

Summary of Key Matters Discussed at the 23rd Annual General Meeting (“AGM”) of Eupe Corporation Berhad (“ECB” or “the Company”) held at Nadia, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah on Thursday, 25 July 2019 at 10.00 a.m.

CHAIRMAN OF MEETING

Datuk Tan Hiang Joo (“Datuk Chairman”)

QUORUM

There being a quorum, Datuk Chairman called the Meeting to order at 10.10 a.m..

NOTICE OF MEETING

The notice convening the Meeting, having been circulated to the shareholders within the prescribed period, was taken as read with the consent of the shareholders and proxies present.

WELCOME ADDRESS BY CHAIRMAN OF MEETING

Datuk Chairman welcomed all present to the 23rd AGM of the Company. Thereafter, he introduced the Board Members, Group Chief Financial Officer (“CFO”), Company Secretary and External Auditors of the Company to the floor.

Datuk Chairman informed that the voting at the 23rd AGM would be conducted by way of poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Company had appointed Mega Corporate Services Sdn Bhd (“Mega Corp”) as Poll Administrator to conduct electronic voting (“e-voting”) through mobile apps and e-voting devices, and Mega Business Consultancy as Scrutineer to verify the poll results.

Mr. Alfred John of Mega Corp, the Poll Administrator explained to the floor the polling procedures.

CORPORATE PRESENTATION

At the invitation of Datuk Chairman, Dato’ Beh Huck Lee, the Group Managing Director (“Dato’ MD”) gave a short presentation on the overview of the Group’s business operations.

Thereafter, Mr. Ng Kee Chye, the CFO, gave a brief presentation on the Group’s key milestones and achievement, financial performance and segmental highlights for financial year ended 28 February 2019 as well as the Group’s targets and plans ahead.

Datuk Chairman informed that the Company had received some questions from the Minority Shareholder Watch Group (“MSWG”) which the Company has replied to MSWG in writing. The queries raised together with the Company’s responses were then presented by the CFO for the interest of the shareholders, as detailed below:

- Q1. The Group's third KL Project, Est8@Seputeh is closed to receiving a final planning and development approvals.
- What is the Gross Development Value of the Project?
 - What is the type of development and the expected average selling price per unit of the property?

Response from the Company:

- The estimated Gross Development Value of Est8@Seputeh is RM560.0 million.
- The type of development is Serviced Apartments and Villas. The average selling price per unit are RM470,000 and RM700,000.

- Q2. In the Operating Segments reporting on page 121 and 122 of the Annual Report, the Other Segment reported a segmental loss of RM0.73 million in FY2019 as compared with the segment profit of RM0.78 million in FY2018.
- Which division from the Other Segment (which includes rental of properties, management of complex, fruits cultivation and kindergarten operations) contributed to the loss in FY2019 and what is the comparative figure for FY2018?
 - What are the measures taken to turnaround the division that suffered the loss?

Response from the Company:

- The segment loss of RM0.73 million was mainly arises from the administrative overheads of ECB, an investment holding company, which the main source of income is dividends from subsidiaries that has been eliminated after the consolidation. If these expenses are excluded, the segment is at break even position.
- Not applicable.

- Q3. The Company has terminated InVision Hospitality, a specialist hotel management group to manage the Cinta Sayang Resort in Sungai Petani. (Page 8 Annual Report)
- What was the reason for terminating the service of InVision Hospitality?
 - Are there any termination fees payable to Invision Hospitality? If yes, what is the amount?
 - When does the Company expect the Resort to break even?
 - Does the Company have the intention to sell the Resort if the Company cannot turn it around?

Response from the Company:

- The main reason for terminating the service was the performance of InVision Hospitality was not up to the expectation and not able to deliver the results within the agreed time frame.
- No, there isn't any termination fee involved.
- Barring any unforeseen circumstances and with the improvement shown to date, the Management expects the Resort to break even in FY2021.
- The Company realises the inherent values of the Resort and given the current market situation, we have no intention to sell it at this juncture.

- Q4 Included in the Group's Investment properties are commercial properties, bungalows, food court and plaza and condominium. (Page 100 of the Annual Report)
- What is the gross and net rental yields of the commercial properties, bungalows, food court and plaza and condominiums for FY2019 and FY2018?
 - The loss from fair value adjustment on Investment properties in FY2019 was RM1,015,143. Which category of the investment properties contributed to the loss? (Page 115 of the Annual Report)
 - What is the Company's long-term plan for the bungalows and condominiums?

Response from the Company:

- The gross rental yields for FY2019 was 7% (FY2018: 7%) and the net rental yields for FY2019 was 4% (FY2018: 3%).
- The loss from fair value adjustment is solely contributed by the bungalows.
- The Company's intention is to dispose the bungalows and condominiums for capital gain at the right timing.

Corporate Governance

- Q1. Dato' Paduka Haji Ismail bin Haji Shafie, the Senior Independent Non-Executive Director, attended three out of the six Risk Management and Audit Committee ("RMAC") meetings, or 50% attendance.

His attendance at the Board Meeting is also 50% (3/6).

What was the reason Dato' Paduka Haji Ismail bin Haji Shafie attended only three meetings at both the Board and RMAC as the Board and RMAC meetings are supposed to be scheduled well in advance so that Directors will be able to attend the meetings?

Response from the Company:

Dato' Paduka Haji Ismail bin Haji Shafie suffered from some illness last year. He was not able to attend some of the meetings but we hope he is going to get well soon.

- Q2. Bridge Corporate Advisory Sdn Bhd ("BCASB"), the independent professional service provider engaged by the Company as the internal auditor has resigned with effect from FY2020.

Can the RMAC Chairman confirm whether BCASB has provided any written reply as to the reason why it stepped down as the internal auditor apart from the reason given that it has ceased its internal audit service department?

Response from the Company:

The RMAC Chairman, Mr Bingley Sim confirmed that there is no other reason given by BCASB apart from it has ceased its internal audit service department.

The salient enquiries and comments raised from the floor as well as responses from the Board and Management were as follows:

1. What was the expectation set to InVision Hospitality?
In response to the query, Dato' MD explained that there are Key Performance Indicators ("KPI"), both qualitative and quantitative set for the service provider and the time frame and key milestones in achieving those KPIs. Even through the service provider implemented certain policies and made some improvement, the performance of Cinta Sayang Resort was no able to turn around within the agreed time frame.
2. What is the update of the Joint Venture projects in Australia ("Australia JV Projects")?
In response to the query, Dato' MD updated that two (2) out of the total three (3) Australia JV Projects undertaken by the Australia subsidiaries have been fully completed with profit distributed back to us. Dato' MD explained that the Company was exploring the opportunities outside Malaysia back then when the outlook of Malaysia's property market was uncertain. Dato' MD also informed that the Company plays an inactive role, coupled with the challenges faced by the JV company in raising fund for those Australia JV Projects, we henceforth have relied on the strength of the local partners to manage those Australia JV Projects.
3. The company has any plan for Share Buy-Back?
In response to the query, Dato' MD informed the Meeting that the share price of the Company is way below its value where NA is 4 times higher than the share price. As such, if there is any share buy-back, it will benefit the shareholders. CFO added on that the Company have no plan to buy back its own shares at the moment and he further informed that it is a common practice to seek the shareholders' mandate during the AGM without the need to call for another general meeting to obtain shareholders' approval in the event the Company has surplus funds and wishes to buy back its shares.

AGENDA OF THE MEETING AND POLL RESULTS

For Agenda 1, Datuk Chairman informed that the Audited Financial Statements for the financial year ended 28 February 2019 ("AFS") were meant for discussion only as Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders. Hence it would not be put for voting.

There were no questions and comments from the floor, Datuk Chairman declared that the AFS, be properly laid and received by the shareholders.

The resolutions set out in the Notice of 23rd AGM dated 27 June 2019 were put to vote by way of poll. Datuk Chairman announced the results of the poll for each of the resolutions and declared that all the resolutions set out therein were duly carried and passed by the shareholders and proxies present.

CONCLUSION OF MEETING

There being no other matters, the Meeting concluded at 11.45 a.m. with a vote of thanks to the Chair.