

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

MINUTES OF THE 27TH ANNUAL GENERAL MEETING (“AGM”) OF EUPE CORPORATION BERHAD (“EUPE” OR “THE COMPANY”) CONDUCTED VIRTUALLY THROUGH LIVE STREAMING AND ONLINE REMOTE VOTING PLATFORM FROM THE BROADCAST VENUE AT D-26-01, MENARA MITRALAND, NO. 13A, JALAN PJU 5/1, KOTA DAMANSARA PJU5, 47810 PETALING JAYA, SELANGOR DARUL EHSAN, (“BROADCAST VENUE”) ON THURSDAY, 24 AUGUST 2023 AT 11.00 A.M.

Present at the Broadcast Venue	: Alfian Bin Tan Sri Mohamed Basir (Independent Non-Executive Chairman)
	: Dato' Beh Huck Lee (Group Managing Director)
	: Victor Wong Tze Meng (Chief Financial Officer)
	: Fong Sok Yee (Company Secretary)
Present via video conference	: Muhamad Faisal Bin Tajudin (Executive Director)
	: Beh Yeow Seang (Non-Independent Non-Executive Director)
	: Iskandar Abdullah @ Sim Kia Miang (Senior Independent Non-Executive Director)
	: Tham Sau Kien (Independent Non-Executive Director)
	: Leow Peen Fong (Independent Non-Executive Director)
	: Yeoh Kian Teck
	: Jason Kwok Chia Yaw
	} Representing RSM Malaysia PLT, the External Auditors of the Company

The shareholders/corporate representatives/proxies who attended the 27th AGM remotely via the live streaming and online remote voting platform are as stated in the Attendee Report.

1. CHAIRMAN

The Chairman, Alfian Bin Tan Sri Mohamed Basir (“**Chairman**”) welcomed all shareholders, proxies and invitees present at the 27th AGM.

He then introduced the Board members, the Chief Financial Officer (“**CFO**”), the Company Secretary and the representatives from RSM Malaysia PLT (the External Auditors) to the attendees.

2. NOTICE

The notice of the 27th AGM dated 30 June 2023 (“**the Notice**”), having been circulated to all the shareholders within the prescribed period, was taken as read.

3. QUORUM

The Chairman informed that the quorum for a virtual general meeting is determined by the number of members who log-in at the commencement of the meeting.

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

4. POLLING PROCEDURES AND ADMINISTRATIVE MATTERS

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

The Chairman further informed that the Company had appointed Mega Corporate Services Sdn. Bhd. (the Company's Share Registrar) as Poll Administrator to facilitate the poll voting process and Cygnus Technology Solutions Sdn. Bhd. as Independent Scrutineer to verify the poll results.

A guide on the remote voting procedure and the manner to pose questions at the meeting were presented to the shareholders and proxies.

5. PRESENTATION BY GROUP MD AND PRESENTATION ON QUESTIONS FROM MINORITY SHAREHOLDER WATCH GROUP ("MSWG")

The Chairman informed that the Company had received some questions from MSWG, to which the Company had responded in writing. MSWG had requested the reply to be presented to the meeting, for the benefit of the shareholders.

Dato' Beh Huck Lee, the Group Managing Director ("**Group MD**"), expressed his appreciation to Datuk Tan Hiang Joo, the former Chairman, and Mr Ng Kee Chye, the former CFO, who stepped down from their positions on 27 April 2023 and 31 July 2023 respectively, for their contribution and dedication to the Group throughout their service to the Company. He also introduced Mr Victor Wong Tze Meng, the new CFO, who joined the Company on 21 August 2023.

At the invitation of Chairman, the Group MD gave a 40-minute presentation on the Group's corporate 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. The Group MD also presented the Company's responses to the questions raised by MSWG, the 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 2023 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON

The Audited Financial Statements for the financial year ended 28 February 2023, together with the Reports of the Directors and the Auditors thereon ("**AFS FY2023**"), were tabled to the meeting for discussion.

The Chairman informed that the AFS FY2023 were meant for discussion only as the Companies Act 2016 does not require a formal approval of the shareholders. Hence, the AFS FY2023 were not put forward for voting.

The Chairman further informed that the Board would address the questions raised by shareholders and proxies during the Q&A Session, which would be carried out after all items on the agenda were dealt with.

The Chairman declared that the AFS FY2023 had been duly received by the shareholders.

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

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

7. Q&A SESSION

The meeting continued with the Q&A Session. All questions raised by the shareholders and proxies were addressed by the Group MD, as follows:-

- (1) **Reason for developing Edgewater Estate while there are many listed property companies offering similar properties as Eupe and what are the offerings that will differentiate Eupe's products from the bigger property players in Sungai Petani.**

Eupe's response:

Eupe has, over the years, demonstrated success in its project launches and sales in the Northern region. The development of Edgewater Estate at Sungai Petani aligns with Eupe's commitment to ensure responsible and sustainable practices in considering the development impact on the environment. Eupe has been mindful of developing sustainable design and innovation for its projects, aiming to create a sustainable environment which not only benefits the buyers but also positively contributes to the surrounding community.

- (2) **Eupe has secured a term loan of RM93.75 million, primarily to finance the acquisition of the Belfield land. Accordingly, the interest rates for term loans increased to a range of 4.57% to 5.65% in FY2023 (FY2022: 3.68% to 4.52%) (pages 157 and 158 of Annual Report 2023).**

Has Eupe explored other forms of loan/financing that offer more attractive interest rates in view of the numerous projects that are undertaken concurrently?

Eupe's response:

Eupe's management team acknowledges the importance of optimising the cost of funding for every development project and has conducted a thorough and comprehensive assessment of various funding options and financing models, taking into consideration the Group's weighted average cost of capital ("**WACC**"), project timelines and the overall financial feasibility in the interest of the Group before taking up a loan. The Group will continue to explore on longer term and strategic forms of financing.

- (3) **What are the reasons behind the lower take-up rate for Helix2@PJ South ("Helix2"), although it is more affordable than Est8@Seputeh ("Est8") and when are the expected completion dates of the projects?**

Eupe's response:

Helix2 has only been on sale for 10 months since its official launch in October 2022; it has achieved better sales take-up rate than Est8, which was launched in November 2021. Management is also mindful of the lead time to convert the bookings into actual sales, given the time taken by buyers to secure their home loans. For any avoidance of doubt, the sales take-up as reported in the Annual Report refers to the actual sales and not reservation figures.

Helix2 and Est8 are expected to be completed in 2025 and 2026, respectively.

(4) Reason for virtual AGM this year.

Eupe's response:

Virtual AGM, which is conducted based on the Guidance Note issued by the Securities Commission on the conduct of general meetings for listed issuers, will encourage and enable full shareholder attendance and participation from remote locations.

The Board and the Management will endeavour to address all enquiries and concerns made by shareholders and proxies.

(5) Any shareholder discount for the Circadia@Belfield project? What is the progress of the project? Where is the Circadia@Belfield showroom located?

Eupe's response:

The Management will consider giving shareholders who are interested in the Circadia@Belfield project a discount. The project is scheduled to be launched by 2024. Shareholders who are interested in viewing the property may provide their contact to the Eupe sales team, who will reach out to them for a tour of sales gallery once it is completed.

(6) Any plans for Eupe to construct commercial buildings, such as data centres, as Malaysia is going to develop Kulim Park?

Eupe's response:

The Management has considered and explored the possibility of developing data centre facilities in the country; however, such investment is way beyond Eupe's capabilities as it involves the planning of the entire infrastructure facilities which requires substantial short-term cash flow funding for maintenance and/or re-investment cost.

Nevertheless, the Management will continue to assess the feasibility of investment or projects as the market conditions and the Group's financial capacities evolve.

(7) Introduction of Mr Victor Wong as the new CFO of Eupe.

Eupe's response:

Mr Victor Wong briefed on his background and experience, particularly his more than 30 years' experience in corporate finance and audit, which included several senior finance roles in the property sector. He joined Eupe as the CFO on 21 August 2023. Before joining Eupe, he was the Finance and Commercial Director for The Exchange TRX in Lendlease Malaysia. Prior to that, he was the CFO with Pavilion Management (DTC) Sdn Bhd, part of the Pavilion Group of companies. He also worked for government-linked companies for several years.

Mr Victor Wong has a Bachelor of Commerce (Accounting & Finance) with Merit from University of New South Wales, Sydney, and is a Chartered Accountant, a member of the Malaysian Institute of Accountants, and a Fellow of the Australian Society of Certified Practising Accountants.

- (8) **Low Eupe's share price vs. net assets per share: a follow-up on a question raised during the 25th AGM on the Company's plans to address the issue via possible corporate exercise, to which the Board had responded that the corporate exercise had been deferred due to the pandemic.**

Has the Board and the Management started to re-look into this matter?

Eupe's response:

The Management is currently looking into streamlining and planning Eupe's cash flow requirements before carrying out the intended corporate exercise that can give more value to shareholders.

- (9) **Request for voucher to participating shareholders.**

Eupe's response:

The Management will arrange the necessary after the meeting as a token of appreciation to shareholders who attend the meeting.

- (10) **Any long-term strategies for diversifying revenue sources beyond the core property business in considering of cyclical nature?**

Eupe's response:

The Management has been looking into approaches to maximise revenue and profitability in the long term. Diversifying revenue streams beyond the core business requires systematic planning that is efficient, alongside instrument which is relevant to the market to ensure its long-term success and benefits to the Group.

Currently the Group's WACC is relatively high as Eupe's shares are traded at a relatively low price compared to the Group's net assets. The Management recognises the significance of expanding Eupe's capabilities through corporate exercise and maintain business and operational synergies.

8. POLL VOTING SESSION

After dealing with all questions raised, the Chairman invited the shareholders and proxies to cast their votes remotely.

Thereafter, the meeting proceeded for the tabulation of the poll results.

9. ANNOUNCEMENT OF POLL RESULTS

The poll results obtained from the Independent Scrutineer were presented to the meeting. The Chairman declared that all resolutions set out in the Notice were carried, as follows:-

Ordinary Resolution 1:

Payment of Director's Fees for Board Chairman

By a vote of 72,096,533 shares (representing 99.9945%) voted for and 4,000 shares (representing 0.0055%) voted against the Resolution, it was **RESOLVED:-**

THAT the payment of Director's fee of RM7,500 per month for Board Chairman for the period from 24 August 2023 until the conclusion of the next AGM in 2024 be and is hereby approved.

Ordinary Resolution 2:

Payment of Directors' Fee for Non-Executive Directors

By a vote of 70,094,233 shares (representing 99.9943%) voted for and 4,000 shares (representing 0.0057%) voted against the Resolution, it was **RESOLVED:-**

THAT the payment of Directors' fee of RM6,000 per month per Non-Executive Director for the period from 24 August 2023 until the conclusion of the next AGM in 2024 be and is hereby approved.

Ordinary Resolution 3:

Payment of additional Director's Fee for Senior Independent Non-Executive Director

By a vote of 72,096,513 shares (representing 99.9944%) voted for and 4,020 shares (representing 0.0056%) voted against the Resolution, it was **RESOLVED:-**

THAT the payment of additional Director's fee of RM5,000 per annum for Senior Independent Non-Executive Director for the period from 24 August 2023 until the conclusion of the next AGM in 2024 be and is hereby approved.

Ordinary Resolution 4:

Payment of Chairmanship Allowance

By a vote of 70,094,183 shares (representing 99.9943%) voted for and 4,000 shares (representing 0.0057%) voted against 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, and Nomination and Remuneration Committee, for the period from 24 August 2023 until the conclusion of the next AGM in 2024 be and is hereby approved.

Ordinary Resolution 5:

Payment of Attendance Allowance

By a vote of 66,594,213 shares (representing 99.9940%) voted for and 4,020 shares (representing 0.0060%) voted against 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 24 August 2023 until the conclusion of the next AGM in 2024 be and is hereby approved.

Ordinary Resolution 6:

Re-election of Director – Muhamad Faisal Bin Tajudin

By a vote of 72,099,533 shares (representing 99.9986%) voted for and 1,000 shares (representing 0.0014%) voted against the Resolution, it was **RESOLVED:-**

THAT Muhamad Faisal Bin Tajudin, 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-election of Director – Alfian Bin Tan Sri Mohamed Basir

By a vote of 72,099,433 shares (representing 99.9986%) voted for and 1,000 shares (representing 0.0014%) voted against the Resolution, it was **RESOLVED:-**

THAT Alfian Bin Tan Sri Mohamed Basir, 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 8:

Re-election of Director – Leow Peen Fong

By a vote of 72,099,433 shares (representing 99.9986%) voted for and 1,000 shares (representing 0.0014%) voted against the Resolution, it was **RESOLVED:-**

THAT Leow Peen Fong, who retired pursuant to Clause 78 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 9:

Re-appointment of Auditors

By a vote of 72,099,433 shares (representing 99.9986%) voted for and 1,000 shares (representing 0.0014%) voted against 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.

Special Resolution:

Waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016

By a vote of 72,095,533 shares (representing 99.9931%) voted for and 5,000 shares (representing 0.0069%) voted against the Resolution, it was **RESOLVED:-**

THAT pursuant to Section 85 of the Companies Act 2016 (“the Act”) read together with Clause 12(3) of the Constitution of the Company, approval be and is hereby given for the waiver of the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees subject to the passing of Ordinary Resolution 10 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act.

Ordinary Resolution 10:

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

By a vote of 72,095,513 shares (representing 99.9930%) voted for and 5,020 shares (representing 0.0070%) voted against the Resolution, it was **RESOLVED:-**

THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights under Section 85 of the Companies Act 2016 (“the Act”) and subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant regulatory authorities (if

any), the Directors of the Company be and are hereby authorised, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued pursuant to this resolution does not exceed 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 Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.

Ordinary Resolution 11:

Proposed Renewal of Shareholders' Mandate for Share Buy-Back

By a vote of 72,100,533 shares (representing 100%) voted for the Resolution, it was **RESOLVED:-**

THAT subject to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") 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 Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company ("Share Buy-Back Mandate") provided that:

- (i) the aggregate number of ordinary shares in the Company purchased and/or held by the Company pursuant to the Share Buy-Back Mandate shall not exceed 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 Malaysia Securities Berhad 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 annual general meeting 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 annual general meeting of the Company after that date is required by law to be held; 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 12:

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 13,047,728 shares (representing 99.9923%) voted for and 1,000 shares (representing 0.0077%) voted against the Resolution, it was **RESOLVED:-**

THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries (the "Group") to enter into 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 2023 provided that such transactions are necessary for the Group's day-to-day operations and carry 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 annual general meeting 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 annual general meeting of the Company is required to be held; 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 12.40 p.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

CHAIRMAN

Date: 29 September 2023



Building Lifestyles, Building Trust

27th ANNUAL GENERAL MEETING

Reply To MSWG's Queries Dated 9 August 2023

24 AUGUST 2023





Operational and Financial Matters

- 1) The Group's revenue recorded a reduction of RM21 million, or 19.4 % in FY 2023 (RM202 million) as compared to RM223 million in FY 2022.

However, the Group's administrative expenses increased by RM5.9 million or 36.2 % in FY 2023 (RM22.2 million) as compared to RM16.3 million in FY 2022.

- a) Why did the Group's administrative expenses increase substantially despite a reduction in revenue?

In the property development industry, revenue and profit recognition often show a pronounced lag effect. This delay arises from the interplay between sales take-up rates and the stages of project completion.

In FY2022, we completed and handed over Parc3 @ KL South as well as a few projects in the Northern Region to its buyers, leading to higher Group's revenue of RM223.2 million despite the fact that physical construction work had already slowed down. On the other hand, in FY2023, our key projects, namely Est8 @ Seputeh and Helix2 @ PJ South, were still in their early construction phases. This explains why our Group's revenue dropped to RM202.0 million in FY2023.

It's important to note that many administrative expenses are semi-fixed and will not necessarily fluctuate in tandem with revenue changes. Indeed, some of these costs (e.g. staff costs, bank guarantee fees etc.) are leading indicators to an increase in the level of business activities and prospective revenue as the Company gears up for new projects and project launches.

- 1) b) Please name the administrative expenses that recorded significantly higher amounts in FY 2023 as compared to FY 2022.

The Group's administrative expenses increased by RM5.9 million in FY2023 compared to FY2022 mainly because of an increase in our staff costs, which accounted for a difference of RM3.5 million. This increase in staffing expenses can be attributed to two main factors:

1. We are undertaking and/or gearing up for a significant rise in project and construction work, namely related to our two current major projects in KL (Est8 @ Seputeh and Helix2 @ PJ South) as well as several upcoming ventures in the Northern Region.
2. We are rigorously preparing for the launches of new projects scheduled over the next few years pertaining to our newly acquired lands.

Other costs that have increased include upkeep and project handover costs, bank guarantee fees etc. that are associated with our ongoing operational expansion.

- 1) c) How does the Group plan to manage the higher administrative expenses in FY 2023?

In the context of the intrinsic lag effect in our financial metrics, we would suggest that using administrative expenses as a direct ratio of the Group's turnover might not always present an appropriate measurement.

Furthermore, it is unavoidable that our administrative expenses will rise in the foreseeable future. As highlighted by our Menteri Ekonomi YB Rafizi recently, that the Malaysia government is likely to advocate for an increase in the wages of both the public and the private sectors so the impact of a possible reduction in government subsidies does not affect the income earners so adversely. Given global inflationary pressures, rising interest costs will all have a cascading effect on our domestic inflation rates and in turn salary and other administration costs.

Nevertheless, we remain optimistic over the matter. We have achieved very high take-up rates for our ongoing projects, and we have made good progress in improving the Group's branding and market positioning. We are confident that growth in our near future revenues and profits as a result of our succession expansion to date as the Group will more than compensate for any increase in our administrative expenses.

2) The Group's property development and property construction business segments were impacted by the foreign labour shortage and rising building material prices in FY 2022. These two factors have moderated in FY 2023.

a) Please explain whether the Group is still facing with foreign labour shortage and rising building material prices in FY 2023. If no, what are the expected improvement in gross profit margins from the property development and property construction segments in FY 2023.

The challenges presented by foreign labour shortages have been substantially addressed by the Group. On the matter of building material prices, we have observed sustained increases in the costs of key construction materials, particularly cement and steel bars. A significant portion of these rising costs has been transferred to contractors via fixed-price contracts. As a result, we do not anticipate major fluctuations in our reported gross profit margins.

b) If yes, what measures have the Group taken to mitigate the impact of foreign labour shortage and high building material prices.

Refer to the question 2 (a) above.

3) The Group recorded RM14.1 million, a substantial higher other operating income in FY 2023 as compared to RM2.7 million in FY 2022. (Page 115 of AR)

a) What was the reason(s) for the higher other operating income in FY 2023.

The Group's other operating income recorded higher at RM14.1 million as compared to RM2.7 million in FY2022, representing an increase of RM11.4 million. This was mainly due to:

- i. RM9.2 million gain on disposal of two 70%-owned Australian-based subsidiaries, namely Australasia Development (M) Pty Ltd and Australasia Development Pty Ltd;
- ii. RM1.4 million of higher interest income mainly derived from higher placement of fixed deposits; and
- iii. RM0.8 million imposed of deposit forfeited and late payment interest to purchasers.

3) b) Please provide the components of other operating income for both FYs 2023 and 2022 respectively.

The components of other operating income of the Group for FY2023 of RM14.1 million are as follows:

- i. Gain on disposal of subsidiaries = RM9.2 million;
- ii. Interest income = RM2.1 million;
- iii. Maintenance fee and security charge income = RM0.9 million;
- iv. Deposits forfeiture = RM0.8 million;
- v. Rental income = RM0.8 million;
- vi. Gain on disposal of investment property = RM0.1 million;
- vii. Gain on disposal of property, plant and equipment = RM0.1 million; and
- viii. Insurance compensation received = RM0.1 million.

For FY2022, the components of other operating income of RM2.7 million are as follows:

- i. Rental income = RM1.0 million;
- ii. Maintenance fee and security charge income = RM0.9 million;
- iii. Interest income = RM0.7 million; and
- iv. Gain on disposal of property, plant and equipment = RM0.1 million.

- 4) The Group acquired a parcel of leasehold land of Lot 20034, Seksyen 69, Bandar Kuala Lumpur measuring approximately 4.812 acres (or 19,474 square meters) ("Circadia @ Belfield") for a cash consideration of RM125,000,000. (Page 182 of AR)
- a) Will the leasehold land at Circadia @ Belfield discourage potential property buyers from buying the property as they can get freehold land property at Sunway @ Belfield which is in the same vicinity?

We believe that the leasehold nature of Circadia @ Belfield ("Circadia") will not significantly influence the purchasing decisions of potential buyers. The differentiation we offer in terms of product uniqueness and design is a key selling point that has differentiated our products in the past and been the subject of multiple property design awards.

It is important to note the trends from our previous developments, including Novum @ South Bangsar, Parc3 @ KL South ("Parc3"), and Est8 @ Seputeh ("Est8"), which suggest that distinctive design and features often supersede land tenure in influencing buyer decisions. These projects have provided buyers with distinct choices and alternatives, ensuring they are not merely selecting based on land tenure but are looking at the overall value proposition. It's also worth noting that we have been successful with the sales of Parc3 and Est8, even though both are also leasehold properties.

- 4) a) Will the leasehold land at Circadia @ Belfield discourage potential property buyers from buying the property as they can get freehold land property at Sunway @ Belfield which is in the same vicinity? (cont'd)

Therefore, we are confident that the same points of design and lifestyle differentiation for which the Group is becoming widely recognised will likewise distinguish Circadia from other properties in the vicinity.

Furthermore, with the anticipated launch of Circadia coinciding with the expected completion of Sunway @ Belfield by Quarter 4 of 2024, Circadia may well emerge as the sole new launch in that area during that timeframe. This unique market positioning further strengthens our belief in its potential success.

- b) DBKL has imposed a condition that Circadia @ Belfield is to build 30% affordable homes. What is the Group's strategy on this as this will pull down the Gross Development Value of this property project?

We're actively working on our application currently. Government policies change from time to time, and we're studying past cases—both successes and failures—to inform our planning and strategies for the overall project. On a separate note, the Group has extensive experience in designing and constructing affordable homes.

- c) When does the Group target to launch the first phase of Circadia @ Belfield?

By 2nd half of 2024.

Corporate Governance Matters

1) Mr. Ng Kee Chye, the Chief Financial Officer, (“CFO”) of the Group has announced his resignation to Bursa Malaysia on 31st July 2023. The reason for his resignation is to pursuit other interests.

a) Can the Board share what was the actual reason for his resignation.

The official announcement of Mr. Ng Kee Chye's ("KC Ng") intention to depart was released both on the Company's website and through a Bursa Announcement on 27th April 2023.

After 8.5 years of dedicated service as the CFO, in which he helped complete a number of important financial and governance changes to prepare the Group for the expansion of its project pipeline, KC Ng has chosen to retire from the Company. He diligently continued his responsibilities up to 31st July 2023, ensuring that he was able to finalise key duties including the sign-off of the FY2023 Annual Report and presenting the Quarter 1 FYE2024 report to the Board on 27th July 2023. This dedication has paved the way for a seamless transition to the incoming CFO, scheduled to join us on 21st August 2023.

While change is an inevitable part of life and business, the Board deeply appreciates the significant contributions KC Ng has made over the years. We are particularly grateful for his efforts to ensure a smooth transition for his successor.

- 1) b) Does the Board have any succession plan for the position of CFO? Please name the new CFO and whether it is an internal staff or an external one.

Yes, the Board has a succession plan in place.

We have appointed a new CFO who will joining us on 21st August 2023. The new CFO has extensive background in the property sector, including tenures at listed property companies and global firms and will brings a wealth of experience to the role.

Given this letter will reach MSWG before we make the official announcement to Bursa on the appointment on 21st August 2023, the full details of the appointment will be available in due course.



THANK YOU