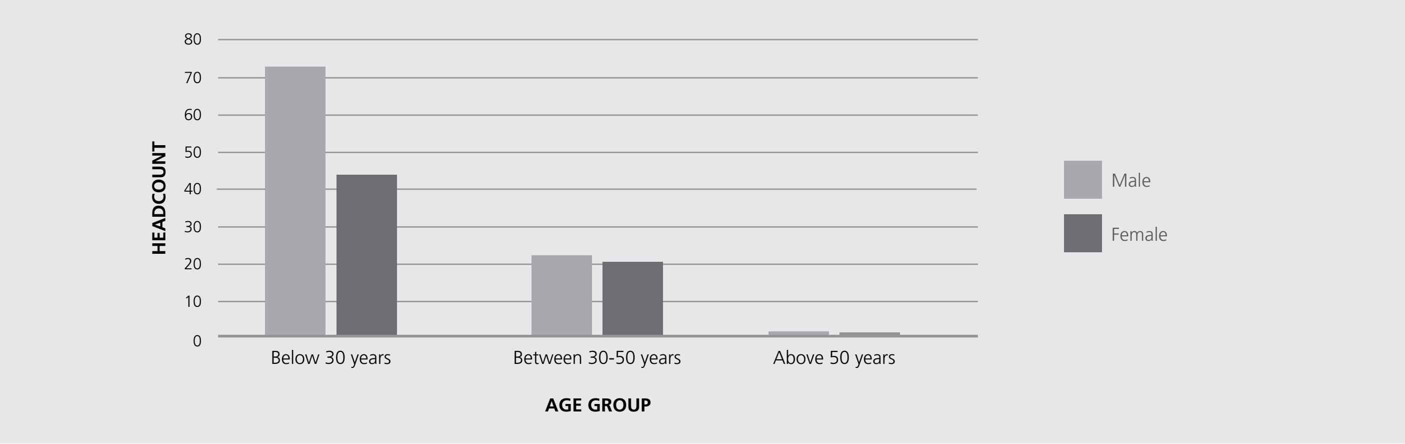
Talent Attraction, Retention and Development

Significant impact is being felt as a result of the Covid-19 pandemic as we brace ourselves to be a leaner and more adaptive workforce in rethinking the way we work. With very little precedence to base our experience on during this pandemic, enterprise-readiness is crucial in helping our employees to reconfigure their work processes and make adjustments to working in the new norm. Changes to work conditions include increased health and safety protocols, social distancing measures and new ways of collaborating when working remotely.

We believe that our people are the driving force of a strong business and that a motivated workforce delivers value to our stakeholders. In the face of an uncertain market outlook, we continue to invest in enhancing the skills and expertise of all staff to ensure their relevance as we journey together ahead. Employing the use of digital technology and media applications to upskill staff through in-house and relevant webcasts featured in our staff portal are new practices employed in our human capital development agenda.

In mitigating Covid-19's economic challenges, workforce recruitment was conservatively driven and minimal for both the Group's property and hospitality divisions. The distribution of new hires by age and gender is presented in Figure 7.

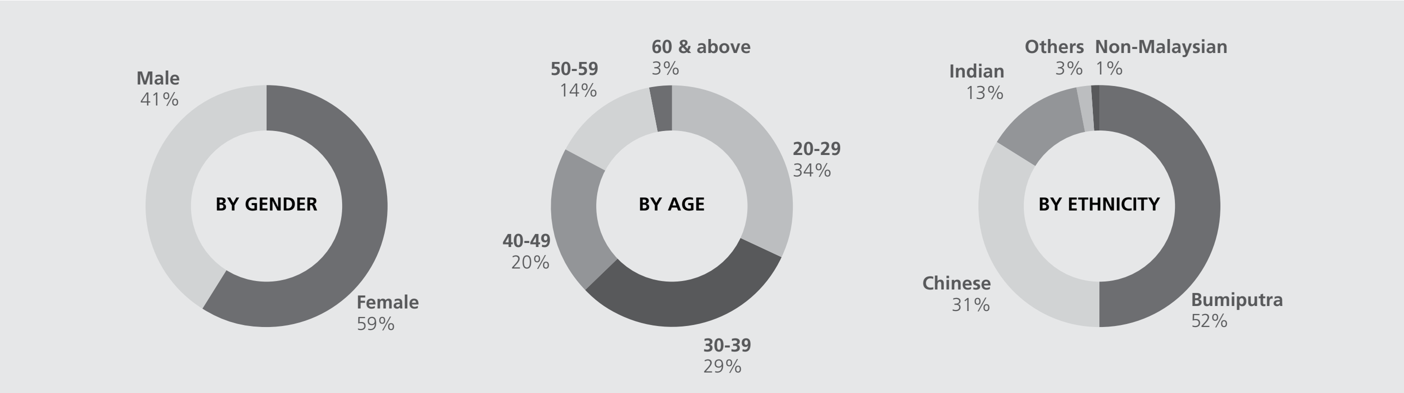
Figure 7: E&O's New Employees Hires by Age and Gender in FY2020



i. Diversity and Inclusion

Building 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, ensuring diversity of qualification and experience, age, gender and ethnicity. The composition of our workforce by gender, age and ethnicity in FY20 is depicted in the following diagram.

Figure 8: E&O Group Workforce Composition FY2020



ii. Training and Development

We encourage our employees to learn and develop the capabilities they need in order to do their job as best as they can. With the abundance of digital content available through various applications housed in the Company's intranet, expanding knowledge and improving our capabilities no longer rely on the conventional approach or methods of training. The advent of rapid digitalisation amidst the ongoing Covid-19 pandemic amplify the need for an accelerated mindset shift to self- and peer-to-peer learning. This facilitates each employee fulfilling their potential while delivering optimum business outcomes for the Group. The average training hours by employment category are presented in Figure 9 and 10.

Figure 9: Average training hours by employee category for Property Division

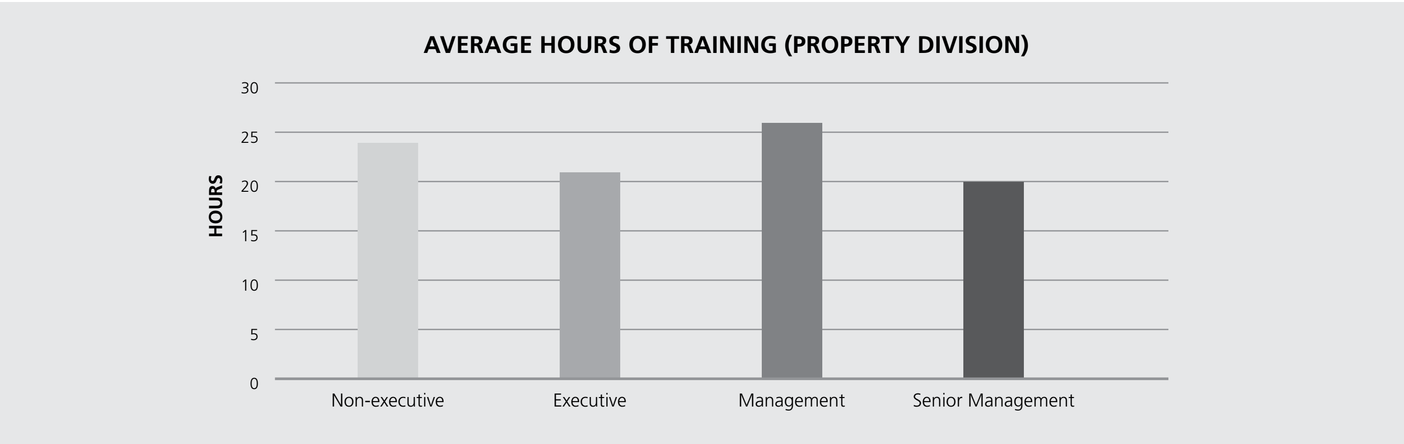
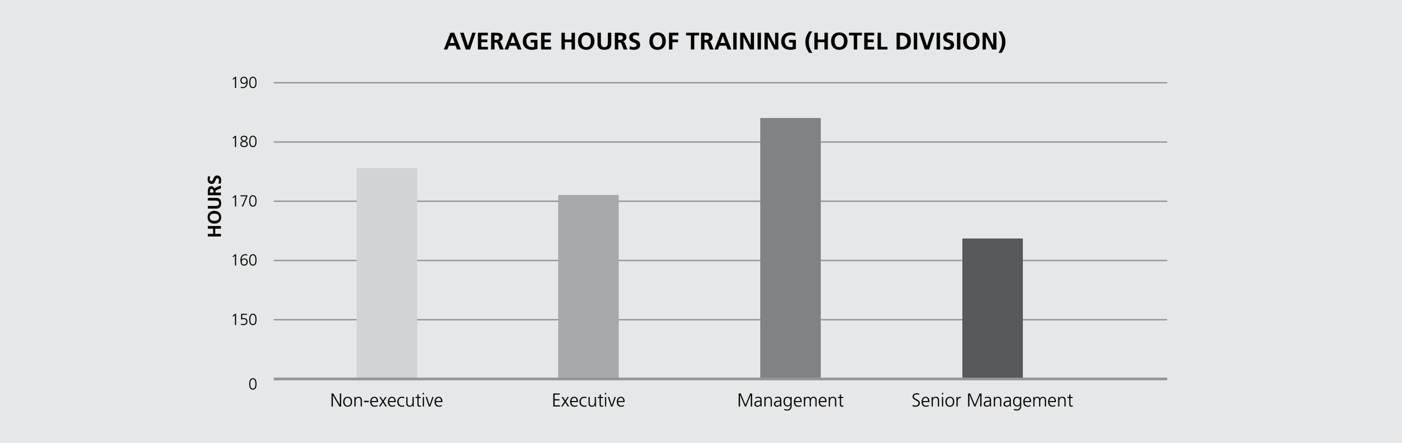


Figure 10: Average training hours by employee category for Hotel Division



E&O believes in fostering a high-performance culture that is based on the Group's business strategy, focus areas and priorities. 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 through Digitalisation

The Covid-19 pandemic has placed new demands on IT infrastructure, especially networks and data centres, as businesses go online and employees increasingly connect over the internet. Remote working and collaboration tools have become essential systems, with new demands placed on networks and data centre infrastructure. The Group recognises that IT enterprise management readiness is crucial to drive preparedness and cross functional collaboration in our workforce. Leveraging on the combination of two platforms, i.e on-premise and cloud-based software, we were able to deploy communication and data access to our staff.

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 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 21, Management Discussion & Analysis ("MDA")
	102-2	Activities, brands, products, and services	Page 21-39, MDA
	102-3	Location of headquarters	Page 21-39, MDA
	102-4	Location of operations	Page 21-39, MDA
	102-5	Ownership and legal form	Page 21-39, MDA
	102-6	Markets served	Page 21-39, MDA
	102-7	Scale of the organisation	Page 21-39, MDA
	102-8	Information on employees and other workers	Page 58-60
	102-9	Supply chain of the organisation	Page 42
	102-10	Significant changes to the organisation and its supply chain	No significant changes
	102-11	Precautionary Principle or approach	Page 80-83, Statement of Risk Management and Internal Control
	102-12	External initiatives	Not applicable
	102-13	Membership of associations and advocacy organisations	FIABCI-MALAYSIA, FPLC, ICDM, MIRA, MSWG, REHDA[1]
	STRATEGY		
	102-14	Statement from most senior decision-maker	Page 21-39, MDA
	102-15	Key impacts, risks and opportunities	Page 21-39, MDA
	ETHICS AND INTEGRITY		
	102-16	Values, principles, standards, and norms of behaviour	Page 68, Section "Board Charter and Code of Conduct & Ethics"
	102-17	Mechanisms for advice and concerns about ethics	Page 68, Section "Whistle-Blowing Policy and Procedures"
	GOVERNANCE		
	102-18	Governance Structure	Page 44-45
	STAKEHOLDER ENGAGEMENT		
	102-40	List of stakeholder groups	Page 42-44
	102-42	Identifying and selecting stakeholders	Page 42-44
	102-43	Approach to stakeholder engagement	Page 42-44
	102-44	Key topics and concerns raised	Page 42-44

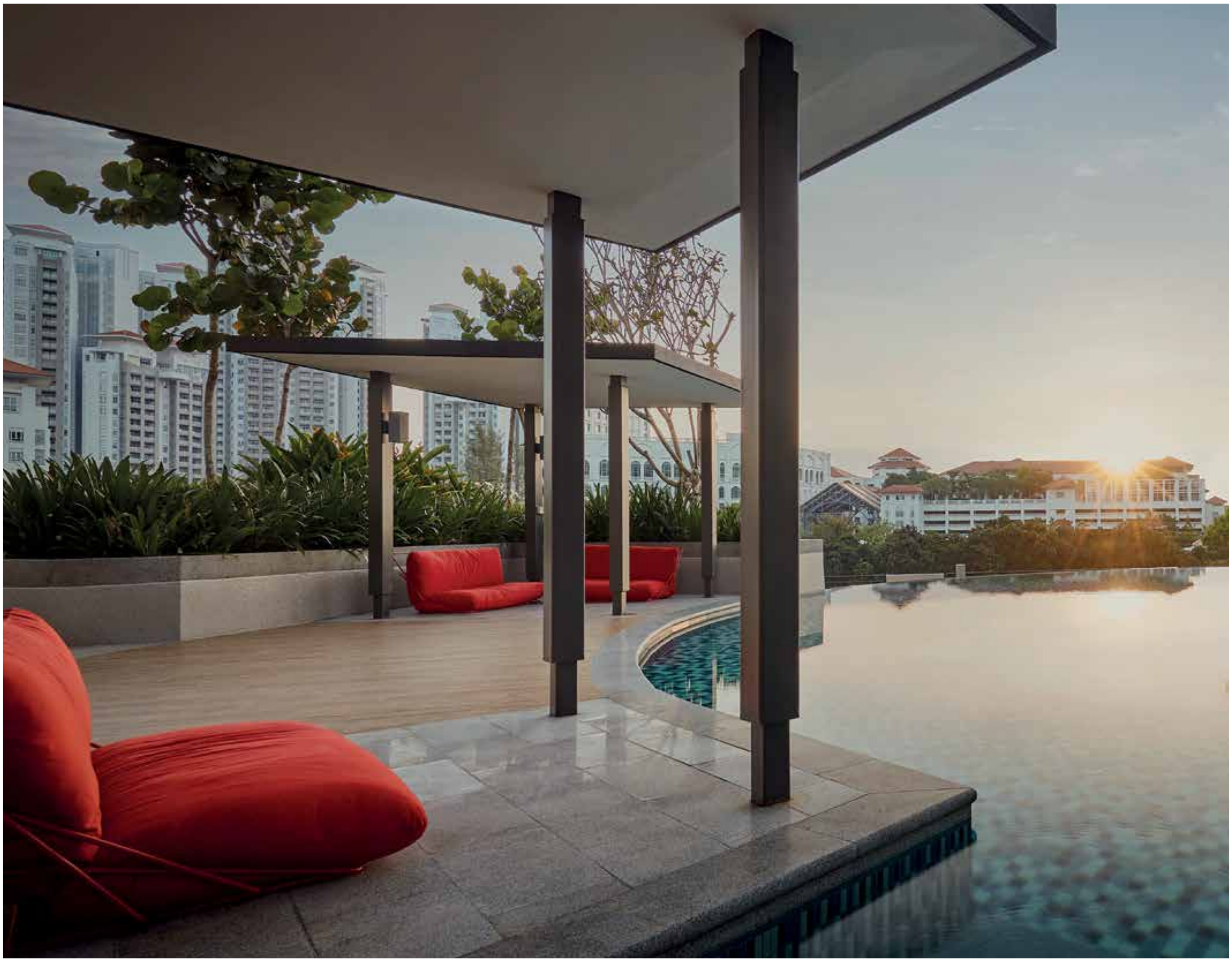
[1] *The International Real Estate Federation-Malaysia, Federation of Public Listed Companies, Institute of Corporate Directors Malaysia, Malaysia Investor Relations Associations, Minority Shareholders Watch Group, Real Estate and Housing Developers' Association Malaysia.*

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GENERAL STANDARDS DISCLOSURE			
GRI STANDARDS	**PROFILE DISCLOSURE**	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
	REPORTING PRACTICE		
	102-45	Entities included in the consolidated financial statements	Page 170-174, Notes to the Financial Statements
	102-46	Defining report content and topic boundaries	Page 41
	102-47	List of material topics	Page 46
	102-48	Restatements of information	Not applicable
	102-49	Changes in reporting	No significant changes from previous reporting
	102-50	Reporting period	Page 41
	102-51	Date of most recent report	Sustainability Statement in E&O's Annual Report 2019
	102-52	Reporting cycle	Page 41
	102-53	Contact point for questions regarding the report	Page 41
	102-54	Claims of reporting in accordance with the GRI Standards	Page 41
	102-55	GRI Content Index	Page 61-63
	102-56	External Assurance	Page 41
SPECIFIC STANDARDS DISCLOSURE			
GRI STANDARDS	**PROFILE DISCLOSURE**	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
FINANCIAL SUSTAINABILITY			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 49
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Page 49
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Page 49, 56-57
COMPLIANCE WITH REGULATORY AUTHORITIES			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 50-51
GRI 307: Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Page 51
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Page 51
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 51-52
GRI 403: Occupational Health and Safety 2016	403-1	Occupational health and safety management system	Page 51-52
	403-5	Worker training on occupational health and safety	Page 51-52
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 51-52
	403-9	Work-related injuries	Page 51-52

SPECIFIC STANDARDS DISCLOSURE			
GRI STANDARDS	**PROFILE DISCLOSURE**	**DESCRIPTION**	**REFERENCE PAGE / EXPLANATIONS**
CORPORATE GOVERNANCE			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 49
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	Page 49
PRODUCT RESPONSIBILITY			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 52-53
SASB: Product and Service Labelling	CRE8	Type and number of sustainability certification, rating, and labelling schemes for new construction, management, occupation, redevelopment	Page 52-53
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
WASTE MANAGEMENT			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 53-54
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Page 53-54
	306-3	Significant spills	No incidents of significants spills
ENERGY CONSERVATION			
GRI 103: Management Approach 2016	103-1,2,3	Explanation of the material topic and its Boundary	Page 54-55
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Page 54-55
	302-3	Energy Intensity	Page 54-55
WATER MANAGEMENT			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 55
GRI 303: Water and effluents 2018	303-2	Management of water discharge-related impacts	Page 55
COMMUNITY ENGAGEMENT			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 55-58
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programs	Page 55-58
TALENT ATTRACTION, RETENTION AND DEVELOPMENT			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 58-60
GRI 401: Employment 2016	401-1	New hires and employee turnover	Page 58
GRI 404: Training and/Education 2016	404-1	Average hours of training	Page 59-60
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity	Page 59
MATERIAL SOURCING AND SUPPLY CHAIN MANAGEMENT			
GRI 103: Management Approach 2016	103-1,2,3	Management Approach	Page 55

THE TAMARIND EXECUTIVE APARTMENTS
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 ("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 as well as key focus areas and future priorities 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 2020. 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
- Oversight on ethical conduct of the Group's business including anti-corruption controls

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

The Board has reviewed and approved the amendments to the Board Charter and Code of Conduct & Ethics to strengthen the integrity, governance and to be consistent with the anti-corruption framework established for the Group. 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 as well as external parties 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 person 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 Nomination, Remuneration and Scheme Committee ("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 2020 are summarised as follows:-

- reviewed the findings of an independent consultant appointed for the review of the Non-Executive Directors' fees and recommended the Non-Executive Directors' fees for Board's approval;
- reviewed the results of performance evaluation on Board, Board Committees and Individual Directors;
- reviewed the independence of the Independent Directors;
- reviewed the training needs of the Directors;
- reviewed the retirement of Directors and retention of Independent Director;
- discussed and reviewed the practices of MCCG relating to board leadership and effectiveness.

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.

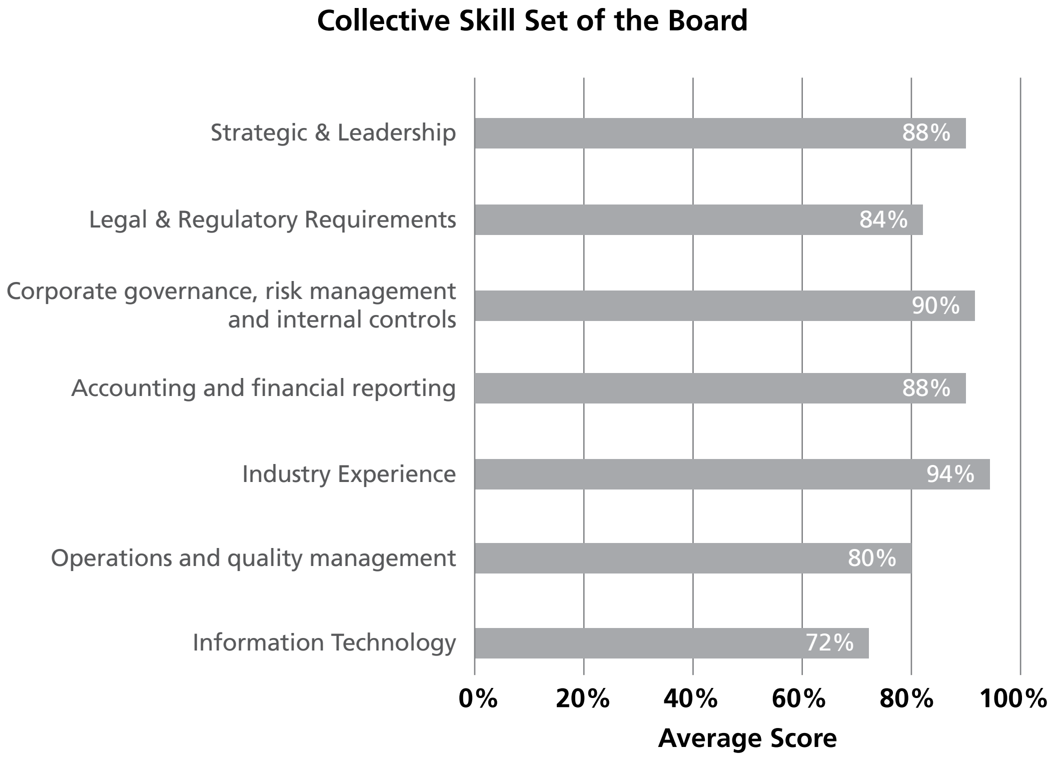
Annual Evaluation of Board, Board Committees and Directors

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.

The Board Effectiveness Evaluation ("BEE") for the year ended 31 March 2020 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 and 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 2020 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 2020, 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)*	10/10	100
Dato' Seri Tham Ka Hon *(Executive Deputy Chairman)*	10/10	100
Mr Kok Tuck Cheong *(Managing Director)*	10/10	100
Mdm Kok Meng Chow *(Finance Director)*	10/10	100
Tan Sri Dato' Seri Mohd Bakke bin Salleh *(Non-Independent Non-Executive Director)*	8/10	80
Encik Kamil Ahmad Merican *(Non-Independent Non-Executive Director)*	10/10	100
Datuk Vijeyaratnam a/l V. Thamotharam Pillay *(Independent Non-Executive Director)*	10/10	100
Datuk Christopher Martin Boyd *(Independent Non-Executive Director)*	9/10	90
Ms Tan Kar Leng @ Chen Kar Leng *(Independent Non-Executive Director)*	9/10	90
Datuk Tee Eng Ho *(Non-Independent Non-Executive Director)*	10/10	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 one in-house training session for Directors and senior management was conducted during financial year ended 31 March 2020. In addition, the Company has subscribed to the membership of the Institute of Corporate Directors Malaysia ("ICDM") which is an institution spearheaded by the Securities Commission and supported by Bank Negara Malaysia, Bursa Malaysia and the Capital Market Development Fund as a one stop centre to promote excellence, integrity and the highest level of skills of corporate directors through governance education, director development, networking engagements and research & advocacy.

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

DIRECTORS	SEMINARS/WORKSHOPS/COURSES
Dato' Azizan bin Abd Rahman	• Independent Directors: Towards Boardroom Excellence • Launch of the Corporate Governance Monitor 2019 • Property Market in the Klang Valley Residential, Office and Retail Sectors as well as Johor Bahru and Penang Residential Sectors
Dato' Seri Tham Ka Hon	• Property Market in the Klang Valley Residential, Office and Retail Sectors as well as Johor Bahru and Penang Residential Sectors
Mr Kok Tuck Cheong	• Property Market in the Klang Valley Residential, Office and Retail Sectors as well as Johor Bahru and Penang Residential Sectors
Mdm Kok Meng Chow	• CFO Circle Session • Proposed Amendments to Constitution • Demystifying The Diversity Conundrum: The Road to Business Excellence • Directors Dialogue on Integrated Reporting • Session on Corporate Governance and Anti-Corruption • Property Market in the Klang Valley Residential, Office and Retail Sectors as well as Johor Bahru and Penang Residential Sectors
Tan Sri Dato' Seri Mohd Bakke bin Salleh	• Industry Engagement Seminar on 3MCPDE • Talk on Gas Industry • Khazanah Megatrends Forum 2019 • Asia Petroleum Geoscience Conference and Exhibition • Kuala Lumpur Summit 2019 • Review and Outlook Seminar
Encik Kamil Ahmad Merican	• Property Market in the Klang Valley Residential, Office and Retail Sectors as well as Johor Bahru and Penang Residential Sectors

DIRECTORS	SEMINARS/WORKSHOPS/COURSES
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	• Property Market in the Klang Valley Residential, Office and Retail Sectors as well as Johor Bahru and Penang Residential Sectors • Legal and Regulatory Aspects for Directors
Datuk Christopher Martin Boyd	• MIA's Engagement Session with Audit Committee Members on Integrated Reporting • The Essence of Independence' • Property Market in the Klang Valley Residential, Office and Retail Sectors as well as Johor Bahru and Penang Residential Sectors
Ms Tan Kar Leng @ Chen Kar Leng	• MIA's Engagement Session with Audit Committee Members on Integrated Reporting • Property Market in the Klang Valley Residential, Office and Retail Sectors as well as Johor Bahru and Penang Residential Sectors
Datuk Tee Eng Ho	• Corporate Governance Watch: How Does Malaysia Rank? • Property Market in the Klang Valley Residential, Office and Retail Sectors as well as Johor Bahru and Penang Residential Sectors

III. Directors' Remuneration

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering and growing the Group to achieve its long-term goals and to enhance its shareholder value. In this respect, the Board has formalised a Remuneration Policy & Procedures of Directors and/or Senior Management which aims to attract, develop and retain high performing and motivated Directors and senior management with a competitive remuneration package, and the said policy has been uploaded to the Company's website.

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

The NRSC recommends the Directors' fees payable to Non-Executive Directors of the Board and this recommendation is deliberated and decided by the Board before it is presented at the AGM for shareholders' approval. All fees, allowances and other benefits payable to Directors are subject to the approval of shareholders at the AGM in accordance with the Companies Act 2016.

The remuneration in the form of fees for the Non-Executive Directors, as members of the Board and Board Committees for the financial year ended 31 March 2020 is 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 Terms of Reference, provides that a former key audit partner to observe a cooling-off period of at least two (2) 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 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 ("Statement") for the financial year ended 31 March 2020 ("Financial Year"). The Statement is prepared pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

This Statement of the Company and its subsidiaries' ("the Group"), 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 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

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 the 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 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 appropriate actions are taken 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 systems.

(vii) Internal audit plan is developed based on key risks, 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.

INTERNAL CONTROL

The internal control system complements the risk management process, effected by the Board and Management, and designed to provide reasonable assurance regarding the achievement of the Group's objectives, and safeguard the shareholders' investment and the assets of the Group.

Establishing an appropriate control environment is the responsibility of the Board and Management, which comprises the overall attitude, awareness and actions of Directors and Management regarding the internal control system and its importance in the Group.

Key elements of the Group's control environment are set out below.

(i) Organisation Structure and Delegation Procedures

- Organisational structures are in place, which formally define lines of responsibility and delegation of authority. In addition, authorisation limits are documented and formalised.

(ii) Code of Conduct and Ethics

- Code of Conduct and Ethics is established to promote corporate culture which engenders high ethical conduct and standards at all times.

(iii) Documented Policies and Procedures

- Clearly defined policies and procedures are documented and will be reviewed and updated to reflect changing risks or to address operational deficiencies.

(iv) Strategic Planning, Monitoring and Reporting

- Strategic planning and annual budgeting planning process where financial budget and capital expenditure proposal are approved by the Board;
- Actual performances compared with budget are reviewed and monitored closely by the Management;
- Periodic review and update of the Group's cashflow position, business development, corporate and other operational matters by the Management; and
- Updates on the Group's performances are provided to the Board periodically.

(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.

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.

The Group's risk management process, internal control systems and internal audit review 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 the 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 the 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 July 2020.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee during the financial year ended 31 March 2020 are as follows:

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)

The composition of the Audit Committee fulfilled the requirements under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Malaysian Code on Corporate Governance. All three (3) members of the Audit Committee are Independent Non-Executive Directors while the Chairman of the Audit Committee is not the Chairman of the Board. The Chairman, Datuk Vijeyaratnam a/l V. Thamotharam Pillay is a member of the Malaysia Institute of Accountants.

The Nomination, Remuneration and Scheme Committee would 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. Pursuant to the assessment carried out by the Nomination, Remuneration and Scheme Committee for the financial year ended 31 March 2020, the Nomination, Remuneration and Scheme Committee was satisfied that the Audit Committee and each of its members had carried out their duties accordance with the terms of reference and the result of the assessment was reported to the Board.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the Audit Committee outlining the Structure of the Audit Committee, Objectives, Authority, Functions and Meetings and Reporting Procedures is available on the Company's website at www.easternandoriental.com.

The Audit Committee held five (5) meetings during the financial year ended 31 March 2020. 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	5/5	100
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 2020.

Financial Reporting

(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.

External Audit

(i) Reviewed the audit plan, strategy and scope of the External Auditors prior to the commencement of the annual audit.

(ii) Reviewed the audit fees and non-audit fees paid/payable to the External Auditors.

(iii) Discussed audit matters with the External Auditors without presence of the Management.

(iv) Reviewed the independence of the External Auditor.

Internal Audit

(i) Reviewed and approved the internal audit plans, scope and coverage of the audit.

(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.

(ii) Reviewed the general mandate and procedures for recurrent related party transactions 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 four (4) to (6) staff per cycle 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 2020 are as follows:

(i) formulated annual risk based audit plan taking into account the Group's key risk 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;
(iii) reviewed the internal controls system and compliance with established policies and procedures as well as statutory requirements where applicable;
(iv) reviewed the adequacy of the policies and procedures of the Group and proposed recommendations for enhancement;
(v) issued internal audit reports incorporating audit recommendations and Management response;
(vi) followed up on the implementation of corrective action plans to ensure satisfactory actions have been taken to address previous internal audit findings; and
(vii) attended Audit Committee meetings to table and discuss the audit reports and followed up on matters raised.

During the financial year ended 31 March 2020, the internal audit reviews were conducted to assess the adequacy and effectiveness of the Group's internal control over the following business processes:

(i) Finance and Accounts
(ii) Marketing and Sales
(iii) Human Resource
(iv) Information Technology
(v) Legal
(vi) Project Management
(vii) Marina Operations
(viii) Leasing

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 2020 amounted to RM226,432.86.

OTHER COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

On 18 March 2019, the Company has issued and allotted 130,230,000 new ordinary shares at RM0.98 per share 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 2020 RM'000	UNUTILISED AS AT 31 MARCH 2020 RM'000
Loan Repayment	100,000	100,000	0
General working capital	26,626	27,368	(742)
Estimated expenses for the private placement	1,000	258	742
Total	**127,626**	**127,626**	**0**

Note:

The balance of RM742,000 unutilised proceeds for the estimated expenses for the private placement has been utilised for general working capital. Therefore, the proceeds raised from the private placement has been fully utilised as at 31 March 2020.

On 19 December 2019, the Company's subsidiary, Tanjung Pinang Development Sdn Bhd has established an Islamic medium term note programme for the issuance of Islamic medium term notes ("Sukuk Murabahah") of up to RM1.5 billion in nominal value.

The status of the utilisation of proceeds from the First Tranche of RM1.3 billion Sukuk Murabahah is as follows:

PURPOSE	AMOUNT TO BE UTILISED RM' 000	UTILISED AS AT 31 MARCH 2020 RM'000	UNUTILISED AS AT 31 MARCH 2020 RM'000
Loan repayment, development cost, infrastructure costs on STP2A, working capital	750,000	289,100	460,900
Reclamation cost of STP 2B & 2C, working capital	200,000	–	200,000
Repayment of intercompany amount	170,000	–	170,000
Payment of land premium	180,000	–	180,000
Total	**1,300,000**	**289,100**	**1,010,900**

2. INFORMATION IN RELATION TO LONG-TERM SHARE INCENTIVE PLAN

The Company has established a Long-Term Share Incentive Plan ("LTIP") of up to 10% of the issued and paid-up ordinary shares of the Company (excluding treasury shares) comprising a performance-based restricted share incentive plan ("PSU Award") and a restricted share 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.

Brief details on the number of ordinary shares ("LTIP Shares") 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 Shares 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 Shares Vested	PSU Award for FY12/13	–	–	–
	RSU Award for FY12/13	–	–	–
	Total	**–**	**–**	**–**
Number of LTIP Shares Forfeited	PSU Award for FY12/13	–	–	–
	RSU Award for FY12/13	–	–	–
	Total	**–**	**–**	**–**
Number of LTIP Shares 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 Shares 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 Shares 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 Shares 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 Shares 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 Shares 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 Shares 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 Shares 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 Shares 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 Shares Granted	PSU Award for FY15/16	–	–	–
	RSU Award for FY15/16	–	–	–
	Total	**–**	**–**	**–**
Number of LTIP Shares 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)**

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 Shares 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 Shares 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 Shares 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 Shares Granted	PSU Award for FY16/17	–	–	–
	RSU Award for FY16/17	–	–	–
	Total	**–**	**–**	**–**
Number of LTIP Shares 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)**

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 Shares 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 Shares 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 Shares Granted	PSU Award for FY17/18	–	–	–
	RSU Award for FY17/18	–	–	–
	Total	**–**	**–**	**–**
Number of LTIP Shares 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 Shares 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)**

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 Shares 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 2020, there were no LTIP Shares granted, vested, forfeited and outstanding.

Note: (1) These LTIP Shares were forfeited as they were granted to eligible employees who resigned subsequent to the grant dates, but prior to vesting dates.
(2) These LTIP Shares 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 Shares 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 2020 are set out below:

	COMPANY (RM)	GROUP (RM)
Audit Fees	80,000	810,000
Non-Audit Fees	185,000	214,000
Total	**265,000**	**1,024,000**

The nature of the services rendered for the non-audit fees incurred for the Company is mainly for the corporate exercise undertaken by the Company during the financial year.

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 shareholders either still subsisting as at 31 March 2020 or entered into since the end of the previous financial year ended 31 March 2019.

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

On 28 August 2019, the Company has obtained shareholders' 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 shareholders' mandate for the financial year ended 31 March 2020 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]	15,490
Procurement of interior design services and the purchase of interior design products	Interiors International (M) Sdn Bhd	Dato' Seri Tham Ka Hon [2]	40
Procurement 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	Future Rock Sdn Bhd, Kerjaya Prospek (M) Sdn Bhd, Permatang Bakti Sdn Bhd	Datuk Tee Eng Ho [3]	535,397
Purchase of properties sold by E&O Group	Daughters of Kamil Ahmad Merican	Kamil Ahmad Merican [4]	2,717

Notes: (1) Kamil Ahmad Merican is a Director of the Company and is a Chief Executive Officer, Director and Major Shareholder 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 shareholder of the Company.

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

(4) Kamil Ahmad Merican is a Director of the Company.

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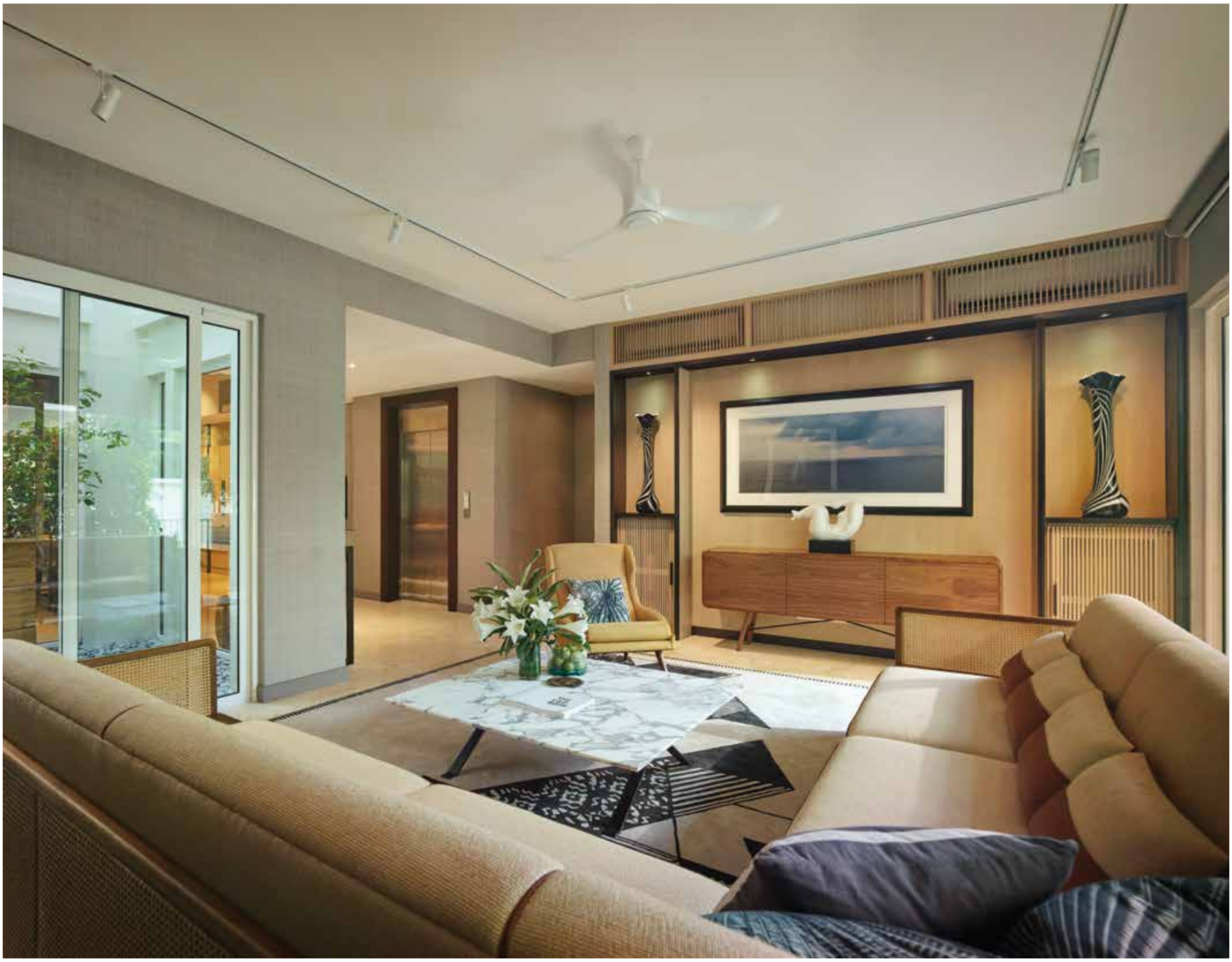

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DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

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 19 and 20 to the financial statements respectively.

RESULTS

	GROUP RM'000	COMPANY RM'000
(Loss)/profit for the financial year	(192,338)	7,878
Attributable to:		
Owners of the parent	(195,942)	7,878
Non-controlling interests	3,604	–
	(192,338)	7,878

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 fair value loss on investment properties, impairment loss on right-of-use assets and property development costs written down of the Group and impairment loss on interest in subsidiaries of the Company as disclosed in Note 8 to the financial statements.

DIVIDEND

Dividend paid by the Company since 31 March 2019 was as follows:

	RM'000
In respect of the financial year ended 31 March 2019 as reported in the Directors' report of that year:	
First and final single-tier dividend of 3.0 sen on 1,432,549,625 ordinary shares declared on 28 August 2019 and paid on 1 October 2019	42,977

A first and final single-tier dividend of 1.0 sen in respect of the current financial year ended 31 March 2020, amounting to dividend payable of approximately RM14,313,000 (subject to change on the number of ordinary shares entitled to dividend on date of book closure) has been approved by the Board of Directors. This is computed based on the issued and paid-up capital as at 31 March 2020, excluding 25,592,596 treasury shares held by the Company. The financial statements for the current financial year do not reflect this dividend. Such dividend, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2021.

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	
Yeonzon Yeow Tzui Tzuan	
Renata Agnes Pellegrino	
Ng Ee Choo, Linda	
Sufian bin Abdullah	
Dato' Mohd Bazid bin Abd Kahar	*(Appointed on 15.05.2019)*
Aziz bin Bakar	*(Appointed on 17.01.2020)*
Loi Kok Mun	*(Appointed on 29.05.2020)*
Michael Steven Saxon	*(Resigned on 20.11.2019)*
Phan Gaik Cher	*(Resigned on 17.01.2020)*
Kon Pik Sia	*(Resigned on 29.05.2020)*

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	1,177	1,075
Salaries and other emoluments	7,945	2,664
Defined contribution plans	1,118	379
Estimated monetary value of benefits-in-kind	553	508
	10,793	4,626
Insurance effected to indemnify Directors*	75	75
	10,868	4,701

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

INTERESTS IN THE COMPANY

	NUMBER OF ORDINARY SHARES			
	1 APRIL 2019	ACQUIRED	SOLD	31 MARCH 2020
Direct interests:				
Dato' Azizan bin Abd Rahman	8,354,412	–	–	8,354,412
Dato' Seri Tham Ka Hon	48,352,590	–	–	48,352,590
Kamil Ahmad Merican	2,145,825	–	–	2,145,825
Kok Meng Chow	1,643,223	–	–	1,643,223
Datuk Christopher Martin Boyd	11,444	–	–	11,444
Datuk Vijeyaratnam A/L V. Thamotharam Pillay	–	500,000	–	500,000
Indirect interests:				
Dato' Seri Tham Ka Hon	221,513,058	–	–	221,513,058
Datuk Tee Eng Ho	199,809,410	155,767,773	(56,764,180)	298,813,003

	NUMBER OF WARRANTS			
	1 APRIL 2019	ACQUIRED	LAPSED	31 MARCH 2020
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)	–

Datuk Tee Eng Ho by virtue of his interest in ordinary shares 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 shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,521,789,000 to RM1,521,802,000 by way of the issuance of 4,977 new ordinary shares pursuant to exercise of warrants at an issue price of RM2.60 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares 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 share 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 p.m. in Malaysia on the maturity date on 21 July 2019 ("Exercise Period"). Any warrant not exercised during the Exercise Period will lapse and cease to be valid for any purpose.

The new shares 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 shares 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 shares 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 2020, the remaining warrants that were not exercised within the Exercised Period lapsed and became null and void.

TREASURY SHARES

During the financial year, the Company repurchased 1,200,700 of its issued ordinary shares from the open market at an average price of RM0.367 per share. The total consideration paid for the repurchase including transaction costs was RM441,000. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 31 March 2020, the Company held as treasury shares a total of 25,592,596 of its 1,456,941,521 issued ordinary shares. Such treasury shares are held at a carrying amount of RM28,160,000 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) At the date of this report, there does not exist:

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

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

(f) In the opinion of the Directors:

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

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

SIGNIFICANT EVENTS

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

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration are as follows:

	GROUP RM'000	COMPANY RM'000
Ernst & Young PLT	431	80
Other auditors	379	–
	810	80

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, 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 PLT for the financial year ended 31 March 2020.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 July 2020.

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 108 to 220 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 2020 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 July 2020.

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 108 to 220 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 July 2020

KOK MENG CHOW
MIA no. 6185

Before me,
SITI NURBAYA BINTI MOHD BISHARUDDIN
No. W738
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 2020 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 108 to 220.

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 2020, 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

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

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

(a) Revenue from sale of completed properties

(Refer to Notes 2.22(1), 3.1(a), 4 and 5 to the financial statements)

A significant proportion of the Group's revenue are derived from sale of completed properties. For the financial year ended 31 March 2020, revenue from sale of completed properties of RM301,467,000 which was recognised at a point in time represented 62% of the Group's total revenue. We identified revenue from sale of completed properties as area requiring audit focus due to the significance of the amount.

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

- We obtained an understanding of the internal controls over the recognition of revenue for sale of completed properties;
- We read the sale and purchase agreements entered with customers to obtain an understanding of the specific terms and conditions; and
- We assessed the recognition of revenue for sale of completed properties by examining documentary evidence that control has been passed to the customer and the contractual terms and conditions under the sale and purchase agreement have been fulfilled by the Group and the customer.

(b) Impairment of property, plant and equipment and right-of-use assets and valuation of investment properties

(Refer to Notes 2.8, 2.10, 2.12, 2.20, 2.30, 3.2(b), 3.2(g), 14, 15 and 17 to the financial statements)

Included in the carrying amounts of Group's non-current assets as at 31 March 2020 are property, plant and equipment and right-of-use assets in the hospitality segment, amounting to RM247,272,000 and RM36,700,000 respectively and investment properties in the properties segment, amounting to RM375,086,000. The COVID-19 pandemic has resulted in adverse impact to the hospitality and properties segments of the Group. Consequently, management engaged independent valuers to assess the recoverable amounts of the Group's property, plant and equipment and right-of-use assets in addition to the annual valuation of investment properties. The Group recognised impairment loss on right-of-use assets and fair value loss on investment properties of RM19,458,000 and RM120,256,000 respectively.

The valuations of these assets include the use of valuation techniques and require estimates to be made on the inputs to the valuation models. The key inputs include occupancy rates, rental rates and discount rates. As the valuations of these assets involved significant judgement and estimates, 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 these properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent valuers to obtain an understanding of the property and hospitality industries related data used as input to the valuation models;
- We evaluated the key assumptions applied by the independent valuers by making comparisons to data such as current occupancy rates and rental rates, taking into consideration the current and expected outlook of the industry;
- We also assessed whether the discount rates 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; and
- In respect of certain investment property held by a subsidiary audited by component auditors, we involved the component auditor in assessing the fair value of the investment property. We considered the discussion between our component auditors and the independent valuer 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.

(c) Net realisable value of inventories

(Refer to Notes 2.9(b), 3.2(c), 16(a) and 16(b) to the financial statements)

i. Land held for property development classified as non-current inventories

The Group has significant freehold land and reclaimed leasehold land held for future property development projects. As at 31 March 2020, the carrying amounts of these land were RM1,487,588,000 representing 44% of the Group's total assets.

We consider this to be an area of audit focus as the estimate of net realisable value often involves certain degree of subjectivity. To address these areas of audit focus, we performed, amongst others, the following procedures:

- We evaluated the estimated selling price less estimated costs necessary to make the sale by comparing to recent transacted prices of similar land within the vicinity;

- Where the Group engaged independent valuers to estimate the fair value of these land;

  – 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 these land and assessed whether such methodology is consistent with those used in the industry;

  – We had discussions with the independent valuers to obtain an understanding of their valuation process which included assessment of the comparability of historical transactions used; and

  – We obtained an understanding of adjustments made by the valuers to account for differences in, amongst others, the property's location, time factor, property's size and tenure.

ii. Property development costs classified as current inventories

The Group has significant residential and commercial properties in the United Kingdom ("UK") which are currently undergoing redevelopment. For the financial year ended 31 March 2020, properties with a carrying amount of RM502,367,000 is stated at net realisable value.

We consider this area to be an area of audit focus as the estimate of net realisable value often involves 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, which include amongst others, the following:

- 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 assessment 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 land held for property development and property development costs as disclosed in Notes 16(a) and 16(b) to the financial statements respectively.

(d) Impairment assessment on interest in subsidiaries

(Refer to Notes 2.12, 3.2(d) and 19 to the financial statements)

Included in the carrying amount of interest in subsidiaries of the Company as at 31 March 2020 of RM1,546,927,000 is interest in subsidiaries in the hospitality and investment segments with carrying amount of RM407,662,000.

The COVID-19 pandemic which resulted in significant decline in the value of right-of-use assets and investment properties of these subsidiaries during the financial year indicated that the carrying amount of the interest in the subsidiaries may be impaired. Accordingly, the management estimated the recoverable amount of the interest in subsidiaries by estimating the fair value less cost of disposal of these subsidiaries. The impairment assessment gave rise to an impairment loss of RM97,397,000 for the financial year ended 31 March 2020.

We consider this to be an area of audit focus due to the significance of the amount and significant judgement and estimates involved in estimating the fair value less cost of disposal of interest in subsidiaries. The assessment of fair value less cost of disposal involved, amongst others, estimating the fair value of underlying properties held by the subsidiaries.

Our audit procedures focused on the valuations performed by firm of independent valuers on right-of-use assets and investment properties of these subsidiaries, which included amongst others the following procedures:

- We considered the objectivity, independence and expertise of the firm of independent valuers;
- We obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of these properties and assessed whether such methodology is consistent with those used in the industry;
- We had discussions with the independent valuers to obtain an understanding of the property and hospitality industries related data used as input to the valuation models;
- We evaluated the key assumptions applied by the independent valuers by making comparisons to data such as current occupancy rates and rental rates, taking into consideration the current and expected outlook of the industry; and
- We also assessed whether the discount rates used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive.

Information other than the financial statements and auditors' report thereon

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

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, actions taken to eliminate threats or safeguards applied.

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 19 to the financial statements.

OTHER MATTER

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 PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
20 July 2020

TSEU TET KHONG @ TSAU TET KHONG
03374/06/2022 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Revenue	4	**486,802**	886,320	**144,712**	129,389
Cost of sales	5	**(284,519)**	(493,709)	**–**	–
Gross profit		**202,283**	392,611	**144,712**	129,389
Other income	6	**32,213**	47,134	**13,321**	6,572
Administrative expenses		**(74,017)**	(65,571)	**(24,705)**	(23,849)
Selling and marketing expenses		**(5,895)**	(7,737)	**–**	–
Other expenses		**(243,939)**	(127,642)	**(98,041)**	(12,521)
Operating (loss)/profit		**(89,355)**	238,795	**35,287**	99,591
Finance costs	7	**(61,990)**	(76,793)	**(25,236)**	(25,024)
Share of results of joint ventures		**(4,265)**	(104)	**–**	–
(Loss)/profit before tax	8	**(155,610)**	161,898	**10,051**	74,567
Income tax expense	11	**(36,728)**	(85,534)	**(2,173)**	(730)
(Loss)/profit for the financial year		**(192,338)**	76,364	**7,878**	73,837
Other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax):					
Foreign currency translation		**(765)**	(305)	**–**	–
Recycled foreign currency translation to profit or loss		**–**	25	**–**	–
		(765)	(280)	**–**	–
Total comprehensive (loss)/income for the financial year		**(193,103)**	76,084	**7,878**	73,837
(Loss)/profit attributable to:					
Owners of the parent		**(195,942)**	61,918	**7,878**	73,837
Non-controlling interests	19(c)	**3,604**	14,446	**–**	–
		(192,338)	76,364	**7,878**	73,837
Total comprehensive (loss)/income for the financial year attributable to:					
Owners of the parent		**(196,707)**	61,638	**7,878**	73,837
Non-controlling interests		**3,604**	14,446	**–**	–
		(193,103)	76,084	**7,878**	73,837
(Loss)/earnings per share attributable to owners of the parent (sen):					
Basic	12	**(13.68)**	4.70		
Diluted	12	**(13.68)**	4.70		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	NOTE	2020 RM'000	2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**254,941**	228,151
Right-of-use assets	15	**39,599**	–
Inventories	16	**1,487,588**	1,427,630
Investment properties	17	**375,086**	487,993
Intangible assets	18	**18**	93
Investment in joint ventures	20	**143,499**	130,270
Other investments	21	**3,489**	3,313
Deferred tax assets	22	**17,736**	12,909
Trade and other receivables	24	**9,476**	16,995
		2,331,432	2,307,354
Current assets			
Inventories	16	**552,346**	750,249
Trade and other receivables	24	**115,515**	253,284
Prepayments		**12,886**	3,755
Tax recoverable		**6,951**	1,098
Contract cost assets	23	**24,946**	16,441
Cash and bank balances	25	**296,430**	854,833
		1,009,074	1,879,660
Non-current assets classified as held for sale	26	**45,468**	8,000
		1,054,542	1,887,660
Total assets		**3,385,974**	4,195,014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020 (CONT'D)

	NOTE	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	27	**301,684**	505,333
Provisions	28	**5,039**	39
Trade and other payables	29	**151,998**	332,862
Contract liabilities	4(b)	**246,713**	309,345
Lease liabilities	15	**5,546**	–
Provision for retirement benefits	33(a)	**32**	2
Income tax payable		**3,159**	33,192
		714,171	1,180,773
Net current assets		**340,371**	706,887
Non-current liabilities			
Loans and borrowings	27	**742,577**	908,040
Provisions	28	**374**	152
Trade and other payables	29	**18,022**	13,254
Lease liabilities	15	**56,858**	–
Provision for retirement benefits	33(a)	**403**	282
Deferred tax liabilities	22	**40,986**	43,422
		859,220	965,150
Total liabilities		**1,573,391**	2,145,923
Net assets		**1,812,583**	2,049,091
Equity attributable to owners of the parent			
Share capital	30	**1,521,802**	1,521,789
Treasury shares	31	**(28,160)**	(27,719)
Reserves	32	**273,820**	513,504
		1,767,462	2,007,574
Non-controlling interests	19(c)	**45,121**	41,517
Total equity		**1,812,583**	2,049,091
Total equity and liabilities		**3,385,974**	4,195,014

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	NOTE	2020 RM'000	2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**884**	1,074
Right-of-use assets	15	**2,899**	–
Intangible assets	18	**–**	–
Interest in subsidiaries	19	**1,546,927**	1,452,672
Other receivables	24	**–**	343
Deferred tax assets	22	**21**	–
		1,550,731	1,454,089
Current assets			
Other receivables	24	**111,282**	345,642
Prepayments		**134**	221
Cash and bank balances	25	**153,608**	195,829
		265,024	541,692
Total assets		**1,815,755**	1,995,781
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	27	**195,696**	218,061
Provisions	28	**39**	39
Trade and other payables	29	**44,178**	19,093
Lease liabilities	15	**856**	–
Income tax payable		**1,092**	408
		241,861	237,601
Net current assets		**23,163**	304,091
Non-current liabilities			
Loans and borrowings	27	**35,000**	185,888
Lease liabilities	15	**2,129**	–
		37,129	185,888
Total liabilities		**278,990**	423,489
Net assets		**1,536,765**	1,572,292
Equity attributable to owners of the parent			
Share capital	30	**1,521,802**	1,521,789
Treasury shares	31	**(28,160)**	(27,719)
Reserves	32	**43,123**	78,222
Total equity		**1,536,765**	1,572,292
Total equity and liabilities		**1,815,755**	1,995,781

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 2020

	NOTE	ATTRIBUTABLE TO OWNERS OF THE PARENT							
			NON-DISTRIBUTABLE			DISTRIBUTABLE			
		SHARE CAPITAL RM'000	TREASURY SHARES 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 2019		1,521,789	(27,719)	(3,661)	1,026	516,139	2,007,574	41,517	2,049,091
(Loss)/profit for the financial year		–	–	–	–	(195,942)	(195,942)	3,604	(192,338)
Other comprehensive loss		–	–	(765)	–	–	(765)	–	(765)
Total comprehensive loss for the financial year		–	–	(765)	–	(195,942)	(196,707)	3,604	(193,103)
Transactions with owners									
Issue of ordinary shares pursuant to warrants exercised	30	13	–	–	–	–	13	–	13
Purchase of treasury shares	31	–	(441)	–	–	–	(441)	–	(441)
Dividend on ordinary shares	13	–	–	–	–	(42,977)	(42,977)	–	(42,977)
Total transactions with owners		13	(441)	–	–	(42,977)	(43,405)	–	(43,405)
At 31 March 2020		**1,521,802**	**(28,160)**	**(4,426)**	**1,026**	**277,220**	**1,767,462**	**45,121**	**1,812,583**

	NOTE	ATTRIBUTABLE TO OWNERS OF THE PARENT							
			NON-DISTRIBUTABLE			DISTRIBUTABLE			
		SHARE CAPITAL RM'000	TREASURY SHARES 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		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 shares pursuant to private placement	30	127,626	–	–	–	–	127,626	–	127,626
Redemption of preference shares		–	–	–	68	(68)	–	–	–
Purchase of treasury shares	31	–	(25,852)	–	–	–	(25,852)	–	(25,852)
Share dividend distributed to shareholders	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

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 2020

	NOTE	SHARE CAPITAL RM'000	NON-DISTRIBUTABLE TREASURY SHARES RM'000	DISTRIBUTABLE RETAINED PROFITS RM'000	TOTAL EQUITY RM'000
At 1 April 2019		1,521,789	(27,719)	78,222	1,572,292
Profit for the financial year, representing total comprehensive income for the financial year		–	–	7,878	7,878
Transactions with owners					
Issue of ordinary shares pursuant to warrants exercised	30	13	–	–	13
Purchase of treasury shares	31	–	(441)	–	(441)
Dividend on ordinary shares	13	–	–	(42,977)	(42,977)
Total transactions with owners		13	(441)	(42,977)	(43,405)
At 31 March 2020		**1,521,802**	**(28,160)**	**43,123**	**1,536,765**

	NOTE	SHARE CAPITAL RM'000	NON-DISTRIBUTABLE TREASURY SHARES 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 shares pursuant to private placement	30	127,626	–	–	127,626
Purchase of treasury shares	31	–	(25,852)	–	(25,852)
Share dividend distributed to shareholders	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

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 2020

	2020 RM'000	2019 RM'000
OPERATING ACTIVITIES		
(Loss)/profit before tax	**(155,610)**	161,898
Adjustments for:		
Allowances for expected credit losses on:		
- trade receivables	**813**	627
- other receivables	**2**	1
Amortisation of intangible assets	**75**	88
Depreciation of property, plant and equipment	**14,095**	15,061
Depreciation of right-of-use assets	**9,130**	–
Net gain on derecognition of lease liabilities	**(46)**	–
Bad debts written off	**40**	155
Fair value loss on investment properties	**120,256**	3,922
Unwinding of discounts - net	**(1,846)**	7,085
Net fair value (gain)/loss on other investments at fair value through profit or loss	**(176)**	58
Interest expense	**61,487**	69,528
Loss on liquidation of subsidiaries	**–**	77
Property, plant and equipment written off	**260**	203
Impairment loss on property, plant and equipment	**–**	6,966
Impairment loss on right-of-use assets	**19,458**	–
Land held for property development written down	**–**	5,307
Property development costs written down	**69,862**	14,424
Reversal of expected credit losses on:		
- trade receivables	**–**	(312)
- other receivables	**(36)**	–
Net loss on disposal of property, plant and equipment	**15**	2
Unrealised (gain)/loss on foreign exchange	**(1,323)**	5,604
Interest income	**(23,998)**	(24,695)
Dividend income	**(11)**	(11)
Share of results of joint ventures	**4,265**	104
Provision for retirement benefits	**164**	45
Operating profit before changes in working capital - carried forward	**116,876**	266,137

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (CONT'D)

	2020 RM'000	2019 RM'000
Operating profit before changes in working capital - brought forward	**116,876**	266,137
Changes in working capital:		
Inventories	**44,508**	36,276
Receivables	**101,075**	100,253
Payables	**(230,836)**	139,349
Contract cost assets	**(8,505)**	62,732
Cash flows from operations	**23,118**	604,747
Interest received	**24,272**	25,275
Interest paid	**(56,256)**	(68,314)
Income taxes refunded	**946**	390
Income taxes paid	**(81,057)**	(90,613)
Retirement benefits paid	**(13)**	(9)
Net cash flows (used in)/from operating activities	**(88,990)**	471,476
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(40,182)**	(6,599)
Purchase of investment properties		
- additions (subsequent expenditures)	**(7,258)**	(2,030)
Proceeds from disposal of property, plant and equipment	**92**	186
Proceeds from disposal of other investments	**–**	10,000
Dividend received from joint ventures	**19,934**	–
Additional investment in a joint venture	**(128)**	–
Other dividends received	**11**	11
Net cash flows (used in)/from investing activities	**(27,531)**	1,568
FINANCING ACTIVITIES		
Purchase of treasury shares	**(441)**	(25,852)
Proceeds from issuance of ordinary shares	**13**	127,626
Drawdown of borrowings	**517,268**	377,871
Repayment of borrowings	**(922,369)**	(613,055)
Repayment of obligations under finance lease	**(599)**	(512)
Repayment of lease liabilities	**(10,487)**	–
Dividend paid	**(42,977)**	–
Placement of deposits with licensed banks	**(1,508)**	(449)
Net cash flows used in financing activities	**(461,100)**	(134,371)
Net (decrease)/increase in cash and cash equivalents	**(577,621)**	338,673
Effect of exchange rate changes	**(765)**	(305)
Cash and cash equivalents at the beginning of financial year	**815,073**	476,705
Cash and cash equivalents at the end of financial year (Note 25)	**236,687**	815,073

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 2020

	2020 RM'000	2019 RM'000
OPERATING ACTIVITIES		
Profit before tax	**10,051**	74,567
Adjustments for:		
Unwinding of discounts	**(29)**	(21)
Allowance for expected credit losses on other receivables	**81**	207
Depreciation of property, plant and equipment	**344**	440
Depreciation of right-of-use assets	**1,078**	–
Bad debts written off	**38**	–
Net impairment loss on interest in subsidiaries	**97,720**	9,768
Interest expense	**25,236**	25,024
Unrealised loss on foreign exchange	**10**	2,491
Dividend income	**(136,847)**	(121,676)
Reversal of expected credit losses on other receivables	**(544)**	–
Net gain on derecognition of lease liabilities	**(3)**	–
Interest income	**(12,028)**	(6,456)
Loss on disposal of property, plant and equipment	**19**	20
Property, plant and equipment written off	**1**	–
Operating loss before changes in working capital	**(14,873)**	(15,636)
Changes in working capital:		
Receivables	**(1,646)**	5,626
Payables	**188**	(1,496)
Cash flows used in operations	**(16,331)**	(11,506)
Interest paid	**(9,767)**	(11,250)
Income taxes paid	**(1,510)**	(1,552)
Net cash flows used in operating activities	**(27,608)**	(24,308)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(245)**	(314)
Proceeds from disposal of property, plant and equipment	**71**	81
Dividends received	**136,847**	181,186
Interest received	**12,559**	6,357
Net cash flows from investing activities	**149,232**	187,310
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	**13**	127,626
Drawdown of borrowings	**–**	35,000
Repayment of borrowings	**(207,200)**	(34,300)
Repayment of lease liabilities	**(1,210)**	–
Net advances/(repayment) to subsidiaries	**69,418**	(93,474)
Dividends paid	**(42,977)**	–
Purchase of treasury shares	**(441)**	(25,852)
Withdrawal/(placement) of deposits with licensed banks	**1,325**	(4)
Net cash flows (used in)/from financing activities	**(181,072)**	8,996
Net (decrease)/increase in cash and cash equivalents	**(59,448)**	171,998
Cash and cash equivalents at the beginning of financial year	**173,364**	1,366
Cash and cash equivalents at the end of financial year (Note 25)	**113,916**	173,364

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2020

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 19 and 20 respectively.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 July 2020.

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. At the beginning of the current financial year, the Company adopted new and revised MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2019 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except as follows:

On 1 April 2019, the Group and the Company adopted the following new and amended MFRSs which are effective for annual financial periods beginning on or after 1 January 2019.

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

The adoption of the above standards and interpretation did not have any significant effect on the financial statements of the Group and of the Company, except as for those discussed below:

MFRS 16: *Leases*

MFRS 16 replaces 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*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group and the Company are the lessor.

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

The effect of adopting MFRS 16 on the statement of financial position of the Group and of the Company as at 1 April 2019 is as follows:

	GROUP RM'000	COMPANY RM'000
ASSETS		
Non-current assets		
Right-of-use assets	70,494	4,101
LIABILITIES		
Current liabilities		
Lease liabilities	5,737	920
Non-current liabilities		
Lease liabilities	64,757	3,181

The Group and the Company have lease contracts for service apartments and business premises. Before the adoption of MFRS 16, the Group and the Company classified each of their leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 April 2019 is disclosed in Note 2.20.

Upon adoption of MFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning 1 April 2019 is disclosed in Note 2.20. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and the Company.

The Group and the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate of the date of initial application.

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

2.2 Changes in accounting policies (cont'd)

MFRS 16: *Leases* (cont'd)

Leases previously accounted for as operating leases

The Group and the Company also applied the available practical expedients wherein they:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	GROUP RM'000	COMPANY RM'000
Operating lease commitments as at 31 March 2019	92,188	1,699
Less: Commitments relating to short-term lease and leases of low-value assets	(1,637)	(22)
	90,551	1,677
Weighted average incremental borrowing rate as at 1 April 2019	6.83%	6.15%
Discounted operating lease commitments as at 1 April 2019	66,870	1,529
Add: Discounted operating lease commitments relating to extension option not included in operating lease commitments as at 31 March 2019	3,624	2,572
Lease liabilities as at 1 April 2019	70,494	4,101

2.3 Standards issued but not yet effective

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

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
• Revised Conceptual Framework for Financial Reporting	1 January 2020
• MFRS 3: *Definition of a Business (Amendments to MFRS 3)*	1 January 2020
• Amendments to MFRS 101 and MFRS 108: *Definition of Material*	1 January 2020
• Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*	1 January 2020
• MFRS 16: *Covid-19 - Related Rent Concessions (Amendments to MFRS 16)*	1 June 2020
• MFRS 17: *Insurance Contracts*	1 January 2021
• MFRS 101: *Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)*	1 January 2022
• Annual Improvements to MFRSs 2018 - 2020	1 January 2022
• Amendments to MFRS 3: *Reference to the Conceptual Framework*	1 January 2022
• Amendments to MFRS 116: *Proceeds before Intended Use*	1 January 2022

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
• Amendments to MFRS 137: *Cost of Fulfilling a Contract*	1 January 2022
• 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 will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

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

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

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

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

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

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

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

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

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

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

2.4 Basis of consolidation (cont'd)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date'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.

2.5 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 joint ventures

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 joint ventures are accounted for using the equity method.

Under the equity method, the investments in 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 joint venture since the acquisition date. Goodwill relating to the 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 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 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 joint venture are eliminated to the extent of the interests in the joint venture.

The aggregate of the Group's share of profit or loss of 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 joint venture.

The financial statements of the 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 joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in 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 joint venture and its carrying value, and then recognises the loss as 'Share of profit or loss of joint venture' in the consolidated statement of comprehensive income.

Upon loss of significant influence of the 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 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.

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

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 are 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments

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.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied practical expedient are measured at the transaction price determined under MFRS 15: *Revenue from Contracts with Customers.*

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

Fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity instruments are recognised as income in the statement of profit or loss when the right of payment has been established.

All other categories of financial assets are not applicable to the Group and the Company.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

    (i) The Group and the Company have transferred substantially all the risks and rewards of the asset; or

    (ii) The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

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

2.13 Financial instruments (cont'd)

Financial liabilities

Initial recognition and measurement

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

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

The Group's and the Company's financial liabilities include lease liabilities, trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss

- Financial liabilities at amortised cost

Financial liabilities at amortised cost

After initial recognition, lease liabilities, loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to lease liabilities, loans and borrowings and trade and other payables as further disclosed in Notes 15, 27 and 29 respectively.

The other category of financial liabilities is not applicable to the Group and the Company.

Derecognition

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 profit or loss.

Offsetting of financial instruments

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.

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.

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.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral 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 and other receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 shares are equity instruments.

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

2.18 Treasury shares

Own equity instruments that are reacquired (treasury shares) 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 shares upon exercise of the warrants are treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

2.20 Leases

<u>**Current financial year**</u>

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at costs, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Service apartments	7 years
Office building	3 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policies for impairment of non-financial assets is as disclosed in Note 2.12.

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's and the Company's lease liabilities are as disclosed in Note 15.

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

2.20 Leases (cont'd)

(c) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also apply the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Previous financial year

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

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

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.

(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.

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 (contd.):

(c) Determine the transaction price (cont'd)

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 recognises 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) 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.

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

2.22 Revenue (cont'd)

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 and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries 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 utilised.

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

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

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

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

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

2.23 Taxes (cont'd)

(c) Goods and Services Tax ("GST") and Value Added Tax ("VAT")

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

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

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

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

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.

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.

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 liabilities 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.

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

2.26 Employee benefits (cont'd)

(c) Defined benefit plans

Two subsidiaries of the Company, namely Eastern & Oriental Hotel Sdn. Berhad and E & O Vista Sdn. Bhd. (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 are 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 Share 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 share 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.

2.27 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.

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

2.30 Fair value measurement (cont'd)

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

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

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

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

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

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

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties 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.

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 pay for the asset and when the Group transfers the asset to the customer will be one year or less.

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 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.

(d) Determining the lease term of contracts with renewal and termination options – Group and Company as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company included the renewal period as part of the lease term for leases of office premises with shorter non-cancellable period (i.e., three years). The Group and the Company typically exercise their option to renew for these leases because there will be a significant negative effect on operation if a replacement asset is not readily available. The renewal periods for lease of service apartments with longer non-cancellable period of 7 years are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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 the 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 or loss.

The significant methods and assumptions used by valuers in estimating the fair value of investment properties are set out in Notes 17 and 38(a).

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):

(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 is assessed with reference to market prices at the reporting date for similar land, less estimated costs necessary to make the sale or where applicable, engaged independent valuers to estimate the fair value of these land.

NRV in respect of property development costs is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete 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 16.

(d) Impairment on interest in subsidiaries

The Company conducts impairment reviews of interest in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether these interests are impaired requires an estimation of their recoverable amounts which is the higher of the asset’s fair value less costs of disposal 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 interest in subsidiaries, management concluded that there were net impairment losses in the interest in subsidiaries amounting to RM97,720,000 as disclosed in Note 19.

Included in the total carrying amount of interest in subsidiaries of RM1,546,927,000 is interest in subsidiaries in the hospitality and investment segments with carrying amount of RM407,662,000. The COVID-19 pandemic which resulted in significant decline in the value of right-of-use assets and investment properties of these subsidiaries during the financial year indicated that the carrying amount of the interest in the subsidiaries may be impaired. Accordingly, the management estimated the recoverable amount of the interest in subsidiaries by estimating the fair value less cost of disposal of these subsidiaries. The impairment assessment gave rise to an impairment loss of RM97,397,000 for the financial year ended 31 March 2020.

The assessment of fair value less cost of disposal involved, amongst others, estimating the fair value of underlying properties held by the subsidiaries. The valuations of the underlying properties of these subsidiaries include the use of valuation techniques and require significant judgement and estimates to be made on the inputs to the valuation models. The key inputs used to determine the recoverable amounts include current occupancy rates, rental rate and discount rates.

(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.

(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.

Included in the carrying amounts of Group's non-current assets as at 31 March 2020 were property, plant and equipment and right-of-use assets in the hospitality segment amounting to RM247,272,000 and RM36,700,000 respectively.

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 (cont'd)

The COVID-19 pandemic has resulted in adverse impact to the hospitality segment of the Group. Consequently, management engaged independent valuers to assess the recoverable amounts of the Group's property, plant and equipment and right-of-use assets. The assessment gave rise to an impairment loss on right-of-use assets of RM19,458,000. The valuations of these assets include the use of valuation techniques and require significant judgement and estimates to be made on the inputs to the valuation models. The key inputs used to determine the recoverable amounts include occupancy rates and discount rates.

(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 16(a) and 29(d) respectively.

(i) Leases - Estimating the incremental borrowing rate

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liability. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's and the Company's functional currency). The Group and the Company estimate the IBR using observable inputs (such as market interest rates) when available.

4. REVENUE

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Revenue from contracts with customers (Note (a))	**467,965**	869,574	**7,865**	7,713
Rental income (Note 17)	**18,826**	16,735	**–**	–
Dividend income	**11**	11	**136,847**	121,676
	486,802	886,320	**144,712**	129,389

(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	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Properties:				
- Sale of properties under development	**90,079**	588,924	**–**	–
- Sale of completed properties	**301,467**	192,562	**–**	–
- Sale of land	**8,000**	706	**–**	–
Hotel and restaurant operations	**63,392**	84,348	**–**	–
Management services fees	**5,027**	3,034	**7,865**	7,713
Total revenue from contracts with customers	**467,965**	869,574	**7,865**	7,713

Timing of revenue recognition

At a point in time	**377,886**	280,650	**7,865**	7,713
Over time	**90,079**	588,924	**–**	–
	467,965	869,574	**7,865**	7,713

(b) Contract balances

	GROUP	
	2020 RM'000	2019 RM'000
Trade receivables, net (Note 24(a)):		
- current	**84,130**	192,951
- non-current	**7,795**	14,681
Contract liabilities	**(246,713)**	(309,345)

The Group has recognised expected credit losses on trade receivables amounting to RM3,642,000 (2019: RM2,829,000).

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.

4. REVENUE (CONT'D)

(c) Remaining performance obligations

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

	GROUP	
	2020	2019
	RM'000	RM'000
Within one year	**84,725**	46,706
More than one year	**276,102**	406,044
	360,827	452,750

5. COST OF SALES

	GROUP	
	2020	2019
	RM'000	RM'000
Properties:		
- property development costs (Note 23(c))	**46,044**	300,460
- cost of completed properties (Note (a))	**170,618**	119,974
- cost of land sold (Notes 16(a) and 26)	**8,000**	681
Rental related costs (Note 17)	**8,716**	11,703
Cost of hotel and restaurant operations	**45,068**	51,923
Cost of sales with respect to management services rendered	**6,073**	8,968
	284,519	493,709

(a) Cost of completed properties

Analysed into:

- contract cost assets (Note 23(c))	**7,570**	2,196
- completed properties (Note 16(c))	**163,048**	117,778
	170,618	119,974

6. OTHER INCOME

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Interest income from:				
- subsidiaries	**–**	–	**7,676**	4,911
- deposits with licensed banks	**22,377**	20,941	**4,352**	1,545
- advances to joint venture	**1,248**	2,984	**–**	–
- others	**373**	770	**–**	–
Total other income - carried forward	**23,998**	24,695	**12,028**	6,456

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Total other income - brought forward	**23,998**	24,695	**12,028**	6,456
Reversal of expected credit losses on:				
- trade receivables (Note 24(a))	**–**	312	**–**	–
- other receivables (Note 24(d))	**36**	–	**544**	–
Reversal of impairment loss on interest in subsidiaries	**–**	–	**168**	–
Gain on disposal of property, plant and equipment	**4**	23	**–**	–
Hotel and restaurant related services	**1,599**	1,755	**–**	–
Rental income of premises	**183**	5,223	**–**	–
Management service fees	**437**	4,162	**–**	–
Realised gain on foreign exchange	**21**	37	**–**	–
Unrealised gain on foreign exchange	**1,333**	–	**–**	–
Unwinding of discounts	**2,349**	180	**29**	21
Fair value gain on other investments at fair value through profit or loss	**176**	–	**–**	–
Forfeitures	**663**	10,032	**–**	–
Net gain on derecognition of lease liabilities	**46**	–	**3**	–
Miscellaneous	**1,368**	715	**549**	95
	32,213	47,134	**13,321**	6,572

Included in forfeitures income in the previous financial year were forfeiture of deposits in relation to the proposed disposal of Rimelite Sdn. Bhd. amounting to RM6,870,000 and other forfeitures on termination of sales and purchase agreements.

7. FINANCE COSTS

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Interest expense on:				
- bank overdrafts	**1,919**	1,856	**1,784**	1,768
- term loans	**35,169**	37,212	**2,112**	1,376
- revolving credits	**12,389**	21,537	**309**	1,118
- medium term notes	**20,810**	20,762	**20,810**	20,762
- obligations under finance leases	**68**	60	**–**	–
- Sukuk Murabahah	**727**	–	**–**	–
- lease liabilities (Note 15)	**4,750**	–	**221**	–
Unwinding of discounts	**503**	7,265	**–**	–
	76,335	88,692	**25,236**	25,024
Less: Interest expense capitalised in:				
Property, plant and equipment (Note 14(c))	**(452)**	–	**–**	–
Land held for property development (Note 16(a)(ii))	**(8,980)**	(3,725)	**–**	–
Property development costs (Note 16(b))	**(4,913)**	(8,174)	**–**	–
	61,990	76,793	**25,236**	25,024

8. (LOSS)/PROFIT BEFORE TAX

In addition to the other items disclosed elsewhere in the financial statements, the following items have been included in arriving at (loss)/profit before tax:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Auditors' remuneration:				
- statutory audits (EY)	**431**	410	**80**	75
- statutory audits (others than EY)	**379**	462	**–**	–
- other services (EY)	**214**	35	**185**	15
Amortisation of:				
- intangible assets (Note 18)	**75**	88	**–**	–
Allowances for expected credit losses on:				
- trade receivables (Note 24(a))	**813**	627	**–**	–
- other receivables (Note 24(d))	**2**	1	**81**	207
Bad debts written off	**40**	155	**38**	–
Depreciation of property, plant and equipment (Note 14)	**14,095**	15,061	**344**	440
Depreciation of right-of-use assets (Note 15)	**9,130**	–	**1,078**	–
Employee benefits expense (Note 9)	**62,744**	64,032	**17,329**	16,154
Fair value loss on investment properties (Note 17)	**120,256**	3,922	**–**	–
Non-Executive Directors' remuneration (Note 10)	**1,201**	1,203	**1,075**	1,075
Impairment loss on:				
- property, plant and equipment (Note 14)	**–**	6,966	**–**	–
- right-of-use assets (Note 15)	**19,458**	–	**–**	–
- interest in subsidiaries	**–**	–	**97,888**	9,768
Loss on liquidation of subsidiaries	**–**	77	**–**	–
Property development costs written down (Note 16(b))	**69,862**	14,424	**–**	–
Land held for property development written down (Note 16(a))	**–**	5,307	**–**	–
Fair value loss on other investments at fair value through profit or loss	**–**	58	**–**	–
Loss on disposal of property, plant and equipment	**19**	25	**19**	20
Property, plant and equipment written off	**260**	203	**1**	–
Rental of land and buildings	**207**	10,551	**327**	1,579
Rental of equipment	**361**	371	**109**	97
Unrealised loss on foreign exchange	**10**	5,604	**10**	2,491
Holding costs (Note 29(e))	**–**	44,573	**–**	–

9. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Wages and salaries	**50,965**	52,788	**13,516**	13,618
Social security contributions	**455**	461	**59**	61
Contributions to defined contribution plans	**6,114**	6,141	**1,595**	1,553
Increase in liability of defined benefit plans (Note 33(a))	**164**	45	**–**	–
Other benefits	**5,046**	4,597	**2,159**	922
	62,744	64,032	**17,329**	16,154

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

10. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Executive Directors' remuneration:				
- other emoluments	**9,063**	8,677	**3,043**	2,882
Non-Executive Directors' remuneration:				
- fees (Note 8)	**1,201**	1,203	**1,075**	1,075
Total Directors' remuneration	**10,264**	9,880	**4,118**	3,957
Estimated monetary value of benefits-in-kind	**553**	328	**508**	290
Total Directors' remuneration including benefits-in-kind	**10,817**	10,208	**4,626**	4,247

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

Executive:				
Salaries and other emoluments	**7,945**	7,598	**2,664**	2,520
Defined contribution plans	**1,118**	1,079	**379**	362
Estimated monetary value of benefits-in-kind	**508**	290	**508**	290
	9,571	8,967	**3,551**	3,172
Non-Executive:				
Fees	**1,177**	1,178	**1,075**	1,075
Estimated monetary value of benefits-in-kind	**45**	38	**–**	–
	1,222	1,216	**1,075**	1,075
Total Directors' remuneration including benefits-in-kind	**10,793**	10,183	**4,626**	4,247

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	
	2020	2019
Executive Directors:		
RM1,200,001 - RM1,250,000	**–**	1
RM1,750,001 - RM1,800,000	**1**	–
RM3,150,001 - RM3,200,000	**1**	–
RM3,200,001 - RM3,250,000	**–**	1
RM4,450,001 - RM4,500,000	**–**	1
RM4,600,001 - RM4,650,000	**1**	–
Non-Executive Directors:		
RM50,001 - RM100,000	**2**	2
RM100,001 - RM150,000	**1**	1
RM150,001 - RM200,000	**3**	3
RM350,001 - RM400,000	**–**	1
RM400,001 - RM450,000	**1**	–

11. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	**44,171**	88,820	**2,277**	730
(Over)/underprovision in prior financial years	**(180)**	3,844	**(83)**	–
	43,991	92,664	**2,194**	730
Deferred income tax (Note 22):				
Relating to origination and reversal of temporary differences	**(5,206)**	(7,130)	**(21)**	–
Overprovision in prior financial years	**(2,057)**	–	**–**	–
	(7,263)	(7,130)	**(21)**	–
	36,728	85,534	**2,173**	730

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

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

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2020 and 2019 are as follows:

	2020 RM'000	2019 RM'000
Group		
(Loss)/profit before tax	**(155,610)**	161,898
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	**(37,346)**	38,856
Effect of different tax rates in foreign jurisdiction	**4,632**	1,606
Effect of expenses not deductible for tax purposes	**73,751**	44,699
Effect of income not subject to tax	**(4,327)**	(6,098)
Effect of share of results of joint ventures	**1,024**	25
Effect on real property gains tax rate applied on the fair value changes of the investment properties	**(2,032)**	–
Effect of utilisation of previously unrecognised deferred tax assets	**(1,853)**	(1,647)
Deferred tax assets not recognised during the financial year	**5,116**	4,249
(Over)/underprovision of income tax in prior financial years	**(180)**	3,844
Overprovision of deferred tax in prior financial years	**(2,057)**	–
	36,728	85,534
Company		
Profit before tax	**10,051**	74,567
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	**2,412**	17,896
Effect of expenses not deductible for tax purposes	**32,743**	12,041
Effect of income not subject to tax	**(33,012)**	(29,207)
Deferred tax assets not recognised during the financial year	**113**	–
Overprovision of income tax in prior financial years	**(83)**	–
	2,173	730

12. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share is calculated by dividing the (loss)/profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2020 RM'000	2019 RM'000
(Loss)/profit attributable to owners of the parent	**(195,942)**	61,918
	2020 '000	2019 '000
Weighted average number of ordinary shares in issue	**1,432,448**	1,316,724
	2020 SEN	2019 SEN
Basic (loss)/earnings per share	**(13.68)**	4.70

12. (LOSS)/EARNINGS PER ORDINARY SHARE (CONT'D)

The Group has no potential ordinary shares in issue as at reporting date and therefore the diluted (loss)/earnings per share is same as basic (loss)/earnings per share. The Redeemable Convertible Medium Term Notes ("RCMTNs") have not been included for the computation of fully diluted earnings per share as the conversion of RCMTNs to ordinary shares would be anti-dilutive.

13. DIVIDENDS

	GROUP/COMPANY	
	2020 RM'000	2019 RM'000
Recognised during the financial year		
First and final dividend by way of distribution of 25,937,951 treasury shares as share dividend at the ratio of one (1) treasury share for every fifty (50) ordinary shares held in the Company on 12 September 2018	**–**	36,095
First and final single-tier dividend in respect of the financial year ended 31 March 2019 of 3.0 sen on 1,432,549,625 ordinary shares	**42,977**	–
	42,977	36,095

A first and final single-tier dividend of 1.0 sen in respect of the current financial year ended 31 March 2020, amounting to dividend payable of approximately RM14,313,000 (subject to change on the number of ordinary shares entitled to dividend on date of book closure) has been approved by the Board of Directors. This is computed based on the issued and paid-up capital as at 31 March 2020, excluding 25,592,596 treasury shares held by the Company. The financial statements for the current financial year do not reflect this dividend. Such dividend, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2021.

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 2020							
Cost							
At 1 April 2019	**315,368**	**11,848**	**48,531**	**842**	**6,062**	**6,183**	**388,834**
Additions	**–**	**1,456**	**7,672**	**–**	**688**	**31,438**	**41,254**
Disposals	**–**	**(24)**	**(36)**	**–**	**(408)**	**–**	**(468)**
Reclassification	**6,955**	**–**	**30,440**	**–**	**–**	**(37,395)**	**–**
Written off	**–**	**–**	**(980)**	**–**	**–**	**–**	**(980)**
Exchange differences	**–**	**–**	**(2)**	**–**	**1**	**–**	**(1)**
At 31 March 2020	**322,323**	**13,280**	**85,625**	**842**	**6,343**	**226**	**428,639**

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 2020 (cont'd)							
Accumulated depreciation and impairment losses							
At 1 April 2019	**104,451**	**9,221**	**42,943**	**483**	**3,585**	**–**	**160,683**
Depreciation charge for the financial year (Note 8)	**9,329**	**738**	**2,951**	**85**	**992**	**–**	**14,095**
Disposals	**–**	**(12)**	**(31)**	**–**	**(318)**	**–**	**(361)**
Written off	**–**	**–**	**(720)**	**–**	**–**	**–**	**(720)**
Exchange differences	**–**	**–**	**(121)**	**–**	**122**	**–**	**1**
At 31 March 2020	**113,780**	**9,947**	**45,022**	**568**	**4,381**	**–**	**173,698**
Analysed as:							
Accumulated depreciation	**113,780**	**9,370**	**38,171**	**568**	**4,381**	**–**	**166,270**
Accumulated impairment losses	**–**	**577**	**6,851**	**–**	**–**	**–**	**7,428**
	113,780	**9,947**	**45,022**	**568**	**4,381**	**–**	**173,698**
Net carrying amount	**208,543**	**3,333**	**40,603**	**274**	**1,962**	**226**	**254,941**

*** Land and buildings of the Group**

	FREEHOLD LAND RM'000	FREEHOLD BUILDING RM'000	LONG TERM LEASEHOLD LAND RM'000	TOTAL RM'000
At 31 March 2020				
Cost				
At 1 April 2019	**24,900**	**290,105**	**363**	**315,368**
Reclassification	**–**	**6,955**	**–**	**6,955**
At 31 March 2020	**24,900**	**297,060**	**363**	**322,323**
Accumulated depreciation				
At 1 April 2019	**–**	**104,264**	**187**	**104,451**
Depreciation charge for the financial year	**–**	**9,324**	**5**	**9,329**
At 31 March 2020	**–**	**113,588**	**192**	**113,780**
Net carrying amount	**24,900**	**183,472**	**171**	**208,543**

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 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
At 31 March 2019				
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

COMPANY	OFFICE EQUIPMENT, RENOVATION, AND FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
At 31 March 2020			
Cost			
At 1 April 2019	**3,431**	**837**	**4,268**
Additions	**245**	**–**	**245**
Disposals	**(11)**	**(408)**	**(419)**
Written off	**(489)**	**–**	**(489)**
At 31 March 2020	**3,176**	**429**	**3,605**
Accumulated depreciation			
At 1 April 2019	**2,557**	**637**	**3,194**
Depreciation charge for the financial year (Note 8)	**319**	**25**	**344**
Disposals	**(11)**	**(318)**	**(329)**
Written off	**(488)**	**–**	**(488)**
At 31 March 2020	**2,377**	**344**	**2,721**
Net carrying amount	**799**	**85**	**884**
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

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 2019 (cont'd)			
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

(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	
	2020 RM'000	2019 RM'000
Freehold land and buildings	**205,927**	208,192
Long term leasehold land	**171**	176
	206,098	208,368

(b) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM41,254,000 (2019: RM7,173,000), of which RM620,000 (2019: RM574,000) 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	
	2020 RM'000	2019 RM'000
Motor vehicles	**1,587**	1,590

(c) Included in the addition to property, plant and equipment during the financial year is interest expense of RM452,000 (2019: Nil).

(d) The Group recognised impairment loss of RM6,966,000 in the previous financial year in the statement of comprehensive income based on the recoverable amount of the assets of certain subsidiaries in the investment and hospitality segments.

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group and Company as a lessee

The Group and the Company have lease contracts for service apartments and business premises for their operation. These lease contracts generally have lease terms between 1 to 7 (2019: 2 to 8) years. The Group's and the Company's obligations under these leases are secured by the lessor's title to the leased assets. Generally, the Group and the Company are restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Group and the Company also have certain leases of office equipment with low value. The Group and the Company apply the 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amount of right-of-use assets recognised and the movements during the financial year:

	GROUP RM'000	COMPANY RM'000
As at 1 April 2019 (upon adoption of MFRS 16)	**70,494**	**4,101**
Impairment loss during the financial year (Note 8)	**(19,458)**	**–**
Depreciation during the financial year (Note 8)	**(9,130)**	**(1,078)**
Written off	**(2,307)**	**(124)**
As at 31 March 2020	**39,599**	**2,899**

The Group recognised impairment loss of RM19,458,000 in the statement of comprehensive income based on the recoverable amount of a subsidiary's property in the hospitality segment. The recoverable amount was based on a valuation performed by professional independent valuer discounted at a rate of 9%.

The carrying amount of right-of-use assets recognised and the movements during the financial year for long term leasehold land are as disclosed in Note 14.

Set out below are the carrying amount of lease liabilities and the movements during the financial year:

	GROUP RM'000	COMPANY RM'000
As at 1 April 2019 (upon adoption of MFRS 16)	**70,494**	**4,101**
Interest expense on lease liabilities (Note 7)	**4,750**	**221**
Payments during the financial year	**(10,487)**	**(1,210)**
Derecognition during the financial year	**(2,353)**	**(127)**
As at 31 March 2020	**62,404**	**2,985**
Analysed as:		
- Current	**5,546**	**856**
- Non-current	**56,858**	**2,129**
	62,404	**2,985**

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The following are the amounts recognised in profit or loss:

	GROUP RM'000	COMPANY RM'000
Depreciation of right-of-use assets	**9,130**	**1,078**
Interest expense on lease liabilities (Note 7)	**4,750**	**221**
Net gain on derecognition of lease liabilities (Note 6)	**(46)**	**(3)**
Expense relating to short term lease (included in administrative expenses)	**207**	**327**
Expenses relating to leases of low-value assets (included in administrative expenses)	**361**	**109**
	14,402	**1,732**

The Group and the Company total cash outflows for leases were as follows:

	GROUP RM'000	COMPANY RM'000
Total cash outflow for leases:		
- payment for lease liabilities	**10,487**	**1,210**
- payment for lease expenses	**568**	**436**
	11,055	**1,646**

16. INVENTORIES

	NOTE	GROUP 2020 RM'000	2019 RM'000
Non-current			
Land held for property development	(a)	**1,487,588**	1,427,630
Current			
Property development costs	(b)	**502,367**	534,183
Completed properties	(c)	**48,318**	214,785
Food, beverages and tobacco	(d)	**519**	351
General supplies	(d)	**1,142**	930
		552,346	750,249
		2,039,934	2,177,879

(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 2020				
At 1 April 2019	**432,586**	**957,832**	**37,212**	**1,427,630**
Additions	**–**	**93,856**	**11,570**	**105,426**
Transfer to non-current assets classified as held for sale (Note 26)	**(40,045)**	**(258)**	**(5,165)**	**(45,468)**
At 31 March 2020	**392,541**	**1,051,430**	**43,617**	**1,487,588**
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 assets classified as held for sale (Note 5 and 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

Notes:

(i) Land held for property development of the Group with carrying amount of RM1,290,760,000 (2019: RM1,215,639,000) 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 RM8,980,000 (2019: RM3,725,000).

(b) Property development costs

	FREEHOLD LAND RM'000	DEVELOPMENT COSTS RM'000	TOTAL RM'000
Group			
At 31 March 2020			
At 1 April 2019	**–**	**534,183**	**534,183**
Costs incurred during the financial year	**–**	**38,046**	**38,046**
Written down during the financial year (Note 8)	**–**	**(69,862)**	**(69,862)**
At 31 March 2020	**–**	**502,367**	**502,367**

16. INVENTORIES (CONT'D)

(b) Property development costs (cont'd)

	FREEHOLD 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

Development properties of the Group with carrying amount of RM502,367,000 (2019: RM534,183,000) 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 RM4,913,000 (2019: RM8,174,000).

As at financial year end, included in property development costs are residential and commercial properties in United Kingdom amounted to RM502,367,000 (2019: RM163,159,000) measured at net realisable value. The Group recognised a write down of property development costs of RM69,862,000 (2019: RM14,424,000) based on valuation performed by professional independent valuers.

(c) Completed properties

	GROUP	
	2020 RM'000	2019 RM'000
At cost:		
Completed properties	**48,318**	214,785

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM163,048,000 (2019: RM117,778,000) as disclosed in Note 5(a).

Completed properties amounting to RM38,147,000 (2019: RM189,503,000) have been pledged to the financial institution for credit facility granted to a subsidiary as disclosed in Notes 27(b) and 27(c).

(d) Other inventories

	GROUP	
	2020 RM'000	2019 RM'000
At cost:		
Food, beverages and tobacco	**519**	351
General supplies	**1,142**	930

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM7,019,000 (2019: RM7,253,000).

17. INVESTMENT PROPERTIES

	GROUP 2020 RM'000	2019 RM'000
At fair value		
At the beginning of financial year	**487,993**	491,828
Subsequent expenditures	**7,258**	2,030
Fair value loss recognised in profit or loss (Note 8)	**(120,256)**	(3,922)
Exchange differences	**91**	(1,943)
At the end of financial year	**375,086**	487,993

The valuations for properties carried at fair value were performed by accredited independent valuers with 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 2020 RM'000	2019 RM'000
Rental income derived from investment properties (Note 4)	**18,826**	16,735
Direct operating expenses (including repair and maintenance) of income generating properties (Note 5)	**(8,716)**	(11,703)
Profit arising from investment properties carried at fair value	**10,110**	5,032

Investment properties of the Group amounting to RM213,500,000 (2019: RM306,000,000) 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).

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

VALUATION TECHNIQUES	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE
At 31 March 2020		
Investment method	Estimated rental value per square foot per month	RM1.20 - RM15.10
	Estimated rental value per parking bay per month	RM120 - RM240
	Estimated outgoing per square foot per month	RM0.34 - RM2.35
	Market yield rate	6.25% - 6.75%
Market comparable approach	Difference in location, time factor, size, land usage, shape, and tenure	-55.0% to 23.2%

17. INVESTMENT PROPERTIES (CONT'D)

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

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%

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

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 also 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.

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.

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.

18. INTANGIBLE ASSETS

	COMPUTER SOFTWARE RM'000
Group	
At 31 March 2020	
Cost	
At 1 April 2019/31 March 2020	**1,604**
Accumulated amortisation	
At 1 April 2019	**1,511**
Amortisation charge for the financial year (Note 8)	**75**
At 31 March 2020	**1,586**
Net carrying amount	**18**
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
Company	
Cost	
At 1 April 2018/1 April 2019/31 March 2020	**14**
Accumulated amortisation	
At 1 April 2018/1 April 2019/31 March 2020	**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.

19. INTEREST IN SUBSIDIARIES

	COMPANY 2020 RM'000	2019 RM'000
Unquoted shares at cost	**1,728,733**	1,536,758
Less: Accumulated impairment losses	**(181,806)**	(84,086)
	1,546,927	1,452,672

During the financial year, the Company increased its investment in subsidiaries by RM191,975,000 (2019: RM Nil) through the capitalisation of amounts due from these subsidiaries.

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 RM97,720,000 (2019: RM9,768,000) as disclosed in Notes 6 and 8 based on the recoverable amounts of the investments.

Included in the total carrying amount of interest in subsidiaries of RM1,546,927,000 is interest in subsidiaries in the hospitality and investment segments with carrying amount of RM407,662,000. The COVID-19 pandemic which resulted in significant decline in the value of right-of-use assets and investment properties of these subsidiaries during the financial year indicated that the carrying amount of the interest in the subsidiaries may be impaired. Accordingly, the management estimated the recoverable amount of the interest in subsidiaries by estimating the fair value less cost of disposal of these subsidiaries. The impairment assessment gave rise to an impairment loss of RM97,397,000 for the financial year ended 31 March 2020.

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2020 %	2019 %	NON-CONTROLLING INTERESTS 2020 %	2019 %	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

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2020 %	2019 %	NON-CONTROLLING INTERESTS 2020 %	2019 %	SHARE CAPITAL RM
Twenty First Century Realty Sdn. Bhd.	Malaysia	Property investment	**100**	100	**–**	–	12,650,337
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 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
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

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2020 %	2019 %	NON-CONTROLLING INTERESTS 2020 %	2019 %	SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP (CONT'D)							
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
Galaxy Prestige Sdn. Bhd.	Malaysia	Investment holding	**100**	100	**–**	–	116,684,000
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
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

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2020 %	2019 %	NON-CONTROLLING INTERESTS 2020 %	2019 %	SHARE CAPITAL RM
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
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
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

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST 2020 %	PROPORTION OF OWNERSHIP INTEREST 2019 %	NON-CONTROLLING INTERESTS 2020 %	NON-CONTROLLING INTERESTS 2019 %	SHARE CAPITAL RM
V) SUBSIDIARIES OF E&OPROP (CONT'D)							
e) Subsidiary of Tinggi Murni Sdn. Bhd. (cont'd)							
i) Subsidiaries of Samudra Pelangi Sdn. Bhd. (cont'd)							
KSM Property Development Sdn. Bhd.	Malaysia	Project management and rendering of sales and marketing services for property development projects	**100**	100	**–**	–	500,002
Rhinever Housing Development Sdn. Bhd.∞	Malaysia	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
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 PLT
^ Under member's voluntary winding up
∞ Dormant
Interests in these subsidiaries with carrying amounts of RM215,902,000 (2019: RM547,784,000) have been pledged as security for borrowings as disclosed in Note 27.

(a) Incorporation of subsidiary

There was no new incorporation of subsidiary during the financial year.

(b) Business combinations

There were no business combinations during the financial year.

(c) 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 2020 %	2019 %
Persada Mentari Sdn. Bhd. ("PMSB")	Malaysia	**35.2**	35.2
Permaijana Ribu Sdn. Bhd. ("PRSB")	Malaysia	**10.0**	10.0
Tanjung Pinang Development Sdn. Bhd. ("TPD")	Malaysia	**19.0**	19.0

	GROUP 2020 RM'000	2019 RM'000
Accumulated balances of material non-controlling interests:		
PMSB	**1,555**	1,590
PRSB	**471**	472
TPD	**43,166**	39,510
Other individually immaterial non-controlling interests	**(71)**	(55)
	45,121	41,517
Total comprehensive (loss)/income allocated to material non-controlling interests:		
PMSB	**(35)**	(49)
PRSB	**(1)**	(1)
TPD	**3,656**	14,515
Other individually immaterial non-controlling interests	**(16)**	(19)
	3,604	14,446

19. INTEREST IN SUBSIDIARIES (CONT'D)

(c) 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 2020:

	PMSB RM'000	PRSB RM'000	TPD RM'000	TOTAL RM'000
Revenue	–	–	139,548	139,548
Cost of sales	–	–	(70,111)	(70,111)
Other income	159	–	6,401	6,560
Other expenses	(143)	(13)	(9,015)	(9,171)
Finance costs	–	–	(3,341)	(3,341)
Profit/(loss) before tax	16	(13)	63,482	63,485
Income tax expense	(19)	–	(17,164)	(17,183)
(Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year	(3)	(13)	46,318	46,302
Attributable to:				
Non-controlling interests	(1)	(1)	8,800	8,798
Adjustments and eliminations	(34)	–	(5,144)	(5,178)
Other individually immaterial non-controlling interests				(16)
Total non-controlling interests				3,604

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				14,446

Summarised statement of financial position as at 31 March 2020:

	PMSB RM'000	PRSB RM'000	TPD RM'000	TOTAL RM'000
Non-current assets	**98,853**	**7,000**	**754,326**	**860,179**
Cash and bank balances	**8,131**	**1**	**20,462**	**28,594**
Other current assets	**150**	**–**	**137,686**	**137,836**
Total current assets	**8,281**	**1**	**158,148**	**166,430**
Total assets	**107,134**	**7,001**	**912,474**	**1,026,609**
Trade and other payables and provision	**102,712**	**2,296**	**399,596**	**504,604**
Other current liabilities	**4**	**–**	**299**	**303**
Total current liabilities	**102,716**	**2,296**	**399,895**	**504,907**
Non-current liabilities	**–**	**–**	**285,391**	**285,391**
Total liabilities	**102,716**	**2,296**	**685,286**	**790,298**
Total equity	**4,418**	**4,705**	**227,188**	**236,311**
Attributable to:				
Non-controlling interests	**1,555**	**471**	**43,166**	**45,192**
Other individually immaterial non-controlling interests				**(71)**
Total non-controlling interests				**45,121**

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				41,517

19. INTEREST IN SUBSIDIARIES (CONT'D)

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

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

Summarised cash flow information for financial year ended 31 March 2020:

	PMSB RM'000	PRSB RM'000	TPD RM'000
Operating	**(94,824)**	**–**	**(270,310)**
Financing	**98,432**	**–**	**148,089**
Net increase/(decrease) in cash and cash equivalents during the financial year	**3,608**	**–**	**(122,221)**

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

20. INVESTMENT IN JOINT VENTURES

	GROUP	
	2020 RM'000	2019 RM'000
Unquoted shares at cost	**131,820**	94,392
Share of post-acquisition reserves	**11,679**	35,878
	143,499	130,270

Details of the joint ventures are as follows:

NAME OF JOINT VENTURES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST	
			2020 %	2019 %
Damansara Peak Sdn. Bhd.("DPSB") ∞	Malaysia	Property development	**51.00**	–
Patsawan Properties Sdn. Bhd. ("PPSB")	Malaysia	Property development	**51.00**	51.00
Mergexcel Property Development Sdn. Bhd. ("MPDSB") ∞	Malaysia	Property development	**50.00**	50.00

NAME OF JOINT VENTURES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTEREST 2020 %	2019 %
Nuri Merdu Sdn. Bhd. ("NMSB")	Malaysia	Property development	**50.00**	50.00
KCB Trading Sdn. Bhd. ("KCBT")	Malaysia	Property development	**51.00**	51.00

DPSB was incorporated on 2 January 2020. The issued share capital of DPSB is RM250,000 comprising 250,000 ordinary shares. Pursuant to the Shareholders' Agreement entered between KCB Holdings Sdn. Bhd. ("KCBH") and Mitsui Fudosan (Asia) Malaysia Sdn. Bhd. ("MFAM"), profit or loss of DPSB shall be distributed at 51% in favour of KCBH and 49% in favour of MFAM.

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.

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 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.

∞ 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

	DPSB RM'000	PPSB RM'000	MPDSB RM'000	NMSB RM'000	KCBT RM'000	TOTAL RM'000
31 March 2020						
Non-current assets	**–**	**11,325**	**2**	**56,485**	**14**	**67,826**
Cash and bank balances	**253**	**12,666**	**2,112**	**23,025**	**33,355**	**71,411**
Other current assets	**11,029**	**136,089**	**15**	**146,537**	**9,766**	**303,436**
Total current assets	**11,282**	**148,755**	**2,127**	**169,562**	**43,121**	**374,847**
Total assets	**11,282**	**160,080**	**2,129**	**226,047**	**43,135**	**442,673**
Trade and other payables and provisions	**11,032**	**9,763**	**7**	**20,256**	**6,122**	**47,180**
Other current liabilities	**–**	**18,678**	**3**	**2,944**	**552**	**22,177**
Total current liabilities	**11,032**	**28,441**	**10**	**23,200**	**6,674**	**69,357**
Non-current liabilities	**–**	**152,664**	**–**	**29,934**	**–**	**182,598**
Total liabilities	**11,032**	**181,105**	**10**	**53,134**	**6,674**	**251,955**
Net assets/(liabilities)	**250**	**(21,025)**	**2,119**	**172,913**	**36,461**	**190,718**

20. INVESTMENT IN JOINT VENTURES (CONT'D)

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

(i) Summarised statement of financial position (cont'd)

31 March 2019

	PPSB RM'000	MPDSB RM'000	NMSB RM'000	KCBT RM'000	TOTAL RM'000
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

(ii) Summarised statement of comprehensive income

	DPSB RM'000	PPSB RM'000	MPDSB RM'000	NMSB RM'000	KCBT RM'000	TOTAL RM'000
31 March 2020						
Revenue	**–**	**14,367**	**–**	**22,897**	**52,706**	**89,970**
Depreciation and amortisation	**–**	**(1,081)**	**(1)**	**(1,397)**	**–**	**(2,479)**
Interest income	**–**	**252**	**79**	**718**	**1,265**	**2,314**
(Loss)/profit before tax	**–**	**(6,796)**	**1,491**	**(14,189)**	**11,090**	**(8,404)**
Taxation	**–**	**2,824**	**(19)**	**(156)**	**(2,690)**	**(41)**
(Loss)/profit after tax	**–**	**(3,972)**	**1,472**	**(14,345)**	**8,400**	**(8,445)**

	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)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures

	DPSB RM'000	PPSB RM'000	MPDSB RM'000	NMSB RM'000	KCBT RM'000	TOTAL RM'000
31 March 2020						
Net (liabilities)/assets at 1 April 2019	**–**	**(17,053)**	**11,147**	**112,658**	**58,061**	**164,813**
(Loss)/profit for the financial year	**–**	**(3,972)**	**1,472**	**(14,345)**	**8,400**	**(8,445)**
Issuance of share capital	**250**	**–**	**–**	**74,600**	**–**	**74,850**
Dividend paid during the financial year	**–**	**–**	**(10,500)**	**–**	**(30,000)**	**(40,500)**
Net assets/(liabilities) at the end of financial year	**250**	**(21,025)**	**2,119**	**172,913**	**36,461**	**190,718**
Interest in joint ventures as at the end of financial year	**51.00%**	**51.00%**	**44.13%**	**50.00%**	**51.00%**	
Carrying value of Group's interest	**128**	**(10,723)**	**935**	**86,456**	**18,595**	**95,391**
Fair value adjustment	**–**	**44,496**	**–**	**–**	**3,612**	**48,108**
Net assets at 31 March 2020	**128**	**33,773**	**935**	**86,456**	**22,207**	**143,499**
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

21. OTHER INVESTMENTS

	GROUP 2020 CARRYING AMOUNT RM'000	2020 MARKET VALUE RM'000	2019 CARRYING AMOUNT RM'000	2019 MARKET VALUE RM'000
Non-current				
At fair value through profit or loss:				
- Quoted shares in Malaysia	**3,489**	**3,489**	3,313	3,313

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 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
At the beginning of financial year	**(30,513)**	(37,643)	**–**	–
Recognised in profit or loss (Note 11)	**7,263**	7,130	**21**	–
At the end of financial year	**(23,250)**	(30,513)	**21**	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	**17,736**	12,909	**21**	–
Deferred tax liabilities	**(40,986)**	(43,422)	**–**	–
	(23,250)	(30,513)	**21**	–

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 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
At 1 April 2019	**4,556**	**397**	**8,646**	**1,146**	**14,745**
Recognised in profit or loss	**8,848**	**–**	**(3,802)**	**(1,125)**	**3,921**
At 31 March 2020	**13,404**	**397**	**4,844**	**21**	**18,666**

Deferred tax liabilities of the Group

	INVESTMENT PROPERTIES RM'000	INVENTORIES RM'000	OTHERS RM'000	TOTAL RM'000
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)
At 1 April 2019	**(5,864)**	**(39,394)**	**–**	**(45,258)**
Recognised in profit or loss	**2,032**	**2,248**	**(938)**	**3,342**
At 31 March 2020	**(3,832)**	**(37,146)**	**(938)**	**(41,916)**

Deferred tax (liability)/asset of the Company

	OTHERS RM'000	PROPERTY, PLANT AND EQUIPMENT RM'000	PROVISIONS RM'000	TOTAL RM'000
At 1 April 2018	–	(129)	129	–
Recognised in profit or loss	–	–	–	–
At 31 March 2019	–	(129)	129	–
At 1 April 2019	**–**	**(129)**	**129**	**–**
Recognised in profit or loss	**21**	**129**	**(129)**	**21**
At 31 March 2020	**21**	**–**	**–**	**21**

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

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Unused tax losses	**107,073**	105,059	**–**	–
Unabsorbed capital allowances	**53,540**	39,415	**88**	77
Unabsorbed investment tax allowances	**135,748**	135,748	**–**	–
Provisions	**5,345**	4,884	**5,345**	4,884
Others	**1,943**	4,948	**–**	–
	303,649	290,054	**5,433**	4,961
Deferred tax benefit at 24% (2019: 24%), if recognised	**72,876**	69,613	**1,304**	1,191

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 2020 RM'000	2019 RM'000
Costs to fulfil a contract	(a)	**23,460**	13,720
Costs to obtain contracts with customers	(b)	**1,486**	2,721
		24,946	16,441

	GROUP 2020 RM'000	2019 RM'000
(a) Costs to fulfil a contract		
At beginning of the financial year	**13,720**	51,539
Transfer from property development costs (Note 16(b))	**–**	27,634
Additions	**55,310**	234,031
Recognised during the financial year	**(45,570)**	(299,484)
At end of the financial year	**23,460**	13,720
(b) Costs to obtain contracts with customers		
At beginning of the financial year	**2,721**	–
Additions	**6,809**	5,893
Recognised during the financial year	**(8,044)**	(3,172)
At end of the financial year	**1,486**	2,721
(c) Total cost recognised during the financial year		
Analysed into:		
- property development costs (Note 5)	**46,044**	300,460
- completed properties (Note 5(a))	**7,570**	2,196
	53,614	302,656

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

24. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Current					
Trade receivables					
Third parties		**26,102**	141,121	**–**	–
Retention sum receivable		**61,670**	54,659	**–**	–
		87,772	195,780	**–**	–
Less: Allowance for expected credit losses:					
- Third parties		**(3,642)**	(2,829)	**–**	–
Trade receivables, net	(a)	**84,130**	192,951	**–**	–
Other receivables					
Other receivables		**19,757**	12,848	**1,979**	309
Amounts due from subsidiaries	(b)	**–**	–	**109,698**	346,562
Amounts due from joint ventures	(c)	**8,887**	44,976	**–**	–
Deposits		**2,984**	2,786	**432**	61
		31,628	60,610	**112,109**	346,932
Less: Allowance for expected credit losses:					
- Other receivables		**(243)**	(277)	**(90)**	(126)
- Amounts due from subsidiaries		**–**	–	**(737)**	(1,164)
		(243)	(277)	**(827)**	(1,290)
Other receivables, net	(d)	**31,385**	60,333	**111,282**	345,642
		115,515	253,284	**111,282**	345,642
Non-current					
Trade receivable					
Retention sum receivable	(a)	**7,795**	14,681	**–**	–
Other receivable					
Deposits		**1,681**	2,314	**–**	343
		9,476	16,995	**–**	343
Total trade and other receivables (current and non-current)		**124,991**	270,279	**111,282**	345,985
Less: GST/ VAT receivable		**(5,198)**	(3,618)	**(2)**	(2)
Add: Cash and bank balances (Note 25)		**296,430**	854,833	**153,608**	195,829
Total financial assets measured at amortised cost		**416,223**	1,121,494	**264,888**	541,812

24. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

The credit period for completed properties is generally for a period of three months, extending up to to four months (2019: four months) while the term in respect of property development activities is approximately 21 (2019: 21) working 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 (2019: 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	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	**69,822**	152,577
1 to 30 days past due not impaired	**10,522**	21,102
31 to 60 days past due not impaired	**5,430**	7,318
61 to 90 days past due not impaired	**44**	7,928
91 to 120 days past due not impaired	**253**	14,031
More than 121 days past due not impaired	**5,854**	4,676
Past due but not impaired	**22,103**	55,055
Impaired	**3,642**	2,829
	95,567	210,461

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 RM22,103,000 (2019: RM55,055,000) that are past due at the reporting date but not impaired.

These receivables are unsecured. Management is confident that these receivables are recoverable as these accounts are still active.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the expected credit losses are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Trade receivables - nominal amount	**4,034**	3,153
Less: Allowance for expected credit losses	**(3,642)**	(2,829)
	392	324
Movement in allowance accounts:		
At the beginning of financial year	**2,829**	2,514
Charge for the financial year (Note 8)	**813**	627
Reversal for the financial year (Note 6)	**–**	(312)
At the end of financial year	**3,642**	2,829

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand, except for an amount of RM23,626,000 (2019: RM69,361,000) which bore interest at rates ranging from 6.40% to 6.90% (2019: 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 in the previous financial year which bore interest at rates ranging from 5.00% to 5.40% 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	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Other receivables - nominal amount	**243**	277	**827**	1,686
Less: Allowance for expected credit losses	**(243)**	(277)	**(827)**	(1,290)
	–	–	**–**	396
Movement in allowance accounts:				
At the beginning of financial year	**277**	276	**1,290**	1,083
Charge for the financial year (Note 8)	**2**	1	**81**	207
Reversal for the financial year (Note 6)	**(36)**	–	**(544)**	–
At the end of financial year	**243**	277	**827**	1,290

25. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2020 **RM'000**	2019 RM'000	**2020** **RM'000**	2019 RM'000
Cash at banks and on hand	**252,769**	477,572	**153,447**	93,972
Short-term deposits	**43,661**	377,261	**161**	101,857
Cash and bank balances	**296,430**	854,833	**153,608**	195,829

(a) Included in cash at banks and on hand of the Group are amounts of RM43,830,000 (2019: RM320,624,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations. RM6,793,000 (2019: RM13,117,000) 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 amounting to RM8,432,000 (2019: RM7,377,000) are pledged as securities for facilities granted to the Group. Short-term deposits of the Company amounting to RM1,825,000 in the previous financial year are pledged as securities for facilities granted to the Company.

(c) In addition to the above sums, other cash and bank balances of the Group amounting to RM11,176,000 (2019: RM10,723,000) 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	
	2020	2019	**2020**	2019
Weighted average effective interest rates (%)				
- Fixed rates	**2.85%**	3.62%	**3.04%**	3.69%
- Floating rates	**3.15%**	3.42%	**–**	–
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	
	2020 **RM'000**	2019 RM'000	**2020** **RM'000**	2019 RM'000
Cash and bank balances	**296,430**	854,833	**153,608**	195,829
Less: Restricted cash and bank balances	**(19,608)**	(18,100)	**(500)**	(1,825)
Less: Bank overdrafts (Note 27)	**(40,135)**	(21,660)	**(39,192)**	(20,640)
Total cash and cash equivalents	**236,687**	815,073	**113,916**	173,364

26. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

2020

On 28 November 2019, the Group entered into a sale and purchase agreement with a third party to dispose of freehold land parcels of Rimelite Sdn. Bhd., a wholly-owned subsidiary of the Company, for a sale consideration of RM55,000,000.

On 8 January 2020, the Group entered into a sale and purchase agreement with a third party to dispose of freehold land parcels of Ambangan Puri Sdn. Bhd., a wholly-owned subsidiary of the Company, for a sale consideration of RM88,329,000.

A plan had been in place and both lands were available for immediate sale in their present condition prior to 31 March 2020.

As at 31 March 2020, the non-current assets classified as held for sale amounted to RM45,468,000.

2019

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 Group has completed its disposal of these freehold land parcels on 6 May 2019.

27. LOANS AND BORROWINGS

		GROUP		COMPANY	
	MATURITY	**2020 RM'000**	2019 RM'000	**2020 RM'000**	2019 RM'000
Current					
Secured:					
Bank overdrafts	On demand	**40,135**	21,660	**39,192**	20,640
Term loans	2021	**29,635**	176,115	**–**	–
Revolving credits	On demand	**79,904**	114,595	**5,000**	5,000
Obligations under finance leases (Note 35(d))	2021	**506**	542	**–**	–
Unsecured:					
RCMTNs	2021	**151,504**	192,421	**151,504**	192,421
		301,684	505,333	**195,696**	218,061
Non-current					
Secured:					
Term loans	2022 - 2035	**391,577**	502,455	**35,000**	35,000
Revolving credits	2022 - 2025	**69,920**	261,052	**–**	7,200
Obligations under finance leases (Note 35(d))	2022 - 2025	**902**	845	**–**	–
Sukuk Murabahah	2024 - 2025	**280,178**	–	**–**	–
Unsecured:					
RCMTNs	2021	**–**	143,688	**–**	143,688
		742,577	908,040	**35,000**	185,888

27. LOANS AND BORROWINGS (CONT'D)

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Total loans and borrowings				
Secured:				
Bank overdrafts (Note 25)	**40,135**	21,660	**39,192**	20,640
Term loans	**421,212**	678,570	**35,000**	35,000
Revolving credits	**149,824**	375,647	**5,000**	12,200
Obligations under finance leases (Note 35(d))	**1,408**	1,387	**–**	–
Sukuk Murabahah	**280,178**	–	**–**	–
Unsecured:				
RCMTNs	**151,504**	336,109	**151,504**	336,109
	1,044,261	1,413,373	**230,696**	403,949

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

	GROUP		COMPANY	
	2020	2019	**2020**	2019
Bank overdrafts - Floating rates	**7.06%**	7.08%	**7.11%**	7.15%
Term loans - Floating rates	**5.01%**	4.82%	**6.04%**	6.23%
Revolving credits - Floating rates	**5.54%**	6.02%	**5.37%**	5.61%
Sukuk Murabahah - Floating rates	**4.83%**	–	**–**	–
RCMTNs - Fixed rates	**6.38%**	6.38%	**6.38%**	6.38%

The finance leases bore interest at rates ranging from 2.08% to 2.75% (2019: 2.28% to 2.75%) per annum during the financial year.

The remaining maturities of loans and borrowings as at 31 March 2020 and 31 March 2019 were as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
On demand or within one year	**301,684**	505,333	**195,696**	218,061
More than 1 year and less than 2 years	**117,698**	308,755	**10,000**	143,688
More than 2 years and less than 5 years	**517,966**	492,468	**25,000**	42,200
5 years or more	**106,913**	106,817	**–**	–
	1,044,261	1,413,373	**230,696**	403,949

(a) Bank overdrafts

The bank overdrafts were secured by charge on certain properties, unquoted shares and quoted shares as disclosed in Notes 14, 19 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 16, 19, 23 and 25 respectively.

(d) RCMTNs

The Company had on 6 March 2015 issued RM200,000,000 nominal value of RCMTNs ("Tranche I") and on 1 April 2015 issued an additional tranche of RM150,000,000 nominal value of RCMTNs ("Tranche II"). The maturity dates of the Tranche I and Tranche II were 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 shares 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 shares 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.

(e) Sukuk Murabahah

On 19 December 2019, Tanjung Pinang Development Sdn Bhd (the "Issuer" or "TPD"); an indirect subsidiary of the Company established an Islamic medium term note programme ("Sukuk Murabahah Programme") for the issuance of unrated Islamic medium term notes ("Sukuk Murabahah") based on the Shariah principle of Murabahah of up to RM1,500,000,000 in nominal value.

The Sukuk Murabahah is constituted by a Trust Deed dated 18 February 2020 executed between TPD and the Trustee for the holders of the Sukuk Murabahah.

The Sukuk Murabahah Programme shall have tenure of 25 years from the date of first issue of the Sukuk Murabahah. Each tranche of Sukuk Murabahah shall be issued for tenure of more than 1 year and up to 25 years from the date of issuance, at the option of the TPD, provided that the tenure of the Sukuk Murabahah shall not extend beyond the tenure of the Sukuk Murabahah Programme.

27. LOANS AND BORROWINGS (CONT'D)

(e) Sukuk Murabahah (cont'd)

Proceeds from the issuance of the Sukuk Murabahah shall be utilised for the following purposes which shall be Shariah-compliant:

(i) To refinance existing financing or borrowings of the issuer and/or its subsidiaries;

(ii) To part finance land reclamation, infrastructure and development costs in respect of projects undertaken by the issuer and/or its subsidiaries;

(iii) To finance conversion premium of land(s) owned by the issuer and/or its subsidiaries;

(iv) To repay amounts due to the issuer's and/or its subsidiaries' related companies and/or to reimburse the issuer's and/or its subsidiaries' related companies for amounts disbursed or advanced by such companies in relation to land reclamation cost of projects undertaken by the issuer and/or its subsidiaries;

(v) To finance working capital requirements in relation to projects undertaken by the issuer and/or its subsidiaries and/or other requirements related to the business activities of the issuer and/or its subsidiaries; and/or

(vi) To defray fees, costs and expenses in relation to the issue of the Sukuk Murabahah and the Sukuk Murabahah Programme.

As at 31 March 2020, TPD has issued RM289,100,000 nominal value of Sukuk Murabahah and have tenure ranging from 48 to 60 months. The profit rate ranged from 4.80% to 4.90% per annum and payable on quarterly basis in arrears after the issue date.

The Sukuk Murabahah is secured by corporate guarantee from the Company as disclosed in Note 36 and charges on certain inventories, unquoted shares and cash and bank balances of the Group as disclosed in Notes 16, 19 and 25 respectively.

28. PROVISIONS

	RESTORATION COSTS OF PROPERTY, PLANT AND EQUIPMENT RM'000 (A)	OTHERS RM'000 (B)	TOTAL RM'000
Group			
At 1 April 2018/31 March 2019	**191**	**–**	**191**
Addition during the financial year	**222**	**5,000**	**5,222**
At 31 March 2020	**413**	**5,000**	**5,413**

	RESTORATION COSTS OF PROPERTY, PLANT AND EQUIPMENT RM'000 (A)	OTHERS RM'000 (B)	TOTAL RM'000
At 31 March 2020			
Current	**39**	**5,000**	**5,039**
Non-current:			
Later than 1 year but not later than 2 years	**374**	**–**	**374**
	413	**5,000**	**5,413**
At 31 March 2019			
Current	39	–	39
Non-current:			
Later than 1 year but not later than 2 years	152	–	152
	191	–	191
Company			
At 1 April 2018/31 March 2019/31 March 2020	**39**	**–**	**39**
At 31 March 2020			
Current	**39**	**–**	**39**
At 31 March 2019			
Current	39	–	39

(a) Restoration costs of property, plant and equipment

Provision for restoration costs is the estimated costs of dismantling, removal or restoration of property, plant and equipment arising from the acquisition or use of such assets, which are capitalised and included in the cost of property, plant and equipment.

(b) Others

Provision for estimated cost of repair for certain properties previously sold by the Group.

29. TRADE AND OTHER PAYABLES

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Current					
Trade payables	(a)				
Third parties		**8,456**	73,031	**–**	–
Retention sum payable		**46,639**	70,079	**–**	–
		55,095	143,110	**–**	–
Other payables					
Amounts due to subsidiaries	(b)	–	–	**36,979**	12,035
Amount due to non-controlling interests	(c)	**14,050**	12,826	**–**	–
Other payables	(d)	**17,927**	67,767	**142**	651
Holding costs payable	(e)	**–**	44,573	**–**	–
Accruals		**46,743**	58,133	**7,057**	6,407
Deposits received	(f)	**18,183**	6,453	**–**	–
		96,903	189,752	**44,178**	19,093
		151,998	332,862	**44,178**	19,093
Non-current					
Trade payable					
Retention sum payable		**15,000**	11,643	**–**	–
Other payables					
Deposits received		**3,022**	1,611	**–**	–
		18,022	13,254	**–**	–
Total trade and other payables (current and non-current)		**170,020**	346,116	**44,178**	19,093
Less: SST/GST payable		**(486)**	(625)	**–**	–
Less: Other payable (current)		**(4,349)**	(46,706)	**–**	–
Add: Lease liabilities (Note 15)		**62,404**	–	**2,985**	–
Add: Loans and borrowings (Note 27)		**1,044,261**	1,413,373	**230,696**	403,949
Total financial liabilities carried at amortised cost		**1,271,850**	1,712,158	**277,859**	423,042

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 120 (2019: 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 except for an amount of RM1,200,000 (2019: Nil) which bore interest at rate of 6.00% (2019: Nil) per annum.

(d) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2019: average term of six months).

Included in the current other payables is the 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 2020, the remaining liability is RM4,349,000 (2019: RM46,706,000).

(e) Holding costs payable

The share of joint venture's capital commitment in relation to the acquisition of land commitment is void since the lease option to acquire the land had lapsed. In conjunction with this, a holding costs of RM44,573,000 was payable in the previous financial year.

(f) Deposits received

Included in deposits received is deposit received from third parties amounted to RM14,333,000 (2019: Nil) for the disposal of freehold lands in certain subsidiaries as disclosed in Note 26.

30. SHARE CAPITAL

	GROUP/COMPANY			
	NUMBER OF ORDINARY SHARES		AMOUNT	
	2020 '000	2019 '000	**2020 RM'000**	2019 RM'000
Issued and fully paid:				
At the beginning of financial year	**1,456,937**	1,326,707	**1,521,789**	1,394,163
Ordinary shares issued during the financial year				
- pursuant to warrants exercised	**5**	–	**13**	–
- pursuant to private placement	**–**	130,230	**–**	127,626
At the end of financial year	**1,456,942**	1,456,937	**1,521,802**	1,521,789

(a) Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,521,789,000 to RM1,521,802,000 by way of the issuance of 4,977 new ordinary shares pursuant to exercise of warrants at an issue price of RM2.60 per ordinary share.

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

30. SHARE CAPITAL (CONT'D)

(a) Issue of shares (cont'd)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Of the total 1,456,941,521 (2019: 1,456,936,544) issued and fully paid-up ordinary shares, 25,592,596 (2019: 24,391,896) ordinary shares are held as treasury shares by the Company. As at 31 March 2020, the number of issued and fully paid-up ordinary shares (not held as treasury shares) is 1,431,348,925 (2019: 1,432,544,648) ordinary shares.

The Company increased its issued and paid-up ordinary share capital in the previous financial year from RM1,394,163,000 to RM1,521,789,000 by way of the issuance of 130,230,000 new ordinary shares pursuant to a private placement at an issue price of RM0.98 per ordinary share.

(b) Warrants 2015/2019

On 22 January 2015, a total of 222,300,415 free warrants have been issued and allotted to the shareholders on the basis of one (1) free warrant for every five (5) existing ordinary shares of RM1.00 each held in the Company. The warrants were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 30 January 2015.

Each warrant carries the entitlement to subscribe for one (1) new share 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 p.m. in Malaysia on the maturity date on 21 July 2019 ("Exercise Period"). Any warrants not exercised during the Exercise Period will lapse and cease to be valid for any purpose.

The salient terms of the warrants were 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 shares of RM1.00 each in the Company;

(ii) The exercise price is RM2.60 per ordinary share of RM1.00 each in the Company and each warrant will entitle the registered holder to subscribe for 1 new ordinary share 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 these warrants. Warrants not exercised during the Exercise Period will lapse and cease to be valid;

(iv) The new shares 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 shares 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 shares 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 shares 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 shares of the Company.

As at 31 March 2020, the remaining warrants that were not exercised within the Exercised Period lapsed and became null and void.

31. TREASURY SHARES

	GROUP/COMPANY			
	NUMBER OF TREASURY SHARES		AMOUNT	
	2020	2019	**2020**	2019
	'000	'000	**RM'000**	RM'000
At the beginning of financial year	**24,392**	27,339	**27,719**	37,962
Shares dividend to shareholders (Note 13)	**–**	(25,938)	**–**	(36,095)
Purchase of treasury shares	**1,201**	22,991	**441**	25,852
At the end of financial year	**25,593**	24,392	**28,160**	27,719

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds on their subsequent sale or issuance.

None of the treasury shares held were resold or cancelled during the financial year.

During the financial year, the Company repurchased 1,200,700 (2019: 22,991,100) of its issued ordinary shares from the open market at an average price of RM0.367 (2019: RM1.124) per share. The total consideration paid for the repurchase including transaction cost was RM441,000 (2019: RM25,852,000). The shares repurchased were being held as treasury shares in accordance with Section 127 of the Act.

As at 31 March 2020, the Company held as treasury shares a total of 25,592,596 (2019: 24,391,896) of its 1,456,941,521 (2019: 1,456,936,544) issued ordinary shares. Such treasury shares are held at a carrying amount of RM28,160,000 (2019: RM27,719,000).

32. RESERVES

	NOTE	GROUP		COMPANY	
		2020	2019	**2020**	2019
		RM'000	RM'000	**RM'000**	RM'000
Distributable:					
Retained profits	(a)	**277,220**	516,139	**43,123**	78,222
Non-distributable:					
Foreign currency translation reserve	(b)	**(4,426)**	(3,661)	**–**	–
Other reserve	(c)	**1,026**	1,026	**–**	–
		(3,400)	(2,635)	**–**	–
		273,820	513,504	**43,123**	78,222

(a) Retained profits

The Company may distribute dividends out of its entire retained profits as of 31 March 2020 and 31 March 2019 under the single-tier system.

32. RESERVES (CONT'D)

(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:

	2020 RM'000	2019 RM'000
Group		
At the beginning of financial year	**284**	248
Recognised in profit or loss (Note 9)	**164**	45
Paid during the financial year	**(13)**	(9)
At the end of financial year	**435**	284

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

	2020 RM'000	2019 RM'000
Group		
Present value of defined benefit obligations, representing net liability	**435**	284
Analysed as:		
- current liabilities	**32**	2
- non-current liabilities	**403**	282
	435	284

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

	2020 RM'000	2019 RM'000
Group		
Current service cost	**137**	32
Interest cost on benefit obligation	**27**	13
Net benefit expense	**164**	45

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

	2020 %	2019 %
Discount rate (i)	**3.8**	5.5
Price inflation (ii)	**2.2**	3.0
Expected rate of salary increase (iii)	**6.0**	6.0

(i) Based on 15-year (2019: 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% (2019: 6%) was used due to longer term of the Scheme.

A quantification sensitivity analysis for significant assumption as at 31 March 2020 and 31 March 2019 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**
2020				
Impact on defined benefit obligation	**(52)**	**63**	**61**	**(51)**
2019				
Impact on defined benefit obligation	(65)	79	89	(74)

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.

33. EMPLOYEE BENEFITS (CONT'D)

(a) Retirement benefit obligations (cont'd)

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

	2020 RM'000	2019 RM'000
Within the next 12 months	**32**	4
Between 2 and 5 years	**110**	136
Beyond 5 years	**139**	87
Total expected payments	**281**	227

The average duration of the defined benefit plan obligation at the end of the reporting period is 13.5 years (2019: 13 years).

(b) LTIP

The LTIP is governed by the By-Laws approved by the shareholders 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 years, the remaining shares awarded under the final third LTIP grant was partially vested with the balance awarded shares forfeited. There were no new LTIP approved and awarded in the 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 shares or purchasing existing shares 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 shares 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 shares (excluding treasury shares) of the Company, shall not exceed 10.0% of the total number of LTIP shares to be awarded under the scheme.

(d) All new ordinary shares issued pursuant to the LTIP will rank pari passu in all respect with the then existing ordinary shares of the Company, except that the new ordinary shares so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, 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:

RSU Award

(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.

PSU Award

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

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

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

(f) The shares 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 share's market value as at the expiry of the vesting period is more than the LTIP share's market value as at the Award Date;

- the eligible employees or Executive Directors of the Group has continued to be an Eligible Person from the Award Date up to the end of the vesting period; and

- in respect of the PSU Award, Eligible Person of the Group having achieved his/her performance targets as stipulated by the scheme committee and as set out in their offer of awards.

34. 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	
	2020 **RM'000**	2019 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	**(108)**	(104)
- Interiors International (M) Sdn. Bhd. ("Interiors") in which a Director of Interiors is a person connected to a Director of the Company	**(64)**	(35)
- a joint venture	**(630)**	(14)

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(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 (cont'd):

	GROUP	
	(INCOME)/EXPENSE	
	2020 RM'000	2019 RM'000
Project management and administrative services fees paid and payable/ (received and receivable) from joint ventures *	**(1,040)**	368
Interest receivable from joint ventures *	**(1,248)**	(2,984)
Selling and marketing fees receivable from joint ventures	**(1,569)**	(1,207)
Dividend received from joint ventures	**(19,934)**	–
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	**8,930**	883
Design services rendered by:		
- Interiors in which a director of Interiors is a person connected to a Director of the Company	**127**	50
Sale of properties to Directors and a person connected to a Director of the Company	**(2,717)**	(2,051)
Berthing fee received from a Director	**(15)**	(12)
Procurement of contractual work from:		
- Kerjaya Prospek Group in which a Director of the Company also holds directorship in the Kerjaya Prospek Group Berhad	**28,668**	120,859

	COMPANY	
	(INCOME)/EXPENSE	
	2020 RM'000	2019 RM'000
Subsidiaries:		
Dividend income	**(136,847)**	(121,676)
Interest income received and receivable	**(7,676)**	(4,911)
Management fee received and receivable	**(7,865)**	(7,713)

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 2020 and 2019 are disclosed in Notes 24 and 29.

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

(b) Compensation of key management personnel

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Short term employee benefits	**13,788**	12,653	**5,734**	4,821
Defined contribution plan	**1,627**	1,559	**556**	512
	15,415	14,212	**6,290**	5,333

Included in the total remuneration of key management personnel is:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Executive Directors' remuneration (Note 10)	**9,063**	8,677	**3,043**	2,882

35. COMMITMENTS

(a) Capital commitments

Capital commitments as at 31 March 2020 and 2019 are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Capital expenditure		
Approved and contracted for:		
- Land reclamation	**368,449**	495,331
- Property, plant and equipment	**2,871**	31,514
- Investment property	**13,700**	–
Approved but not contracted for:		
- Property, plant and equipment	**2,119**	6,206

35. COMMITMENTS (CONT'D)

(b) Operating lease commitments - the Group as lessee

(i) Eastern & Oriental Hotel Sdn. Berhad

The Group has entered into a commercial lease comprising a tower block which is currently being leased out as a service residence. The entire tower block is leased for a period of 15 years with option to renew for next five years. The lease contract contains contingent rental computed based on revenue achieved.

Future minimum rentals payable under the lease at the reporting date are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Future minimum rentals payable:		
Not later than 1 year	**–**	8,489
Later than 1 year and not later than 5 years	**–**	38,254
Later than 5 years	**–**	41,674
	–	88,417

(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	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Future minimum rentals payable:				
Not later than 1 year	**309**	2,330	**51**	1,334
Later than 1 year and not later than 5 years	**74**	1,441	**31**	365
	383	3,771	**82**	1,699

(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	
	2020 RM'000	2019 RM'000
Future minimum rentals receivable:		
Not later than 1 year	**14,524**	12,206
Later than 1 year and not later than 5 years	**16,665**	9,403
	31,189	21,609

(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	
	2020 RM'000	2019 RM'000
Future minimum lease payments:		
Not later than 1 year	**568**	602
Later than 1 year and not later than 2 years	**466**	428
Later than 2 years and not later than 5 years	**533**	517
Total future minimum lease payments	**1,567**	1,547
Less: Future finance charges	**(159)**	(160)
Present value of finance lease liabilities (Note 27)	**1,408**	1,387
Less: Amount due within 12 months (Note 27)	**(506)**	(542)
Amount due after 12 months (Note 27)	**902**	845

36. FINANCIAL GUARANTEES

	COMPANY	
	2020 RM'000	2019 RM'000
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries:		
- financial institutions	**761,054**	930,485

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.

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	
		2020 RM'000	2019 RM'000
Group			
Floating rate borrowings	25	**(1,259)**	(1,893)
	(25)	**1,259**	1,893
Company			
Floating rate borrowings	25	**(198)**	(169)
	(25)	**198**	169

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 2020	
Cash and bank balances	**5,711**
Trade and other receivables	**9,386**
Trade and other payables	**(8,656)**
Loans and borrowings	**(107,425)**
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)

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	
		2020 RM'000	2019 RM'000
GBP/RM	- strengthened 5%	**(5,049)**	(10,423)
	- weakened 5%	**5,049**	10,423

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.

				2020 RM'000
	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	TOTAL
Group				
Financial liabilities:				
Trade and other payables	**147,163**	**19,856**	**–**	**167,019**
Loans and borrowings	**305,183**	**757,823**	**182,401**	**1,245,407**
Lease liabilities	**9,848**	**42,606**	**30,777**	**83,231**
Total undiscounted financial liabilities	**462,194**	**820,285**	**213,178**	**1,495,657**
Company				
Financial liabilities:				
Trade and other payables	**44,178**	**–**	**–**	**44,178**
Loans and borrowings	**195,696**	**40,442**	**–**	**236,138**
Lease liabilities	**1,016**	**2,286**	**–**	**3,302**
Total undiscounted financial liabilities	**240,890**	**42,728**	**–**	**283,618**

	ON DEMAND OR WITHIN ONE YEAR	ONE TO FIVE YEARS	OVER FIVE YEARS	2019 RM'000 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

(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.

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:

	2020		2019	
	RM'000	**% OF TOTAL**	RM'000	% OF TOTAL
Properties	**90,806**	**98.8%**	206,393	99.4%
Hospitality	**961**	**1.0%**	1,202	0.6%
Investments and others	**158**	**0.2%**	37	0.0%
	91,925	**100.0%**	207,632	100.0%

37. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

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 RM3,489,000 (2019: RM3,313,000). An increase/(decrease) of 5% (2019: 5%) on the quoted prices of these listed equities securities, could have an impact of approximately RM174,000 (2019: RM166,000) 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:

	GROUP FAIR VALUE LEVEL 3	
	2020 RM'000	2019 RM'000
Investment properties (Note 17)	**375,086**	487,993

Description of valuation techniques used and key inputs to valuation on investment properties is as disclosed in Note 17.

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

(b) Financial instruments that are measured at fair value

	GROUP FAIR VALUE LEVEL 1	
	2020 RM'000	2019 RM'000
Other investments (Note 21)	**3,489**	3,313

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**
2020				
Financial liabilities:				
Loans and borrowings:				
- Obligations under finance lease	**902**	**809**	**–**	**–**
Lease liabilities	**56,858**	**73,383**	**2,129**	**2,286**
2019				
Financial liabilities:				
Loans and borrowings:				
- RCMTNs	143,688	143,737	143,688	143,737
- Obligations under finance lease	845	757	–	–

38. FAIR VALUE MEASUREMENT (CONT'D)

(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

							2020
	AT 1 APRIL 2019 RM'000	DRAWDOWN RM'000	REPAYMENT RM'000	EXCHANGE DIFFERENCES RM'000	RECLASSI-FICATIONS RM'000	OTHER CHANGES RM'000	AT 31 MARCH 2020 RM'000
Group							
Short term borrowings:							
Term loans	**176,115**	**–**	**(166,033)**	**(753)**	**19,634**	**672**	**29,635**
Revolving credits	**114,595**	**–**	**(60,000)**	**–**	**20,080**	**5,229**	**79,904**
Obligations under finance leases	**542**	**–**	**(599)**	**–**	**563**	**–**	**506**
RCMTNs	**192,421**	**–**	**(200,000)**	**–**	**143,688**	**15,395**	**151,504**
	483,673	**–**	**(426,632)**	**(753)**	**183,965**	**21,296**	**261,549**
Long term borrowings:							
Term loans	**502,455**	**188,168**	**(289,136)**	**100**	**(19,634)**	**9,624**	**391,577**
Revolving credits	**261,052**	**40,000**	**(207,200)**	**–**	**(20,080)**	**(3,852)**	**69,920**
Obligations under finance leases	**845**	**–**	**–**	**–**	**(563)**	**620**	**902**
RCMTNs	**143,688**	**–**	**–**	**–**	**(143,688)**	**–**	**–**
Sukuk Murabahah	**–**	**289,100**	**–**	**–**	**–**	**(8,922)**	**280,178**
	908,040	**517,268**	**(496,336)**	**100**	**(183,965)**	**(2,530)**	**742,577**
	1,391,713	**517,268**	**(922,968)**	**(653)**	**–**	**18,766**	**1,004,126**

	AT 1 APRIL 2019 RM'000	DRAWDOWN RM'000	REPAYMENT RM'000	RECLASSI-FICATIONS RM'000	OTHER CHANGES RM'000	2020 AT 31 MARCH 2020 RM'000
Company						
Short term borrowings:						
Revolving credits	**5,000**	**–**	**–**	**–**	**–**	**5,000**
RCMTNs	**192,421**	**–**	**(200,000)**	**143,688**	**15,395**	**151,504**
	197,421	**–**	**(200,000)**	**143,688**	**15,395**	**156,504**
Long term borrowings:						
Term loans	**35,000**	**–**	**–**	**–**	**–**	**35,000**
Revolving credits	**7,200**	**–**	**(7,200)**	**–**	**–**	**–**
RCMTNs	**143,688**	**–**	**–**	**(143,688)**	**–**	**–**
	185,888	**–**	**(7,200)**	**(143,688)**	**–**	**35,000**
	383,309	**–**	**(207,200)**	**–**	**15,395**	**191,504**

	AT 1 APRIL 2018 RM'000	DRAWDOWN RM'000	REPAYMENT RM'000	EXCHANGE DIFFERENCES RM'000	RECLASSI-FICATIONS RM'000	OTHER CHANGES RM'000	2019 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)

	AT 1 APRIL 2018 RM'000	DRAWDOWN RM'000	REPAYMENT RM'000	RECLASSIFICATIONS RM'000	OTHER CHANGES RM'000	2019 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

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 shareholders' 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 shareholders, return capital to shareholders or issue new shares. 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 held for sale). The Group’s and the Company's policy is to maintain net gearing ratio at an acceptable limit.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended 31 March 2020 and 2019.

	NOTE	GROUP 2020 RM'000	GROUP 2019 RM'000	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Loans and borrowings	27	**1,044,261**	1,413,373	**230,696**	403,949
Less: Cash and bank balances	25	**(296,430)**	(854,833)	**(153,608)**	(195,829)
Net debt		**747,831**	558,540	**77,088**	208,120
Equity attributable to the owners of the parent, representing total capital		**1,767,462**	2,007,574	**1,536,765**	1,572,292
Net gearing ratio		**42%**	28%	**5%**	13%

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 2020 RM'000	TOTAL REVENUE FROM EXTERNAL CUSTOMERS 2019 RM'000	SEGMENT ASSETS 2020 RM'000	SEGMENT ASSETS 2019 RM'000
Malaysia	**486,802**	875,783	**2,746,863**	3,522,005
United Kingdom	**–**	10,537	**639,110**	673,001
Others	**–**	–	**1**	8
	486,802	886,320	**3,385,974**	4,195,014

41. SEGMENT INFORMATION (CONT'D)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	PROPERTIES		HOSPITALITY		INVESTMENTS AND OTHERS		ADJUSTMENTS AND ELIMINATIONS		NOTE	PER CONSOLIDATED FINANCIAL STATEMENTS	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000	**2020 RM'000**	2019 RM'000	**2020 RM'000**	2019 RM'000		**2020 RM'000**	2019 RM'000
Revenue											
External sales	**418,372**	798,927	**63,392**	84,348	**5,038**	3,045	**–**	–		**486,802**	886,320
Inter-segment sales	**795**	461	**–**	–	**475,326**	341,924	**(476,121)**	(342,385)	A	**–**	–
Total revenue	**419,167**	799,388	**63,392**	84,348	**480,364**	344,969	**(476,121)**	(342,385)		**486,802**	886,320
Results											
Interest income	**16,993**	22,002	**509**	674	**9,474**	12,609	**(2,978)**	(10,590)	A	**23,998**	24,695
Loss from fair value adjustment of investment properties	**(120,256)**	(3,922)	**–**	–	**–**	–	**–**	–		**(120,256)**	(3,922)
Depreciation and amortisation	**(1,587)**	(1,543)	**(19,194)**	(12,930)	**(2,519)**	(676)	**–**	–	B	**(23,300)**	(15,149)
Share of results of joint ventures	**(4,265)**	(104)	**–**	–	**–**	–	**–**	–		**(4,265)**	(104)
Other material non-cash expenses	**(69,160)**	(27,358)	**(19,523)**	(6,913)	**1,496**	(5,971)	**–**	–	C	**(87,187)**	(40,242)
Segment results	**(71,423)**	275,803	**(40,732)**	(8,310)	**430,899**	207,889	**(474,354)**	(313,484)	D	**(155,610)**	161,898
Assets											
Investment in joint ventures	**143,499**	130,270	**–**	–	**–**	–	**–**	–		**143,499**	130,270
Non-current assets classified as held for sale	**45,468**	8,000	**–**	–	**–**	–	**–**	–		**45,468**	8,000
Additions to non-current assets	**113,198**	78,675	**38,496**	4,795	**2,244**	1,432	**–**	–	E	**153,938**	84,902
Segment assets	**2,740,695**	3,584,372	**310,719**	251,352	**1,823,843**	1,703,892	**(1,489,283)**	(1,344,602)	F	**3,385,974**	4,195,014
Liabilities											
Segment liabilities	**1,054,045**	1,296,163	**17,445**	16,335	**76,557**	187,796	**425,344**	645,629	G	**1,573,391**	2,145,923

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	2020 RM'000	2019 RM'000
Amortisation of intangible assets	8	**(75)**	(88)
Depreciation of property, plant and equipment	8	**(14,095)**	(15,061)
Depreciation of right-of-use assets	8	**(9,130)**	–
		(23,300)	(15,149)

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

		2020 RM'000	2019 RM'000
Net expected credit losses on financial assets:			
- trade receivables	6,8	**(813)**	(315)
- other receivables	6,8	**34**	(1)
Bad debts written off	8	**(40)**	(155)
Net loss on disposal of:			
- property, plant and equipment	6,8	**(15)**	(2)
Unrealised gain/(loss) on foreign exchange	6,8	**1,323**	(5,604)
Unwinding of discounts - net	6,7	**1,846**	(7,085)
Property, plant and equipment written off	8	**(260)**	(203)
Net fair value gain/(loss) on other investments	6,8	**176**	(58)
Loss on liquidation of subsidiaries	8	**–**	(77)
Property development costs written down	8	**(69,862)**	(14,424)
Impairment loss on:			
- property, plant and equipment	8	**–**	(6,966)
- right-of-use assets	8	**(19,458)**	–
Land held for property development written down	8	**–**	(5,307)
Net gain on derecognition of lease liabilities	6	**46**	–
Provision for retirement benefits	9	**(164)**	(45)
		(87,187)	(40,242)

D The following items are (deducted from)/added to segment profit to arrive at "(Loss)/profit before tax" presented in the consolidated statement of comprehensive income:

	NOTE	2020 RM'000	2019 RM'000
Inter-segment (income)/expense		**(7,676)**	7,982
Inter-segment dividends		**(472,502)**	(330,001)
Inter-segment interests		**5,824**	8,535
		(474,354)	(313,484)

E Additions to non-current assets consist of:

		2020 RM'000	2019 RM'000
Property, plant and equipment	14	**41,254**	7,173
Investment properties	17	**7,258**	2,030
Land held for property development	16	**105,426**	75,699
		153,938	84,902

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

		2020 RM'000	2019 RM'000
Deferred tax assets	22	**17,736**	12,909
Tax recoverable		**6,951**	1,098
Investment in joint ventures	20	**143,499**	130,270
Inter-segment assets		**(1,657,469)**	(1,488,879)
		(1,489,283)	(1,344,602)

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

		2020 RM'000	2019 RM'000
Deferred tax liabilities	22	**40,986**	43,422
Income tax payable		**3,159**	33,192
Loans and borrowings	27	**1,044,261**	1,413,373
Lease liabilities	15	**62,404**	–
Inter-segment liabilities		**(725,466)**	(844,358)
		425,344	645,629

42. SIGNIFICANT EVENTS

(a) Incorporation of a new joint venture

Details on the incorporation of a new joint venture are disclosed in Note 20.

(b) Issuance of Sukuk Murabahah

Details on issuance of Sukuk Murabahah are disclosed in Note 27(e).

(c) COVID-19 pandemic

The Group reported a net loss of RM192,338,000 for the financial year ended 31 March 2020. The COVID-19 pandemic has had a significant impact on the financial position and performance of the Group for the financial year ended 31 March 2020. Travel and border restrictions and movement restrictions implemented by countries around the world coupled with the already depressed global and local economic sentiments have led to a significant fall in demand in goods and services of the Group's business segments.

The financial statements have been prepared based upon conditions existing as at 31 March 2020 and have considered those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. In particular, the outbreak of COVID-19 occurred before 31 March 2020 and its impact is considered an event that existed as at the reporting date. Accordingly, adjustments relating to assets impairment, write down, expected credit loss and fair value loss have been made to the financial statements as at 31 March 2020 for the impacts of COVID-19. The Group will continue to reassess its estimates of assets impairment, write down, expected credit loss and fair value movement (if any) for the next financial year ending 31 March 2021, based on the performance for the remainder of the financial year.

GROUP'S PROPERTIES

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.03.2020 RM'000
Lot No. 43, 62, 72, 73, 76, 77, 88, 89, 91, 93, 94, 137 - 140, 149, 150, 168,	Freehold	2006	339.156 acres	Vacant Land	–	121,659
169, 171, 172, 177, 179, 183 - 189, 192 (New Lot 244), 202 - 204, 222 - 224, 228 - 234 & PT No. 2	Lease expiring 10.12.2022	2006	7.787 acres	Vacant Land		
Mukim 8, South-West District Pulau Pinang	Lease expiring 29.6.2053	2006	0.245 acres	Vacant Land		
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	–	973,006
Lot No. 10014, H.S.(D) No. 166726 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Freehold	2013	4 units	Residential Condominium	8	5,651
Lot No. 10014, H.S.(D) No. 166726 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Freehold	2015	20 units	Residential Condominium	6	32,496
PT No. 1523, H.S.(D) No. 19339 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Freehold	2017	1 unit	Superlink Terrace	4	2,315
PT No. 1493, H.S.(D) No. 18836 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	3 units	Superlink Terrace	3	5,847
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	3	321

GROUP'S PROPERTIES (CONT'D)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.03.2020 RM'000
PT No. 1428, H.S.(D) No. 17470 Bandar Tanjong Pinang Sek.1 Daerah Timor Laut Pulau Pinang	Freehold	2019	1 unit	Terrace House	2	1,688
Lot No. 1300 to 1314, 1316, 1318 to 1320, 1322, 1323, 1325, 1326, 1329 to 1333, 1335, 1336, 1338 to 1340, 1342, 1343, 1345 to 1347, 1349, 1351 to 1354, 1356, 1357, 1359, 1360, 1363 to 1369, 1372 to 1374, 1376, 1377, 1379 to 1393 All within Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan	Lease expiring 2088/89 Lease expiring 19.05.2097	2006 2006	303.274 acres 6.256 acres	Vacant Land Vacant Land	–	108,407
Jalan Teruntung Damansara Heights Kuala Lumpur PT No. 8971 - 8981, PT No. 9730 - 9732 H.S.(D) No. 118131 - 118141 H.S.(D) No. 121120, 121190 & 121121 Mukim and Dearah Kuala Lumpur Wilayah Persekutuan	Freehold	2006	15,962.18 sq. mt.	Land held for development	–	55,710
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	13	35,000
Dua Residency Condominium Jalan Tun Razak Geran 71700/M1-A/20/139 Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2009	1 unit	Residential Condominium	13	2,445

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.03.2020 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 Lease expiring 5.11.2111	2010 2010	total floor area of 422,915 sq. ft. together with accessories parcel of 183,373 sq. ft. 13,673 sq. mt.	Retail Mall Light House Marina	10	130,000
Geran 76431/M1/B1/1 Geran 76431/M1/B2/2 Bandar Kuala Lumpur Wilayah Persekutuan	Freehold	2010	4,312 sq. mt.	Retail Mall	7	39,000
Lot 10001, Seksyen 1 (Hakmilik 138146) Bandar Tanjong Pinang Sek. 1 Daerah Timor Laut Pulau Pinang	Freehold	2016	18,295 sq. ft.	Office building	4	50,000
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	–	205,927
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	–	171
37-39 Kingsway London WC2B 6TP United Kingdom Title Number NGL226475	Freehold	2012	2,100 sq. mt.	Serviced Apartment under refurbishment	–	121,086
London W6 9DP United Kingdom Title Number BGL4589 and NGL549314	Freehold	2015	1.3 acres	Vacant land for development	–	388,512

GROUP'S PROPERTIES (CONT'D)

LOCATION	TENURE	YEAR OF ACQUISITION	APPROXIMATE LAND AREA/ UNITS	DESCRIPTION	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.03.2020 RM'000
ESCA House London W2 4HY United Kingdom Title Number NGL947388	Freehold	2014	26,996 sq. ft.	Land with building	–	113,855
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 SHAREHOLDINGS

AS AT 15 JULY 2020

ORDINARY SHARE CAPITAL

Issued Shares	:	1,456,941,521 Ordinary Shares
Class of Share	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share
Number of Treasury Shares held	:	25,592,596

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	1,398	6.38	47,687	0.00
100 to 1,000	8,057	36.77	3,400,744	0.24
1,001 to 10,000	8,837	40.33	30,755,395	2.15
10,001 to 100,000	3,091	14.10	89,136,003	6.23
100,001 to less than 5% of issued Shares	523	2.39	549,811,781	38.41
5% and above of issued Shares	6	0.03	758,197,315	52.97
Total	**21,912**	**100.00**	**1,431,348,925#**	**100.00**

Excluding 25,592,596 Treasury Shares.

THIRTY LARGEST SHAREHOLDERS BASED ON THE RECORD OF DEPOSITORS

(Excluding 25,592,596 Treasury Shares)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – Ambank (M) Berhad for Amazing Parade Sdn Bhd (SMART)*	170,330,273	11.90
2.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Sime Darby Nominees Sendirian Berhad*	155,827,823	10.89
3.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account – AmBank (M) Berhad for Sweetwater SPV Sdn Bhd*	130,230,000	9.10
4.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Paramount Spring Sdn. Bhd. (BDA)*	128,497,890	8.98
5.	Kumpulan Wang Persaraan (Diperbadankan)	87,470,135	6.11
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
8.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tham Ka Hon (EDG)*	48,352,590	3.38

ANALYSIS OF SHAREHOLDINGS

AS AT 15 JULY 2020 (CONT'D)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
9.	Al Wakalah Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Amcorp Group Berhad*	29,130,277	2.04
10.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for BNP Paribas Singapore Branch (A/C Clients-FGN)*	21,354,083	1.49
11.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Bank Julius Baer & Co. Ltd. (Singapore BCH)*	20,202,481	1.41
12.	Maybank Nominees (Asing) Sdn Bhd *Cacona Pte Ltd (270700)*	18,606,885	1.30
13.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	17,857,598	1.25
14.	Citigroup Nominees (Tempatan) Sdn Bhd *Urusharta Jamaah Sdn. Bhd. (Principal 1)*	15,900,000	1.11
15.	Kerjaya Prospek Development (M) Sdn. Bhd.	14,928,046	1.04
16.	Maybank Nominees (Asing) Sdn Bhd *Alpha Securities Pte Ltd (260550)*	13,307,383	0.93
17.	Magnum Berhad	11,321,622	0.79
18.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-Asing)*	10,557,006	0.74
19.	Amanahraya Trustees Berhad *Public Smallcap Fund*	8,078,767	0.56
20.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Azizan bin Abd Rahman (PBCL-0G0617)*	7,209,972	0.50
21.	CIMB Group Nominees (Asing) Sdn. Bhd. *Pledged Securities Account for Billford Holdings Limited (CBM-REC-MCSB)*	7,173,974	0.50
22.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	6,834,255	0.48
23.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 1)*	6,727,797	0.47
24.	CGS-CIMB Nominees (Asing) Sdn Bhd *Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)*	6,485,318	0.45

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
25.	Maybank Nominees (Asing) Sdn Bhd *Future Equity Investments Limited (270832)*	5,811,654	0.41
26.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	5,511,914	0.38
27.	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan (Affin AM A EQ)*	4,928,345	0.34
28.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (PHEIM)*	4,422,000	0.31
29.	Boey Tze Nin	4,358,300	0.30
30.	Teng Peng Khen	3,980,370	0.28
	Total	**1,111,912,066**	**77.68**

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 JULY 2020

	SHAREHOLDINGS			
NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT	%	INDIRECT	%
Sime Darby Nominees Sendirian Berhad	155,827,823	10.89	–	–
Sime Darby Holdings Berhad	–	–	155,827,823(1)	10.89
Sime Darby Berhad	–	–	155,827,823 (2)	10.89
Dato' Seri Tham Ka Hon	48,352,590	3.38	221,513,058(3)	15.48
Datuk Tee Eng Ho	–	–	313,756,209(4)	21.92
Tee Eng Seng	–	–	313,756,209(4)	21.92
Amazing Parade Sdn Bhd	170,330,273	11.90	–	–
Sweetwater SPV Sdn Bhd	130,230,000	9.10	–	–
The Sweet Water Alliance Sdn Bhd	–	–	130,230,000(5)	9.10
Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah	–	–	130,230,000(6)	9.10
Puan Sri Nik Anida Binti Nik Manshor	–	–	130,230,000(7)	9.10
Paramount Spring Sdn Bhd	128,497,890	8.98	–	–
Summerchrome Sdn Bhd	–	–	128,497,890(8)	8.98
Pentas Jasa Sdn Bhd	–	–	128,497,890(9)	8.98
Grand Mission International Limited	–	–	128,497,890(10)	8.98
Bright Milestone Sdn Bhd	–	–	128,497,890(11)	8.98
Billford Holdings Limited	7,173,974	0.50	85,841,194(12)	6.00
Morning Crest Sdn Bhd	85,841,194	6.00	–	–
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)	5.54
Kumpulan Wang Persaraan (Diperbadankan)	90,180,135	6.30	7,532,205	0.53

ANALYSIS OF SHAREHOLDINGS

AS AT 15 JULY 2020 (CONT'D)

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 Amazing Parade 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 SHARES BASED ON THE REGISTER OF DIRECTORS' INTEREST AS AT 15 JULY 2020

	SHAREHOLDINGS			
NAME OF DIRECTORS	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]	15.48
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	500,000	0.03	–	–
Datuk Christopher Martin Boyd	11,444	0.001	–	–
Tan Kar Leng @ Chen Kar Leng	–	–	–	–
Datuk Tee Eng Ho	–	–	314,040,703[2]	21.94

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 Amazing Parade 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninety-Third Annual General Meeting of Eastern & Oriental Berhad will be conducted on a fully virtual basis through online remote voting and live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Tuesday, 15 September 2020 at 2.00 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**

2. To approve the payment of Directors' fees of RM1,075,000 in respect of the financial year ended 31 March 2020. **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire by rotation in accordance with Clause 109 of the Company's Constitution:
   (a) Dato' Azizan bin Abd Rahman **(Ordinary Resolution 2)**
   (b) Datuk Vijeyaratnam a/l V. Thamotharam Pillay **(Ordinary Resolution 3)**
   (c) Ms Tan Kar Leng @ Chen Kar Leng **(Ordinary Resolution 4)**
   (d) Datuk Tee Eng Ho **(Ordinary Resolution 5)**

4. To re-appoint Messrs Ernst & Young PLT 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:

5. **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."

6. **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."

7. **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 Constitution 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 shares in the Company 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 shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **Proposed Renewal of the Shareholders' 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 shareholders of the Company on 28 August 2019 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 shareholders dated 17 August 2020 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 shareholders 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 shareholders 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."

9. **Proposed Renewal of Shareholders' Mandate for the Authority to the Company to Purchase up to ten percent (10%) of its own Shares in the Total Number of Issued Shares in the Company** **(Ordinary Resolution 11)**

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution 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 shareholders of the Company at the Ninety-Second Annual General Meeting of the Company held on 28 August 2019, authorising the Company to purchase and/or hold such amount of ordinary shares ("Shares") 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 Shares 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 Shares 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 Shares so purchased in their absolute discretion in any of the following manners:

(i) cancel all the Shares so purchased; and/or

(ii) retain the Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or

(iii) retain part thereof as treasury shares 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 shareholders 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 Shares."

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

By Order of the Board

WONG YAH YEE
Company Secretary
MAICSA 7040513
SSM Practicing Certificate No. 202008001898

Kuala Lumpur
17 August 2020

NOTES:

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholder(s) or proxy(ies) or attorney(s) or authorised representative(s) WILL NOT BE ALLOWED to attend the Ninety-Third Annual General Meeting ("93rd AGM") in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 93rd AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor"). A shareholder who has appointed a proxy or attorney or authorised representative to participate in this 93rd AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV. *Please refer to the Administrative Guide for RPV via its TIIH Online website at https://tiih.online.*

2. For the purpose of determining who shall be entitled to participate in this 93rd AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors. Only a shareholder whose name appears in the Record of Depositors as at 8 September 2020 shall be entitled to participate or appoint proxy(ies) to participate in his/her stead in this 93rd AGM via RPV.

3. As the 93rd AGM is a fully virtual AGM, shareholders who are unable to participate in this 93rd AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

4. A shareholder of the Company entitled to attend and vote at this 93rd AGM via RPV is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a shareholder appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a shareholder of the Company.

5. Where a shareholder 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 shares of the Company standing to the credit of the said securities account.

6. Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares 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.

7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.

8. The instrument appointing a proxy shall be deposited with the Share Registrar of the Company at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, OR by electronic form via *TIIH Online* at *https://tiih.online* (applicable to individual shareholders only), no later than Sunday, 13 September 2020 at 2.00 p.m. P*lease refer to the Electronic Submission of Proxy Form in the Administrative Guide*.

9. Corporate representatives of corporate shareholders or attorneys appointed by power of attorney must deposit their original certificate of appointment of corporate representative or their power of attorney, where applicable to the Share Registrar of the Company or the Customer Service Centre not later than Sunday, 13 September 2020 at 2.00 p.m. to participate via RPV in the 93rd AGM.

EXPLANATORY NOTES ON ORDINARY BUSINESS

Note 1 - Audited Financial Statements for the Financial Year ended 31 March 2020

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 shareholders. As such, this item is not put forward for voting.

Ordinary Resolution 1 – Payment of Directors' fees

The proposed Directors' fees for the financial year ended 31 March 2020 are 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-Third 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 2019, the shareholders 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-Third 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 2019, the shareholders 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 shares in the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares 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 shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. The general mandate had also been sought for in the last Annual General Meeting of the Company. There were no shares issued and no proceeds raised from the previous mandate.

The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition(s).

Ordinary Resolution 10 – Proposed Renewal of the Shareholders' 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 shareholders dated 17 August 2020. 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 Shareholders' Mandate for the Authority to the Company to Purchase up to ten percent (10%) of its own Shares in the Total Number of Issued Shares in the Company

The proposed resolution 11, if passed, will enable the Company to purchase its own shares through Bursa Securities of up to ten percent (10%) of the total number of issued shares in the Company at any point in time, particulars of which are set out in the Company's statement to shareholders dated 17 August 2020. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(1) The Directors standing for re-election pursuant to Clause 109 of the Company's Constitution at the Ninety-Third Annual General Meeting of the Company are as follows:

(a) Dato' Azizan bin Abd Rahman
(b) Datuk Vijeyaratnam a/l V. Thamotharam Pillay
(c) Ms Tan Kar Leng @ Chen Kar Leng
(d) Datuk Tee Eng Ho

(2) The details of the above Directors standing for re-election are set out in the Directors' Profile on pages 10 to 15 in the Annual Report.

(3) The details of the above Directors' securities holding in the Company are set out on page 228 in the Annual Report.

EASTERN & ORIENTAL BERHAD

FORM OF PROXY

Number of shares held	CDS Account No

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

NRIC/Passport/Company No. ....

of ....
(FULL ADDRESS)

and Tel. No. ...., being a shareholder(s) of **EASTERN & ORIENTAL BERHAD (Company No.: 192701000031 (555–K))** hereby appoint the following person(s) as my/our proxy(ies):

	FULL NAME	NRIC/PASSPORT NO.	PERCENTAGE (%) OF SHAREHOLDINGS 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(ies) to vote for me/us and on my/our behalf at the Ninety-Third Annual General Meeting of the Company to be conducted on a fully virtual basis through online remote voting and live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Tuesday, 15 September 2020 at 2.00 p.m. and at any adjournment thereof.

RESOLUTIONS		FOR*	AGAINST*
Ordinary Resolution 1	To approve payment of Directors' fees		
Ordinary Resolution 2	To re-elect Dato' Azizan bin Abd Rahman as Director		
Ordinary Resolution 3	To re-elect Datuk Vijeyaratnam a/l V. Thamotharam Pillay as Director		
Ordinary Resolution 4	To re-elect Ms Tan Kar Leng @ Chen Kar Leng as Director		
Ordinary Resolution 5	To re-elect Datuk Tee Eng Ho as Director		
Ordinary Resolution 6	To re-appoint Messrs Ernst & Young PLT 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 Shareholders' Mandate for Recurrent Related Party Transactions		
Ordinary Resolution 11	To approve the Proposed Renewal of Shareholders' Mandate for Share Buy-Back		

*Please indicate with a cross (X) in spaces provided whether you wish your vote(s) to be cast for or against the resolutions set out in the Notice of Meeting. In the absence of specific direction, your proxy may vote or abstain as he/she thinks fit.

Signed this .... day of .... 2020 .... Signature of shareholder(s)/Seal

NOTES:

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   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 93rd AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor"). A shareholder who has appointed a proxy or attorney or authorised representative to participate in this Annual General Meeting via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV. Please refer to the Administrative Guide for RPV via its *TIIH Online website at https://tiih.online.*
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3. As the 93rd AGM is a fully virtual AGM, shareholders who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.
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5. Where a shareholder 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 shares of the Company standing to the credit of the said securities account.
6. Where a shareholder of the Company is an exempt authorised nominee which holds ordinary shares 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.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
8. The instrument appointing a proxy shall be deposited with the Share Registrar of the Company at 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, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, OR by electronic form via *TIIH Online* at https://tiih.online (applicable to individual shareholders only), no later than Sunday, 13 September 2020 at 2.00 p.m. *Please refer to the Electronic Submission of Proxy Form in the Administrative Guide.*
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affix
stamp

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
MALAYSIA

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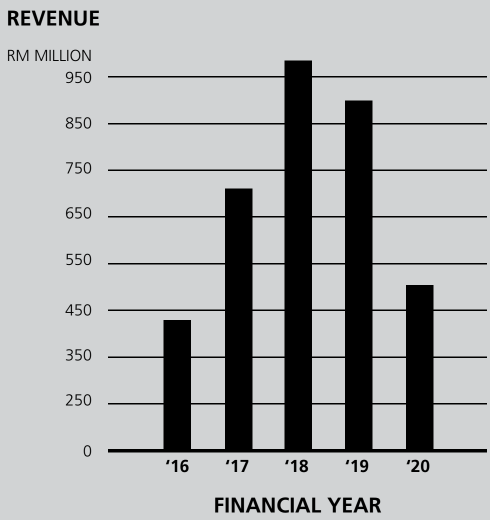
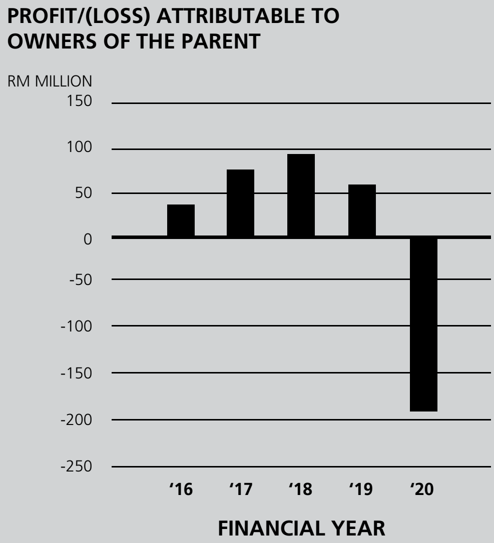
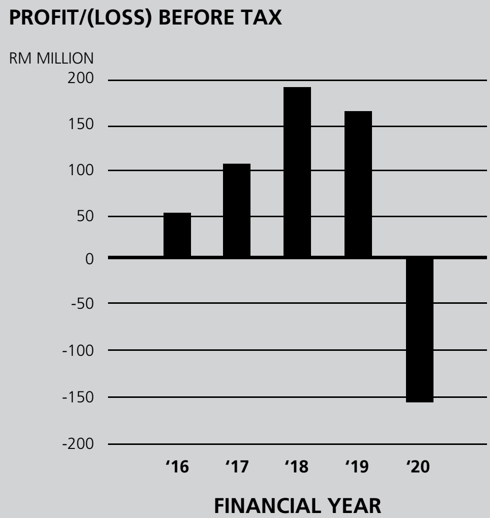
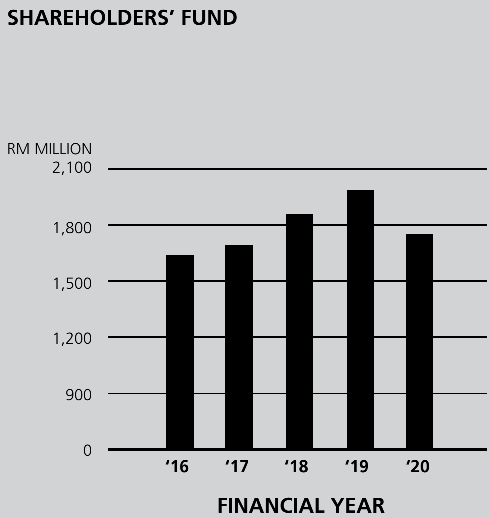
5-YEAR GROUP FINANCIAL HIGHLIGHTS









Note: Please refer to page 3 for Eastern & Oriental Berhad's 10-year financial highlights

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