EUPE CORPORATION BERHAD
199601005416 (377762-V)
(Incorporated in Malaysia)

MINUTES OF THE 26TH ANNUAL GENERAL MEETING ("AGM") OF EUPE CORPORATION BERHAD ("EUPE" OR "THE COMPANY") HELD AT JASPER JR BALLROOM, AVANTÉ HOTEL, NO. 1, PERSIARAN BANDAR UTAMA, BANDAR UTAMA, 47800 PETALING JAYA, SELANGOR DARUL EHSAN ON THURSDAY, 25 AUGUST 2022 AT 11.00 A.M.

Present	:	Directors Datuk Tan Hiang Joo (Independent Non-Executive Chairman) – also a shareholder
	:	Dato' Beh Huck Lee (Group Managing Director) – also a shareholder
	:	Muhamad Faisal Bin Tajudin (Executive Director)
	:	Beh Yeow Seang (Non-Independent Non-Executive Director)
	:	Kek Jenny (Independent Non-Executive Director)
	:	Iskandar Abdullah @ Sim Kia Miang (Independent Non-Executive Director)
	:	Tham Sau Kien (Independent Non-Executive Director) – also a shareholder
Absent with apologies	:	Alfian Bin Tan Sri Mohamed Basir (Independent Non-Executive Director)
In Attendance	:	Te Hock Wee (Company Secretary)
	:	Fong Sok Yee (Company Secretary)
By Invitation	:	Ng Kee Chye (Chief Financial Officer)
	:	Yeoh Kian Teck (representing RSM Malaysia, the External Auditors of the Company)
	:	Jason Kwok Chia Yaw (representing RSM Malaysia, the External Auditors of the Company)
	:	Leow Peen Fong

The attendance of shareholders/corporate representatives/proxies at the 26th AGM is as per the Attendance List.

1. CHAIRMAN

The Chairman, Datuk Tan Hiang Joo ("**Datuk Chairman**"), welcomed all shareholders, proxies and invitees who attended the 26th AGM.

He then introduced the Board members, the Chief Financial Officer ("**CFO**"), the Company Secretary and the External Auditors to the attendees. He also extended the apologies of Encik Alfian Bin Tan Sri Mohamed Basir for not being able to attend the meeting as he was down with Covid-19.

2. NOTICE

The notice of the 26th AGM dated 30 June 2022 ("**the Notice**"), having been circulated to the shareholders within the prescribed period, was taken as read.

3. QUORUM

There being a quorum, Datuk Chairman called the meeting to order.

4. POLLING AND ADMINISTRATIVE MATTERS

4.1 Datuk Chairman informed that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice must be voted by poll. The Company was also required to appoint at least one (1) independent scrutineer to validate the votes cast at the general meeting.

4.2 Datuk Chairman further informed that the Company had appointed Mega Corporate Services Sdn. Bhd. as Poll Administrator to facilitate the poll voting process and Cygnus Technology Solutions Sdn. Bhd. as Independent Scrutineer to verify the poll results.

5. PRESENTATION BY GROUP MANAGING DIRECTOR AND CFO; QUESTIONS FROM MINORITY SHAREHOLDER WATCH GROUP ("MSWG")

Datuk Chairman informed that the Company had received some questions from the MSWG via their letter dated 2 August 2022, and the Company had on 17 August 2022 responded to MSWG in writing. MSWG had requested the reply to be presented to the meeting for the interest of all shareholders.

At the invitation of Datuk Chairman, Dato' Beh Huck Lee, the Group Managing Director ("**Dato' MD**") gave a brief presentation on the Group's business strategies and property market outlook covering the current year's financial performance, projects' key milestone and achievements and the Group's focus on the years ahead.

Thereafter, Mr Ng Kee Chye, the CFO, presented the Group's business portfolio and notable achievements from 2016 to 2022, growth plan for the future, overview of the Group's financial performances and financial positions for the past 5 years as well as the corporate strategies and goals. The CFO then presented the Company's responses to the questions raised by MSWG, details of which are annexed herein as Appendix A.

The meeting proceeded to the agenda of the meeting.

6. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON

6.1 The Audited Financial Statements for the financial year ended 28 February 2022 together with the Reports of the Directors and the Auditors thereon ("**AFS FY2022**") were tabled to the meeting for discussion.

6.2 Datuk Chairman informed that the AFS FY2022 were meant for discussion only as the Companies Act 2016 does not require a formal approval of the shareholders. Hence, it was not put forward for voting.

6.3 Datuk Chairman invited questions from shareholders in respect of the AFS FY2022. All questions posted by the shareholders or proxies were responded by Dato' MD and CFO:-

(1) Rationale for the Share Sale Agreements with LYM Investments Pty. Ltd. for the disposal of the Company's entire equity stake in 70%-owned subsidiary companies namely, Australasia Development (M) Pty. Ltd. ("**ADMPL**") and Australasia Development Pty. Ltd. ("**ADPL**") for a total sale consideration of AUD3,100,001 (equivalent to RM9,470,503) on 1 April 2022 (page 155 of the Annual Report 2022)

Eupe's response:
The Company had entered into a joint venture ("**JV**") agreement with several parties in Australia via ADMPL, a 70%-owned subsidiary of Eupe in light of the potential of property development in Australia. The JV partners had represented and warranted ADMPL's 25% share of the net profit amounted to AUD6,000,000. However, such warranty was not met. As such, the Company had initiated legal action against the JV partners so as to recover the ADMPL's share of represented and warranted net profit of AUD6,000,000.

Upon negotiation, both parties had reached a consensus for an out-of-court settlement, in which the defendant (i.e. JV partners) had agreed to pay Eupe a total of AUD3,100,000 (equivalent to RM9,400,000), followed by the disposal of all equity interest of Eupe in ADMPL and ADPL as well as the resignation of Eupe representatives from the Board of ADMPL and ADPL respectively.

(2) Does the Board have any intention to expand business to other countries?

Eupe's response:
Management endeavours to deliver greater shareholders' value by maximising revenue and profitability in long term. As such, the Group's businesses will not be limited to the current operation territories. Management will consider if there is any market opportunity.

(3) Any plans to develop and own investment properties for steady recurring income stream?

Eupe's response:
Eupe is concerned about the changes in demographic pattern and efforts to increase the value of properties as to ensure sustainability and creating persistent earnings to homebuyers; the awards given to Eupe's projects had given a higher yield of return and capital appreciation to the homebuyers.

(4) Does Eupe plan to relocate the headquarter to Kuala Lumpur, since the Group has established its mark with projects in Kuala Lumpur?

Eupe's response:
The Management has considered and discussed the possibilities of moving Eupe's headquarter to Kuala Lumpur and is checking out suitable sites.

(5) Does Eupe have any plan to use digital technologies i.e., Internet of Things, Industry 4.0 etc. to improve process and product efficiency.

Eupe's response:
Eupe has embarked into the use of digital technologies such as Building Information Modelling (BIM) to improve design and construction efficacy, as well as continual implementation of best practice quality control processes, which will eventually sharpen the Group's key points of differentiation, design innovation, cost competitiveness and product quality. Eupe is also exploring the potential Industrialised Building System (IBS) approaches as to reduce reliance on foreign labour market.

(6) Any mitigating action taken by Eupe amidst the price fluctuation of building materials?

Eupe's response:
Eupe is not severely hit by the rising cost of building materials recently as the spike in building materials prices had been accounted for and fixed during tender process and agreed by the respective main contractors; additional cost to be incurred, if any, will be absorbed by the main contractors.

Nevertheless, Management took cognisance that the rising material costs may hamper the construction progress. Hence, Management has been looking for ways to improve operational efficiencies in design and construction that will differentiate Eupe from other property developers while remain affordable and without compromising on product quality. Management did not foresee the rising cost of building materials will significantly affect the Group's financial performance.

(7) Reason for the decrease in audit fees for FY2022.

Audit fees are normally based upon the amount of time and resources required to perform the audit, taking into consideration the size and business activities of each subsidiary, the scope of work and the complexity of the audit. Management had discussed with the external auditors on their proposed audit fees before tabling to the Risk Management and Audit Committee for approval, by making adjustment based on the degree of audit job scope of each of its subsidiaries. The decrease in audit fees was largely due to the completion of Novum project and Parc3 projects. Novum had delivered vacant possession during FY2021 while Parc3 had delivered vacant possession during FY2022.

6.4 After dealing with all the questions raised, Datuk Chairman declared that the AFS FY2022 had been properly laid and received by the shareholders.

6.5 Thereafter, Datuk Chairman went through each of the motions set out in the Notice.

On item 6 of the agenda in relation to the motion for authority to issue and allot shares pursuant to Section 75 and 76 of the Companies Act 2016, a shareholder raised his concern on the potential dilution of minority shareholders' equity stake arising from the fundraising exercise to be undertaken by the Company pursuant to such authority granted. Dato' MD acknowledged his comment and will take into consideration the interest of shareholders before embarking into any corporate exercise.

Datuk Chairman then informed that the Company had not received any notice from shareholders for other business to be transacted at this meeting in accordance with the Constitution of the Company and the Companies Act 2016.

7. ANNOUNCEMENT OF KEK JENNY'S INTENTION NOT TO SEEK CONTINUATION

Datuk Chairman informed the meeting that Ms Kek Jenny had expressed her intention to step down from the Board after the conclusion of the 26th AGM and thus, she was not seeking for continuation as Independent Non-Executive Director of the Company at the 26th AGM.

On behalf of the Board of Directors and the Company, Datuk Chairman thanked Ms Kek Jenny for her outstanding contribution to the Company during her tenure as Independent Non-Executive Director of the Company.

Ms Kek Jenny also expressed her appreciation and supports given by the Board of Directors and Management during her tenure as Director of the Company.

8. POLL VOTING SESSION

After going through all the motions set out in the Notice, Datuk Chairman invited the shareholders and proxies to cast their votes.

Upon the closing of the voting session, the meeting proceeded for tabulation of poll results.

9. ANNOUNCEMENT OF POLL RESULTS

The poll results obtained from the Independent Scrutineer were presented to the meeting. Datuk Chairman declared that all resolutions set out in the Notice were duly passed by the shareholders of the Company, as detailed below:-

Ordinary Resolution 1:
Payment of Directors' Fees

By a vote of 70,387,607 shares (representing 100%) voted for the Resolution, it was **RESOLVED**:-

THAT the payment of Directors' fees of RM5,000 per month per Non-Executive Director for the period from 25 August 2022 until the conclusion of the next AGM in 2023 be and is hereby approved.

Ordinary Resolution 2:
Payment of Chairmanship Allowance

By a vote of 72,389,907 shares (representing 100%) voted for the Resolution, it was **RESOLVED**:-

THAT the payment of chairmanship allowance of RM5,000 per annum payable to the Board Chairman and each Chairman/Chairperson of the Board Committees, namely Risk Management and Audit Committee, Nomination Committee, and Remuneration Committee, for the period from 25 August 2022 until the conclusion of the next AGM in 2023 be and is hereby approved.

Ordinary Resolution 3:
Payment of Attendance Allowance

By a vote of 66,887,607 shares (representing 100%) voted for the Resolution, it was **RESOLVED**:-

THAT the payment of attendance allowance of RM800 per trip (for local Directors) or RM1,100 per trip (for outstation Directors) for the period from 25 August 2022 until the conclusion of the next AGM in 2023 be and is hereby approved.

Ordinary Resolution 4:
Re-election of Director – Dato' Beh Huck Lee

By a vote of 72,399,907 shares (representing 100%) voted for the Resolution, it was **RESOLVED**:-

THAT Dato' Beh Huck Lee, who retired pursuant to Clause 76(3) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 5:
Re-election of Director – Iskandar Abdullah @ Sim Kia Miang

By a vote of 72,399,907 shares (representing 100%) voted for the Resolution, it was **RESOLVED**:-

THAT Iskandar Abdullah @ Sim Kia Miang, who retired pursuant to Clause 76(3) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 6:
Re-election of Director – Beh Yeow Seang

By a vote of 72,399,907 shares (representing 100%) voted for the Resolution, it was **RESOLVED**:-

THAT Beh Yeow Seang, who retired pursuant to Clause 76(3) of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 7:
Re-appointment of Auditors

By a vote of 72,399,907 shares (representing 100%) voted for the Resolution, it was **RESOLVED**:-

THAT RSM Malaysia PLT be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next AGM and that authority be and is hereby given to the Directors to fix their remuneration.

Ordinary Resolution 8:
Proposed Continuation in Office of Datuk Tan Hiang Joo as Independent Non-Executive Director

By a Tier-1 vote of 57,049,405 shares (representing 100%) voted for followed by a Tier-2 vote of 15,250,402 shares (representing 99.9993%) voted for and 100 shares (representing 0.0007%) voted against the Resolution, it was **RESOLVED**:-

THAT approval be and is hereby given to Datuk Tan Hiang Joo who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance.

Ordinary Resolution 9:
Authority to Issue and Allot Shares pursuant to Sections 75 And 76 of the Companies Act 2016

By a vote of 72,395,907 shares (representing 99.9945%) voted for and 4,000 shares (representing 0.0055%) voted against the Resolution, it was **RESOLVED**:-

THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("**the Act**") and subject to the Constitution of the Company, the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approval of the relevant regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued pursuant to this resolution, when aggregated with the total number of such shares issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they may deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company held after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting.

<u>Ordinary Resolution 10:</u>
Proposed Renewal of Shareholders' Mandate for Share Buy-Back

By a vote of 72,399,907 shares (representing 100%) voted for the Resolution, it was **RESOLVED**:-

THAT subject always to the Act, the Constitution of the Company, the Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to the Share Buy-Back Mandate does not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest Audited Financial Statements and/or the latest management accounts (where applicable) available at the time of the purchase; and

(iii) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

(a) the conclusion of the next AGM of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any prevailing

laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and give full effect to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company.

Ordinary Resolution 11:
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs") of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate for RRPTs")

By a vote of 13,338,202 shares (representing 100%) voted for the Resolution, it was **RESOLVED**:-

THAT subject always to the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries to enter into the RRPTs of a revenue or trading nature with the related parties as specified in Section 2.3 of Part B of the Statement/Circular to Shareholders dated 30 June 2022, provided that such transactions are necessary for the Group's day-to-day operations and carried out in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

THAT the authority conferred by such mandate shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate for RRPTs.

10. CLOSURE OF MEETING

There being no further business, the meeting concluded at 1.10 p.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

CHAIRMAN

Date: 30 September 2022

APPENDIX A

EUPE CORPORATION BERHAD

26th ANNUAL GENERAL MEETING

Reply To MSWG's Queries
Dated 2 August 2022

25 August 2022

OPERATIONAL AND FINANCIAL MATTERS

MSWG's Q&A

1) The Group's gross profit has reduced from 36.4% in FY 2021 to 29.5% in FY 2022, a reduction of 6.9%. (Page 87 of AR)

   a) Please explain the reason(s) for the lower gross profit margin in FY 2022.

   The Group recorded lower gross profit margin of 29.5% in FY2022 as compared to 36.4% reported in FY2021, primarily due to additional development cost incurred in respect of Parc3 @ KL South, the Group's second KL project for the upgrading work on common areas and facilities before delivery of vacant possession in December 2021. The increase in development cost had resulted in higher cost of sales and ultimately the drop in the Group's gross profit margin.

   In line with the Group's philosophy of 'Shared Value' in which we believe in doing a proper job to maximise value for our buyers, rather than to make decisions based purely on the short-term financial numbers to the organisation.

MSWG's Q&A

1) b) What are the measures taken by the Group to mitigate the drop in gross profit margin moving forward?

The Group will continue to carry out various feasibility models and examine each cost component in detailed when executing a project. Generally, main building work make up the bulk of the total development costs of a project and to manage the cost of main building work, the Group had established value engineering processes focused on identifying operational efficiencies in both design and construction as well as improving alignment in our sourcing and tendering processes around price and quality. The value engineering processes had helped us in managing the total development cost effectively while still delivering award-winning with innovative design property projects.

c) What is the expected gross profit margin for FY 2023?

Moving forward for the immediate near term, more specifically, the next three financial years, the Group's 3rd Klang Valley project, Est8 @ Seputeh will be one of major contributor to the Group's revenue and gross profit, as such the Group's forecasted gross profit margin should be near to 25%.

MSWG's Q&A

2) The Group's marketing and distribution costs increased by RM2.55 million or 68.8% from RM3.70 million in FY 2021 to RM6.25 million in FY 2022.

   The Group's revenue, however reduced by RM80.8 million or 26.6% from RM304 million in FY 2021 to RM223.2 million in FY 2022. (Page 87 of AR)

   a) Please explain why marketing and distribution costs were much higher in FY 2022 especially since the Group's revenue reduced substantially in FY 2022.

      It is quite common for a property developer to incur massive initial marketing expenditure before yielding any returns from the project. Revenue from a project can only be recognised when the sales is backed up by progress in the construction. Most projects will take years to complete, hence the recognition of turnover is not directly related to booked-in sales at a particular moment.

      The Group's marketing and distribution costs were much higher in FY2022 as the Group was preparing for the launch of Est8 @ Seputeh and the Group's fourth Klang Valley project, Helix2 @ PJ South through various marketing initiatives. Moreover, the Group had also rewarded its purchasers with appreciation gifts once the projects were completed.

MSWG's Q&A

2) a) Please explain why marketing and distribution costs were much higher in FY 2022 especially since the Group's revenue reduced substantially in FY 2022. (cont'd)

However, the Group's revenue reduced substantially in FY2022 as Parc3 @ KL South was completed and handed over to purchasers in December 2021. As for Est8 @ Seputeh, the construction was at the piling stage and therefore, the revenue contribution to FY2022 was not significant.

b) What are the marketing and distribution costs that have increased substantially in FY 2022 as compared to FY 2021?

The marketing and distribution costs which have increased by RM2.5 million are as follow:

i. Est8 @ Seputeh's marketing and distribution costs increased by RM1.3 million (expenses such as advertising costs, running expenses of sales gallery and show unit, and sales incentive for sale team)
ii. Appreciation gifts for Parc3 @ KL South's purchasers = RM0.4 million
iii. Preparation work for Helix2 @ PJ South's launching = RM0.3 million
iv. Sales incentives and appreciation gifts for Northern Region's projects = RM0.5 million

MSWG's Q&A

2) c) What are the measures taken by the Group to ensure that the marketing and distribution costs will not increase substantially higher in future without a corresponding increase in the Group's revenue?

As mentioned in question 2 (a), due to the nature of property industry, property developers typically incur marketing costs before the corresponding revenue can be recognised. We can ensure you that the current short-term fluctuations in ratio will soon be modulated back to the norm.

We would like to emphasise that the Group has always been and will be evaluating the appropriate timing for launch to cushion initial marketing expenditure, taking into consideration the latest developments in terms of economic factors, market sentiment, demand and supply, inflation and interest rates. However, the amount of marketing and distribution budget is more determined by the perceived risks and upside of carrying out a certain operation than based on a fixed financial ratio.

MSWG's Q&A

3) The Group's term loans totalling RM59.43 million are on floating rates. The maturing profile of the term loans are RM14.21 million due within 1 year, RM17.91 million due within 1-2 years and the rest due 2-3 years and more. (Page 149 of AR)

   BNM has recently raised the OPR by 50 basis points. This has increased interest rates on term loans accordingly.

   a) What is the expected additional interest expense from the increase in OPR on the Group's total term loans?

      Based on the Group's total term loans of RM59.43 million as at 28 February 2022, the Group is expecting additional RM0.15 million of interest expense per annum from the increase in OPR by 50 basis points.

MSWG's Q&A

3) b) What are the measures taken by the Group to mitigate the higher interest rate on the Group's term loans as BNM may further raise the OPR to tame the country's rising inflation in the coming months?

The Group has been practising prudent cash flow management where the Group would only leverage on bank borrowings for significant land acquisitions and to finance the development costs, to minimise the impact of higher interest rates.

Furthermore, as the Group is in a net cash position, we are well-positioned to earn interest income, which will be able to mitigate the higher interest expense from the increase in OPR.

MSWG's Q&A

4) The Group's trade receivables increased by RM47.7 million or 101% from RM47.3 million in FY 2021 to RM95.0 million in FY 2022. (Page 125 of AR)

   The increase in trade receivables did not generally commensurate with the Group's revenue that has dropped by RM80.8 million or 26.6% from RM304.0 million in FY 2021 to RM223.2 million in FY 2022. (Page 87 of AR)

   a) Please explain the reason for the high trade receivables in FY 2022.

      The Group's trade receivables increased by RM47.7 million from RM47.3 million in FY2021 to RM95.0 million in FY2022, mainly due to final progress billings (inclusive of stakeholder sum) issued to purchasers for Parc3 @ KL South upon its completion in December 2021.

   b) Which business segment contributed to the higher trade receivables in FY 2022?

      The Group's property development division contributed to the higher trade receivables in FY2022.

MSWG's Q&A

4) d) What are the actions taken by the Group to mitigate the risk of the trade receivables that are past due but not impaired from turning into bad debts?

Based on the nature of property industry, close to 100% of trade receivables are financed by end-financiers and once progress billing is issued to purchasers according to the Schedule of Payment, end-financiers will pay within the credit terms. As such, the risk of trade receivables turning into bad debts is virtually non-existent.

c) What is the amount of the trade receivables that are past due but not impaired amounting to RM28.4 million in FY 2022 potentially turning into bad debts? (Page 151 of AR)

The Group had assessed and concluded that no amount of trade receivables that are past due but not impaired, will potentially turning into bad debts as the Group carries little to no risk as far as trade receivables arising from progress billing is concerned.

MSWG's Q&A

5) The Group is to acquire a significant parcel of prime land in Sungai Petani. (Page 6 of AR)

a) What is the size of the land to be acquired?

The prime land in Sungai Petani is measuring approximately 53.74 acres (or 217,478 square meters) and the acquisition was completed in April 2022.

b) What is the acquisition price of the land?

The Group had acquired the prime land for a total purchase consideration of RM40.0 million (or RM17.09 per square foot).

c) How was the acquisition price of the land arrived at?

The purchase consideration of RM40.0 million was arrived with the market value of RM41.3 million as appraised by Intra Harta Consultants (North) Sdn Bhd, the Independent Valuer based on its valuation carried out on 5 January 2022 using the Comparison Approach.

MSWG's Q&A

5) d) What is the market value of the land as compared to the acquisition cost of the land?

The cost of the land of RM40.0 million represents a slight discount of 3.1% over the market value of RM41.3 million as appraised by the Independent Valuer.

e) How will the Group fund the acquisition of the land?

The Group had obtained RM35.0 million (approximately 87.5% margin of finance) from bank borrowings while the remaining RM5.0 million was financed with internally generated funds.

f) What is the projected Gross development Value of the acquired land?

Based on the preliminary feasibility study, the development plan will comprise of a mixed-township development with a projected Gross Development Value of approximately RM350.0 million, which will take us approximately 5 to 7 years to complete.


THANK YOU