Building Lifestyles, Building Trust

AN AWARD-WINNING YEAR

ANNUAL REPORT 2020

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Datuk Tan Hiang Joo

Group Managing Director
Dato' Beh Huck Lee

Executive Director
Muhamad Faisal bin Tajudin

Independent Non-Executive Director
Alfian bin Tan Sri Mohamed Basir
Iskandar Abdullah @ Sim Kia Miang
Kek Jenny

Non-Independent Non-Executive Director
Beh Yeow Seang

RISK MANAGEMENT AND AUDIT COMMITTEE

Chairman
Iskandar Abdullah @ Sim Kia Miang

Members
Alfian bin Tan Sri Mohamed Basir
Kek Jenny

NOMINATION COMMITTEE

Chairperson
Kek Jenny

Members
Beh Yeow Seang
Iskandar Abdullah @ Sim Kia Miang

REMUNERATION COMMITTEE

Chairman
Datuk Tan Hiang Joo

Members
Iskandar Abdullah @ Sim Kia Miang
Kek Jenny

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SOLICITORS

Wong, Beh & Toh
Sidek Teoh Wong & Dennis
Syarikat Ng & Anuar
J.M. Chong, Vincent Chee & Co
Jeff Leong, Poon & Wong

COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)
(SSM PC No. 202008001472)

Te Hock Wee (MAICSA 7054787)
(SSM PC No. 202008002124)

Fong Sok Yee (MAICSA 7066501)
(SSM PC No. 202008001180)

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia
Securities Berhad (6815)

PRINCIPAL BANKERS

CIMB Bank Berhad
United Overseas Bank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

REGISTRAR

Mega Corporate Services Sdn Bhd
(198901010682 (187984-H))

Level 15-2, Bangunan Faber
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Jalan Sultan Ismail,
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CHAIRMAN'S STATEMENT

'As market conditions are likely to become even more challenging in the foreseeable future, the Group's very competitive property offering will stand it in good stead.'

As we ended FY2020 entering a period of major disruption, I am very pleased to report that Eupe has stayed on a strong and consistent course, recording another year of solid achievement.

While the Group's overall revenue and profit are not as high as the record levels achieved during the previous financial year, they represent a strong result in what continued to be a challenging market environment during the past 12 months under review. In addition to these sound overall financial results, it has been gratifying to see Eupe's distinctive approach to property design now gaining widespread industry recognition and trust.

Gaining and sustaining market and buyer trust in our product is central to our strategy of achieving long-term success. It is testament to the innovation and diligence that Eupe management is applying to execute our growth plans that our two maiden KL high-rise projects, Novum@South Bangsar and Parc3@KL South have won leading property awards over the past year.

As market conditions are likely to become even more challenging in the foreseeable future, the Group's very competitive property offering will stand it in good stead as buyers become more attracted to products that are both highly differentiated, yet affordable.

I hope that as we emerge from what has been an unprecedented period of disruption, that all our shareholders, business partners, buyers and supporters as well as those dear to them, have remained, and continue to remain safe and well.

Adversity challenges us all, but it also reminds us of what is truly important. On that note, I would like to thank all Eupe staff for the tenacity and dedication they have committed to their work during what are difficult times. I would also like to thank my Board colleagues for their continuing teamwork and support in helping steer the Group toward future achievement and success. I would like to take the opportunity to thank Dato' Paduka Haji Ismail bin Haji Shafie for his many committed years of services to the Board and for his invaluable contribution to the Group overall.

On behalf of the Board of Eupe Corporation Berhad

DATUK TAN HIANG JOO
Independent Non-Executive Chairman

DATUK TAN HIANG JOO
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

'Our award-winning year shows our distinctive approach to property development is translating into broader, brand recognition.'

DATO' BEH HUCK LEE
Group Managing Director

INTRODUCTION

In our Annual Reports for the two previous years, the title of each has sought to summarise the Group's key achievement for the 12 months under review.

We described FY2018 as Eupe's 'Breakthrough Year'. This highlighted the significant inroads we had made with our expansion into the Kuala Lumpur property market over that period. Key achievements included our maiden KL project, Novum@South Bangsar, being completely sold out, and the successful launch of our second project in KL, Parc3@KL South.

We described FY2019 as our 'Year of Consolidation'. This term highlighted our success in building on our breakthroughs to make sure our successes from the previous year were translated into sustained financial returns. Notable achievements over the period were major progress with Novum's construction and the accelerating sales rate of Parc3. Both were instrumental in the Group recording significantly stronger revenue and profit for the year.

The last 12 months which are the focus of this Annual Report are best described as an 'Award-Winning Year'. This refers to the highly sought-after property design awards and recognition that were won by our maiden KL projects, Novum and Parc3 during this period.

These awards are tremendous accolades for both projects. They represent both expert and market recognition of the design innovation and painstaking planning our company and employees contributed to the two projects. I'm very proud of the work everyone has contributed to enable us to gain these prestigious awards.

But these awards also represent a milestone for the Company in more foundational terms. Whereas the previous two years were focused on building the internal foundations for long-term success, our award-winning year shows our distinctive approach to property development is translating into broader, brand recognition.

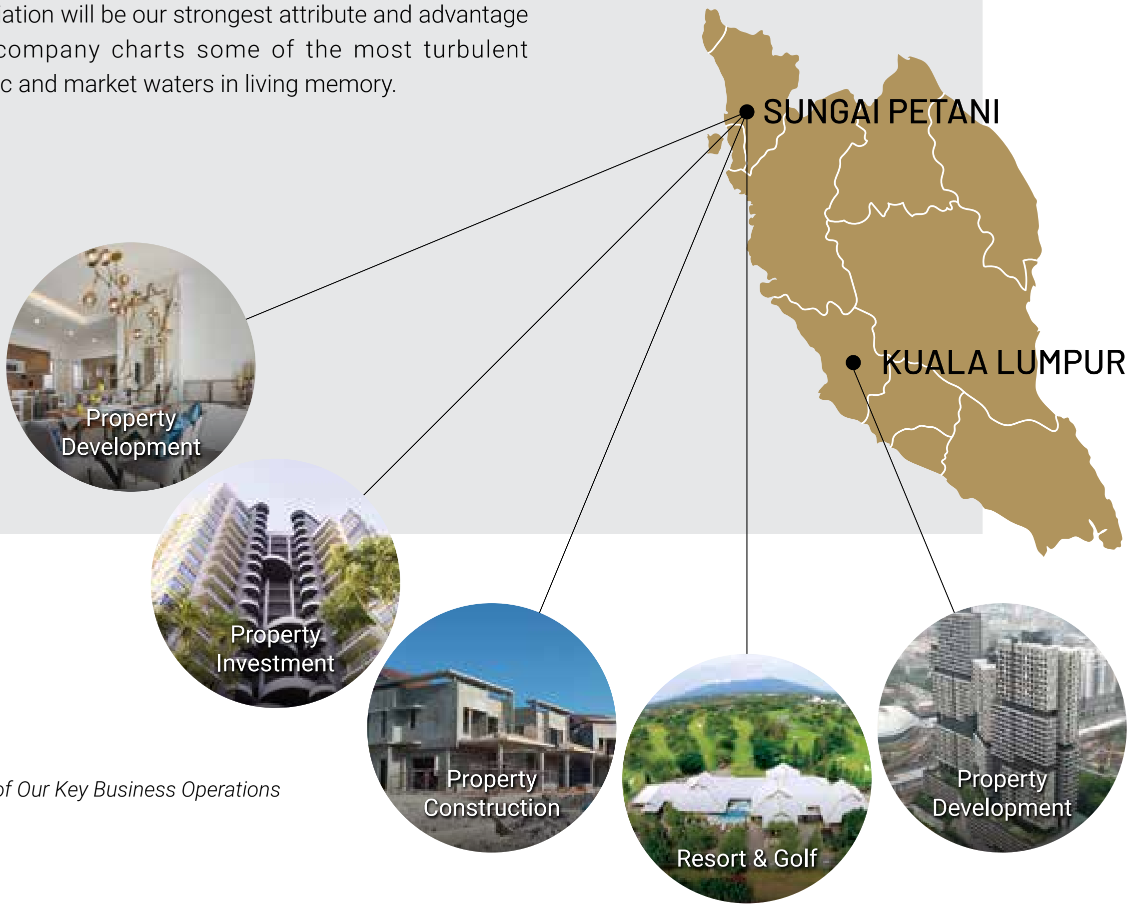
While some companies struggle to translate internal strengths into consumer or brand recognition, while others simply focus on branding without the internal disciplines and focus to deliver on their branding promises, we have deliberately pursued a strategy of combining both. This goes to the heart of our overall point of difference.

In 2015, when we announced our entry into the KL property market, I made a number of statements promising we would set the bar higher on high-rise residential development in Malaysia's most competitive property market. I explained our distinctive Shared Value approach to property development, in which we give more to our property buyers in terms of iconic design, sustainability features and innovative lifestyle facilities but in a way which also promotes affordability. We wanted to make clear that our strategy will never be about cutting corners or chasing short-term profits, an approach unfortunately seen as common in the property development sector.

Instead, we are committed to taking less so our buyers are provided with more. In this way, we strive to gain a following of loyal buyers and supporters who can both underpin and share in our long-term growth and financial success. The successful completion of Novum, and the very strong and positive feedback from Novum buyers who have toured the finished project and expressed their appreciation for the painstaking attention we have given to every design aspect and detail, we know that market recognition of our distinctive approach is building momentum. Likewise, the continuing strong take-up of Parc3, together with the award recognition we've received for this project's 'natural living' design, also underlines that our *Shared Value* approach is resonating strongly across key buyer segments.

At the time of writing this report, the COVID-19 virus continues to create major disruption to our lives and the broader economy. I believe our overriding commitment to and strategy of clear, compelling and inventive product differentiation will be our strongest attribute and advantage as the company charts some of the most turbulent economic and market waters in living memory.

Eupe's Group MD, Dato' Beh accepting the prestigious iDEA award for Novum



Location of Our Key Business Operations

FINANCIAL HIGHLIGHTS

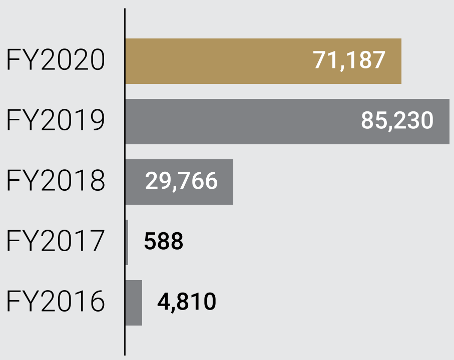
As with the last financial year, much of the Group' revenue and profit for FY2020 has been attributable to the proceeds from the Group's two KL projects, Novum and Parc3, with shifts from last year's revenue and profit outcome reflecting the changing contributions of both projects to our overall results. Total Group revenue for the year was RM298.3 million. This was RM61.6 million lower than the result compared to RM359.9 million. This reduction was primarily due to lower revenue contributed by Novum which reached the completion stage of development during the financial year. This decreased contribution from Novum was moderated by steady growth in Parc3's revenue contribution, reflecting its high sales take-up rate and steady construction progress over the 12 months.

As a result, the Group's pre-tax profit for the full-year was lower by RM14.0 million, compared to FY2019, due to the lower profit contribution from Novum. At the same time, the profit attributable to the equity holders of the Company improved over the 12 months from RM30.3 million to RM33.9 million. This has also resulted in an improvement in the Group's EPS from 23.67 sen to 26.45 sen, a near four-fold increase since FY2018. Overall, we see these results as satisfactory, given the challenging nature of the market throughout FY2020. The Group's debt level remains comparable to the previous financial year, although the net gearing ratio – at 0.33 times – has increased slightly from FY2019, with an increase in shareholders' funds from RM320.6 million in FY2019 to RM352.3 million in FY2020.

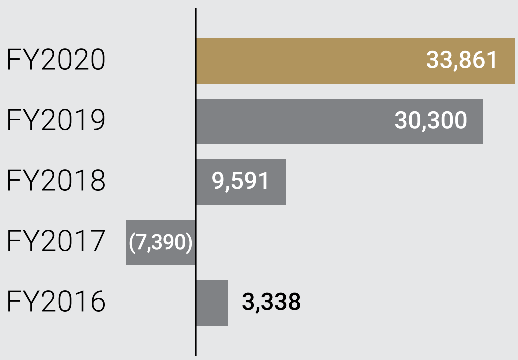
These results have provided the Group with the capacity to declare an interim single-tier dividend of 1.5 sen per share for the financial year.

KEY FY2020 FINANCIAL RESULTS

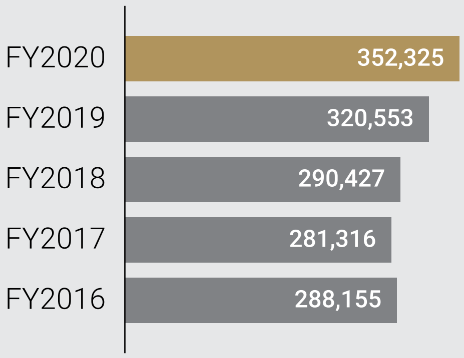
Profit Before Tax (PBT) (RM'000)



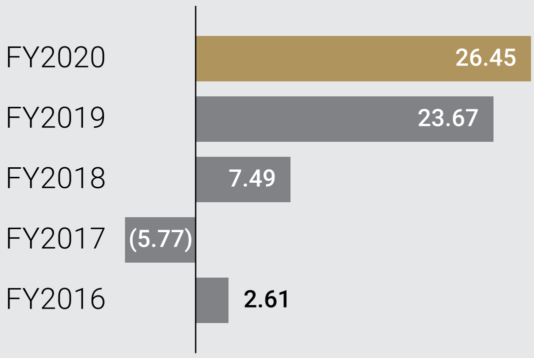
Profit attributable to equity holders of the Company (RM'000)



Shareholders' funds (RM'000)



Earnings per share (EPS) (sen)



PROPERTY DEVELOPMENT

As stated, the Group's Property Development Division continues to be the largest contributor of revenue and profit. Its operations are divided into two regions: the Klang Valley region which focuses on high-rise residential projects in Malaysia's capital and the Northern region which develops and sells residential projects with an emphasis on affordable, township-style housing in Sungai Petani, the largest population centre in Kedah.

Construction of Novum, which is 100 per cent sold, is now complete and awaiting handover to its 700 buyers once the current Movement Control Order is over. Parc3 has achieved a sales take-up rate exceeding 90 per cent, another very pleasing result given what has been a continuation of challenging market conditions over the past year. Construction of the project is now well-advanced, and despite the operational disruptions created by the recent COVID-19 lockdown, remains on track to be completed by end of 2021.

NOVUM
SOUTH BANGSAR

Novum is now complete and awaiting handover to its 700 buyers.

Innovative lifestyle facilities at Novum.

Eupe management celebrating the PropertyGuru 'Best Condo/Apartment - Architectural Design' award for Novum

Over and above the excellent sales and construction outcomes for both projects, the other significant highlight for our Klang Valley operations in FY2020 has been achieving important design award recognition for both our maiden KL projects. In May 2019, Novum was announced the winner of the *Best Condo/Apartment Architectural Design* category at the annual PropertyGuru Asia Property Awards. At the same awards, Parc3 was Highly Commended in the *Best Landscape Design* Category. In October 2019, Novum was also awarded the *Best Residential High-Rise Development (Future)* at the highly-regarded iProperty Development Excellence Awards (iDEA).

All three awards recognise how the two projects, each in their distinctive way, exemplify our core strategic objective of creating clear and compelling points of difference that creating lasting value for our buyers. For example, Novum, located in one of the city's most sought-after areas, was carefully designed to challenge the 'sameness' of the largely similar residential blocks in the fast-growing Bangsar distinct, through its iconic, sculptural design and inventive interplay of lifestyle facilities and recreational spaces.

In the same vein, with Parc3, we have strived to offer an affordable product that we believe is pioneering in terms of design and facilities that provide a much deeper integration of natural, green spaces and healthy living into a high-rise, residential living. Central to this objective is Parc3's My Home Garden concept in which multi-level parks and innovative shared spaces and facilities, together with garden plots for owners and their families to organically grow their own produce, weave together into a ground-breaking 'green living' experience in the heart of the city.

Planning work continues on the Group's other Klang Valley projects in Petaling Jaya and Seputeh. Both the timing and configuration of these projects will be subject, however, to further study in the wake of what are likely to be structural changes to consumer demand resulting from the recent economic disruption.

Our Northern Township Development Division continues to grapple with subdued consumer demand in the region. Its focus has continued to be offering affordable and entry-level housing, while continuing to identify and execute quality control and margin improvements.

Total revenue for the Property Development Division for FY2020 was RM276.1 million, compared to RM334.3 million last financial year. This decrease was largely due to the completion and pending handover of Novum, offset by the high take-up and construction progress of Parc3. This revenue result translated into a profit-before-tax for the Division of RM74.5 million, compared to RM91.2 million recorded last year.

PROPERTY CONSTRUCTION DIVISION

The Property Construction Division recorded revenue for FY2020 which was RM1.6 million lower than the previous year. The Division's pre-tax loss, however, was reduced to RM0.4 million, compared to RM1.5 million for FY2019, due to a one-off impairment loss recorded on investment properties in FY2019. As with the previous year, the Division's focus in FY2020 has been on undertaking in-house projects and supplying building materials to its sub-contractors as well as improving its execution capabilities and competitiveness. These capabilities have shown significant improvement and should position the Division well in bidding on external contracts going forward.

Construction is advancing at Parc3@ Cheras, Eupe's second KL project

CHALET & GOLF MANAGEMENT DIVISION

The Chalet and Golf Management Division, which is centred around the Cinta Sayang Resort in Sungai Petani and offers a range of chalet, convention, banqueting, golf and other recreational facilities, continues to face very challenging conditions, namely an ongoing softening in the consumer spending environment combined with increasing competition from homestays service providers in the area.

For FY2020, the Division recorded total revenue of RM10.2 million. This represented a decrease of RM1.7 million compared to FY2019. At the same time, the Division's management has sought to offset these decreases through continuing operational savings and staff efficiencies to rationalise costs. These changes resulted in pre-tax losses for FY2020 improving by RM1.5 million, compared to pretax loss of the preceding year.

Movement restrictions as a result of the COVID-19 outbreak has also had a significant impact on the Division's visitor rate. Work will continue to realign the Division with what is a rapidly changing and challenging market for hospitality services and tourism.

OTHERS

The Others Division includes rental accrued to the Group from its investment properties, mostly in Sungai Petani, as well as proceeds from its fruit cultivation in Kedah. The Division reported revenue of RM2.5 million and a pre-tax loss of RM0.7 million for FY2020, similar to the preceding year's results.

MARKET OUTLOOK

As indicated earlier in this report, market conditions have been significantly impacted for the foreseeable future as a result of measures to contain the spread of COVID-19. The unprecedented nature of this disruption means that a number of unknowns are now in play in terms of how economic and consumer trends will develop in the coming months and beyond. These trends are not likely to become known until after the current isolation and social distancing rules now in effect are fully lifted, and the Government's transition strategy to returning the economy to normal activity has time to develop.

While it is not possible at this stage to forecast with any accuracy how recent unprecedented events will impact on the property market and consumer demand for property products, housing will remain a fundamental demand, with the current economic situation likely to accelerate the shift in the property market toward greater housing affordability on the one hand, and the imperative for property developers to clearly differentiate their products in terms of innovative design and lifestyle features. These are both strategies that are the core of Eupe's product development strategy and we will be refocusing our efforts in these areas so that our future projects remain a compelling offer to buyers.

Two of Eupe's affordable housing offerings in Kedah

Spacious, interior design is a major feature at Eupe's Cinta Sayang Resort Homes development in Sungai Petani

RISK MANAGEMENT

As current economic dislocations in both global and local level create major uncertainty, the risk profile of all companies has changed quickly and dramatically. At the time of writing, the Group is re-assessing its risk management processes, strategies and priorities to take account of the many ramifications arising from the likely structural changes to demand in both residential housing and more generally as result of these COVID-19 related dislocations.

We continue to identify our major risk as remaining ahead of market trends and buyer demand, the Group continues to identify and manage risk through a comprehensive risk management process that incorporates ongoing feedback from the market to make sure our product development and execution remains highly competitive.

However, in view of the COVID-19 crisis, a number of major risks have emerged and we are actively managing them. The most immediate of these risks is business continuity in the face of movement restrictions and new workplace health and safety regimes, in particular ensuing specific guides and directions are in place to manage the health status of workers and minimise the risk of the spread of the virus. Related to this is identifying and managing risks associated with the flow of supply of building materials to our construction sites, thus minimising the potential for project delays as a result of any disruptions in building materials supply, as well as pricing changes to building materials as supply potentially fluctuates. Likewise, the Group's hospitality division faces ongoing risk as a result of a drop off in visitation to its resort facilities due to movement restrictions. In response to what is a very fluid environment, systems and checks are in place, and continually reviewed, to ensure these risks and their potential to impact on the Group's operational capacity is reduced.

At a financial level, a key risk is maintaining adequate levels of Group liquidity at a time when revenue is being constrained by a decline in consumer and economic sentiment more generally. The Group is continually undertaking 'stress test' assessments against its expenditure commitments to ensure it has adequate capacity to make essential payments, namely loan and financial commitments, salaries and fixed overheads.

CONCLUSION

The assumption that life after the COVID-19 has been successfully contained will return to normal is, I believe, wishful thinking.

Many of the changes in the structure of our economy and society that have been emerging in recent years – such as the move to business exchange and customer interaction online, increasing demands for product affordability and the imperative for business to build their product offerings around trust, will rapidly accelerate as a result of the disruptions and uncertainties we are currently experiencing.

Those companies that continue to operate as business-as-normal will struggle. Those that embrace change and see the current challenges as an additional incentive to stay ahead of and shape change will reap rewards. We believe that as a Group, we are very-well placed financially, operationally and brand-wise to be a leader in the latter category.

In short, the COVID-19 crisis means we will have to think about what is 'normal' in a different way. The new normal will mean not incremental change but long-term restructuring. Consumer demands for value will not only intensify, but the concept of 'value' itself, particularly in the residential property market, is likely to change fundamentally.

Many of the challenges we are living through are new to everyone, but again I emphasise that the disruption of this period is an opportunity for those who are committed to breaking new ground. We promise our shareholders, partners and stakeholders that we will not just think about how to best leverage these far-reaching changes, but pursue these opportunities with the same strategic foresight and diligence that we have applied to achieve our recent award-winning successes.

On that note, I want to again say thank you to our shareholders, partners and stakeholders for their continuing loyalty and support. I also wish to thank the Board for its unstinting willingness to offer the best possible guidance and advice, without which the achievements I've highlighted in this report would not have been possible.

As always, my thanks and sincere appreciation for their ongoing support and trust in us is extended to our buyers and customers, as well as our suppliers and our other business partners who comprise the Eupe family.

BOARD OF DIRECTORS PROFILE

DATUK TAN HIANG JOO

Independent Non-Executive Chairman
Age 57, male, Malaysian.

Datuk Tan was appointed to the Board on 19 May 1997. He is also the Chairman of the Remuneration Committee.

He holds a Law Degree (LLB(Hons)) from the University of Malaya and is an advocate and solicitor with the High Court of Malaya. He has been in practice since 1989 and is a partner of Syarikat Ng & Anuar. Datuk Tan is the Deputy President of Penang Chinese Chamber of Commerce. He sits in the Boards of Directors of Han Chiang University College of Communication, Penang and Han Chiang High School. He is also the Advisor of Penang Chinese Chamber of Commerce Charity Fund Committee.

He attended five (5) out of six (6) board meetings held during the financial year. He holds directorship in Seal Incorporated Berhad. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

DATO' BEH HUCK LEE

DSDK, AMK
Group Managing Director
Age 50, male, Malaysian.

Dato' Beh was appointed to the Board on 19 May 1997.

He holds a Bachelor of Commerce and a Bachelor of Engineering (First Class Honours) from the University of Western Australia. He was attached to Hewlett-Packard before he joined the Group in 1995. He took over at the helm and oversaw the operations of the Group, its restructuring and the subsequent listing of the Company on the Bursa Malaysia Securities Berhad.

He attended all the six (6) board meetings held during the financial year. He is the brother of Ms Beh Yeow Seang, a Non-Independent Non-Executive Director of the Company and son of Datin Paduka Teoh Choon Boay, a major shareholder of the Company by virtue of her interest in Betaj Holdings Sdn Bhd and Beh Heng Seong Sdn Bhd, both of which are major shareholders of the Company where Dato' Beh is also a Director of these companies. He has no conflict of interest with the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

ISKANDAR ABDULLAH @ SIM KIA MIANG (ALSO KNOWN AS MR BINGLEY SIM)

Independent Non-Executive Director
Age 56, male, Malaysian.

Mr. Bingley was appointed to the Board on 21 April 2016. He is also the Chairman of the Risk Management and Audit Committee, a member of the Nomination Committee as well as the Remuneration Committee.

He has a distinguished career in the capital market with more than 30 years of experience. His qualifications include BCom (Acc) from the University of Birmingham, England. He is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"). He also has the Corporate Finance Qualification from the ICAEW.

He worked in management and other senior positions for a number of chartered accountancy practices in United Kingdom over a nine-year period from 1986 to 1995. Thereafter, he spent 21 years with CIMB Investment Bank Berhad ("CIMB") in Corporate Finance and Equity Capital Markets ("ECM") Departments. He left CIMB in March 2016 as Managing Director & Head of ECM (Malaysia). Subsequently, he joined ZJ Advisory Sdn. Bhd. in April 2016 as an Executive Director and left in October 2018. On 1 July 2019, he re-joined CIMB as the Regional Head of Private Client Solutions in the Private Banking Department. Mr. Bingley was appointed as a member of the Listing Committee of Bursa Malaysia Berhad on 1 October 2018.

He attended all six (6) board meetings held during the financial year. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

MUHAMAD FAISAL BIN TAJUDIN

Executive Director
Age 50, male, Malaysian.

En. Faisal was appointed to the Board on 30 June 2006.

He holds a Bachelor of Arts from the Loyola Marymount University. He was attached to Aima Development Sdn Bhd where he was responsible for the development of City Plaza in Alor Setar prior to joining the Group.

He attended all the six (6) board meetings held during the financial year. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He is also a Director of Betaj Holdings Sdn Bhd, a major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

KEK JENNY

Independent Non-Executive Director
Age 55, female, Malaysian.

Ms. Jenny was appointed to the Board on 28 March 2002. She is also the Chairperson of the Nomination Committee, a member of the Risk Management and Audit Committee as well as the Remuneration Committee.

She holds a Bachelor of Commerce degree majoring in Accountancy from the University of Canterbury and is a Chartered Accountant by profession. She is also a Member of the Malaysian Institute of Accountants (MIA).

She was with KPMG (Malaysia) as Senior Manager /Head of Department and was primarily involved in statutory audits, financial due diligence and special audits (1990-1997). Prior to her relocation to KPMG (Malaysia), she was attached to KPMG's Christchurch, New Zealand and Brussels, Belgium offices (1987-1990). She is currently the Executive Director of Comet Asset Management Sdn Bhd, a company which provides corporate advisory and investment services.

She attended five (5) out of six (6) board meetings held during the financial year. She has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. She has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

ALFIAN BIN TAN SRI MOHAMED BASIR

Independent Non-Executive Director
Age 46, male, Malaysian.

En. Alfian was appointed as an Independent Non-Executive Director of the Company on 25 January 2018. He is also a member of the Risk Management and Audit Committee.

He is a Chartered Accountant and a Member of the Malaysian Institute of Accountants (MIA). He graduated from the University of Malaya with a Bachelor of Accounting (Hons) Degree.

He began his career in 1998 at Ernst & Young, Kuala Lumpur, a global accounting firm. Specialising in the financial institutions sector, he gained a wealth of experience managing financial audits and special due diligence assignments at various local financial institutions, as well as at overseas financial institutions. He left Ernst & Young in 2001 to pursue his interest in the field of ICT. He focused on providing ICT consultancy services, as well as being involved in the telecommunications industry, particularly in Malaysia and Cambodia. He has also ventured into the Oil and Gas industry from 2010, particularly in the offshore support services segment.

He is the Chairman and an Independent Non-Executive Director of Willowglen MSC Berhad and he is also a Non-Independent Non-Executive Director of WTK Holdings Berhad.

He attended all the six (6) board meetings held during the financial year. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

BEH YEOW SEANG

Non-Independent Non-Executive Director
Age 48, female, Malaysian.

Ms Beh was appointed to the Board on 26 July 2018. She is also a member of the Nomination Committee.

She holds a Bachelor of Commerce (B.Com.) degree and a Bachelor of Laws (LL.B) degree from the University of Western Australia, and is an Advocate & Solicitor of the High Court of Malaya by profession.

Ms Beh has been in legal practice since 1997. She started as a legal assistant in Presgrave & Matthews, Penang before setting up her sole proprietorship, Y.S. Beh & Associates, in Sungai Petani, Kedah in year 2000. In year 2003, she formed Wong Beh & Toh, a legal firm which is well known for its capital markets and corporate commercial work, together with the other 3 founding partners. She has been the managing partner for the Sungai Petani branch ever since. Ms Beh is experienced in corporate finance and real estate. Besides being the legal adviser of various non-profit organisations, she is also a director of Just Bread Sdn. Bhd., a bakery chain with four outlets in Sungai Petani, Kedah.

She attended all the six (6) board meetings during the financial year. She is the sister of Dato' Beh Huck Lee, the Group Managing Director of the Company and daughter of Datin Paduka Teoh Choon Boay, a major shareholder of the Company by virtue of her interest in Betaj Holdings Sdn Bhd and Beh Heng Seong Sdn Bhd, both of which are major shareholders of the Company. Ms Beh is also a Director of Beh Heng Seong Sdn Bhd. Ms Beh has no conflict of interest with the Group. She has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

SENIOR MANAGEMENT PROFILE

DATO' BEH HUCK LEE

Group Managing Director (shooi@eupe.com.my)

Age 50, male, Malaysian. Dato' Beh was appointed as Group Managing Director on 1 July 1997.
Dato' Beh's profile is set out in page 12 of this Annual Report.

PAUL CHANG

Director, Strategic Projects (paul@eupe.com.my)

Age 51, male, Singaporean. Mr. Chang was appointed as Strategic Projects Director on 1 March 2016.

Mr. Chang has 20 years of experience in both public and private sectors in design consultancy and construction as well as in property development across market segments, asset classes and countries. He worked for seven (7) years in Singapore's Housing and Development Board and was responsible for the development of a new generation of Transport Oriented Development (TOD) in Clementi, Singapore. Working for Surbana International Consultancy, he was instrumental in opening up a range of new markets overseas for the company. He also worked for Keppel Land China for four years, during which time he was responsible for the design of more than 28 development projects in 11 different cities in China. He graduated with Honours and Distinction in Design at National University of Singapore.

Mr. Chang does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

NG KEE CHYE

Chief Financial Officer (kcng17@eupe.com.my)

Age 56, male, Malaysian. Mr. Ng was appointed as Chief Financial Officer on 29 January 2015.

Mr. Ng is an accountant by profession, holds a Bachelor in Accounting (Honours) and is a Member (Chartered Accountant) of the Malaysian Institute of Accountants (MIA) since 1992. He was formerly the Chief Financial Officer of three publicly-listed property development companies, including Land & General Berhad. He began his career as an Auditor with one of the 'Big Four' accounting firms, before moving into the manufacturing sector as well as hospitality, leisure, property development and construction sectors with another two large diversified groups in Malaysia. He has more than 25 years of experience in professional accountancy, auditing and investigation, trading and manufacturing, hospitality and leisure, property development and construction, financial and risk management, strategic planning, as well as business evaluation and implementation.

Mr. Ng does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

DATIN MICHELLE GAN

Head of Marketing and Sales (michelle@eupe.com.my)

Age 48, female, Malaysian. Datin Michelle was appointed as Senior Manager – Marketing and Design on 1 July 1997.

Datin Michelle heads the marketing and design division for Eupe. She has a Bachelor of Commerce from the University of Western Australia and a Bachelor of Law from the University of Wolverhampton. She has held a number of management roles with Eupe since joining the Company in 1997. Her key role is to ensure Eupe's property designs are a defining trademark of the Group. She also has overall responsibility for the Group's project marketing strategies.

Datin Michelle does not hold directorship in any other public company and listed issuers. She is a Director of Beh Heng Seong Sdn Bhd, a major shareholder of the Company. She has no conflict of interest with the Company and she is the wife of Dato' Beh Huck Lee, sister-in-law of Ms. Beh Yeow Seang and daughter-in-law of Datin Paduka Teoh Choon Boay, a major shareholder of the Company by virtue of her interest in Betaj Holdings Sdn Bhd and Beh Heng Seong Sdn Bhd, both of which are major shareholders of the Company. She has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

CHEONG CHEE HOONG

Senior General Manager, Projects (chcheong@eupe.com.my)

Age 61, male, Malaysian. Mr. Cheong was appointed as Senior General Manager, Projects on 1 June 2017.

Mr. Cheong holds a BSc in Civil Engineering as well as a MBA degree and has over 35 years of experience in the engineering and property development sector. He has been involved in the construction of a number of major building and infrastructure projects including the Johor Barat water supply scheme, Ipoh airport redevelopment, as well as a number of major residential high-rise, shopping mall and hotel developments in Malaysia. Prior to joining Eupe, he was the Senior Vice President in the property management division of a private company to develop Damansara Uptown Phase 2 in Petaling Jaya.

Mr. Cheong does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

SIMON SIM

Senior General Manager, Projects (simonsim@eupe.com.my)

Age 61, male, Malaysian. Mr. Sim was appointed as General Manager – Projects on 1 November 2016.

Mr. Sim holds a B. App Sc. degree in Construction Management & Economics. He has held senior management positions in several publicly-listed companies involved in construction and development. He has more than 30 years of experience in construction management and cost management of projects ranging from landed properties to high-rise office and residential buildings, shopping mall and township developments. Prior to joining Eupe in 2016, he was a Director of Cost & Contract in the construction division of a publicly-listed company.

Mr. Sim does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

CHUAN YEONG MING

Head of Construction (chuan@eupe.com.my)

Age 60, male, Malaysian. Mr Chuan was appointed as General Manager – Construction on 1 January, 2019

Mr. Chuan holds a BSc in Civil engineering (Houston, USA) and an MBA degree from the University of Strathclyde. He is a Professional Engineer registered with the Board of Engineer Malaysia and a Corporate Member with The Institution of Engineers, Malaysia. His 34 years of experience in the property and construction industry has included senior roles in the construction and development of a number of major projects namely highway, hospitals, commercial complexes, stadium, port and condominiums. Prior to joining Eupe, he was in a senior management position for a publicly-listed property and construction company, managing that company's construction business in Kedah, Penang and Kuala Lumpur.

Mr. Chuan does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

DR. MARK TRIFFITT

Strategic Communications Director (mtriffitt@eupe.com.my)

Age 54, male, Australian. Dr. Triffit was appointed as Strategic Communications Director on 1 July 2013.

Dr. Triffitt worked as a strategic communications director as well as a policy consultant advising Australian governments and corporates at executive levels for more than two decades. He has been also a lecturer in strategic communications and public policy, as well as a political journalist. He has a PhD in politics from the University of Melbourne as well as a Masters Degree in International Politics and a First Class Honours degree in Sociology.

Dr. Triffitt does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences (if any) and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 29 February 2020.

GROUP STRUCTURE

EUPE CORPORATION BERHAD AND ITS SUBSIDIARIES

DIVISION

INVESTMENT HOLDINGS

- **EUPE CORPORATION BERHAD**

PROPERTY DEVELOPMENT

- 100% BUKIT MAKMUR SDN BHD
- 100% MERA-LAND (MALAYSIA) SDN BHD
- 100% ESTEEM GLORY SDN BHD
- 100% EUPE KEMAJUAN SDN BHD
  - 60% EUPE DEVELOPMENT SDN BHD
  - 50% EUPE BANGSAR SOUTH DEVELOPMENT (JV) SDN BHD
  - 70% TITIAN SAMA SDN BHD
  - 100% ORIENTAL PLUS SDN BHD
- 100% EUPE PJ SOUTH DEVELOPMENT SDN BHD

PROPERTY CONSTRUCTION

CHALET & GOLF OPERATION & MANAGEMENT

OTHERS

- 70% MAKMUR LONGAN FARMING SDN BHD (under BUKIT MAKMUR SDN BHD)
- 100% TADIKA PRO-DEDIKASI SDN BHD (under EUPE KEMAJUAN SDN BHD)

70%
AUSTRALASIA DEVELOPMENT (M) PTE LTD

70%
AUSTRALASIA DEVELOPMENT PTE LTD

100%
RIACON SDN BHD

100%
EUPE GOLF MANAGEMENT BERHAD

100%
EUPE GOLF RECREATION & TOUR SDN BHD

100%
EUPE REALTY SDN BHD

100%
EUPE HOMES (MM2H) SDN BHD

100%
EUPE HOTEL SDN BHD

100%
MILLENNIUM PACE SDN BHD

100%
RIA PLAZA SDN BHD

100%
RIA FOOD CENTRE SDN BHD

100%
PASAR TAMAN RIA SDN BHD

100%
CINTA SAYANG MANAGEMENT SDN BHD

SUSTAINABILITY REPORT

About This Report (102-1, 102-2)

As part of our sustainability obligations to our stakeholders, we present Eupe Corporation Berhad's ("Eupe" or the "Group") annual sustainability statement outlining the achievements and efforts we have made towards building sustainable development projects for financial year 2020 ("FY2020"). This report presents information relating to the economic, environmental and social ("EES") aspects of sustainability within the Group's operations.

This year we conducted a materiality assessment to re-evaluate our sustainability focus which has helped us refine our focus and develop our ongoing strategy on sustainability.

Eupe has also taken the initiative to assess our sustainability efforts and practices against the 17 United Nations Sustainable Development Goals ("SDGs"), identifying four that we are able to support based on our business activities.

As part of our commitment to achieving best practices in sustainability, we continuously strive to explore new initiatives that will enhance our performance by embedding new sustainability practices into our value-chain. Furthermore, Eupe is committed to engage with its stakeholders to better understand and meet their expectations and we aim to address those sustainability issues that they raise with us.

Reporting Framework

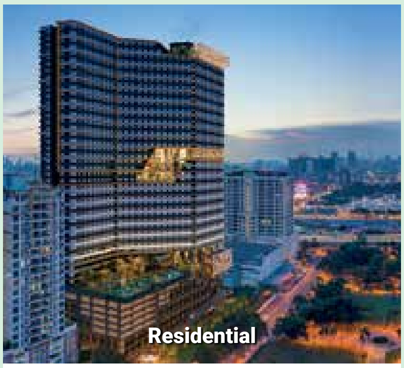
This statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), with specific reference to the Sustainability Reporting Guidelines (2nd edition) issued by Bursa Securities. To improve our sustainability reporting this year, we have aligned the report with the Global Reporting Initiative ("GRI") Standards framework in order to disclose our performance in a manner that is consistent and comparable with other companies.

Scope of Reporting (102-3, 102-4, 102-46, 102-50, 102-52)

The statement covers the activities carried out by the Group during the financial year 1st March 2019 to 29th February 2020 and discloses the sustainability performance of our Headquarters ("HQ") in Sungai Petani, Kedah, our Klang Valley office, our two major development projects in the Klang Valley, as well as our Cinta Sayang Resort in Sungai Petani, Kedah as listed below.

Novum
South Bangsar, Kuala Lumpur

COMPLETED PROJECT
Pending vacant possession



Parc3
Cheras, Kuala Lumpur

ONGOING PROJECT

Cinta Sayang Resort
Sungai Petani, Kedah

Golf Course, Waterpark, Resort

Feedback (102-53)

This report is available online and can be downloaded from our website. We encourage and value feedback from our stakeholders to help improve our sustainability initiatives and reporting. Please direct comments and suggestions to:

Name: Dr. Mark Triffitt
Designation: Strategic Communications Director
Email: corpcomm@eupe.com.my
Phone: +603-7610 0636

Our Commitment to Sustainability

Sustainability Plus

Eupe believes in taking substantive strategic steps in its business operations to develop and instil practices that promote sustainable development within, both the economy and community, and in doing so, improve the operational and financial performance, and overall sustainability, of the Group. We understand that the wellbeing of the Group extends further than economic and commercial benefits, and as such, Eupe has developed its sustainability strategy to focus on addressing its EES risks and opportunities.

At Eupe our sustainability framework - *Sustainability Plus* - outlines how we seek to go beyond conventional requirements and benchmarks on sustainability and set new and innovative standards in eco-design and building strong communities that benefit the broader community. We believe that property development and sustainability are not mutually exclusive but should be conducted in lockstep in order to align benefits for the environment with benefits for our buyers, business partners and other stakeholders.

At the core of our philosophy of *Sustainability Plus* is *Shared Value*. *Shared Value* means providing long-term value for our buyers through innovative sustainable design and pursuing a holistic approach to planning and developing 'green' communities. By understanding our EES risks we are committed to not only embed sustainability within the organisation, but to promote sustainable lifestyles through our residential development projects.

Commitment to Global Efforts

In 2015, the United Nations ("UN") had announced its Agenda 2030 which includes 17 SDGs that aim to address a range of environmental and social challenges. These goals are dedicated to improving the quality of life in tandem with fostering economic prosperity, environmental preservation, and harmony within the community.

Malaysia has declared its commitment to the UN Agenda 2030 through the nation's sustainable development agenda outlined in the Eleventh Malaysia Plan (2016-2020). As a business operating in the country, Eupe is committed to contributing, to the best of its abilities, to helping achieve these national and global goals. To this end, we have adopted four SDGs over the past 12 months that we believe align best with the Group's business strategy and development philosophy.

8 DECENT WORK & ECONOMIC GROWTH

- Provide equal opportunity to all
- Whistleblowing policy established
- Provide safe work environment
- Provide fair remuneration packages
- Provide talent and development opportunities

9 INDUSTRY, INNOVATION & INFRASTRUCTURE

- Incorporates sustainable eco-design into its projects:
  - Healthy Air
  - Iconic Design
  - Green Community
  - Smart Connectivity

11 SUSTAINABLE CITIES & COMMUNITIES

- Provides affordable housing
- Tracking and monitoring of resource consumption and waste generation
- Invest in local communities and host inclusive events

12 RESPONSIBLE CONSUMPTION & PRODUCTION

- Use of green features in development projects increase resource efficiency
- Tracks and monitors resource consumption and waste generation
- All suppliers and contractors procured locally

Sustainability Governance (102-18, 102-32)

A strong and effective governance framework is essential to the effective management of our sustainability performance in a way that realises long-term benefits for both the Group and the wider community. Ensuring proper sustainability governance leads to the reduction of commercial and environment risks, helps to attract committed employees, investors and shareholders while building company equity. Importantly, strong governance is crucial to further strengthening the trust and confidence of our diverse community of stakeholders.

Our Board of Directors ("Board") is at the apex of Eupe's sustainability governance and ensures sustainability is embedded across the Group. The Heads of Departments ("HODs") and Senior Management, along with the Chief Financial Officer and Group Managing Director comprise the Sustainability Steering Committee ("SSC"). The Sustainability Working Committee ("SWC") comprises representatives from the Group's different departments that implement sustainability initiatives. Our sustainability report is reviewed by the SSC and endorsed by the Board.

Board of Directors

Sustainability Steering Committee ("SSC")

Chief Financial Officer	Head of Human Resources	Head of Marketing & Sales	Head of Construction	Group Managing Director (Chairman)	Senior General Managers, Projects	Strategic Communications Director	Director, Strategic Projects	General Manager, Cinta Sayang Resort

Sustainability Working Committee ("SWC")

Finance	Human Resources & Admin	Sales & Marketing	Construction	Project	Corporate Communications	Planning & Design	Commercial	Business Affairs	Hotel & Golf Course

ROLES & RESPONSIBILITIES

Board of Directors

- Endorses proposed sustainability strategy and initiatives
- Issues final approval on the contents of the sustainability statement

Sustainability Steering Committee

- Advises the Board on sustainability initiatives and oversees the implementation/ performance

Sustainability Working Committee

- Implements sustainability initiatives
- Monitors sustainability performances

Stakeholder Engagement (102-40, 102-43, 102-44)

Engaging with our stakeholders and building strong relationships with them are integral to the success of our business as they help us understand only their expectations, but also the range of externalities and trends that could affect our sustainability performance in the future. We keep our lines communication open with a view to fostering meaningful dialogue with all our stakeholders.

Stakeholder Group	Methods of Engagement	Frequency of Methods of Engagement	Key Issues
Local Community	Relations and engagement with community and cultural groups	Ad Hoc	• Community support through *Building Hope Programme* • Cultural development and support through *Planet Eupe Cultural events programme* • Affordable Housing
	Community and cultural events	Ad Hoc	
	Social media engagement	Ad Hoc	
Employees	Town Hall meetings	Ad Hoc	• Employee engagement • Staff development and career progression • Positive and productive workplace
	Employee surveys	Ad Hoc	
	Employee committees	Monthly	
	Eupe Sustainability Plus planning days	Ad Hoc	
	Training and development	Ad Hoc	
Regulators	Dialogue and discussion with government and other planning authorities	Ad Hoc	• Compliance with regulatory, planning and financial disclosure frameworks
	Timely disclosure of corporate and financial disclosure frameworks activities	Ad Hoc	
Customers/ Buyers	CSQ (Customer Service and Quality) channels	Ad Hoc	• Company responsiveness • Customer satisfaction • Product quality
	Social Media engagement	Bi-weekly/ Monthly	
	Marketing events and customer promotions	Ad Hoc	
Investors & Analysts	Annual Report	Annually	• Timely disclosure of relevant corporate proposals and financial activities • Communication and promotion of Group strategy
	Annual General Meetings	Annually	
	Quarterly Financial Statements	Quarterly	
	Company website	Ad Hoc	
	Annual Letter to Shareholders	Annually	
Contractors & Suppliers	Project management meetings	Bi-weekly	• Occupational Safety and Health • Quality delivery • Efficient construction processes • Sustainable products
	Tender evaluation	Ad Hoc	
	Transparent selection processes	Ad Hoc	
	Supplier Code of Conduct	Ad Hoc	

Identifying Our Material Matters

Materiality Assessment

Integral to developing sustainability practices that reflect continuous improvement, a materiality assessment is required to identify which EES risks and opportunities are most critical to our business operations as well as our stakeholders. We have reviewed and updated our material sustainability matters through enhancing our materiality assessment process to provide a more accurate representation of our sustainability priorities. The materiality assessment was conducted through workshops with the SSC and the SWC. Moving forward, we will conduct these assessments periodically to ensure the material matters identified this year remain relevant in the coming years, or when they require review and updating due to any major changes within the Group such as future mergers, acquisitions or divestitures.

These are the four key steps involved in Eupe's materiality assessment.

STEP 1

EVALUATION OF PAST REPORTS

We reviewed our past reports to see if our matters are still relevant and if the prioritisation of them have changed.

STEP 2

IDENTIFICATION

Identification of material sustainability matters that are relevant from past reports and in comparison to industry peers.

STEP 3

PRIORITISATION

We conducted a materiality assessment where we ranked the list of material matters using a weighted ranking method, based on importance to our stakeholders as well as our business operations.

STEP 4

AGGREGATE AND ANALYSE RESULTS

A prioritised list of material matters is generated and is then reviewed and validated.

This year's assessment identified 13 material sustainability priorities for the Group, an increase from the 11 priorities identified in the previous year's Sustainability Report. These priorities have been categorised by Governance, Economic, Environmental and Social. The two new material issues for this year are Ethics & Integrity and Supply Chain Management. The prioritisation of material matters will be used to determine the direction of the Group in planning for sustainability initiatives in the short, medium and long term.

GOVERNANCE

- Ethics & Integrity
- Regulatory Compliance

ECONOMIC

- Financial Performance
- Supply Chain Management
- Affordability

ENVIRONMENTAL

- Design & Innovation
- Resource Efficiency & Consumption

SOCIAL

- Product Quality
- Customer Engagement
- Occupational Safety & Health
- Employee Engagement
- Employee Training & Development
- Community Enrichment

Mapping our Material Sustainability Matters (102-47)

In the table below, we have summarised the linkages between those material sustainability matters we have identified as being relevant to specific stakeholder groups, the corresponding GRI indicators, as well as the UN SDGs that are aligned with our overall sustainability commitment.

Material Sustainability Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDG
Governance			
Regulatory Compliance	• Regulators • Investors and Analysts	102: General Disclosure 103: Management Approach 307: Environmental Compliance 419: Socioeconomic Compliance	8 Decent Work & Economic Growth
Ethics & Integrity	• Employees • Regulators • Investors and Analysts • Contractors and Suppliers	102: General Disclosure 103: Management Approach 205: Anti-corruption	8 Decent Work & Economic Growth
Economic			
Financial Performance	• Investors and Analysts • Customers/Buyers	102: General Disclosure 103: Management Approach 201: Economic Performance	8 Decent Work & Economic Growth
Affordability	• Customers/Buyers • Local Community	102: General Disclosure 103: Management Approach GRI G4 Construction and Real Estate Sector Specific	11 Sustainable Cities & Communities
Supply Chain Management	• Contractors and Suppliers	102: General Disclosure 103: Management Approach 204: Procurement Practices	8 Decent Work & Economic Growth 12 Responsible Consumption & Production
Environmental			
Resource Efficiency & Consumption	• Regulators • Local Community	102: General Disclosure 103: Management Approach 301: Materials 302: Energy 303: Water and Effluents 306: Effluents and Waste	11 Sustainable Cities & Communities 12 Responsible Consumption & Production
Design & Innovation	• Investors and Analysts • Customers/Buyers • Contractors and Suppliers	102 General Disclosure 103: Management Approach GRI G4 Construction and Real Estate Sector Specific	9 Industry, Innovation & Infrastructure 11 Sustainable Cities & Communities 12 Responsible Consumption & Production
Social			
Product Quality	• Customers/Buyers • Investors and Analysts	102: General Disclosure 103: Management Approach 416: Customer Health and Safety	9 Industry, Innovation & Infrastructure
Customer Engagement	• Customers/Buyers	102: General Disclosure 103: Management Approach	9 Industry, Innovation & Infrastructure
Occupational Safety & Health	• Employees • Contractors and Suppliers	102: General Disclosure 103: Management Approach 403: Occupational Health and Safety	8 Decent Work & Economic Growth
Employee Engagement	• Employees	102: General Disclosure 103: Management Approach 401: Employment 405: Diversity and Equal Opportunity 406: Non-Discrimination	8 Decent Work & Economic Growth
Employee Training & Development	• Employees	102: General Disclosure 103: Management Approach 404: Training and Education	8 Decent Work & Economic Growth
Community Enrichment	• Local Community	102: General Disclosure 103: Management Approach 413: Local Communities	11 Sustainable Cities & Communities

Strong Governance Practices

Ethics & Integrity (102-16, 102-17, 205-2, 205-3)

Strong ethics and integrity are integral to the performance of a company, and the trust it instils within its community of stakeholders. At Eupe, we are committed to ensuring that all our business is conducted in a transparent and fair manner. We extend our standards and principles to our vendors and suppliers as we are also accountable for the practices and activities of those we engage with.

Eupe's Code of Conduct ("CoC") outlines the behavioural standards that employees must adhere to. Every employee, upon commencing work at Eupe, is required to sign a statement declaring that they have read, understood and will abide by the CoC. The document sets down rules and procedures regarding conflict of interest, policy on confidentiality of information, corruption and bribery, discrimination, abuse of power, amongst others. We also conduct orientation programmes to new staff to familiarise them with the CoC and other values and standards of the Group.

In its commitment to adhere to the highest ethical standards, Eupe has established a Whistleblowing policy to provide a channel to report any misconduct, including fraud, corruption or endangerment to health or safety that potentially concerns the Group. All reports are to be submitted in a sealed envelope addressed to the Chairman of the Board or the Chairman of Risk Management and Audit Committee. A thorough investigation is then conducted and the recommended action is undertaken. Due to the sensitive nature of this process, whistle-blowers are accorded the protection of confidentiality of identity.

In this reporting period, we have had zero recorded incidents of corruption or misconduct. We will continue to monitor and maintain a high standard of integrity and honesty throughout our business. Our CoC and Whistleblowing policy, amongst others, can be found online on our website at **www.eupe.com.my**.

Regulatory Compliance (307-1, 419-1)

Eupe maintains best practices and adheres to the relevant laws and regulations applicable to the Group's license to operate. Below are the key laws that are applicable to our operations.

Law/Regulation	Description
Companies Act 2016	Regulates registration, administration and dissolutions of companies and corporations and to provide for related matters.
Employment & Labour Law Act 1955	Sets out certain minimum terms and conditions to applicable employees.
Personal Data Protection Act 2010	Regulates the processing of personal data regarding commercial transactions.
Occupational Safety and Health Act 1994	Secures the safety, health and welfare of the workforce and protects others against risks to safety or health in connection with the activities of persons at work.
Housing Development (Control and Licensing) Act 2007	Provides for the control and licensing of the business of housing development and the protection of purchaser interest.
CIDB Act 520	Regulates functions relating to the construction industry including enhancing construction quality, ensuring quality of building materials, and compliance with standards.
Environmental Quality Act 1974	Regulations to the prevention, abatement, control of pollution and enhancement of the environment.

The Group has a comprehensive Risk Register that assesses and records risks together with the implemented controls to mitigate those risks. The Risk Register is reviewed and updated on a regular basis. Internal audits are conducted and any risk for non-compliance is highlighted to ensure potential causes and impacts are fully addressed. In the event of potential non-compliance, management is required provide a corrective action plan with a definitive timeline within which to remedy the non-compliance and to ensure it does not recur. Furthermore, we are ISO 9001:2015 certified which demonstrates our ability and commitment to meet all relevant customer and regulatory requirements.

We keep abreast of updates and changes to relevant laws and regulations so as to maintain compliance. Eupe did not incur any penalties for non-compliance for this reporting period.

Enhancing Economic Resilience

Financial Performance (201-2)

In a rapidly changing global economy, businesses need to be prepared for and resilient to a growing number of financial risks and opportunities that the current, often unpredictable environment brings. In recent years, the property development market has remained subdued however, we mitigate such challenges with robust risk management controls. We are also able to mitigate these challenges through our commitment to providing more value and design innovation for our products, which aim to create strong points of differentiation for our customers and buyers.

Since our first project in Sungai Petani, Kedah over 30 years ago, Eupe has focused on creating sustainable value for the wider community as well as our buyers. We carefully design our residential projects so that people can both enjoy the myriad of conveniences of contemporary living, while also living in a home that is surrounded by the natural environment. Some of our developments include assembly buildings where communities can gather, and also upgrading existing infrastructure which benefit the surrounding community. We believe that by providing our buyers with high quality products, we are able to withstand challenges within the current market. To view further details on our financial performance, please refer to pages 67-136 of this annual report.

Climate change is an increasingly critical issue for all businesses as well as the wider community in light of more extreme weather conditions. This impacts our collective well-being as well as our social and economic security. Due to this we must evaluate the risks our business faces regarding climate change and take action accordingly to mitigate the impact of increasing carbon emissions on our environment.

Extreme weather in the form of high temperatures in particular means we must carefully consider the most appropriate materials and finishes we use for our developments, both to avoid defects during sustained high heat as well as using materials where possible which are manufactured in ways that minimise impacts on greenhouse gas emissions. Flash flooding brought on by unpredictable and heavy rainfall resulting from increasing extremes in weather puts the Group at risk of disrupted construction progress and potentially delays project completion. While the cost of mitigating this risk has already been factored into project budgeting during planning stages, climate change risks will have financial implications if not adequately addressed. To avoid prolongation or restoration costs, we take additional preventative measures which are mentioned below.

Method to Assessing Risks

1 Preliminary assessment by project management department.

2 Thorough assessment by the consulting engineer to assess any potential risk on site.

Course of Action to Mitigate Flood Risks

- Raise Project site's platform level to be higher than road level to mitigate flood risk at project site.
- Maintain surrounding drains to ensure there's no clogging of the drain, and also allow for sediment basins to capture eroded or disturbed soil.
- Maintain on site retention pond to manage rainwater runoff to reduce the load on monsoon drains.

Supply Chain Management (204-1)

Supply Chain Management is an integral part of our business as a property developer and therefore critical to how we manage the Group's sustainability impacts, both direct and indirect, as well as maximising customer value.

At Eupe, we partner and engage with a wide range of local suppliers and contractors as it helps to stimulate economic growth and reduce our carbon footprint. In this reporting period, 100% of our suppliers and contractors were Malaysian entities.

Pre-qualification assessments on suppliers and contractors are conducted by evaluating previous works of the company's profile which are done through interviews and visits to site, factory, show room and office, before being considered. We select only suppliers and contractors who comply with our Approved List criteria, which includes compliance with all relevant legislation and regulatory requirements, demonstrate a strong ongoing commercial and operational track record, and materials supplied to Eupe projects must meet EES requirements. This is an indication that our suppliers consider their EES impacts when providing materials, such as procuring from sustainable sources, utilising materials that are reusable, materials that avoid air and water pollution and ensuring that resources are not overused, among other factors. In addition to this, we have a rigorous quality procedure for supplier control. The main objectives of this procedure are:

- To establish a system to consistently evaluate and select suppliers to ensure the provided products and services sourced externally conform to Group requirements;
- To determine and apply criteria for the evaluation, selection and re-evaluation of suppliers;
- To ensure the supplier is consistently able to provide products and services in accordance with project requirements; and
- To retain documented information of the evaluation, selection and re-evaluation activities as well as any necessary actions arising from the evaluation.

In line with ISO 9001:2015 Quality Management System, we ensure supplier evaluations are conducted at least once a year. The evaluation criteria we use are based on quality, delivery and services, and additionally, approved suppliers need to continually demonstrate high standards to ensure their place on the Approved List. All sub-contractors must acknowledge and perform in accordance to ISO 9001:2000, RIACON ISO Quality Procedures and Work Instruction, as well as be registered with the Construction Industry Development Board ("CIDB").

While majority of our suppliers have received an average score of B (Good), our sub-contractors have received mostly C (Fair). We require our suppliers and sub-contractors to improve if they wish to remain on the Approved List.

The Group also has a Supplier Code of Conduct which all contractors and suppliers must adhere to through signing and agreeing with the code. The document outlines the expectations and standards that our suppliers and contractors must follow to ensure safe and fair working conditions, as well as considering impacts of their activities to the surrounding environment and community.

Providing Shared Value

Sustainable Properties (416-1)

In delivering quality, sustainable properties to its customers and buyers, Eupe has in place a range of checks and measures to ensure customer satisfaction of the finished product. We continuously strive to understand the needs of our buyers through monitoring and feedback mechanisms, in order to design and build with products that align with changing customer needs and expectations. In order to achieve a high level of quality, we have a set of processes and procedures in place including:

- ✓ **Adhering to product quality standards of ISO 9001-2015**
- ✓ **Adhering to CIDB standards**
- ✓ **Periodic monitoring and reporting to management**
- ✓ **Use of quality control checklists**
- ✓ **Quality Assurance/ Quality Control (QAQC) used at project sites**

As mentioned, Eupe takes pride in providing buyers with properties that utilise eco-design and other innovative features to provide long-term value and benefits. Our buildings are constructed to include green components, and therefore, are eligible for accreditation under the Green Building Index ("GBI") and Green Real Estate ("GreenRE") schemes. These two tools are specifically designed and developed for Malaysian tropical weather, environmental, cultural, social, and development context.

For GBI, the main criteria assessed are energy efficiency, indoor environmental quality, sustainable site planning and management, materials and resources, water efficiency and innovation. For GreenRE, environmental protection, green features and carbon emissions are also addressed.

Both Parc3 and Novum have obtained GBI provisional certificates. For Parc3, Eupe is aiming to achieve Gold status for GreenRE, The Design & Innovation section of this report describes the main eco-design features of both projects.

Customer Engagement

Customer engagement is critical to understanding the needs and preferences of our customers and responding with design elements and lifestyle features they are seeking in what for many customers, is their most significant investment. At Cinta Sayang Resort, we continuously strive to ensure of guests' satisfaction and our highly trained staff are meticulous and sensitive to their varied needs.

Property Development

We engage with our customers using a number of platforms including email, direct SMS as well as on social media platforms including Facebook and Instagram. We also have regular communications such as *Property Trust* which are distributed to our customers. We host events for the community that focus on promoting good health and building community bonds. Listed below, are some of the events that took place during this reporting period.

Eupe's corporate magazine ***Property Trust***

Participants taking breathing lessons at Eupe's De-stress Day

- **Property Guru** - Workshop on property: Finding the balance between Luxury and Affordability
- **De-stress Day** - Activities involving breathing workshops, candle and kombucha making
- **Gila Hartana 2019** - Workshop sessions concerning property related issues

To gauge customer opinion, we conduct customer satisfaction surveys based on four criteria: Building Design, Environment & Common Areas, Workmanship & Quality and Overall Experience. Through these surveys we are able to identify not only those areas in which we excel but also areas we can strive to improve.


Cinta Sayang Resort's Food & Beverage Outlet

Affordability

Eupe realises the significant financial commitment and challenges that come with becoming a home-owner, and therefore, supports efforts to providing affordable housing. We are committed to offering low-cost housing to Malaysians in the lower-income bracket as a key means to sustaining economic inclusivity. Since 1987 when the company commenced operations, Eupe has built over 9,000 affordable homes in north Malaysia.

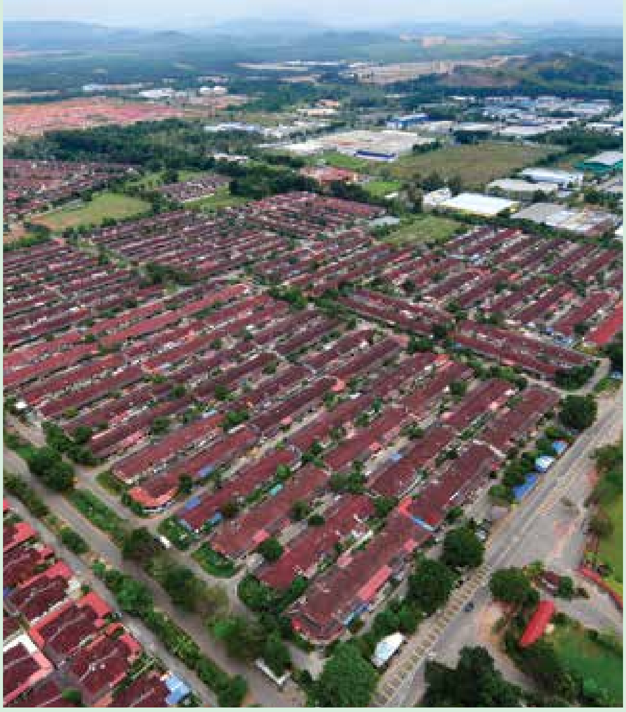
In Kedah, where Eupe continues to be a major developer of community-style housing, we comply with the following requirements: 20% for low-cost housing at RM45,000, 8% for low/medium-cost housing at RM90,000 and 12% for medium cost housing at RM200,000. For our future projects in Selangor, we will adhere to home affordability requirements for the amount of residential units that must be set aside for affordable housing.

At the same time, Eupe's building affordable does not mean compromising on quality design, rather, we use the philosophy of *Shared Value* in which we take less by way of profits so we can give our buyers more. We carefully think of every aspect of our building designs in order to provide buyers the best value for their investment and to build a sustainable following of buyers and supporters which recognised the imperative of *Shared Value* between property developer and its customers.

Cinta Sayang Resort

At Cinta Sayang Resort, we host a Member's Appreciation Night, an annual dinner event to thank the members of the Golf club for their loyalty.

At the Resort, customer surveys are handed to guests after their stay to evaluate our performance. This feedback allows us to identify areas of improvement so that future stays will be enjoyable as possible. Surveys this year showed that our Food & Beverage Outlet received the highest ratings along with our golf facilities.



Eupe is a major community builder in Kedah

Environmental Stewardship

Design & Innovation

The Eupe *Sustainability Plus* approach is driven by two consistent, overarching principles. These are one: Sustainable Eco-Design and two: Building Strong Communities. Our Sustainable Eco-Design principle, which informs all aspects of our architectural and lifestyle design approach to our property projects encompasses four frameworks as shown below.

HEALTHY AIR

Designing Or Building to Harness **Natural Air Flows** to Create a Healthy, Comfortable Living Environment

ICONIC DESIGN

Creating **Inspiring Skylines** through Architectural and Design Innovation

GREEN COMMUNITY

Linking Nature with the Community through **More Gardens and Green Spaces**

SMART CONNECTIVITY

Harnessing the Internet to Create and **Connect Vibrant Communities**

Our leadership in eco-design innovation was highlighted in 2012 when Eupe's Sky Residences was the first building in Malaysia to receive the globally prestigious Leadership in Energy and Environmental Design ("LEED") green accreditation for its sustainable residential design.

We incorporate green concepts and features into the design of our buildings that seek to seamlessly blend nature and healthy living with city life. The aim is to bring community, personal health and natural eco-systems together to create unique and sustainable living spaces. Some of our efforts in this direction include:

- Maximising rainwater collection from roof top runoff by providing rain harvesting tanks which can be used for irrigation and common facilities;
- Reducing the consumption of potable water through the installation of efficient tap fittings and wares for units and common facilities;
- Using engineered wood instead of timber for pool decks and laminated wood for bedroom floors; and
- Encouraging residents to use public transport by locating our properties in close proximity to transport hubs.

Novum

Novum in South Bangsar was Eupe's first project in Kuala Lumpur and was designed to differentiate itself in terms of distinctive architectural design and lifestyle amenities in what is largely a dense, uniform urban environment. A central feature of Novum is its 5,574m^2 urban park that houses a myriad of green spaces and facilities. It also features plants and shrubs that have been carefully selected to promote the local avifauna population. The sky courts and sky garden increase the green ratio of the development significantly beyond the required planning requirements. The common area has 1,117m^2 of green space dedicated to a community herb garden aimed at encouraging residents to grow their own herbs on a communal basis. These green spaces also play a key role in cooling down the natural air flow that enters the building.

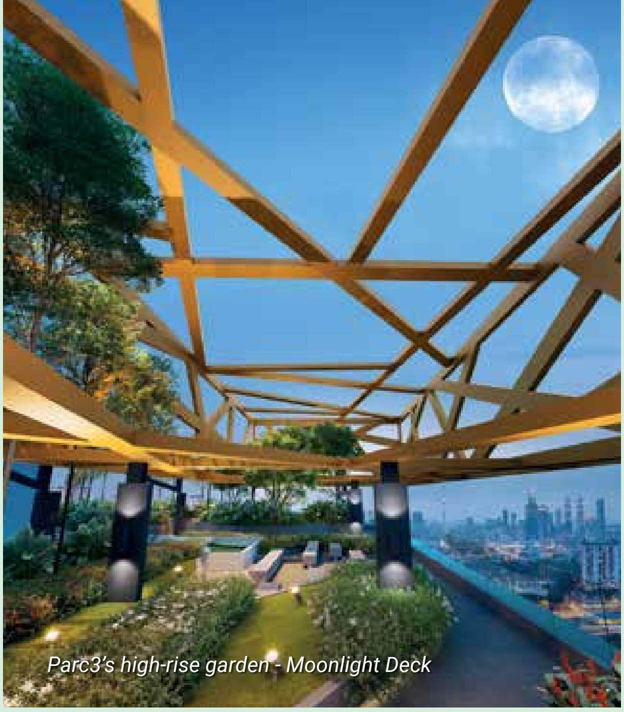
Other building features include improving energy efficiency through the use of tinted glazing to reflect light and reduce heat gain inside the home which also save energy that would have been spent on cooling. Also, the natural lighting and minimal use of volatile organic compounds help improve the indoor environmental quality of Novum units.

Relaxation Retreat at Novum

Parc3

The overall architectural structure of Parc3 in Cheras was built to look like a wave, and its design and features were inspired by nature and experiencing nature.

Parc3 also displays Eupe's distinctive approach to parks and gardens. Within the property, there are three parks which complement the 33-acre Taman Pudu Ulu public park located across the road. The first park, named Central Park is a 3,716m^2 multi-level open space of greenery with lifestyle facilities which serves to cool down air in and around the building. Sky Park and Moonlight Deck are high-rise gardens that integrate nature deeply into the building's design. The planted trees and shrubs are both aesthetic and functional, and the plant labels provide an opportunity for residents to learn about its different uses.



Parc3's high-rise garden - Moonlight Deck

Resource Efficiency & Consumption (301-1, 302-1, 302-3, 302-4, 303-5, 306-2)

The property development and construction industry have a significant environmental footprint as it utilises various resources and generates significant amounts of waste. As a responsible business entity, Eupe supports conservation of our natural resources. A large part of this responsibility lies in effectively sourcing and managing the use of these resources and identifying ways to employ resources more efficiently.

Materials

As a property developer, we have a responsibility to minimise our use of material inputs and maximise recycled or recyclable materials to avoid unnecessary waste and to reuse and recycle materials used for the construction of our projects wherever possible.

Currently, we have initiated the use of aluminium formwork to replace conventional timber formwork. Aluminium formwork can be reused at least 250 times compared to the three times that conventional timber can be reused. Below lists our use of materials to build Novum and Parc3 developments.

Material	Unit	Novum	Parc3
Raw Materials			
Sand	Tonne	9,309	17,662
Aggregates	Tonne	47,210	58,202
Manufactured Materials			
Rebar	Tonne	8,063	6,636
Cement	M^3	14,008	21,961
Concrete	M^3	62,571	55,629
Brick	M^2	74,429	59,330
Glass	M^2	16,061	15,334
Renewable Materials			
Aluminium Formwork	M^2	263,531	398,341

* Note: Commencement date of construction for Novum: 03/06/2016
Commencement date of construction for Parc3: 18/06/2018

Moving forward, we will look to adopt new technological innovations that help reduce the amount of raw materials we consume. We are looking at the adoption of Integrated Building System ("IBS") to allow for building components to be constructed in-house at factory-like facilities. In this way, IBS will help to reduce waste and improve the efficiency of our developments. We also plan to utilise more recycled materials in our construction activities.

Energy & Water

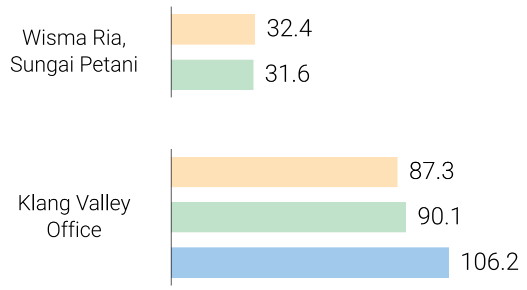
At Parc3, the installation of LED fittings is expected to reduce monthly electricity consumption from 27,507 kWh for conventional lighting to 15,283 kWh with LED lighting. Regenerative drives being utilised for the project is expected to save energy consumption by 20%. In addition to this, the use of inverter air-cooled split units uses 123,479 kWh less than non-inverter units per month.

For Novum, the installation of water efficient fixtures is expected to reduce water usage by 39,500m^3 per year, and additionally the use of rainwater harvesting tanks will see a reduction in potable water by 4,905m^3 per year.

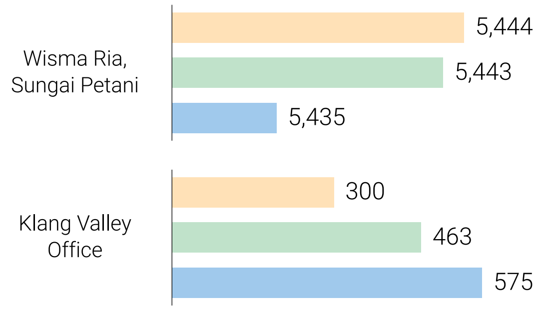
As shown in the graphs below, we have decreased our consumption of electricity and water across our operations. We achieved this through responsible usage, such as ensuring lights and airconditioning units are switched off when not in use, to avoid unnecessary consumption. Going forward, we plan to focus on looking at alternative energy sources such as from solar energy, and using lower energy consumption equipment, machines, and lighting systems.

WISMA RIA, SUNGAI PETANI & KLANG VALLEY OFFICE

ELECTRICITY CONSUMPTION INTENSITY (KWH/M²)



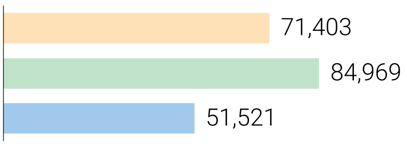
WATER CONSUMPTION (M³)



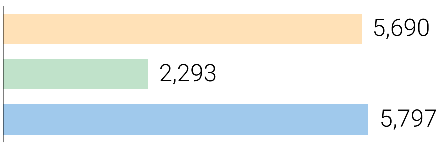
*Note: FY2018 electricity consumption intensity data for Wisma Ria, Sungai Petani is unavailable

NOVUM

ELECTRICITY CONSUMPTION (KWH)

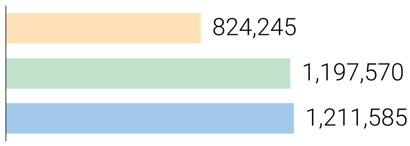


WATER CONSUMPTION (M³)

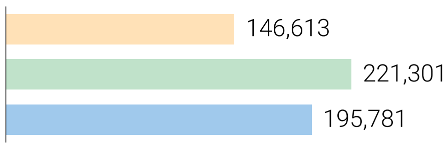


CINTA SAYANG RESORT

ELECTRICITY CONSUMPTION (KWH)

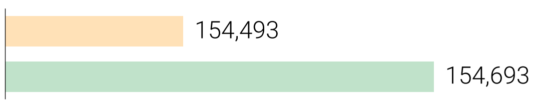


WATER CONSUMPTION (M³)

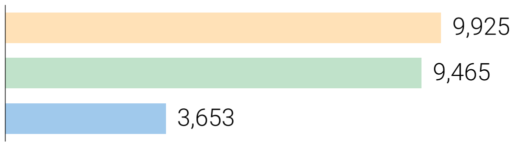


PARC3

ELECTRICITY CONSUMPTION (KWH)



WATER CONSUMPTION (M³)



*Note: FY2018 electricity consumption data for Parc3 is unavailable

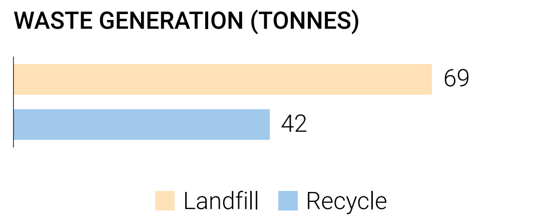
FY2020 FY2019 FY2018

Waste

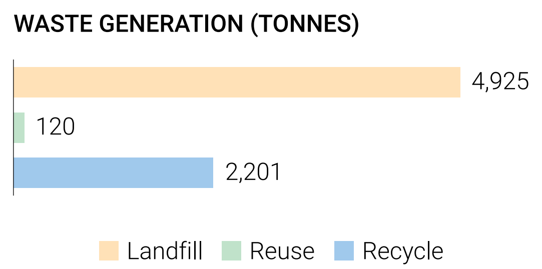
All our waste is properly handled by a licensed contractor that is registered with the Department of Environment and is disposed of at the appropriate landfill sites. As part of GBI certification, this requires a comprehensive waste management plan to ensure that waste generated by our projects are reused or sent for recycling.

At the Parc3 project site, we have implemented a recyclable segregation plan that separates waste into reusable, recyclable, and non-recyclable waste. Novum uses recycling bins for all recyclables, and separate bins for conventional wastes. We reused concrete, scrap metal and wood during the construction of Novum.

PARC3



NOVUM



At future projects, we will be introducing waste reduction initiative by adopting pre-cast elements and steel mould for structural elements. This improves efficiency and quality, while also reducing labour force. Moving forward, we plan to engage closely with our teams to identify further methods and practices that will help improve our data compilation process and increase the quality of our sustainability disclosures.

Our People

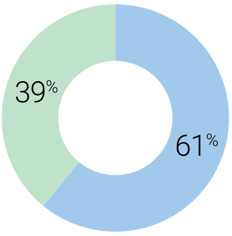
Talent Management (102-8, 401-1, 401-2, 405-1, 406-1)

The main drivers of any business are its employees who execute its strategies, plans and processes. Our employees are the main determinants of our performance and success and we strive to ensure there are ample opportunities for their professional development while ensuring a healthy work-life balance.

GROUP EMPLOYEE PROFILE

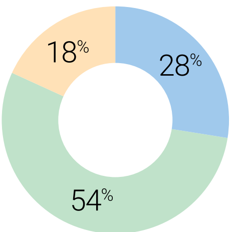
EMPLOYEE DISTRIBUTION BY GENDER

Men Women



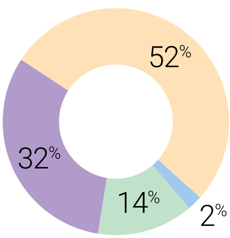
EMPLOYEE DISTIBUTION BY AGE

Below 30 30 to 50 Above 50



EMPLOYEE DISTRIBUTION BY EMPLOYEE CATEGORY

Senior Management Management
Executive Non-executive



Employee Distribution

At Eupe, we believe in employing people with diverse backgrounds and experiences who can work collaboratively to produce great results for our stakeholders. Eupe does not tolerate any form of discrimination and is committed to taking firm action against it. In valuing difference and recognising the important contribution of diversity to the Group's success, we work to ensure that all our workplaces are safe and welcoming and provide fair and equal opportunities for all.

Employee Welfare

Employee engagement is vital to build employee satisfaction and building engagement and commitment to the organisation, in turn increasing productivity levels and improve quality of work. In addition, engaged employees are more involved and invested in their jobs, which can lead to increased employee retention.

At Eupe, we provide fair remuneration packages that reward performance and commitment. We provide annual leave, maternity and paternity leave, marriage leave, compassionate leave, medical benefits including dental, optical and insurance, study leave and more. We review our corporate benefit packages from time to time to ensure that they are competitive and align with the needs of our employees.

At Eupe, we organise various celebrations and activities for our employees such as birthday celebrations, tea breaks and luncheons. These gatherings foster a welcoming and friendly culture at Eupe. Other sport activities such as bowling are also organised to encourage a healthy work-life balance.

Senior Management and staff gather for a staff birthday celebration and luncheon

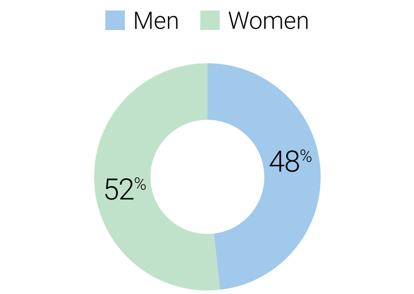
Employee New Hires & Turnover

Sustainability of the Group relies on retaining our top talent and hiring talent that are well-skilled and/or have the potential to grow professionally during their time at Eupe. Through creating a work environment that is conducive to productivity and providing support to progress professionally we strive to retain our existing talent while attracting new skilled employees.

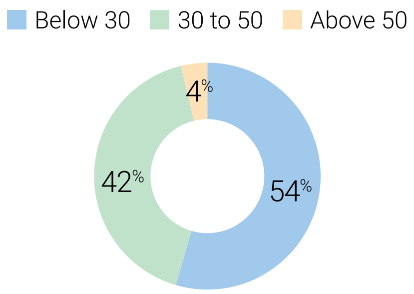
In our efforts to attract more employees, we hold internship programmes that provide a valuable learning environment for graduates and students to experience real-life working situations.

NEW EMPLOYEE HIRES

NEW EMPLOYEE HIRES BY GENDER

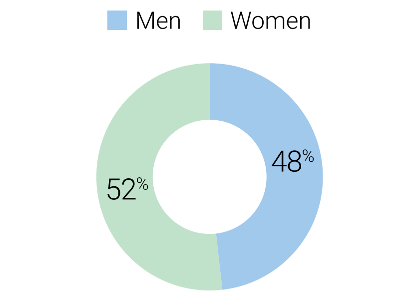


NEW EMPLOYEE HIRES BY AGE

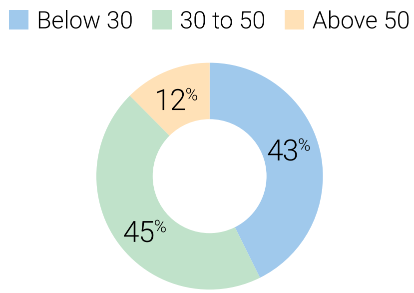


EMPLOYEE TURNOVER

TURNOVER BY GENDER



TURNOVER BY AGE



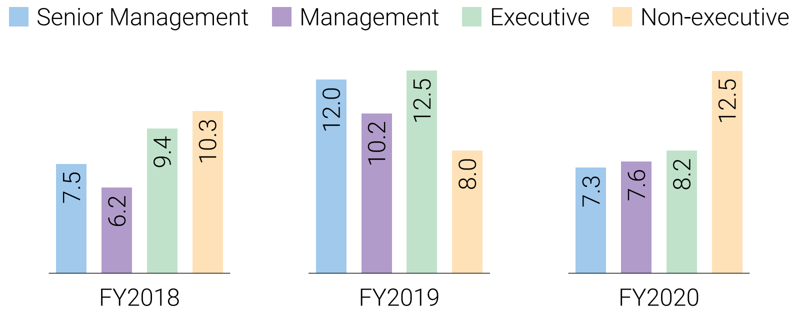
The majority (61%) of our employees are men, and those aged between 30 to 50. Employees aged between 30 to 50 also make up the largest group to resign as the property development industry is highly competitive and present multiple opportunities. Our turnover rate this year is 39.9% compared to last financial year at 31.5%. The increase is due to the unsatisfactory performance which led to dismissal of employees at Cinta Sayang Resort.

Employee Training & Development (404-1, 404-2)

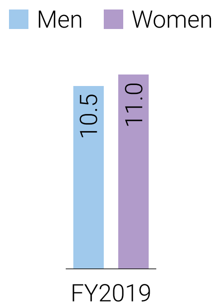
Employee training and skill development are critical to the success of the Group, providing opportunities to expand the knowledge base and skills of both individual employees and the overall Group to meet existing and new challenges. Improved employee performance is thus beneficial to the company as it ensures a competitive advantage in the industry. We recognise this and have invested in training our employees throughout their tenure with us.

For this reporting period, a total of 1,358 hours of training was provided to employees, an average of 8.0 training hours per employee. This year we have invested a total of RM 94,666 into training programmes attended. The graphs below summarise the distribution of training hours by gender and employee category from 2018 to 2020.

AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY



AVERAGE TRAINING HOURS BY GENDER



This year, Group employees attended 37 training programmes covering different aspects of sustainability and its relevance to the property development sector. Some of the key training programmes held this year are listed below.

- Seminar Industry 4.0 with Green Technology
- Penang International Construction Conference 2019 - Safety & Innovation
- Seminar on IBS & Study Visit to Forest City IBS Factory
- QLASSIC Assessor Training
- REHDA: Big Data Analytics
- Directors and Senior Management Training on Risk Management, Cybersecurity and Sustainability
- BIM: Digital Transformation Strategies for Malaysia
- Property Guru's Asia Real Estate Summit in Bangkok, Thailand

Occupational Health & Safety (403-1, 403-2, 403-4, 403-5, 403-9)

The safety and health of our employees are very important to the Group and its safety and health procedures, especially at the project sites are regularly monitored and reviewed. Both Management and employees are required to ensure that the legislative requirements as stipulated by the Malaysian Occupational Safety and Health Act 1994 are met. We have implemented a set of administrative controls that include implementing a comprehensive safety and health policy, safety plans, standard of practice, safety manual, and safety induction training at all our project sites.

Our Environmental, Safety & Health Policy states that we will:

- Employ proactive approaches and maintain an environment that is safe, through active measures to prevent accidents and injuries;
- Control air emissions, noise and wastewater discharges; and
- Make known and increase the awareness of the policy statement and its relevant programmes to all employees, customer, supplier, contractor and interested parties.

We have an established a Safety and Health Committee at both Novum and Parc3 project sites which have equal representation from every department to ensure a thorough understanding of safety practices is communicated throughout the departments. The functions of the safety and health committee include:

- To identify health and safety hazards in the workplace and make recommendations to correct them;
- To brief new workers to health and safety risks and procedures;
- To participate in accident investigations and regularly scheduled inspections as outlined in the rules of procedure drawn up by the committee; and
- To advise on the establishment of appropriate health and safety programmes, education and training.

We also conduct Hazard Identification, Risk Assessment and Risk Control (HIRARC) to help identify which areas of our project sites have the highest exposure to health and safety risk and to develop mitigation measures where needed. HIRARC evaluates hazards and risks, in which its level of risk is determined based on two factors: the likelihood of the effect of the hazard occurring and the severity of the effect, which are used to determine risk rating. Based on the risk rating, classifications are given to notify which activities are of low, medium, or high risk. Once identified, additional risk control measures are implemented. From this, a new classification is given based on the mitigation actions. All Eupe's construction activities have been assessed and the highest classification received is medium risk. After the additional control measures have been implemented, all activities have been reduced to only low risk.

At these project sites, Daily Toolbox Meetings are conducted to discuss safety issues, review workplace hazards the workers need to be aware of and to reiterate safe work practices. Site Safety Meetings are also conducted with the same objective. Upon starting work at Eupe or visiting their project sites, it is necessary for workers to participate in a safety and health induction training.

Site Health and Safety meeting hours at Novum and Parc3

Safety Session	Novum	Parc3
Toolbox meetings	1,760 hours	84 hours
Safety site meetings	58 hours	30 hours
Total	**1,818 hours**	**110 hours**

*Note: hours for Novum are from its building commencement until February 2019. Hours for Parc3 are for FY2020.

The safety and health statistics of our project sites are listed below.

NOVUM

Total Man Hours: 2,101,940

Lost Time Injury (days): 328

First Aid Cases: 25

Accidental Cases: 1

PARC3

Total Man Hours: 1,337,302

Lost Time Injury (days): zero

First Aid Cases: zero

Accidental Cases: 6

*Note: Total man hours is calculated by number of workers multiplied by hours worked.

Enriching the Community (413-1)

As a property developer, Eupe's properties are designed to foster sustainable and healthy communities. We invest in opportunities to give back to the community, especially those surrounding our projects and place of work.

In line with our *Sustainability Plus* framework to build stronger communities, we held our Christmas Charity Bazaar on the 21st of December 2019 at Taman Rekreasi Pudu Ulu in Cheras. More than RM 40,000 was raised, which was channelled towards helping vulnerable communities as well as other worthy causes. We had 20 Eupe employees participating in this event which featured nearly 20 booths representing various community groups and non-governmental organisations (NGOs). Organisations that took part included Helping Hands Penan, Mums Sew with Love, SuperMum Bakery, Generating Opportunities for Learning Disabled, Yayasan Sunbeams Home, Pusat Jagaan Rumah Juara, Food Bank Malaysia, Beautiful Gate Foundation for the Disabled, Living Hope Global and Autism Café Project.

The booths sold food and beverages, handicrafts, baked goods, recycled items and gifts. Some booths offered a range of family-friendly activities such as pony rides and a petting zoo. Each booth provided a platform for the participating organisation to market and sell their products while promoting awareness on the social cause they support. Approximately RM 25,000 of the Bazaar's proceeds were raised by the participating NGOs, and the balance proceeds of RM 15,000 were donated to Yayasan Sunbeams Home, Pusat Jagaan Rumah Juara and Beautiful Gate Foundation for the Disabled.

Moving Forward

Throughout this year we have deepened our understanding on what sustainability means to us and our stakeholders. This year we re-evaluated our material sustainability matters which helped us to refocus on existing and new areas of priority. We have also adopted 4 UN SDGs that align with our business activities and will continue to contribute to these global efforts. We have deepened our disclosures this year with the intent on being more transparent with our stakeholders and providing meaningful information. We still have improvements to be implemented in our sustainability performance and look forward to doing so.

Our next steps include identifying improved methods of tracking and collecting data for our environmental performance so we are able to evaluate our sustainability performance more comprehensively. In addition to this, we hope to explore the feasibility of the use of solar panels to supply electricity for our future projects. Eupe is also looking towards the adoption of IBS which will enhance our efficiency, significantly enhance quality, and minimise negative impacts to the environment.

Eupe recognises the responsibility we hold as a property developer, as the buildings we build have a significant long-term impact on the health, environmental and lifestyle quality of residents, as well as the communities that surround them. This is why we are committed to taking the next steps on our sustainability journey and look forward to contributing to long-term positive impacts from our improved sustainability performance.

Eupe Building Hope Christmas Charity Bazaar 2019

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Corporate Governance Overview Statement

Corporate Governance ("CG") is an integral part of Eupe way of working and underpins how the Company and its subsidiaries ("the Group") conduct its day-to-day business, and in turn form the culture and behaviour throughout the Group.

The Board of Directors ("Board") of the Company is pleased to present this statement, which provide an overview of the CG practices of the Group during the financial year ended 29 February 2020 ("FY2020") under the leadership of the Board.

This statement is prepared with the guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and is in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"). It should be read together with the CG Report for FY2020 which is available on Eupe's website (www.eupe.com.my) as well as the website of Bursa Securities. The CG Report provides the detailed application for each best practice as set out in the MCCG 2017 during the FY2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is collectively responsible for the oversight of the strategic direction of the Group by playing an active role in the development of the Group's strategies, taking into consideration sustainability matters such as economic, environmental and social factors, to support the Group's long-term value creation, monitoring implementation and performance of those strategies.

The Board currently has seven (7) Directors comprising four (4) Independent Non-Executive Directors ("INED"), one (1) Non-Independent Non-Executive Director ("NINED"), one (1) Executive Director and the Group Managing Director ("GMD"). The Board is headed by Datuk Tan Hiang Joo, the Independent Non-Executive Chairman.

There is a clear distinction and separation of roles and responsibilities between the Chairman of the Board and the GMD to ensure a balance of power and authority for the running of the Board and the Company's business, respectively. The Chairman of the Board leads the Board in its collective oversight of management by focusing on strategy, governance and compliance whereas the GMD manages the day-to-day operations of the Group and implementation of the Board's policies and decisions. He is supported by Chief Financial Officer ("CFO") and Senior Management that comprises Head of Department ("HOD") of various functions as well as Head of Business Unit ("HBU").

The Board meets at least five (5) times per annum, together with the GMD, CFO and when required, HOD and HBU, to review, deliberate and guide the management on the implementation of the Group's strategic plans. The Board also constantly reviews the Group's businesses and the performance of management through Key Performance Indicators, Interim Progress Report, Project Progress Update Report and Quarterly Financial Reports and Audited Financial Statements, 5-Years Business Plan and its business strategies to ensure that the Group's businesses are being properly managed and necessary resources were in place for the Group to meet its goals and targets.

The Board is fully committed to achieving the highest standards of CG, professionalism and integrity not only to comply with regulatory compliance but also to create and deliver long term sustainable value to its shareholders and other stakeholders. The Board sets the tone in driving ethical culture and values within the Group.

The Board has established a Board Charter which defines the roles, responsibilities and authority of the Board, Board Committees and individual Directors, including those issues and decisions reserved for the Board. It also serves as the primary reference for prospective and existing Board members of their fiduciary duties as Director of the Company. The matters which require the Board's approval, amongst others, are as follows:-

i. Corporate and strategic planning;
ii. Capital expenditure and investment transactions;
iii. Regulatory compliance and internal controls; and
iv. Major action items or emerging issues that could affect the business of the Group.

Corporate Governance Overview Statement (cont'd)

To ensure the effective discharge of its functions and duties, the Board had established a Risk Management and Audit Committee ("RMAC"), a Nomination Committee ("NC") and a Remuneration Committee ("RC") and delegated specific responsibilities according to their Terms of Reference ("TOR"). The ultimate responsibility for the final decision on all matters lies with the Board.

The Board is supported by three (3) professionally qualified Company Secretaries. The Company Secretaries act as CG counsels and ensure timely and appropriate information flow within the Board and Board Committees, and between the Non-Executive Directors and Senior Management. They play an advisory role to the Board, particularly with regard to the Company's Constitution, Board policies and procedures, CG matters and its compliance with relevant laws, rules and regulations. All Directors have unrestricted access to the advices and services of the Company Secretaries.

Code of Conduct and Ethics

The Board has established a Code of Conduct and Ethics which articulated acceptable practices and guide on behaviour of Directors, management and employees, integrating the policies into Group-wide management practices. This Code is based on the principles of sincerity, integrity, responsibility and corporate social responsibility. The Code is periodically reviewed by the Board as and when the need arises.

In line with the implementation of new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 effective 1 June 2020, the Board had on 14 May 2020 reviewed, approved and adopted the Anti Bribery & Anti-Corruption Policy which sets out rules and guidance to Directors, Senior Management, employees and business associate who work for and/or act for or on behalf of the Group on how to deal with improper solicitation, requests for bribes and other corrupt activities and issues that may arise in the course of business.

Whistleblowing Policy and Procedures

Integrity Policy (Whistleblowing Policy) with accompanying formal whistleblowing channels was established to provide an avenue for employees of the Group and members of the public to disclose any improper conduct in a confidential manner. The Chairman of the Board and/or the Chairman of the RMAC is committed to investigate and address all cases of reported misconduct and recommend action to be taken by the Board (if any). The policy underscores the Group's commitment to developing a culture of openness and honesty, where a person who is aware of a potential malpractice or misconduct is encouraged to report such matters in good faith, without fear of reprisal.

II. Board Composition

Dato' Paduka Haji Ismail bin Haji Shafie had on 16 January 2020 resigned as the Company's Senior INED. Notwithstanding that, the current Board composition is still compliant with the requirement for one-third (1/3) Independent Directors in the Board with the INEDs representing 57.1% (or 4/7) of the Board's composition. The profile of each Director is disclosed on page 12 to page 15 of this Annual Report.

The INEDs act as a caretaker for the minority shareholders' interest and their views carry significant weight in the Board's decision-making process. The INEDs are considered by the Board to be independent of management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement. The Board has formalised and in place a Directors' Independence Policy which gives a framework to guide and govern the INEDs and their objectivities.

A. Nomination Committee

The NC comprises wholly Non-Executive Directors, majority of whom are INEDs, as detailed below:

Chairperson : Kek Jenny (Independent Non-Executive Director)

Members : Iskandar Abdullah @ Sim Kia Miang (Independent Non-Executive Director)
Beh Yeow Seang (Non-Independent Non-Executive Director)

The main role of the NC is to review and ensure that the composition of the Board and Board Committees comprises individual with the right balance of skills, experience and knowledge to maintain the Board's effectiveness in discharging its responsibilities. The NC recommends to the Board on nomination and election of candidates for directorship on the Board and Board Committees and on the re-appointment and re-election of existing Directors to the Board.

The NC also leads the overall assessment of the contribution, effectiveness and performance of the Board, Board Committees and individual Director as well as the performance of Senior Management.

Corporate Governance Overview Statement (cont'd)

B. Balance, Diversity and Skills

The Board strongly endorses diversity and continues to recognise that a balance of experience, competencies, expertise, diversity, professional experience, knowledge and skills on the Board and Senior Management are the key foundation for introducing different perspectives into the Board's discussions and for better anticipation of the risks and opportunities in building a long-term sustainable business. The Board ensures the continuity of effective oversight, and informed decision-making with respect to issues affecting Eupe.

The Board has adopted a Board and Senior Management Diversity Policy to ensure the drive of the Board's effectiveness by creating diversity perspective among Directors and Senior Management.

The Directors believe that the Board and Senior Management presently have an appropriate balance of skills, experience, knowledge and independence to deliver the Group's strategy.

The Board takes into account the diversity in gender, age, race or ethnicity and nationality of the existing Board members and Senior Management in seeking potential candidate(s). This helps to ensure an appropriate balance between the experienced perspectives of the long-term Directors and new perspectives that bring fresh insights to the Board.

Currently, the Board has two (2) women Directors namely, Ms Kek Jenny and Ms Beh Yeow Seang, representing 28.6% of the Board's composition.

The existing Directors' age distribution falling within the respective age group is as follows:

Age Group	41-49 years	50-59 years
Number of Directors	2 (28.6%)	5 (71.4%)

The breakdown of the Board by race/ethnicity and nationality is as follows:

	Race/ Ethnicity				Nationality	
Number of Directors	Malay	Chinese	Indian	Others	Malaysian	Foreigner
	2	5	-	-	7	-

C. Re-election of Retiring Directors

Based on the Company's Constitution, at least one-third of the Directors for the time being shall retire by rotation at each Annual General Meeting ("AGM") at least once in each 3 years but shall be eligible for re-election.

The Board had, via the NC, evaluated the performance of the Directors namely Datuk Tan Hiang Joo and Encik Alfian bin Tan Sri Mohamed Basir who are due for retirement and recommended their re-election at the forthcoming AGM for shareholders' approval.

D. Tenure of Independent Directors

The Board acknowledges the recommendation of the MCCG 2017 that the tenure for an INED shall not exceed nine (9) years. Upon completion of the tenure of nine (9) years, the INED may continue to serve on the Board subject to the Director's re-designation as NINED. Where the Board intends to retain the INED who has served the Company beyond nine (9) years, it must justify and seek annual shareholders' approval. If the Board continues to retain the INED after the twelfth year, the Board shall seek annual shareholders' approval through a two-tier voting process.

As of to-date, the Company has two (2) INEDs namely Datuk Tan Hiang Joo and Ms Kek Jenny, who have been with the Board for a cumulative term of more than twelve (12) years. The NC, based on the recent assessment conducted, had recommended to the Board the continuation of the aforesaid INEDs to continue acting as INEDs of the Company in the fact that they have continued to demonstrate high level of integrity and are objective in their judgement and decision-making and able to express unbiased views without any influence. The Board agreed to seek shareholders' approval for their continuation as INED of the Company at this forthcoming AGM.

Corporate Governance Overview Statement (cont'd)

E. Criteria for Recruitment and Annual Assessment of Directors

The NC is responsible for screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board, taking into account the mix of skills, competencies, experience and other qualities required to discharge their duties and responsibilities. The NC may obtain the services of professional recruitment firms to source for suitably candidates for directorship or seek independent professional advice whenever necessary.

During the year, the NC had undertaken an annual assessment on the effectiveness of the Board as a whole, its Committees and contribution of each individual Director in terms of their skills, experience and core competencies. The assessment is conducted through questionnaires circulated to the Board members. The NC also assessed the independence of Independent Directors. Additional questionnaires on the independence assessment were provided to all Independent Directors.

Outcomes of the evaluations are generated based on the Directors' feedback on the questionnaires. Upon assessment, the NC will consider and recommend measures to improve the effectiveness of the Board and its Committees. All assessments and evaluations carried out by the NC in the discharge of its function are properly documented.

The assessment results had been deliberated and presented to the Board during the Board meeting held on 14 May 2020. Based on the results of the recent assessments, the Board is satisfied with the overall performance of its existing number and composition and is of the view that, with the current mix of skills, knowledge, experience and strength, the Board as a whole is able to discharge its duties effectively.

During the year, the NC had also conducted annual review on the term of office and performance of the RMAC and each of its member based on a combination of self and peer assessment obtained from each RMAC members via customised questionnaires. Based on the analysed Statistical Report, the NC concluded that the RMAC has carried out its roles and responsibilities effectively.

F. Training and Professional Development

Pursuant to the MMLR, the Directors are mindful that they shall receive appropriate training which may be required from time to time to keep abreast with the current developments of the industry as well as the new statutory and regulatory requirements. The Board will identify the training needs of the Directors based on feedback provided by the NC during the annual Board evaluation.

During the FY2020, the Directors are updated on new developments pertaining to the laws and regulations or changes which may affect the Group and their obligations from time to time or at regular Board meetings.

In order to ensure that the Directors are continually equipped with the necessary skills and knowledge to meet the challenges ahead, Management further strengthened the Directors' continuing professional development plan during the year, ranging from governance to industry trends. In addition to the activities internally organised by Eupe, the Directors also attended other training and development programmes organised by highly competent professional that are relevant to the Company.

The trainings and development programmes attended by the Board of Directors during FY2020 included:

1. Enterprise Risk Management (ERM) – Maximising its impact to organisation;
2. Understanding cybersecurity threats and its impact to businesses;
3. Understanding of risks and implications associated with the "Sustainability" theme for Eupe development projects;
4. National Tax Seminar 2019;
5. Suing the Revenue – Essential Tax Law Principles for Malaysian Lawyers;
6. The New Currency Going Cashless;
7. Revolutionising Business Through Blockchain;
8. Corporate Liability Act - Protection for Company; and
9. Corporate Governance: New Perspectives & Developments for Board of Directors & Secretaries.

Corporate Governance Overview Statement (cont'd)

G. Board and Board Committees Attendance

The Board members are aware of the time commitment expected from them to attend to matters of the Company.

The Board meetings as well as the Board Committee meetings are scheduled in advance before the end of each financial year so as to enable the Directors to plan ahead and co-ordinate their respective schedules. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

During FY2020, there were six (6) Board meetings and eight (8) Board Committees meetings held, as follows:

Director	Attendance in meeting of			
	BOARD	RMAC	NC	RC
Datuk Tan Hiang Joo	5/6			0/1
Dato' Beh Huck Lee	6/6			
Muhamad Faisal bin Tajudin	6/6			
Alfian bin Tan Sri Mohamed Basir	6/6	5/5		
Iskandar Abdullah @ Sim Kia Miang	6/6	5/5	2/2	1/1
Kek Jenny	5/6	4/5	2/2	1/1
Beh Yeow Seang	6/6		2/2	
Dato' Paduka Haji Ismail bin Haji Shafie (Resigned w.e.f. 16 January 2020)	2/5	2/5		

III. Remuneration

A. Remuneration Committee

The RC comprises exclusively of Non-Executive Directors, as follows:

Chairman : Datuk Tan Hiang Joo (Independent Non-Executive Chairman)

Members : Iskandar Abdullah @ Sim Kia Miang (Independent Non-Executive Director)
Kek Jenny (Independent Non-Executive Director)

The main function of the RC is to assist the Board in formalising remuneration framework for Directors and Senior Management as well as reviewing and recommending remuneration of Directors and Senior Management taking into account the demand, complexities of the business, performance of the Company as well as skills, responsibilities and experience required.

B. Directors' and Senior Management's Remuneration Policy

The Board has formalised a Directors' and Senior Management's Remuneration Policy to support the Group's key strategies and create a strong performance-orientated environment as well as to attract, motivate and retain high-performing talent.

Corporate Governance Overview Statement (cont'd)

i. Directors' Remuneration

In deciding on the appropriate level of fees for each Non-Executive Director, the Board takes into consideration the experience, the level of responsibilities, time commitment required in attending both scheduled and special Board meetings, deliberation time required for Board papers as well as membership of and responsibilities on Board Committees. Any review or change to the existing remuneration package will be deliberated upon by the RC before recommending it to the Board for approval. The Directors will abstain from the deliberation of their individual remuneration.

The details of Directors' remuneration for the FY2020 including remuneration for services rendered to the Company and its subsidiaries are as follows:

	Remuneration received from			Total
	The Company	Subsidiaries Companies		
	Other emoluments	Salaries, bonus and defined contribution	Other emoluments	
	RM'000	RM'000	RM'000	RM'000
Datuk Tan Hiang Joo	75.5	-	-	75.5
Dato' Beh Huck Lee	5.4	771.3	3.8	780.5
Muhamad Faisal bin Tajudin	4.8	468.5	3.7	477.0
Alfian bin Tan Sri Mohamed Basir	66.0	-	-	66.0
Iskandar Abdullah @ Sim Kia Miang	72.6	-	-	72.6
Kek Jenny	71.5	-	-	71.5
Beh Yeow Seang	67.6	-	-	67.6
Dato' Paduka Haji Ismail bin Haji Shafie (Resigned w.e.f. 16 January 2020)	54.1	-	-	54.1

ii. Remuneration of Senior Management

The profiles of the Senior Management personnel are disclosed in the Company's website under the caption "Senior Management" and pages 16 and 17 of this Annual Report. Senior Management are those primarily responsible for managing the business operations and corporate divisions of the Group.

The Board decided not to disclose on a named basis the top five Senior Management's remuneration in bands of RM50,000 in order to allay valid concerns of intrusion on staff confidentiality as well as maintaining the Company's ability to retain talented Senior Management in view of the competitive employment environment, in particular for the Group's property business.

Notwithstanding that, the Board ensures that the remuneration of the Senior Management commensurate with their individual performances and level of responsibility as well as the demand, complexities and performance of the Company, with due consideration to attract, retain and motivating the Senior Management.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Risk Management and Audit Committee

The RMAC comprises solely of INED. The members of the RMAC are:

Chairman : Iskandar Abdullah @ Sim Kia Miang (Independent Non-Executive Director)

Members : Kek Jenny (Independent Non-Executive Director)
Alfian bin Tan Sri Mohamed Basir (Independent Non-Executive Director)

The Chairman of RMAC is a Fellow of the Institute of Chartered Accountants in England and Wales whilst the rest of the RMAC members are Members of the Malaysian Institute of Accountants.

The RMAC meets every quarter to review the integrity and reliability of the Group's unaudited quarterly financial statements and once a year to review the annual audited financial statements, Directors' report and auditors' report prior to recommending them for the Board's approval. The Board deliberates on these financial statements before they are publicly released together with explanatory notes on the Group's quarterly and year-end performance.

The RMAC, also through discussions with Senior Management, analyses the Group's income and expenditures against previous corresponding period and also against immediate preceding quarter, quarter-to-quarter as well as year-to-date, and seeks explanations from Management on financial performance.

The RMAC also received assurance from the CFO and the external auditors that the financial statements are prepared in full compliance with Malaysian Financial Reporting Standards and disclosures as per MMLR and give a true and fair view of the financial position of the Group.

The Board has, via the RMAC, established policies and procedures to assess the suitability, objectivity and independence of the external auditors. The RMAC conducts an annual assessment on the suitability and independence of the external auditors which take into account factors such as independence, experience, competency, quality of services and sufficiency of resources to ensure their role is discharged effectively without impair their independence.

II. Risk Management and Internal Control Framework

The Board is committed to nurture and maintain a sound risk management framework and systems of internal control throughout the Group.

The Board has formalised a comprehensive Enterprise Risk Management framework and clear governance structure that takes into account all significant aspects of internal control including risk assessment, the control environment and control activities, information and communication, and monitoring. Key business risks have been categorised to highlight the source of the risk, and scored to reflect both financial and reputational impact of the risk and the likelihood of its occurrence. The ERM framework is reviewed by RMAC annually to ascertain its effectiveness.

Through the RMAC, the Board oversees the risk management matters of the Group, which include identifying, managing and monitoring, treating and mitigating significant risks across the Group. The RMAC also assists the Board to fulfil its responsibilities with regard to the risk governance and risk management in order to manage the overall risk exposure of the Group.

The Company has outsourced its internal audit function to an independent professional firm which reports directly to the RMAC. The internal audit function undertakes an independent assessment on the internal control system of the Group and provides assurance to RMAC that no major deficiency has been noted which would pose a high risk to the overall system of internal control. The RMAC conducts annual assessment on the performance of the Internal Auditors which includes the knowledge on the Group's business, adequacy of resources, professionalism and their observations findings and recommendations for improvements.

The Directors' Statement on Risk Management and Internal Control from pages 53 to 58 of this Annual Report features the Group's risk management framework and its state of internal control.

Corporate Governance Overview Statement (cont'd)

III. Directors' Responsibility Statement

The Board is to ensure that the financial statements prepared for each financial year have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results and cash flows of the Company and the Group for the financial year.

In preparing the financial statements for FY2020, the Board had:

- Applied the appropriate and relevant accounting policies consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on a going concern basis, having made enquiries that the Group has adequate resources to continue in operations for the foreseeable future.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

I. Communication with Stakeholders

The Company maintains an open communications policy with its shareholders and stakeholders, and welcomes feedback from them. Whenever deemed appropriate, the Board or the relevant management personnel will respond to their queries or opinions.

The Company has in place a Corporate Disclosure Policy which serves as a guide to determination and dissemination of sensitive and material information to investors, stakeholders, local media, the investing public and other relevant persons in line with the applicable legal and regulatory requirements.

The communication channels used in the Company's engagement with its shareholders and stakeholders include:

- The Company's website;
- Announcement to Bursa Securities;
- Annual Reports;
- General meetings;
- Newsletters; and
- Dialogues with investors, analysts and media (as appropriate).

II. Conduct of General Meetings

The AGM is an important platform to inform the shareholders of the Group's direction and performance and to obtain their feedback directly. The notice of its 23rd AGM in 2019 and the upcoming AGM in 2020 were served to shareholders at least 28 days before the AGM, well in advance of the 21 days required under the Companies Act 2016 and MMLR. The additional time given to the shareholders allows them to make the necessary arrangement to attend and participate in person or through corporate representative or proxies. More importantly, it provides shareholders sufficient time to go through the annual report and information supporting the resolutions proposed.

During the 23rd AGM held on 25 July 2019, the GMD and CFO presented the Group's business operations and highlights of the milestones achieved as well as activities of its key segments for FY2019, the financial performance of the Group for FY2019 and updated the shareholders on current and future prospects of the Group. All Directors, Senior Management, Company Secretaries and External Auditors were present at the 23rd AGM to provide meaningful response to questions raised.

All the resolutions set out in the Notice of the 23rd AGM held on 25 July 2019 were put to vote by poll and were duly passed. The outcome of the AGM was announced to Bursa Securities on the same day. A summary of the key matters discussed at the AGM was published on the Company's website as soon as practicable after the conclusion of the AGM.

Focus Areas and Future Priorities

The Board recognised the importance of leveraging technology to facilitate electronic voting and remote shareholders' participation at general meeting which would encourage greater shareholders' participation. Thus, the Board had at its 23rd AGM held on 25 July 2019 conducted poll voting electronically.

The Board is of the view that although the Company does not have large number of shareholders as guided by Practice 12.3 of MCCG 2017, given the unprecedented conditions caused by the Covid-19 pandemic, it is imperative for the Company to explore feasible way of conduct of general meeting remotely and voting in absentia at a reasonable cost to enable shareholders participation while observing the directives, safety and precautionary requirements as prescribed by the Government to curb the spread of pandemic.

This Corporate Governance Overview Statement is issued in accordance with a resolution of the Board dated 12 June 2020.

Additional Compliance Information

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Group and the Company's external auditors for the financial year ended 29 February 2020 are as follows:

	GROUP RM'000	COMPANY RM'000
Audit fees	204	40
Non-audit fees	5	5
Total	209	45

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors, chief executive and major shareholders, either still subsisting at the end of the financial year ended 29 February 2020 or entered into since the end of previous financial year ended 28 February 2019.

RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting of the Company held on 25 July 2019, the Company has renewed the shareholders' mandate for the Group to enter into recurrent related party transactions of revenue or trading nature ("Shareholders' Mandate") which is necessary for its day-to-day operations. The Shareholders' Mandate shall expire at the conclusion of the forthcoming Annual General Meeting and is subject to renewal by the shareholders at the said Annual General Meeting.

The aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year ended 29 February 2020 is disclosed in Note 38 of the Financial Statements.

Directors' Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("Board") of Eupe Corporation Berhad ("Company" or "Eupe") is committed in maintaining a robust system of risk management and internal control throughout its group of companies ("Group"). This statement outlines key features of the Group's risk management framework and internal control system and is prepared in accordance with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer endorsed by Bursa Securities.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibilities in maintaining a sound and effective risk management and internal control system to safeguard shareholders' investment and the Group's assets as well as to discharge its stewardship responsibility in identifying key risks and ensuring the implementation of appropriate risk management and internal control system to manage those risks.

The responsibility in reviewing of the adequacy and effectiveness of risk management and internal control systems and to ensure that the system remains applicable and robust to the Group, is delegated by the Board to the Risk Management and Audit Committee ("RMAC"). The Group's system of risk management and internal control encompasses various types of controls including those which are strategic, operational and compliance in nature, as well as financial controls for the purpose of safeguarding shareholders' investment and the Group's assets.

In view of the limitations that are inherent in the risk management and internal control systems, the Board recognises that such systems is designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate these risks. Such system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the Group's business operations and has oversight over this area through the RMAC. The risk management practice of the Group is an on-going process used for identifying, evaluating, monitoring and managing key risk of the Group.

The Group risk management framework is guided by the principles set out in ISO31000-Risk Management and are outlined below:

a. Structured Risk Management Process

The group has a structured risk management process for identification, assessment of identified risks, development of relevant risk action plans and continuous monitoring of key risk associated with functions, processes and activities to enable the Group to minimise losses and optimise opportunities.

The risk management process undertaken for the financial year under review is summarised below:

Directors' Statement on Risk Management and Internal Control (cont'd)

- The identification of key risks are based on the broad spectrum of strategic, operation, financial and compliance to regulatory requirements.
- Risk assessment technique are also embedded and applied by the Management on day to day operations such as facilitate decision-making for new projects / investments.
- Risk action plans for identified key risks are developed based on the selected risk treatment strategies and is mitigate to an acceptable level. These actions are implemented to close the gaps and are continuously monitored by its risk owners.
- During the financial year, key risks are continuously monitored to ensure appropriate action plans are initiated due to the dynamic changes of internal and external environment.

b. Risk Management Governance Structure

The Board delegates the day to day risk management decision to the Top Management and business units heads. In fulfilling its oversight responsibility, the Board as a whole or through delegation to the RMAC, continues to review and assess the adequacy and effectiveness of the Structured Risk Management Process implemented and practised by the Top Management and business units heads.

The Group's risk management governance structure is illustrated below:

Directors' Statement on Risk Management and Internal Control (cont'd)

The principal roles and responsibilities of the Board, RMAC, Top Management and risk owners in the implementation and execution of risk management practices are set out below:

Board	• Determine the Group's level of risk tolerance to support the strategic objectives of the Group; • Ensure a risk awareness and control optimised culture is embedded throughout the Group; and • Assume accountability over the effectiveness of the risk management and internal control system of the Group by establishing and supervising the operation of the risk management framework.
RMAC	• Ensure that there is a structured risk management framework in place; • Review the status of implementation of the policies approved by the Board; • Identify, assess and review the key business risks of the Group and ensure adequate allocation of resources and appropriate measurements are in place for managing the prioritised risks to safeguard shareholders' investment and the Group's assets; • Communicate to the Board on changes to the Key Risk Profiles and the course of action to be taken by risk owners in mitigating these risks on a periodic basis; • Approve changes to the risk profiles based on recommendations by Top Management; and • Responsible to review the Group's internal control framework to ensure implementation and effectiveness.
Top Management	• Provide further input on identification, assessment, mitigation, monitoring and reporting of risks; • Moderate risk scoring based on Group level risk tolerance; and • Consider and recommend changes of risk profile to the RMAC by looking into the significance and impact of the risk on the overall Group operations.
Risk owners (i.e Heads of Department)	• Risk identification, evaluation and management of each business unit heads and the respective Heads of Department ("HOD"). Any significant risks identified from risk management activities are communicated to Top Management before it is escalated to the RMAC and the Board; • Involvement in identification, assessment, mitigation, monitoring and reporting of risks that are appropriate to the needs of the organisation; • Implement, manage and monitor various control designed to mitigate the risks identified; and • The Group's internal policies, standards and procedures to ensure the effective management of risks and these documents are available on the Group's intranet for easy access by employees.

c. Risk Management Activities

During the financial year under review, with the assistance of an out-sourced service provider, an annual update of the risk profiles was undertaken. Several risk assessment workshops were conducted with related risk owners to update the Group's risk profiles for corporate functions and business units in terms of the controls in place and the risk ratings for each risk.

All risks identified were individually assessed and ranked, having regard to the impact of the identified risk; likelihood or frequency of risk occurring, and effectiveness of the internal control system currently in place to manage these key risks. Risk management activities are reported to the RMAC to keep the RMAC informed and advised of key risks and risk trends. The updated Group's top 5 risk profiles as well as other key risk profiles were presented to the RMAC quarterly, for their deliberation.

As part of the Group's effort to instil a proactive risk management culture, three (3) risk awareness sessions were conducted for the Management and staff to refresh their knowledge on risk management concept and application techniques.

Directors' Statement on Risk Management and Internal Control (cont'd)

MANAGING KEY RISKS

The Group's key risks have been identified, monitored and deliberated by the RMAC. The following table details the key risk and its mitigation actions:

Risk	Description	Mitigation
Business Continuity Challenges	In view of the recent crisis on Covid-19 pandemic, the Group like many organisation faces business continuity challenges that can lead to financial losses if not properly managed.	The Top Management has been continuously brainstorming and strategising action plans to respond to the challenges affecting the business activities of the Group.
Untimely Replenishment of Landbank	Challenges faced by the Group to secure quality landbanks. Landbanks are needed to sustain and grow the business in future, an untimely replenishment of landbanks may affect the project planning progress, launching of new properties and delay in the diversification of revenue source, and eventually continuity in its consistency in financial performances.	The Group mitigates this risk by working closely with landbank agents to actively source for new lands.
Succession Planning	Effective succession planning is critical to ensure continuity of leadership and smooth running of the business operations. Sudden departure of Key Management or personnel who holds critical position may result in leadership challenges and loss of stakeholders' confidence.	The Group has identified successors for key positions. These successors are sent for external training to enhance their knowledge and skillsets to be better leaders of the Group in time to come.
Innovation & Differentiation Challenge	The Group is exposed to a large number of competitors. With that being said, it is crucial for the Group to keep abreast with new innovation and technologies in the market in order to be at a competitive edge.	Management are constantly researching and learning about the latest construction technologies as well as new ideas to enhance the sustainability features and innovative lifestyle facilities but yet affordable products. On a periodical basis, the Management will also brainstorm on the innovative designs and practicality of advanced construction methods and approaches.
Land Investment Risk	Land acquisition involves huge capital layout and commitments. When a wrong decision is made, it may affect the Group's ability to achieve their desired targeted profits. Hence, affecting the overall project planning and the Group's financial cash flow.	The Group embedded a detail feasibility study and due diligence as part of the land investment evaluation process.
Delay in Project Completion	Arises due to disruption in business operations during the MCO, which leads to weak monitoring and management of project progress to ensure timely delivery of vacant possession. Project delays will result in negative cash flow impact to the Group and the overall profitability of the project in the form of delayed progress billing to purchasers and Liquidated Ascertained Damages payable to purchasers.	The Group mitigates such risk, together with the appointed counsultants, by keeping track and managing the main contractor's performance closely. Project assessment are carried out during the development stage to better plan and manage delays. In addition, the Group perform stringent selection process to appoint qualified and competent consultant and contractors.
Poor Response of New Projects	Eupe is planning to launch the 3rd project in Klang Valley namely The Est8, which located on a 2.90 acre leasehold parcel at Seputeh. Positive public response to the Group is crucial as poor response would result in low take up rate therefore, affecting the cash flow position, erosion of profit margin and increase in inventory holding cost.	The Group mitigates this risk by, having a detailed feasibility study and an extensive market research of the land and its surroundings. The Group also conducts market survey to establish profiles of potential purchaser and their lifestyles as well as aggressively promotes their new projects on social medias, and property events. In addition, the Group emphasises on their Sustainability Plus principles by challenging the architectural designs to add value to the homeowner's lifestyle. In order to help purchaser with their loans, the Group will provide alternative payment plans to ease their down payment burden.

Directors' Statement on Risk Management and Internal Control (cont'd)

INTERNAL AUDIT FUNCTIONS

The Group's internal audit function assists the Board and the RMAC 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 Risk Management and Audit Committee Report included in this Annual Report.

OTHER KEY ELEMENTS OF THE GROUP'S CONTROL ENVIRONMENT

Apart from risk management and internal audit, the Board has put in place the following pertinent measures to strengthen the internal control systems of the Group:

Culture and Employee Conduct

- The vision and mission set the tone from the Board to employees and shape the culture for the Group;
- The Group has in place an organisation structure with clearly defined authority and reporting lines aligned with business and operational requirements;
- The Group has drawn up and adopted Authority Matrix which sets out the level of authorisation level of Top Management in all key areas.
- Code of conduct and ethics are in place to set out standards of ethics and conduct expected from its employees;
- Integrity Policy (Whistle-Blowing Policy) and Procedures are in place to enable individuals to raise genuine concerns without fear of retaliation; and
- Adopted Anti-Bribery and Anti-Corruption Policy to ensure that any employee, representative or agent or business associate of the Group does not engage in any act of bribery and corruption.

Policies and Procedures

- Policies and procedures for key processes are documented and communicated to employees for application across the Group. These are supplemented by operating procedures set by individual companies, as required for the type of business of each company;
- Formalised policy and procedures on Related Party Transaction ("RPT") and Recurrent Related Party Transactions ("RRPT") to ensure that all RPT and RRPT are monitored and conducted in a manner that is fair and at arms' length basis, with the terms not more favourable to the related parties than to the public, not to the detriment of minority shareholders and in the best interest of the Group;
- In place policy and procedures for External Auditors to outline the Company's policies and procedures in assessing the suitability, objectivity and independence of External Auditors and continuous monitor their performance; and
- Continuous quality improvement initiatives to ensure accreditation such as ISO certification for selected businesses.

People

- Employee handbook outlines the employment teams and conditions, including compensation, leaves, benefits and other matters related to their employment; and
- A half-yearly review of Key Performance Indicators is undertaken by the management to identify, and where appropriate, address significant variances.

Communication and Reporting

- An effective reporting system which ensures the timely generation of financial information for management review has been put in place. Financial results are reviewed and approved on a quarterly basis by the RMAC and the Board respectively, before it is released to shareholders and stakeholders; and
- Internal corporate disclosure policies and procedures are in place to govern the disclosure of material information to shareholders and stakeholders.

Directors' Statement on Risk Management and Internal Control (cont'd)

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement pursuant to the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3") [previously Recommended Practice Guide ("RPG") 5 (Revised 2015)], 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 ("MIA") for inclusion in the annual report of the Group for the financial year ended 29 February 2020 and reported to the Board that nothing has come to their attention which causes them to believe that the Statement intended to be included in the annual report of the Group, in all material respects:

1. has not been prepared in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor

2. is factually inaccurate.

CONCLUSION

Based on the risk management framework and internal controls maintained by the Group, as well as the assurance provided to the Board by the Group Managing Director and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, the Board is of the view that the systems of internal control and risk management in place for the year under review, and up to the date of approval of this Statement, are adequate in safeguarding the shareholders' interests and assets of the Group.

This statement is issued in accordance with a resolution of the Board dated 12 June 2020.

Risk Management and Audit Committee Report

The Board of Directors is pleased to present the report of the Risk Management and Audit Committee ("RMAC") which provides insights into the manner in which the RMAC discharged its functions for the Group during the financial year ended 29 February 2020 ("FY2020").

COMPOSITION OF THE RISK MANAGEMENT AND AUDIT COMMITTEE

The RMAC comprises three (3) members, all of whom are Independent Non-Executive Directors. This meets the requirements of Paragraphs 15.09(1) (a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Step Up 8.4 of the Malaysian Code on Corporate Governance ("MCCG").

The composition of the RMAC as of the date of this report are as follows:

Composition of the RMAC
Iskandar Abdullah @ Sim Kia Miang *Chairman, Independent Non-Executive Director*
Kek Jenny *Member, Independent Non-Executive Director*
Alfian bin Tan Sri Mohamed Basir *Member, Independent Non-Executive Director*

En. Iskandar Abdullah @ Sim Kia Miang is a Fellow of the Institute of Chartered Accountants in England and Wales while both Ms. Kek Jenny and En. Alfian bin Tan Sri Mohamed Basir are Members of the Malaysian Institute of Accountants. Therefore, the Company complies with the requirements of Paragraph 15.09(1)(c) of the MMLR and Practice 8.5 of MCCG.

MEETINGS AND ATTENDANCE

The RMAC held 5 meetings during the FY2020. The details of the attendance of each RMAC members are as follows:

RMAC Member	Meeting Attendance
Iskandar Abdullah @ Sim Kia Miang (Chairman)	5 / 5
Kek Jenny	4 / 5
Alfian bin Tan Sri Mohamed Basir	5 / 5
Dato' Paduka Haji Ismail bin Haji Shafie (Resigned w.e.f. 16 January 2020)	2 / 5

The Group Managing Director ("GMD") and Chief Financial Officer ("CFO") were invited to attend RMAC meetings to assist the RMAC in its review of the unaudited quarterly financial statements, resolving and clarifying matters raised in relation to operations and financial. The representatives of External Auditors and Internal Auditors were also invited to attend those meetings to present their audit plans, audit findings and recommendations. The Chairman of the RMAC briefs the Board on matters discussed at every RMAC meeting.

Minutes of each RMAC meeting were recorded and tabled for confirmation at the next following RMAC meeting and subsequently presented to the Board for notation.

Risk Management and Audit Committee Report (cont'd)

ATTENDANCE OF PROFESSIONAL DEVELOPMENT COURSES

All RMAC members are aware of the need to continuously develop and increase their knowledge in the area of accounting and auditing standards, given the changes and developments in this area from time to time. In line with this and Practice 8.5 of MCCG, RMAC members have kept themselves abreast of relevant developments by attending various seminars, training programme and conferences related to financial and reporting standards, practices and rules during the FY2020.

SUMMARY OF WORK OF THE RMAC

The RMAC carried out the following key activities during the FY2020:

1. Financial Reporting

a) Reviewed the unaudited quarterly financial statements for the first, second and third quarters of FY2020, which were prepared in compliance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22, including Part A of Appendix 9B of the MMLR, at RMAC meetings held on 25 July 2019, 24 October 2019 and 16 January 2020. During those meetings, the GMD and CFO were invited to present the unaudited quarterly financial statements and provide explanations in regards to any material changes in financial performance, as well as providing assurances to the RMAC that appropriate accounting standards and accounting policies had been adopted and applied consistently.

   Post FY2020, on 14 May 2020, the RMAC reviewed the quarterly financial statements for the fourth quarter of FY2020, which was presented by GMD, CFO and representatives of External Auditors.

   The RMAC's recommendations were presented to the Board for approval.

b) At RMAC meeting held on 28 May 2019, reviewed the annual audited financial statements of the Group and of the Company for FY2019, Directors' and Auditors' Reports, together with the External Auditors. The key considerations in the deliberations of these financial statements included the following:

   i. The annual financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and of the Company;

   ii. The audit opinion given by the External Auditors stating that the financial statements give a true and fair view of the financial position of the Company as at 28 February 2019 and of its financial performance and cash flows for the financial year then ended in accordance with MFRS and the requirements of the Companies Act 2016.

   iii. The accounting policies and methods of computation adopted by the Group were consistent with those adopted in the previous audited financial statements except for the adoption of new or amended accounting standards that were effective for FY2019.

   The RMAC's recommendations were presented to the Board for approval.

Risk Management and Audit Committee Report (cont'd)

2. External Audit

a) At RMAC meeting held on 28 May 2019, reviewed the External Auditors' reports in relation to Key Audit Matters with regards to the relevant disclosures in the annual audited financial statements for FY2019. The External Auditors also shared with the RMAC their observations and areas for improvement.

b) Reviewed the Annual Audit Planning Memorandum for FY2020 proposed by the External Auditors on 16 January 2020. The annual audit plan outlined the scope of works, key audit areas, audit issues carried forward from FY2019 (if any), engagement team, audit timeline and the potential Key Audit Matters.

c) Reviewed the proposed fees for audit and non-audit services to be provided by the External Auditors for FY2020 and recommended to the Board of Directors for approval.

d) Conducted two (2) private meetings with the External Auditors on 25 April 2019 and 16 January 2020 in the absence of the Executive Directors and the Management. The RMAC enquired about Management's co-operation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions, particularly in relation to the compliance with applicable MFRSs. During the private session with the External Auditors, it was noted that no critical issues were raised by the External Auditors and they conveyed that they had been receiving full cooperation from the Management throughout the audit.

e) Evaluated and reviewed the performance and independence of the External Auditors.

Based on the annual assessment using questionnaires and feedback received from the Management, the RMAC was satisfied with the suitability and independence of the External Auditors in terms of the professional staff assigned to the audit, the quality of services and sufficiency of resources they provided to the Group, requisite skill and expertise, turnaround time and the appropriateness of the level of fees.

In addition, the RMAC obtained a written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

3. Internal Audit

a) Evaluated the appropriateness of the short-listed internal audit service providers and recommended to the Board for the appointment of Axcelasia Columbus Sdn. Bhd. as the new out-sourced internal auditors.

b) Reviewed and approved the risk based annual internal audit plan for FY2020 - FY2021 proposed by the Internal Auditors on 25 July 2019 and to ensure adequacy of the scope and comprehensive coverage over the activities of the Group.

c) Reviewed internal audit reports prepared by the Internal Auditors at RMAC meetings held on 25 April 2019, 24 October 2019 and 16 January 2020, deliberation of major findings and Management's responses together with Internal Auditors' recommendations.

d) Reviewed the performance of the Internal Auditors pursuant to the Terms Of Reference of RMAC. The areas being assessed are as follows:

- knowledge on the Group's business;
- adequacy of resources;
- professionalism; and
- their observations, findings and recommendations for improvements.

4. Enterprise Risk Management ("ERM")

a) Evaluated the appropriateness of the short-listed of the ERM service providers and approved the appointment of Axcelasia Columbus Sdn. Bhd. as the new out-sourced ERM consultant.

b) On 25 July 2019, the RMAC reviewed the updated risk profile of the Group and the adequacy and integrity of the internal control systems to manage particularly those key risks are within the Group's acceptable risk tolerance range.

c) The Group's top 5 risks profile as well as other key risks profile were updated on a quarterly basis and presented to the RMAC for review and deliberation at RMAC meetings held on 24 October 2019 and 16 January 2020.

The costs incurred for the ERM for FY2020 was RM38,000 (FY2019: RM5,000).

For further details on ERM Functions, please refer to Directors' Statement on Risk Management and Internal Control on page 53 of the Annual Report 2020.

Risk Management and Audit Committee Report (cont'd)

5. Related Party Transactions ("RPTs") & Recurrent Related Party Transactions ("RRPTs")

a) Reviewed RPTs and RRPTs entered into / to be entered into by the Group and conflicts of interest situations on a quarterly basis, if any, to ensure that the transactions are at arm's length basis and on normal commercial terms which is not favourable to the related party than those generally available to the public and are not to the detriment of the Group's minority shareholders.

b) Reviewed the processes and procedures on related party transactions to ensure that related parties are appropriately identified and that they have declared and reported appropriately.

c) Reviewed the circular to shareholders in relation to the proposed renewal of shareholders' mandate for RRPTs of a revenue or trading nature which is necessary for the Group's day-to-day operations and are in the ordinary course of business on terms that are not more favourable to the related parties than those generally available to the public ("Mandate for RRPTs") and recommended to the Board for approval of release. At the 23rd AGM held on 25 July 2019, the shareholders had approved the resolution pertaining to the Mandate for RRPTs where the approval shall lapse at the conclusion of the next AGM of the Company.

6. Others

The RMAC has also reviewed this Report and the Statement on Risk Management and Internal Control prior to the recommendation to the Board for inclusion into the Annual Report 2019.

INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the RMAC, is outsourced to Axcelasia Columbus Sdn. Bhd., an independent professional services provider whose principal responsibility is to undertake systematic reviews of internal controls and risk management framework every quarter, to provide reasonable assurance that the system and framework continue to operate effectively and efficiently.

The engagement Executive Director is Mr Mah Siew Hoong who has diverse professional experience in internal audits, 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 Auditors (USA) and has a Certification in Risk Management Assurance (USA).

The number of staff deployed for the internal audit reviews was 3 to 4 staff per cycle including the engagement Executive Director. The staff involved in the internal audit reviews possess professional qualification and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

During the FY2020, the Internal Auditors performed audit reviews in accordance with the approved annual audit plan covering the following divisions and auditable processes:

Business Division	Auditable Processes
Property Development	• Project management (Central Region) • Project development & planning (Central Region & Northern Region) • Sales and marketing (Central Region)
Corporate Functions	• Joint venture and investments

The internal audit reports were issued to the RMAC and presented to the RMAC at their scheduled quarterly meetings. The audit report containing audit findings and recommendations together with Management's responses to address the control weaknesses identified during the course of internal audit and enhance the adequacy and effectiveness of the Group's systems of internal controls. The Internal Auditors subsequently conducted follow-up audits to ensure that agreed corrective action plans were implemented appropriately. The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework ("IPPF").

The costs incurred for the Internal Audit Function for FY2020 was RM68,500 (FY2019: RM100,000).

This report is issued in accordance with a resolution of the Board dated 12 June 2020.

Directors' Report

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 29 February 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are described in Note 8 to the financial statements.

RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the year attributable to:		
Equity holders of the Company	33,861	339
Non-controlling interests	19,426	-
	53,287	339

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

	RM'000
In respect of the financial year ended 29 February 2020:	
Interim single-tier dividend of 1.50 sen per ordinary share, declared on 16 January 2020 and paid on 3 March 2020	1,920

The directors do not recommend any final dividend in respect of the financial year ended 29 February 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors' Report (cont'd)

DIRECTORS

The directors who held office during the financial year until the date of this report are:-

THE COMPANY

Datuk Tan Hiang Joo (Chairman)

Dato' Beh Huck Lee (Group Managing Director)

Muhamad Faisal bin Tajudin

Alfian bin Tan Sri Mohamed Basir

Iskandar Abdullah @ Sim Kia Miang

Kek Jenny

Beh Yeow Seang

Dato' Paduka Haji Ismail bin Haji Shafie (Resigned on 16 January 2020)

SUBSIDIARY COMPANIES

Y.A.M Dato' Seri Sharifah Fariza binti DYMM Syed Sirajuddin
Y. Bhg. Dato' Hj Abd Rahim bin Man
Datuk Seri Chiau Beng Teik, PJN
Dato' Beh Huck Lee
Datin Paduka Teoh Choon Boay
Tuan Hj Mohd Subri bin Ahmad @ Md Ludin
Chiau Haw Choon
Lee Kam Choon
Muhamad Faisal bin Tajudin
Noordihan bin Hashim
Tan Soon Huat
Teoh Ling Fong
Yeong Chee Fun
Mark Triffitt (Appointed on 7 March 2019)
Beh Yeow Seang (Appointed on 2 January 2020)

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate.

The directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year ended 29 February 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Number of shares			
	At 1.3.2019 '000	**Acquired '000**	**Disposed '000**	**At 29.2.2020 '000**
THE COMPANY				
Direct interests				
Datuk Tan Hiang Joo	10	-	-	10
Dato' Beh Huck Lee	3,500	-	-	3,500
Indirect interests				
Dato' Beh Huck Lee	53,315	-	-	53,315
Iskandar Abdullah @ Sim Kia Miang	103	-	-	103

By virtue of their interest in the shares of the Company, the directors are also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

Other than disclosed above, none of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

Since the end of the previous financial year, no director has received or become entitled to receive any significant benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the notes to the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member, or with a company in which a director has substantial financial interest except for any benefits which may deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 38 to the financial statements.

Directors' Report (cont'd)

DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in the Note 33 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

The total amount of insurance premium paid for the directors and officers of the Group and of the Company is as follows:

	GROUP RM'000	COMPANY RM'000
Directors and officers	21	21

No indemnities have been given or insurance premium paid for the auditors of the Group and of the Company.

SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 33 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, 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 provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision 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:

- (i) which would render the amount written off for bad debts and the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) 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; or
- (iv) 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 Group's and the Company's financial statements misleading.

(c) At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and 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 in respect of the Group and of the Company which has arisen since the end of the financial year except as disclosed in Note 39 to the financial statements.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

(d) In the opinion of the directors:

(i) no contingent liability 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 and of the Company to meet their obligations as and 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 substantially affect the results of the operations of the Group and of the Company for the current financial year.

AUDITORS

The auditors, Messrs RSM Malaysia, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

MUHAMAD FAISAL BIN TAJUDIN

DATO' BEH HUCK LEE

Sungai Petani, Kedah Darul Aman

Statements of Financial Position as at 29 February 2020

		GROUP		COMPANY	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	64,924	65,722	*	*
Right-of-use assets	7	617	-	-	-
Investment in subsidiaries	8	-	-	117,420	116,920
Other investments	9	-	7	-	-
Inventories	10	188,193	153,037	-	-
Investment properties	11	45,751	48,233	-	-
Deferred tax assets	12	2,344	2,385	-	-
		301,829	269,384	117,420	116,920
Current assets					
Inventories	10	117,769	150,894	-	-
Contract costs	13	6,085	6,980	-	-
Contract assets	14	167,424	108,917	-	-
Trade and other receivables	15	78,173	41,071	7	5
Amount owing from subsidiaries	16	-	-	39,673	34,505
Sinking funds	17	802	832	-	-
Tax recoverable		2,271	2,997	-	-
Cash and cash equivalents	18	36,668	70,971	13	23
		409,192	382,662	39,693	34,533
TOTAL ASSETS		711,021	652,046	157,113	151,453

Statements of Financial Position as at 29 February 2020 (cont'd)

		GROUP		COMPANY	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	19	133,982	133,982	133,982	133,982
Reserves	20	218,343	186,571	14,566	16,147
		352,325	320,553	148,548	150,129
Non-controlling interests		73,435	54,008	-	-
TOTAL EQUITY		425,760	374,561	148,548	150,129
LIABILITIES					
Non-current liabilities					
Borrowings	21	95,243	102,666	-	-
Lease liabilities	28	252	-	-	-
Deferred tax liabilities	12	13,867	14,653	-	-
		109,362	117,319	-	-
Current liabilities					
Contract liabilities	14	12,880	14,527	-	-
Trade and other payables	29	67,334	60,049	68	139
Provisions	30	11,613	9,878	-	-
Amount owing to subsidiaries	16	-	-	8,497	1,185
Borrowings	21	80,094	69,007	-	-
Lease liabilities	28	383	-	-	-
Current tax payable		3,595	6,705	-	-
		175,899	160,166	8,565	1,324
TOTAL LIABILITIES		285,261	277,485	8,565	1,324
TOTAL EQUITY AND LIABILITIES		711,021	652,046	157,113	151,453

* Denotes less than thousand

The annexed notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for The Financial Year Ended 29 February 2020

		GROUP		COMPANY	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	31	298,320	359,939	1,400	1,250
COST OF SALES	32	(201,399)	(241,014)	-	-
GROSS PROFIT		96,921	118,925	1,400	1,250
OTHER OPERATING INCOME		2,723	3,657	-	109
MARKETING AND DISTRIBUTION COSTS		(5,031)	(10,124)	-	-
ADMINISTRATIVE EXPENSES		(18,843)	(20,427)	(889)	(957)
OTHER OPERATING EXPENSES		(3,270)	(5,547)	(172)	(141)
FINANCE COSTS		(1,313)	(1,254)	-	-
PROFIT BEFORE TAX	33	71,187	85,230	339	261
TAX EXPENSE	34	(17,900)	(23,729)	-	-
NET PROFIT FOR THE FINANCIAL YEAR		53,287	61,501	339	261
OTHER COMPREHENSIVE EXPENSE					
- FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION		(168)	(188)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		53,119	61,313	339	261
PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY		33,861	30,300	339	261
NON-CONTROLLING INTERESTS		19,426	31,201	-	-
		53,287	61,501	339	261
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY		33,692	30,126	339	261
NON-CONTROLLING INTERESTS		19,427	31,187	-	-
		53,119	61,313	339	261
BASIC EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (SEN)	35	26.45	23.67		

The annexed notes form an integral part of the financial statements.

Statements of Changes in Equity for The Financial Year Ended 29 February 2020

	Attributable to equity holders of the Company						
		Non-distributable		Distributable			
	Ordinary share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
GROUP							
Balance as at 1 March 2018	128,000	5,982	134	156,311	290,427	23,113	313,540
Net profit for the financial year	-	-	-	30,300	30,300	31,201	61,501
Other comprehensive expense for the financial year	-	-	(174)	-	(174)	(14)	(188)
Total comprehensive income for the financial year	-	-	(174)	30,300	30,126	31,187	61,313
Dividend paid to non-controlling interest	-	-	-	-	-	(292)	(292)
Transfer pursuant to Section 618(2) of the Companies Act 2016	5,982	(5,982)	-	-	-	-	-
Balance as at 28 February 2019/ 1 March 2019	133,982	-	(40)	186,611	320,553	54,008	374,561
Net profit for the financial year	-	-	-	33,861	33,861	19,426	53,287
Other comprehensive (expense)/ income for the financial year	-	-	(169)	-	(169)	1	(168)
Total comprehensive income for the financial year	-	-	(169)	33,861	33,692	19,427	53,119
Dividend paid (Note 37)	-	-	-	(1,920)	(1,920)	-	(1,920)
Balance as at 29 February 2020	133,982	-	(209)	218,552	352,325	73,435	425,760

Statements of Changes in Equity for The Financial Year Ended 29 February 2020 (cont'd)

		Non-distributable	Distributable	
	Ordinary share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
COMPANY				
Balance as at 1 March 2018	128,000	5,982	15,886	149,868
Net profit and total comprehensive income for the financial year	-	-	261	261
Transfer pursuant to Section 618(2) of the Companies Act 2016	5,982	(5,982)	-	-
Balance as at 28 February 2019/ 1 March 2019	133,982	-	16,147	150,129
Net profit and total comprehensive income for the financial year	-	-	339	339
Dividend paid (Note 37)	-	-	(1,920)	(1,920)
Balance as at 29 February 2020	133,982	-	14,566	148,548

The annexed notes form an integral part of the financial statements.

Statements of Cash Flows for The Financial Year Ended 29 February 2020

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	208,485	306,304	-	-
Cash payments to suppliers and creditors	(192,059)	(222,159)	-	-
Cash payments to employees and for expenses	(27,177)	(40,578)	(960)	(887)
Cash (used in)/generated from operations	(10,751)	43,567	(960)	(887)
Insurance claim received	-	12	-	-
Rental income received	512	579	-	-
Bank overdraft interest paid	(219)	(358)	-	-
Deposits received/(paid)	2,776	(3,555)	(2)	-
Tax refunded	1,559	136	-	-
Tax paid	(22,588)	(17,886)	-	-
Net cash (used in)/generated from operating activities	(28,711)	22,495	(962)	(887)
CASH FLOWS FROM INVESTING ACTIVITIES				
Repayment from/(advance to) subsidiaries	-	-	1,972	(490)
Dividend received	-	-	1,400	1,250
Interest income received	1,114	1,812	-	109
Investment in a subsidiary	-	-	(500)	-
Net placement of fixed deposits pledged	(935)	(2,289)	-	-
Proceeds from disposal of other investments	7	-	-	-
Proceeds from disposal of property, plant and equipment	176	112	-	-
Proceeds from sales of investment properties	2,463	798	-	-
Purchase of property, plant and equipment^	(1,667)	(917)	-	-
Net cash generated from/(used in) investing activities	1,158	(484)	2,872	869

Statements of Cash Flows for The Financial Year Ended 29 February 2020 (cont'd)

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Bankers' acceptances interest paid	(38)	(59)	-	-
Dividend paid	(1,920)	-	(1,920)	-
Drawdown of term loans	70,247	79,675	-	-
Hire purchase interest paid	(31)	(31)	-	-
Invoice financing interest paid	(59)	(112)	-	-
Lease liabilities interest paid	(50)	-	-	-
Net drawdown/(repayment) of revolving credit	8,000	(810)	-	-
Net drawdown/(repayment) of bankers' acceptances	213	(200)	-	-
Net repayment of invoice financing	(198)	(909)	-	-
Net repayment of hire purchase liabilities	(332)	(463)	-	-
Net repayment of lease liabilities	(361)	-	-	-
Repayment of term loans	(74,795)	(63,904)	-	-
Revolving credit interest paid	(378)	(25)	-	-
Term loans interest paid	(7,655)	(6,358)	-	-
Net cash (used in)/generated from financing activities	(7,357)	6,804	(1,920)	-
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(34,910)	28,815	(10)	(18)
EFFECT OF TRANSLATION DIFFERENCE	(168)	(61)	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	63,269	34,515	23	41
CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 18)	28,191	63,269	13	23

Statements of Cash Flows for The Financial Year Ended 29 February 2020 (cont'd)

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash outflows for leases as a lessee				
Included in net cash from operating activities:				
Payment relating to leases of low-value assets	17	-	-	-
Payment relating to short-term leases	758	-	-	-
Included in net cash from financing activities:				
Interest paid in relation to hire purchase liabilities	31	-	-	-
Interest paid in relation to lease liabilities	50	-	-	-
Net repayment of hire purchase liabilities	332	-	-	-
Net repayment of lease liabilities	361	-	-	-
Total cash outflows for leases	1,549	-	-	-

^ During the financial year, the Group acquired right-of-use assets and property, plant and equipment using the following arrangements:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Right-of-use assets				
Lease	996	-	-	-
Property, plant and equipment				
Hire purchase	689	-	-	-
Cash	1,667	917	-	-
	2,356	917	-	-

The annexed notes form an integral part of the financial statements.

Notes to The Financial Statements 29 February 2020

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are indicated in Note 8.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with applicable approved Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

3.2 Basis of consolidation

(a) Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of Eupe Corporation Berhad and all of its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group effectively obtains control of the acquired business, until that control ceases.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income.

Total comprehensive income (i.e. profit or loss and each component of other comprehensive income) is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group's 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments excludes transaction costs.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Basis of consolidation (cont'd)

(b) Translation of financial statements of foreign entities

The assets and liabilities of foreign operations are translated into Ringgit Malaysia ("RM") using exchange rates at the reporting date. The components of shareholders' equity are stated at historical value.

Average exchange rates for the period are used to translate income and expense items of foreign operations. However, if exchange rates fluctuate significantly, the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and accumulated in foreign currency translation reserve ("FCTR"), a separate component of equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of translation difference is allocated to the non-controlling interests.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and, as such, translated at the closing rate.

On the disposal of a foreign operation, all of the exchange differences accumulated in FCTR in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss. The cumulative amount of the exchange differences relating to that foreign operation that had been attributed to the non-controlling interests are derecognised, but without reclassification to profit or loss. The same applies in case of loss of control, joint control or significant influence.

On the partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of exchange differences accumulated in the separate component of equity are re-attributed to non-controlling interests (they are not recognised in profit or loss). For any other partial disposal of foreign entity (i.e. associates or jointly controlled entities without loss of significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(c) Business combinations

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by MFRS 3 *Business Combinations*).

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group.

Acquisition-related costs (e.g. finder's fees, consulting fees, administrative costs, etc.) are recognised as expenses in the periods in which the costs are incurred and the services are received.

On acquisition date, goodwill is measured as the excess of the aggregate of consideration transferred, any non-controlling interests in the acquiree, and acquisition-date fair value of the Group's previously held equity interest in the acquiree (if business combination achieved in stages) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after appropriate reassessment, the amount as calculated above is negative, it is recognised immediately in profit or loss as a bargain purchase gain.

At acquisition date, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by MFRS.

The acquisition-date fair value of any contingent consideration is recognised as part of the consideration transferred by the Group in exchange for the acquiree. Changes in the fair value of contingent consideration that result from additional information obtained during the measurement period (maximum one year from the acquisition date) about facts and circumstances that existed at the acquisition date are adjusted retrospectively against goodwill. Other changes resulting from events after the acquisition date are adjusted at each reporting date only when the contingent consideration is classified as an asset or a liability and the adjustment is recognised in profit or loss.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. If any, changes in the value of the Group's equity interest in the acquiree that have been previously recognised in other comprehensive income are reclassified to profit or loss, if appropriate had that interest been disposed of directly.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Basis of consolidation (cont'd)

(d) Transactions eliminated on consolidation

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group and the Company are obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful lives, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is not depreciated.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives.

The principal annual depreciation rates are as follows:

Leasehold land	1.85%
Buildings	2%
Renovation, electrical and amusement equipment	10% to 20%
Motor vehicles	20%
Furniture, fittings and equipment	10% to 20%
Sports equipment, machinery and others	10% to 20%

At each reporting date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 3.7 on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Leases

The Group has applied MFRS 16 *Leases* using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 March 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117 *Leases* and related interpretations.

Current financial year

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) Recognition and initial measurement

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Leases (cont'd)

(b) Recognition and initial measurement (cont'd)

(i) As a lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit of loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(c) Subsequent measurement

(i) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Leases (cont'd)

(c) Subsequent measurement (cont'd)

(ii) As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "revenue".

Previous financial year

(d) Recognition and initial measurement

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Assets and liabilities arising from finance lease contracts are initially recognised in the statement of financial position at their fair value at the inception of the lease or, if lower, at the present value of the minimum future lease rentals.

After initial recognition, the depreciation policy applied is consistent with that for depreciable assets that are owned. As a result, the depreciation recognised is calculated in accordance with the useful life stated for property, plant and equipment (the Group and the Company does not hold leased intangible assets). In cases where there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

The interest element of rental obligations is charged to profit or loss over the period of the lease at a constant rate on the balance of finance lease obligations outstanding.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term. Incentives to take out operating leases are credited to the profit or loss on a straight-line basis over the lease term.

Provision is made in the statement of financial position for the present value of the onerous element of operating leases. This typically arises when the Group and the Company ceases to use premises and they are left vacant to the end of the lease or are sublet at rentals, which fall short of the amount payable by the Group and the Company under the lease.

3.5 Inventories

(a) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at lower of cost and net realisable value.

Costs associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs are stated at the lower of costs and net realisable value. The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statement of financial position as property development costs. The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Inventories (cont'd)

(c) Unsold completed properties

Unsold completed properties are stated at the lower of cost and net realisable value.

The cost of unsold completed properties held for sale comprise cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(d) Building materials and resort operating supplies

Building materials and resort operating supplies are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

3.6 Investment properties

(a) Investment property carried at fair value

Investment properties are held to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose.

Investment properties are measured initially at cost, including transaction costs. The cost comprises the purchase price and any directly attributable expenditure (e.g. professional fees for legal services, property transfer taxes). The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bring the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequently, investment properties are carried at fair value at the reporting date and, unlike operational properties, they are not depreciated. Fair value is based on active market prices adjusted as necessary to reflect the specific assets' location and condition. In cases where active market prices are not available, the Group engages independent valuers who hold a recognised and relevant professional qualification. Changes in fair value are recognised in the statement of profit or loss.

Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Leased assets are not classified and accounted for as investment properties.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(b) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Impairment of non-financial assets

Impairment of property, plant and equipment

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit.

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. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

3.8 Financial instruments

(a) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instruments.

On initial recognition, all financial assets and financial liabilities (including intra-group payables) are measured at fair value plus or minus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(c) Financial assets

For the purpose of subsequent measurement, the Group and the Company classify financial assets into three measurement categories, namely: (i) financial assets at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets as follow:

(i) Financial assets at AC

A financial asset is measured at AC if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

Typically, trade and other receivables (excluding prepayments) and cash and cash equivalents are classified as financial assets at AC.

(ii) Financial assets at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

For the financial year ended on 29 February 2020 and 28 February 2019, the Group and the Company did not carry any financial assets classified as FVOCI.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3.8(g).

(d) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method.

(e) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.22.

(f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

(g) Impairment of financial assets

The Group and the Company apply the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime ECLs.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

3.9 Contract costs

Incremental cost of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). These costs are recognised in contract assets if the Group expects to recover those costs.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract costs exceed the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract costs does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Contract assets and contract liabilities

Contract asset is the right to consideration for goods and services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to date. Contract asset is stated at cost less accumulated impairment loss, if any.

Contract liability is the obligation to transfer goods and services to customer for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to date over the cumulative revenue earned.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the statements of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statements of financial position.

3.12 Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transactions costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

Interest relating to financial liabilities is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Capitalisation of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income from temporary investment of the borrowing.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

3.13 Equity

Equity instruments are contracts that give a residual interest in the net assets of the Company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction.

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in the statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when 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. Changes in estimates are reflected in profit or loss in the period they arise.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

3.15 Revenue recognition

(a) Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement net of expected liquidated ascertained damages ("LAD") payment, based on the expected value method.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

This is generally established when:

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and
- the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

When the outcome of property development contract cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

The Group recognises revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The Group recognises revenue at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Revenue recognition (cont'd)

(b) Sale of goods, building materials and playground materials

Revenue from sale of goods, building materials and playground materials are recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

Revenue is measured at the fair value of the consideration received or receivables, which is usually the invoice price, net of a trade discounts and volume rebates given to the customer.

(c) Revenue from rendering of services

Revenue from the provision of tuition, sports and recreation services is recognised at a point in time upon rendering of these services unless collectability is in doubt.

(d) Construction contracts

Under such contracts, the Group is engaged to construct buildings and related infrastructure. These contracts may include multiple promises to the customers and therefore accounted for as separate performance obligations.

The fair value of the revenue, which is based on fixed price under the agreement will be allocated based on relative stand-alone selling price of the considerations of each of the separate performance obligations.

The Group recognises construction revenue over time as the project being constructed has no alternative use to the Group and it has an enforceable right to the payment for performance completed to date. The stage of completion is measured using the input method, which is based on the total actual construction costs incurred to date as compared to the total budgeted costs for the respective construction projects.

When the outcome of construction contract cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(e) Revenue from water theme park

Entrance fees collected for right of enjoyment of facilities are recognised at a point in time when tickets are sold.

(f) Club subscription fees

Club subscription fees are recognised on the accrual basis.

(g) Dividend income

Dividend income is recognised when the rights to receive payment is established.

3.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the year when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave is recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Employee benefits (cont'd)

(b) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3.17 Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

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

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Since the Group is able to control the timing of the reversal of the temporary difference associated with interests in subsidiaries, associates and joint arrangements, a deferred tax liability is recognised only when it is probable that the temporary difference will reverse in the foreseeable future mainly because of a dividend distribution.

At present, no provision is made for the additional tax that would be payable if the subsidiaries in certain countries remitted their profits because such remittances are not probable, as the Group intends to retain the funds to finance organic growth locally. As far as joint arrangements and associates are concerned, the Group is not in a position to determine their dividend policies. As a result, all significant deferred tax liabilities for all such taxable temporary differences are recognised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.6, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Foreign currency

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which are the Company's functional and presentation currency.

(b) Foreign currencies transactions and balances

Foreign currency monetary assets and liabilities are translated into the functional currency of the concerned entity of the Group using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except when deferred in other comprehensive income as qualifying cash flow hedges).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Translation differences on non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

3.19 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.20 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

3.21 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transaction with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Notes to The Financial Statements 29 February 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.22 Fair value measurement

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. When measuring the fair value of an asset or a liability, the Group and the Company use market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and the Company at the end of the reporting period during which the change occurred.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2019:

- MFRS 16 *Leases*
- Amendments to MFRS 3 *Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 9 *Financial Instruments (2014) – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11 *Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 112 Income Taxes – *Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 119 *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures*
- Amendments to MFRS 123 Borrowing Costs – *Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)*

The adoption of the above-mentioned accounting standards, amendments and interpretations have no significant impact on the financial statements of the Group and of the Company.

Notes to The Financial Statements 29 February 2020 (cont'd)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (cont'd)

4.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not yet effective in current financial reporting period of the Group and of the Company ended 29 February 2020, thus have not been adopted in these financial statements:

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Business Combination – Definition of a Business*
- Amendments to MFRS 9 *Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform*
- Amendments to MFRS 101 *Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned accounting standards, amendments and interpretations will be adopted by the Group and the Company when they become effective from the annual period beginning on 1 March 2020 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2020.

Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts and MFRS 17 Insurance Contracts* have not been taken into consideration because they are not applicable to the Group and the Company.

4.3 IFRIC Agenda Decision

In March 2019, IFRIC published an agenda decision on borrowings costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualification assets. On 20 March 2019, the Malaysian Accounting Standards Board decided an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is currently in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 28 February 2022.

5. SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Notes to The Financial Statements 29 February 2020 (cont'd)

5. SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES (cont'd)

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* 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 purpose. 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.

(b) Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Revenue and cost recognition from property development activities

The Group recognises property development revenue and costs in the profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the extent of property development costs incurred and the total estimated costs of property development, which in turn is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group, the potential liquidated ascertained damages ("LAD") payment, as well as the recoverability of the contracts. In making these judgements, management relies on past experience and the work of specialists.

Revenue and cost of sales from property development activities are as disclosed in Notes 31 and 32 respectively.

(ii) Loss allowances of trade receivables

The Group recognises impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial positions and results.

Carrying amount of trade receivables are as disclosed in Note 15.

Notes to The Financial Statements 29 February 2020 (cont'd)

5. SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(iii) Income tax and deferred tax estimation

Management's judgement is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. There are transactions and computations for which the ultimate tax determination may be different from the initial estimate.

The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses, capital allowances and other deductible temporary differences can be utilised. Significant management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Income tax expenses and deferred tax assets/liabilities are as disclosed in Notes 34 and 12 respectively.

(iv) Depreciation of property, plant and equipment and right-of-use assets

The cost of an item of property, plant and equipment and right-of-use asset is depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and right-of-use asset may differ from the estimates applied.

Depreciation of property, plant and equipment and right-of-use assets are as disclosed in Notes 6 and 7 respectively.

(v) Fair value of investment properties

The fair value of each investment property is individually determined by independent registered valuer based on Cost and Investment Methods and Comparison Method of valuation on regular intervals.

The valuer has relied on the discounted cash flow analysis and the comparison method. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its income and cash flow profile.

In the years that no valuation performed by the independent registered valuer, the directors will perform the valuation based on the occupancy rate and rental yield. Comparison and reference will be made to the valuation previously performed by the independent registered valuer on that particular property.

Investment properties are as disclosed in Note 11.

(vi) Fair value measurement

Some of the Group's and the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group and the Company use market-observable data to the extent it is available. Where Level 1 inputs are not available (e.g. for unquoted investments), the Group and the Company work closely with external qualified valuers who perform the valuation, based on agreed appropriate valuation techniques and inputs to the model (e.g. use of the market comparable approach that reflects recent transaction prices for similar instruments, discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances). Prices determined then by the valuers are used by the Group and the Company without adjustment.

Changes in the fair value of assets and liabilities and their causes are quarterly analysed by the management of Group and of the Company. Such valuations require the Group and the Company to select among a range of different valuation methodologies and to make estimates about expected future cash flows and discount rates.

Notes to The Financial Statements 29 February 2020 (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows: -

GROUP 2020	Freehold land	Leasehold land	Buildings	Renovation, electrical and amusement equipment	Motor vehicles	Motor vehicles under hire purchase	Furniture, fittings and equipment	Sports equipment, machinery and others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
At 1 March 2019	24,146	40,000	21,082	11,369	2,672	2,271	9,080	21,615	132,235
Additions	-	278	340	813	32	371	213	309	2,356
Reclassifications	-	-	-	-	1,234	(1,234)	15	(15)	-
Written off	-	-	(120)	(14)	(53)	-	(23)	(41)	(251)
Disposals	-	-	-	-	(658)	(243)	(6)	(18)	(925)
At 29 February 2020	24,146	40,278	21,302	12,168	3,227	1,165	9,279	21,850	133,415
Accumulated depreciation									
At 1 March 2019	-	16,996	10,522	8,196	2,204	1,902	7,392	19,198	66,410
Charge for the financial year	-	740	392	518	85	206	493	586	3,020
Reclassifications	-	-	-	(17)	1,500	(1,500)	2	15	-
Written off	-	-	(25)	(14)	(53)	-	(14)	(28)	(134)
Disposals	-	-	-	-	(655)	(134)	(1)	(15)	(805)
At 29 February 2020	-	17,736	10,889	8,683	3,081	474	7,872	19,756	68,491
Accumulated impairment loss									
At 1 March 2019	-	-	95	-	-	-	1	7	103
Written off	-	-	(95)	-	-	-	(1)	(7)	(103)
At 29 February 2020	-	-	-	-	-	-	-	-	-
Net carrying amount									
At 29 February 2020	24,146	22,542	10,413	3,485	146	691	1,407	2,094	64,924

Notes to The Financial Statements 29 February 2020 (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The details of property, plant and equipment are as follows: -

GROUP **2019**	Freehold land	Leasehold land	Buildings	Renovation, electrical and amusement equipment	Motor vehicles	Motor vehicles under hire purchase	Furniture, fittings and equipment	Sports equipment, machinery and others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 March 2018	24,146	40,000	21,076	11,995	1,852	2,563	13,074	17,687	132,393
Additions	-	-	6	306	400	-	93	112	917
Reclassifications	-	-	-	(930)	547	(62)	(4,017)	4,462	-
Written off	-	-	-	(2)	-	-	(7)	(637)	(646)
Disposals	-	-	-	-	(127)	(230)	(63)	(9)	(429)
At 28 February 2019	24,146	40,000	21,082	11,369	2,672	2,271	9,080	21,615	132,235
Accumulated depreciation									
At 1 March 2018	-	16,256	10,129	8,334	1,656	1,859	10,555	14,791	63,580
Charge for the financial year	-	740	393	480	192	309	456	1,286	3,856
Reclassifications	-	-	-	(618)	483	(70)	(3,550)	3,755	-
Written off	-	-	-	-	-	-	(6)	(634)	(640)
Disposals	-	-	-	-	(127)	(196)	(63)	-	(386)
At 28 February 2019	-	16,996	10,522	8,196	2,204	1,902	7,392	19,198	66,410
Accumulated impairment loss									
At 1 March 2018	-	-	-	-	-	-	-	-	-
Impairment loss during the financial year	-	-	95	-	-	-	1	7	103
At 28 February 2019	-	-	95	-	-	-	1	7	103
Net carrying amount									
At 28 February 2019	24,146	23,004	10,465	3,173	468	369	1,687	2,410	65,722

Notes to The Financial Statements 29 February 2020 (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	Furniture, fittings and equipment RM'000
2020	
Cost	
At 1 March 2019/29 February 2020	9
Accumulated depreciation	
At 1 March 2019/29 February 2020	9
Net carrying amount	
At 29 February 2020	*
2019	
Cost	
At 1 March 2018/28 February 2019	9
Accumulated depreciation	
At 1 March 2018/28 February 2019	9
Net carrying amount	
At 28 February 2019	*

* Denotes less than thousand

Certain freehold land and buildings of the Group with net carrying value of RM14,150,000 (2019: RM14,261,000) have been pledged to licensed banks for credit facilities granted to a subsidiary as disclosed in Notes 22 and 24.

Notes to The Financial Statements 29 February 2020 (cont'd)

7. RIGHT-OF-USE ASSETS

	GROUP RM'000
At 1 March 2019	-
Additions	996
Depreciation	(379)
At 29 February 2020	617

Included in right-of-use assets are leases of buildings and residential properties.

(a) Short-term leases and low value assets

For short-term leases with lease term of 12 months or less and for leases of low-value assets of less than RM20,000, the Group has availed the exemption in MFRS 16 not to recognise the right-of-use assets and lease liabilities. Instead, payments made for these leases are recognised as expense when incurred (Note 33).

(b) Significant judgements and assumptions in relation to leases

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

8. INVESTMENTS IN SUBSIDIARIES

	GROUP	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	117,420	116,920

Notes to The Financial Statements 29 February 2020 (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: -

Name of company	Group's effective interest 2020 %	2019 %	Principal activities
Eupe Kemajuan Sdn. Bhd.	100	100	Property development
Esteem Glory Sdn. Bhd.	100	100	Property development
Eupe PJ South Development Sdn. Bhd.	100	100	Property development
Mera-Land (Malaysia) Sdn. Bhd.	100	100	Property development
Bukit Makmur Sdn. Bhd.	100	100	Property development
Riacon Sdn. Bhd.	100	100	Building construction and sale of building materials
Eupe Golf Recreation & Tour Sdn. Bhd. #	100	100	Chalet and restaurant operation, recreation and tour services
Eupe Golf Management Bhd. #	100	100	Management of club providing golf and recreation facilities
Eupe Realty Sdn. Bhd.	100	100	Property investment and management
Pasar Taman Ria Sdn. Bhd. #	100	100	Operating a complex for rental of stalls
Ria Food Centre Sdn. Bhd. #	100	100	Operating a complex for rental of stalls
Ria Plaza Sdn. Bhd. #	100	100	Operating a complex for rental of stalls
Eupe Hotel Sdn. Bhd.#	100	100	Property rental
Eupe Homes (MM2H) Sdn. Bhd. #	100	100	Provision of services allowed under MM2H to non-residents
Australasia Development (M) Pte. Ltd.#	70	70	Property development
Australasia Development Pte. Ltd.#	70	70	Property development
Subsidiaries of Eupe Kemajuan Sdn. Bhd.			
Oriental Plus Sdn. Bhd.	100	100	Dormant
Tadika Pro-Dedikasi Sdn. Bhd. #	100	100	Dormant
Titian Sama Sdn. Bhd.	70	70	Property development
Eupe Development Sdn. Bhd.	60	60	Property development
Eupe Bangsar South Development (JV) Sdn. Bhd.	50	50	Property development
Subsidiary of Bukit Makmur Sdn. Bhd.			
Makmur Longan Farming Sdn. Bhd.	70	70	Fruit cultivation
Subsidiary of Eupe Hotel Sdn. Bhd.			
Millennium Pace Sdn. Bhd. #	100	100	Fruit cultivation
Subsidiaries of Eupe Golf Recreation & Tour Sdn. Bhd.			
Cinta Sayang Management Sdn. Bhd. #	100	100	Restaurant operation & food catering

Companies not audited by RSM Malaysia.

All subsidiaries are incorporated in Malaysia except for Australasia Development (M) Pte. Ltd. and Australasia Development Pte. Ltd., both of which are incorporated in Australia.

Notes to The Financial Statements 29 February 2020 (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2020	Eupe Development Sdn. Bhd.	Eupe Bangsar South Development (JV) Sdn. Bhd.	Titian Sama Sdn. Bhd.	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	40%	50%	30%		
	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount of NCI	5,038	55,834	12,626	(63)	73,435
Profit/(Loss) allocated to NCI	60	9,442	9,983	(59)	19,426

Summarised financial information before intra-group elimination:

2020			
Non-current assets	13,952	5,751	64,763
Current assets	2,864	169,125	147,225
Non-current liabilities	-	(11,500)	(54,806)
Current liabilities	(4,222)	(51,707)	(115,095)
Net assets	12,594	111,669	42,087
Revenue	-	83,815	133,402
Profit for the year	149	18,883	33,275
Total comprehensive income	149	18,883	33,275
Net cash generated from/(used in) :			
- operating activities	4	(2,135)	9,251
- investing activities	6	350	53
- financing activities	75	(38,205)	(4,972)
Net increase/(decrease) in cash and cash equivalents	85	(39,990)	4,332

Notes to The Financial Statements 29 February 2020 (cont'd)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries (cont'd)

2019	Eupe Development Sdn. Bhd.	Eupe Bangsar South Development (JV) Sdn. Bhd.	Titian Sama Sdn. Bhd.	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	40%	50%	30%		
	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount of NCI	4,978	46,392	2,644	(6)	54,008
Profit/(Loss) allocated to NCI	176	28,394	2,828	(197)	31,201

Summarised financial information before intra-group elimination:

2019			
Non-current assets	13,861	5,552	59,059
Current assets	2,759	158,494	108,344
Non-current liabilities	-	(29,502)	(66,833)
Current liabilities	(4,175)	(41,759)	(91,758)
Net assets	12,445	92,785	8,812
Revenue	830	219,216	58,190
Profit for the year	440	56,788	9,428
Total comprehensive income	440	56,788	9,428
Net cash generated from/(used in) :			
- operating activities	705	28,637	(15,435)
- investing activities	(792)	(18,339)	16,292
- financing activities	-	12,588	(375)
Net (decrease)/increase in cash and cash equivalents	(87)	22,886	482

Notes to The Financial Statements 29 February 2020 (cont'd)

9. OTHER INVESTMENTS

	GROUP 2020 RM'000	GROUP 2019 RM'000
At fair value through profit or loss		
Investment in fixed income unit trusts	-	7

10. INVENTORIES

	GROUP 2020 RM'000	GROUP 2019 RM'000
At cost:		
Non-current		
Land held for property development (a)	188,193	153,037
Current		
Property development costs (b)	99,297	134,708
Completed properties	17,477	15,234
Building materials	809	814
Nursery plants	159	-
Food and beverages	4	70
Playground materials	15	15
Spare parts and consumables	8	53
	117,769	150,894

(a) Land held for property development

	GROUP 2020 RM'000	GROUP 2019 RM'000
Cost		
Balance as at 1 March	153,037	147,720
Additions during the financial year	41,833	9,784
Disposal during the financial year	(45)	(173)
Transferred to property development costs (b)	(6,632)	(4,294)
Balance as at 29 February/28 February	188,193	153,037
Freehold land, at cost	55,872	59,007
Leasehold land, at cost	77,740	45,414
Development cost	54,581	48,616
	188,193	153,037

Certain land held for future development with a carrying value of RM102,857,000 (2019: RM66,817,000) have been pledged to licensed banks for credit facilities granted to subsidiaries as disclosed in Note 22 and 23.

Included in development cost is interest expense capitalised during the financial year amounting to RM2,459,000 (2019: RM1,713,000).

Notes to The Financial Statements 29 February 2020 (cont'd)

10. INVENTORIES (cont'd)

(b) Property development costs

	GROUP	
	2020 RM'000	2019 RM'000
Freehold land, at cost		
Balance as at 1 March	45,271	44,389
Transferred from land held for property development during the financial year (a)	3,261	971
Disposals during the financial year	-	(3)
Transferred to completed properties	(144)	-
Completed development project	(1,388)	(86)
Balance as at 29 February/28 February	47,000	45,271
Leasehold land, at cost		
Balance as at 1 March/29 February/28 February	32,306	32,306
Development expenditure		
Balance as at 1 March	452,450	256,644
Incurred during the financial year	138,775	193,681
Transferred from land held for property development during the financial year (a)	3,371	3,323
Disposals during the financial year	-	(2)
Transferred to completed properties	(2,219)	-
Completed development project	(29,380)	(1,196)
Balance as at 29 February/28 February	562,997	452,450
	642,303	530,027
Accumulated costs charged to statement of profit or loss and other comprehensive income		
Balance as at 1 March	(395,319)	(181,500)
Cost charged to profit or loss for the financial year	(178,455)	(215,101)
Reversal of cost of completed development project	30,768	1,282
Balance as at 29 February/28 February	(543,006)	(395,319)
	99,297	134,708

Included in development expenditure is rental of equipment and interest expense capitalised during the financial year amounting to RM NIL and RM5,857,000 (2019: RM108,000 and RM5,455,000) respectively.

The leasehold land with carrying value of RM32,306,000 (2019: RM32,306,000) has been pledged to a licensed bank for credit facilities granted to a subsidiary as disclosed in Note 22.

Notes to The Financial Statements 29 February 2020 (cont'd)

11. INVESTMENT PROPERTIES

	GROUP	
	2020 RM'000	2019 RM'000
Balance as at 1 March	48,233	49,905
Additions	-	291
Changes in fair value recognised in profit or loss	-	(1,015)
Disposals	(2,482)	(948)
Balance as at 29 February/28 February	45,751	48,233

The Group does not have investment properties which are held under lease terms.

The fair value of the investment properties was determined by the management at RM45,751,000 (2019: RM48,233,000) based on comparison of recent transacted price of similar properties and desktop valuation performed by an independent valuer adopting market value comparison method.

The investment properties with total carrying value of RM29,792,000 (2019: RM30,239,000) have been pledged to licensed banks for credit facilities granted to subsidiaries as disclosed in Notes 22, 23, 25 and 26.

Fair value information

Details of the Group's investment properties as at 29 February 2020 are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Commercial properties	23,841	23,841
Bungalows	10,278	11,943
Food court and plaza	6,852	6,852
Condominiums	4,780	5,597
	45,751	48,233

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for the differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The fair value hierarchy of all the investment properties of the Group are within the definition of Level 2 fair value.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or changes in circumstances that caused the transfer.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

Notes to The Financial Statements 29 February 2020 (cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES)

The following amounts, determined after appropriate offsetting, are shown in the statements of financial position.

	GROUP	
	2020 RM'000	2019 RM'000
Deferred tax assets, net	2,344	2,385
Deferred tax liabilities, net	(13,867)	(14,653)
	(11,523)	(12,268)

(a) Movement in deferred tax during the year are as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Balance as at 1 March	(12,268)	(9,674)
Recognised in profit or loss (Note 34):		
- Current year	516	(2,224)
- Over/(Under) provision in prior financial year	229	(370)
	745	(2,594)
Balance as at 29 February/28 February	(11,523)	(12,268)

(b) The components of the deferred tax assets and liabilities at the end of the financial year comprise tax effects of:

	GROUP	
	2020 RM'000	2019 RM'000
Deferred tax assets		
Unabsorbed capital allowances and tax losses	935	913
Provisions	2,410	2,195
Other deductible temporary differences	149	462
Deferred tax assets (before offsetting)	3,494	3,570
Offsetting	(1,150)	(1,185)
Deferred tax assets (after offsetting)	2,344	2,385
Deferred tax liabilities		
Temporary differences in respect of inventories	7,837	7,938
Temporary differences in respect of contract costs	1,770	2,170
Surplus arising from revaluation of investment properties	271	271
Excess of net book value over tax written down value of property, plant and equipment	5,139	5,459
Deferred tax liabilities (before offsetting)	15,017	15,838
Offsetting	(1,150)	(1,185)
Deferred tax liabilities (after offsetting)	13,867	14,653

Notes to The Financial Statements 29 February 2020 (cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

(c) Unrecognised deferred tax assets

	GROUP	
	2020 RM'000	2019 RM'000
Unabsorbed agricultural allowance	158	158
Unabsorbed capital allowances	205	294
Unabsorbed tax losses	1,829	2,456
Excess of net book value over tax written down value of property, plant and equipment	(52)	(104)
Other deductible temporary differences	345	144
	2,485	2,948

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profit of certain subsidiaries will be available against which the deductible temporary differences can be utilised.

With effect from year of assessment ("YA") 2019, unabsorbed tax losses can only be carried forward for a maximum period of seven (7) consecutive YAs to be utilised against income from any business source. Any amount which is not deducted at the end of the period of 7 YAs shall be disregarded.

13. CONTRACT COSTS

	GROUP	
	2020 RM'000	2019 RM'000
Costs to obtain sale of property contracts	6,085	6,980

Costs to obtain sale of property contracts represent sales commission paid to intermediaries which are amortised to cost of sales when the related revenues are recognised.

During the financial year, RM3,612,000 (2019: RM1,899,000) was amortised to cost of sales as disclosed in Note 32.

Notes to The Financial Statements 29 February 2020 (cont'd)

14. CONTRACT ASSETS/(LIABILITIES)

	2020 RM'000	2019 RM'000
Property development		
Contract assets	167,424	108,917
Contract liabilities	(12,880)	(14,527)
	154,544	94,390

The net movement of contract assets and contract liabilities is as follow:

	2020 RM'000	2019 RM'000
Balance as at 1 March	94,390	34,404
Consideration payable to customers	2,506	4,193
Revenue recognised during the financial year	275,045	323,300
Progress billings issued during the financial year	(217,397)	(267,507)
Balance as at 29 February/28 February	154,544	94,390

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the reporting date is as follows:

	2020 RM'000	2019 RM'000
Sale of development properties under construction	305,464	440,413

The remaining performance obligations are expected to be recognised within 1 – 3 years which are in accordance with the agreed time frames stated in the sale and purchase agreements signed with purchasers.

Notes to The Financial Statements 29 February 2020 (cont'd)

15. TRADE AND OTHER RECEIVABLES

	GROUP	
	2020	2019
	RM'000	RM'000
Trade receivables		
Third parties	53,137	23,734
Related party	-	211
Less: Impairment loss - third parties	(312)	(531)
	52,825	23,414
Other receivables, deposits and prepayments		
Other receivables	22,158	11,772
Deposits	2,940	5,716
Prepayments	250	169
	25,348	17,657
	78,173	41,071

	COMPANY	
	2020	2019
	RM'000	RM'000
Deposits	7	5

(a) The credit terms of trade receivables granted by the Group range from 30 to 60 days (2019: 30 to 60 days) from date of progress billings or range from 30 to 90 days (2019: 30 to 90 days) from date of invoice.

(b) The amount owing from a related party referred to amount due from a company in which a director has interest.

The amount owing from a related party represents retention sum relating to completed construction work amounted to RM NIL (2019: RM211,000).

(c) Information on financial risk of trade and other receivables are disclosed in Note 43.

16. AMOUNT OWING FROM/(TO) SUBSIDIARIES

The amount owing from/(to) subsidiaries are unsecured, interest free and repayable upon demand.

17. SINKING FUNDS

The sinking funds of the Group are created under a trust deed to meet the refund of deposits on refundable membership and cost of major periodic repairs of the golf club.

Notes to The Financial Statements 29 February 2020 (cont'd)

18. CASH AND CASH EQUIVALENTS

	GROUP 2020 RM'000	GROUP 2019 RM'000
Fixed deposits with licensed banks	6,198	7,894
Cash and bank balances	30,470	63,077
As reported in statements of financial position	36,668	70,971
Less: Bank overdrafts (Note 24)	(2,518)	(2,678)
Less: Fixed deposits pledged with licensed banks	(5,959)	(5,024)
As reported in statements of cash flows	28,191	63,269

	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Cash and bank balances	13	23

(a) Included in the Group's cash and bank balances is an amount of RM24,846,000 (2019: RM36,444,000) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966. The utilisation of these balances are restricted, before completion of the housing development and fulfilling all relevant obligations to the purchasers, the cash could be withdrawn from such account for the purpose of completing the particular projects concerned.

(b) The fixed deposits of the Group have maturity periods ranging between 30 to 365 days (2019: 30 to 365 days).

(c) Included in fixed deposits with licensed banks of the Group is an amount of RM5,959,000 (2019: RM5,024,000) pledged to licensed banks for bank facilities granted to the Group.

(d) The weighted average interest rate per annum of fixed deposits that was effective as at reporting date is as follows:

	GROUP 2020 %	GROUP 2019 %
Fixed deposits with licensed banks	3.04	3.19

(e) Information on repricing analysis of cash and cash equivalents are disclosed in Note 43.

Notes to The Financial Statements 29 February 2020 (cont'd)

19. SHARE CAPITAL

	GROUP/COMPANY	
	2020	2019
	RM'000	RM'000
Issued and fully paid		
128,000,000 ordinary shares		
As at 1 March	133,982	128,000
Transfer from share premium pursuant to Section 618(2) of the Companies Act 2016	-	5,982
As at 29 February/28 February	133,982	133,982

20. RESERVES

	GROUP	
	2020	2019
	RM'000	RM'000
Non-distributable:		
Foreign currency translation reserve	(209)	(40)
Distributable:		
Retained earnings	218,552	186,611
	218,343	186,571

	COMPANY	
	2020	2019
	RM'000	RM'000
Distributable:		
Retained earnings	14,566	16,147

Notes to The Financial Statements 29 February 2020 (cont'd)

21. BORROWINGS

	Note	GROUP 2020 RM'000	GROUP 2019 RM'000
Current			
Secured			
Term loans	22	26,814	23,575
Revolving credits	23	48,510	40,510
Bank overdrafts	24	2,518	2,678
Bankers' acceptances	25	1,141	928
Invoice financing	26	944	1,142
Hire purchase liabilities	27	167	129
		80,094	68,962
Unsecured			
Hire purchase liabilities	27	-	45
Total current portion		80,094	69,007
Non-current			
Secured			
Term loans	22	94,756	102,543
Hire purchase liabilities	27	487	123
Total non-current portion		95,243	102,666
Total borrowings		175,337	171,673
Secured			
Term loans	22	121,570	126,118
Revolving credits	23	48,510	40,510
Bank overdrafts	24	2,518	2,678
Bankers' acceptances	25	1,141	928
Invoice financing	26	944	1,142
Hire purchase liabilities	27	654	252
		175,337	171,628
Unsecured			
Hire purchase liabilities	27	-	45
Total borrowings		175,337	171,673

Reconciliation of liabilities arising from financing activities:

	2020 RM'000	2019 RM'000
At 1 March	171,673	160,892
Cash flows:		
Drawdown of loans	107,307	113,612
Repayment of loans	(103,643)	(102,831)
At 29 February/28 February	175,337	171,673

Notes to The Financial Statements 29 February 2020 (cont'd)

22. TERM LOANS

	GROUP	
	2020 RM'000	2019 RM'000
Secured		
Term loan I repayable by 120 monthly instalments of RM72,818 each commencing September 2012	392	1,335
Term loan II repayable by 84 monthly instalments of RM101,190 each commencing June 2016	3,049	4,269
Term loan III repayable by 179 monthly instalments of RM38,888 each with final instalment of RM39,048 commencing July 2017	4,555	4,695
Term loan IV repayable by 60 monthly instalments of RM567,000 each commencing February 2018	19,885	26,689
Bridging loan V repayable by 6 monthly instalments of RM1,000,000 each commencing June 2019, 15 monthly instalments of RM1,500,000 each commencing December 2019 and last instalment of RM11,500,000 by March 2021	29,500	40,000
Bridging loan VI repayable by 44 monthly instalments of RM1,503,674 each commencing December 2020	39,944	18,867
Term loan VII repayable by 48 monthly instalments of RM563,068 each commencing April 2021	24,245	-
Term loan VIII repayable by 44 monthly instalments of RM569,672 each commencing May 2018	-	266
Term loan IX repayable by 44 monthly instalments of RM694,004 each commencing September 2019	-	29,997
	121,570	126,118

The term loans of the Group are secured by way of:

(i) fixed charge over certain freehold land and building as disclosed in Note 6;

(ii) fixed charge over certain freehold land and leasehold land as disclosed in Notes 10(a) and 10(b);

(iii) fixed charge over certain investment properties as disclosed in Note 11;

(iv) fixed deposits as disclosed in Note 18;

(v) corporate guarantee by the Company; and

(vi) joint and several guarantee by certain directors of a subsidiary company.

Notes to The Financial Statements 29 February 2020 (cont'd)

22. TERM LOANS (cont'd)

Repayment terms

The term loans are repayable by instalments of varying amounts over the following periods:

	GROUP	
	2020	2019
	RM'000	RM'000
Not later than one year	26,814	23,575
Non-current		
Later than one year and not later than five years	91,934	92,974
More than five years	2,822	9,569
	94,756	102,543
	121,570	126,118

The term loans bear interest ranging from 4.32% to 5.66% (2019: 4.86% to 5.88%) per annum.

The weighted average interest rate per annum of term loans that was effective as at reporting date is as follows:

	GROUP	
	2020	2019
	%	%
Term loans	5.03	5.44

Information on repricing analysis of term loans is disclosed in Note 43.

23. REVOLVING CREDITS – SECURED

The revolving credits of the Group are secured by way of legal charges over certain freehold land and certain investment properties as disclosed in Note 10(a) and 11.

The weighted average interest rate per annum of revolving credits that was effective as at reporting date is as follows:

	GROUP	
	2020	2019
	%	%
Revolving credits	4.66	5.17

Information on repricing analysis of revolving credits is disclosed in Note 43.

Notes to The Financial Statements 29 February 2020 (cont'd)

24. BANK OVERDRAFTS – SECURED

The bank overdrafts of the Group are secured by first legal charges over certain freehold land of the Group as disclosed in Note 6 and corporate guarantees issued by the Company.

The weighted average interest rate per annum of bank overdrafts that was effective as at reporting date is as follows:

	GROUP	
	2020	2019
	%	%
Bank overdrafts	7.86	8.13

Information on repricing analysis of bank overdrafts is disclosed in Note 43.

25. BANKERS' ACCEPTANCES - SECURED

The bankers' acceptances of the Group are secured by way of legal charges over certain investment properties as disclosed in Note 11 and corporate guarantees issued by the Company.

The weighted average interest rate per annum of bankers' acceptances that was effective as at reporting date is as follows:

	GROUP	
	2020	2019
	%	%
Bankers' acceptances	4.61	5.09

Information on repricing analysis of bankers' acceptances is disclosed in Note 43.

26. INVOICE FINANCING – SECURED

The invoice financing of the Group are secured by way of legal charges over certain investment properties as disclosed in Note 11 and corporate guarantees issued by the Company.

The weighted average interest rate per annum of invoice financing that was effective as at reporting date is as follows:

	GROUP	
	2020	2019
	%	%
Invoice financing	6.15	6.49

Information on repricing analysis of invoice financing is disclosed in Note 43.

Notes to The Financial Statements 29 February 2020 (cont'd)

27. HIRE PURCHASE LIABILITIES

The bank overdrafts of the Group are secured by first legal charges over certain freehold land of the Group as disclosed in Note 6 and corporate guarantees issued by the Company.

The weighted average interest rate per annum of bank overdrafts that was effective as at reporting date is as follows:

	GROUP	
	2020	2019
	RM'000	RM'000
Minimum hire purchase instalments: -		
- not later than one year	194	184
- later than one year and not later than five years	526	129
	720	313
Less: Future interest charges	(66)	(16)
Present value of hire purchase liabilities	654	297
Repayable as follows:		
Current liabilities		
- not later than one year	167	174
Non-current liabilities		
- later than one year and not later than five years	487	123
	654	297

The effective interest rate per annum of hire purchase liabilities as at reporting date is as follow:

	GROUP	
	2020	2019
	%	%
Hire purchase liabilities	4.29	4.68

Information on repricing analysis of hire purchase liabilities is disclosed in Note 43.

Notes to The Financial Statements 29 February 2020 (cont'd)

28. LEASE LIABILITIES

	GROUP 2020 RM'000
Minimum lease repayments: -	
- not later than one year	408
- later than one year and not later than five years	257
	665
Less: Future interest charges	(30)
Present value of lease liabilities	635
Repayable as follows:	
Current liabilities	
- not later than one year	383
Non-current liabilities	
- later than one year and not later than five years	252
	635

The effective interest rate per annum of lease liabilities as at reporting date is as follow:

	GROUP 2020 %
Lease liabilities	5.40

Information on repricing analysis of lease liabilities is disclosed in Note 43.

Notes to The Financial Statements 29 February 2020 (cont'd)

29. TRADE AND OTHER PAYABLES

	GROUP 2020 RM'000	GROUP 2019 RM'000
Trade payables		
Third parties	7,375	5,769
Retention payables	24,717	23,491
	32,092	29,260
Other payables		
Other payables, deposits and accruals	34,067	29,130
Member deposits	1,175	1,659
	35,242	30,789
	67,334	60,049

	COMPANY 2020 RM'000	COMPANY 2019 RM'000
Other payables and accruals	68	139

(a) The member deposits of the Group is referring to golf memberships which are transferable.

(b) Information on financial risk of trade and other payables is disclosed in Note 43.

30. PROVISIONS

GROUP	Infrastructure cost RM'000	Renovation cost RM'000	Liquidated ascertained damages RM'000	Total RM'000
Balance as at 1 March 2018	9,372	1,454	-	10,826
Utilisation during the financial year	(750)	(198)	-	(948)
Balance as at 28 February/ 1 March 2019	8,622	1,256	-	9,878
Additions during the financial year	1,294	1	1,208	2,503
Utilisation during the financial year	(649)	(119)	-	(768)
Balance as at 29 February 2020	9,267	1,138	1,208	11,613

Provision for infrastructure cost refers to further costs on infrastructures of township development projects which the Group has partially developed and is obligated to incur for the completion of the entire development projects as a whole.

Provision for renovation cost relates to obligation of the Group in renovating the remaining units held in Sky Residence Condominium as and when the units are sold.

Provision of liquidated ascertained damages ("LAD") is the expected LAD claims calculated at a rate indicated in the sale and purchase agreement from the expiry of the vacant possession date stipulated in the said sale and purchase agreement until the date the purchaser takes vacant possession of the property.

Notes to The Financial Statements 29 February 2020 (cont'd)

31. REVENUE

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
- revenue from property development	275,045	323,300	-	-
- sale of completed properties	1,073	10,986	-	-
- revenue from water theme park and resort operations and sport and recreation	10,198	11,944	-	-
- sale of building materials	9,521	11,099	-	-
- sale of fruits and other supplies	167	334	-	-
	296,004	357,663	-	-
Revenue from other source:				
- gross dividend income from subsidiaries	-	-	1,400	1,250
- rental income from investment properties	2,316	2,276	-	-
	2,316	2,276	1,400	1,250
	298,320	359,939	1,400	1,250
Timing of revenue:				
- at a point in time	20,959	34,363	-	-
- over time	275,045	323,300	-	-
	296,004	357,663	-	-

32. COST OF SALES

	GROUP	
	2020	2019
	RM'000	RM'000
Property development cost	178,455	215,101
Amortisation of contract costs (Note 13)	3,612	1,899
	182,067	217,000
Completed properties	548	7,258
Service rendered	2,310	2,347
Building materials sold	8,397	9,836
Others	8,077	4,573
	201,399	241,014

Notes to The Financial Statements 29 February 2020 (cont'd)

33. PROFIT BEFORE TAX

Profit before tax is stated after charging: -

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration	204	214	40	40
Bad debts written off	51	26	-	-
Depreciation of property, plant and equipment	3,020	3,856	-	-
Depreciation of right-of-use assets	379	-	-	-
Directors' emoluments	1,699	1,627	418	317
Expenses relating to:				
- leases of low-value assets	17	-	-	-
- short-term leases	758	-	-	-
Impairment loss on property, plant and equipment	-	103	-	-
Impairment loss on trade receivables	17	393	-	-
Interest expense on:				
- bankers' acceptances	38	59	-	-
- bank overdrafts	219	358	-	-
- hire purchase liabilities	31	31	-	-
- invoice financing	59	112	-	-
- leases	50	-	-	-
- revolving credits	378	25	-	-
- term loans	538	669	-	-
Loss from fair value adjustment on investment properties	-	1,015	-	-
Loss on disposal of investment properties	19	150	-	-
Property, plant and equipment written off	14	6	-	-
Rental expense on:				
- premises	-	1,665	-	-
- equipment	-	97	-	-
And crediting:				
Bad debts recovered	5	-	-	-
Dividend income from subsidiary companies	-	-	1,400	1,250
Gain from disposal of property, plant and equipment	56	69	-	-
Impairment loss on trade receivables no longer required	236	-	-	-
Insurance compensation received	-	12	-	-
Interest income	1,114	1,812	-	109
Rental income from:				
- investment properties	2,177	2,140	-	-
- others	651	715	-	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM1,630,000 (2019: RM1,340,000).

Notes to The Financial Statements 29 February 2020 (cont'd)

34. TAX EXPENSE

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
Current year	18,701	20,552	-	-
(Over)/Under provision in prior financial years	(56)	583	-	-
	18,645	21,135	-	-
Deferred tax: (Note 12a)				
Current year	(516)	2,224	-	-
(Over)/Under provision in prior financial years	(229)	370	-	-
	(745)	2,594	-	-
Total tax expense	17,900	23,729	-	-

The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profit for the fiscal year.

A reconciliation of income tax expense on the financial results with the applicable statutory tax rate is as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax	71,187	85,230	339	261
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	17,085	20,455	81	63
Tax effects in respect of:				
Crystalisation of deferred tax liabilities on revaluation surplus	(163)	(179)	-	-
Deferred tax assets not recognised	24	1,112	-	-
Depreciation on non-qualifying property, plant and equipment	75	50	-	-
Income not subject to tax	(89)	(81)	(336)	(326)
Non-allowable expenses	1,740	1,419	255	263
Utilisation of deferred tax assets previously not recognised	(487)	-	-	-
	18,185	22,776	-	-
(Over)/Under provision in prior financial years				
- income tax	(56)	583	-	-
- deferred tax	(229)	370	-	-
Tax expense	17,900	23,729	-	-

Notes to The Financial Statements 29 February 2020 (cont'd)

35. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share of the Group is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2020	2019
Profit attributable to ordinary equity holders of the Company (RM'000)	33,861	30,300
Number of ordinary shares in issue ('000)	128,000	128,000
Basic earnings per ordinary share (sen)	26.45	23.67

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

36. EMPLOYEE BENEFITS

The employee benefits during the financial year are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries and wages	17,798	17,938	-	-
Contributions to defined contribution plan	2,252	2,271	-	-
Other benefits	1,515	1,560	-	-
	21,565	21,769	-	-

37. DIVIDEND

The following dividend was declared and paid by the Company in respect of the financial year ended 29 February 2020:

	2020 RM'000
Interim single-tier dividend of 1.50 sen per ordinary share declared on 16 January 2020 and paid on 3 March 2020	1,920

The directors do not recommend any final dividend in respect of the financial year ended 29 February 2020.

Notes to The Financial Statements 29 February 2020 (cont'd)

38. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) Significant related party transactions

Related parties of the Group and the Company include:

(i) Direct and indirect subsidiaries as disclosed in Note 8.

(ii) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the directors of the Company and certain members of senior management of the Group and the Company.

The Group and the Company have related party's relationship with the following parties:

Close members of the family of certain directors:

- Dato' Paduka Beh Heng Seong
- Datin Paduka Teoh Choon Boay

Entity in which a director of the Company has interest:

- Wong, Beh & Toh
- Just Bread Sdn. Bhd.

Entities controlled by a close member of the family of certain directors:

- Eupe Food Court Sdn. Bhd.
- Kam Pian Garden Development Sdn. Bhd.
- Padang Serai Birdnest Sdn. Bhd.
- Xin Seng Vege Enterprise

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Notes to The Financial Statements 29 February 2020 (cont'd)

38. RELATED PARTY DISCLOSURES (cont'd)

(b) Significant related party transactions (cont'd)

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Subsidiaries				
Gross dividend income	-	-	1,400	1,250
Close members of the family of certain directors				
Advisory fees paid	100	240	-	-
Sales of property**	-	561	-	-
Director				
Sales of property**	810	-	-	-
Entities in which a director of the Company has interest				
Professional fees paid**	327	413	-	-
Rental income	18	-	-	-
Entities controlled by a close member of the family of certain directors				
Rental income	34	47	-	-
Sales of bird nest**	98	134	-	-
Sales of shop lots	-	825	-	-
Sales of fruits	32	81	-	-

** At the Annual General Meeting of the Company held on 25 July 2019, the Company obtained its shareholders' mandate for the Group to enter into these recurrent related party transactions.

The related party transactions described above were carried out on negotiated and mutually agreed terms and conditions.

(c) Compensation of key management personnel

The remuneration of key management personnel of the Company and subsidiaries during the financial year are as follows:

	GROUP		COMPANY	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors' fee and allowances	353	240	353	240
Short term employee benefits	3,646	3,808	65	77
Contributions to defined contribution plans	397	363	-	-
Other benefits	12	9	-	-
	4,408	4,420	418	317

Included in the above is remuneration of the Group Managing Director and Executive Director received from the Group and from the Company amounting to RM1,257,000 (2019: RM1,278,000) and RM10,000 (2019: RM20,000) respectively.

Notes to The Financial Statements 29 February 2020 (cont'd)

39. CONTINGENT LIABILITIES – UNSECURED

As at the end of the financial year, the Group and the Company have the following contingent liabilities: -

	GROUP	
	2020	2019
	RM'000	RM'000
Liquidated ascertained damages ("LAD") in respect of the late delivery of properties	4,876	-

	COMPANY	
	2020	2019
	RM'000	RM'000
Corporate guarantees for bank facilities granted to subsidiaries		
- amount utilised	191,208	187,116
Corporate guarantees to suppliers of a subsidiary company		
- amount utilised	135	261
Total facilities available to subsidiaries which are guaranteed by the Company	476,925	454,789

Contingent liabilities arising from LAD is in respect of the late delivery of properties due to Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") imposed by the Government as disclosed in Note 47.

Property developers in the country including the Group have jointly lobbied for Extension of Time ("EOT") for the period of MCO and CMCO from the Government through Real Estate & Housing Developers' Association ("REHDA") Malaysia. As at date of financial statements, the EOT has yet to be granted by the Government.

In view of the uncertain outcome on the grant of EOT, the possible liquidated ascertained damages arising from the late delivery of properties during the period of MCO and CMCO are disclosed as contingent liabilities.

40. CAPITAL COMMITMENTS

As at the end of the financial year, the Group has the following capital commitments: -

	GROUP	
	2020	2019
	RM'000	RM'000
Acquisition of leasehold lands		
Contracted but not provided for	-	29,093

Notes to The Financial Statements 29 February 2020 (cont'd)

41. OPERATING SEGMENTS

The Group comprises the following main business segments which are based on the Group's management and internal reporting structure:

Property development	:	Development of residential and commercial properties.
Chalet and golf operation and management	:	Operations and management of chalet, restaurant, golf club operations and recreation facilities.
Property construction	:	Construction of residential and commercial properties, and sales of building material.
Others	:	Rental of properties, management of complex, fruits cultivation and kindergarten operations.

Performance is measured based on the segment revenue and profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Managing Director (the Chief Operating Decision Maker). Segment profit is used to measure performance as management believes that such information the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group Managing Director.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

Allocation basis and inter-segment pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These segments are eliminated on consolidation.

Notes to The Financial Statements 29 February 2020 (cont'd)

41. OPERATING SEGMENTS (cont'd)

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

Financial year ended 29 February 2020	Property development RM'000	Chalet and golf operation and management RM'000	Property construction RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue						
Revenue from external customer	276,118	10,197	9,521	2,484	-	298,320
Inter-segment revenue	-	-	33,360	1,867	(35,227)	-
Total revenue	276,118	10,197	42,881	4,351	(35,227)	298,320
Results						
Segment result	72,302	(1,878)	1,764	1,073	(1,875)	71,386
Interest income	1,008	68	30	8	-	1,114
Interest expense	(279)	(510)	(463)	(113)	52	(1,313)
Profit/(Loss) before tax	73,031	(2,320)	1,331	968	(1,823)	71,187
Tax expense	(18,091)	281	-	(190)	100	(17,900)
Profit/(Loss) for the financial year	54,940	(2,039)	1,331	778	(1,723)	53,287
At 29 February 2020						
Assets						
Segment assets	681,760	60,830	112,439	212,781	(361,404)	706,406
Tax assets	832	5	1,433	1	-	2,271
Deferred tax assets	2,344	-	-	-	-	2,344
Total assets	684,936	60,835	113,872	212,782	(361,404)	711,021
Liabilities						
Segment liabilities	273,885	15,026	29,635	40,049	(266,133)	92,462
Borrowings	140,468	7,046	27,431	392	-	175,337
Tax liabilities	3,335	203	-	57	-	3,595
Deferred tax liabilities	1,781	3,728	-	521	7,837	13,867
Total liabilities	419,469	26,003	57,066	41,019	(258,296)	285,261
Other information						
Capital expenditure	528	618	773	809	(325)	2,403
Depreciation of property, plant and equipment	340	2,295	282	113	(10)	3,020
Bad debts written off	-	42	-	9	-	51
Property, plant and equipment written off	7	1	6	-	-	14

Notes to The Financial Statements 29 February 2020 (cont'd)

41. OPERATING SEGMENTS (cont'd)

Financial year ended 28 February 2019	Property development RM'000	Chalet and golf operation and management RM'000	Property construction RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue						
Revenue from external customer	334,286	11,945	11,099	2,609	-	359,939
Inter-segment revenue	-	-	37,151	1,598	(38,749)	-
Total revenue	334,286	11,945	48,250	4,207	(38,749)	359,939
Results						
Segment result	90,699	(3,317)	(1,745)	704	(1,669)	84,672
Interest income	1,618	64	12	118	-	1,812
Interest expense	(295)	(543)	(330)	(86)	-	(1,254)
Profit / (Loss) before tax	92,022	(3,796)	(2,063)	736	(1,669)	85,230
Tax expense	(23,017)	(6)	1	(283)	(424)	(23,729)
Profit / (Loss) for the financial year	69,005	(3,802)	(2,062)	453	(2,093)	61,501
At 28 February 2019						
Assets						
Segment assets	588,528	62,125	101,231	205,186	(310,406)	646,664
Tax assets	128	-	2,867	2	-	2,997
Deferred tax assets	2,385	-	-	-	-	2,385
Total assets	591,041	62,125	104,098	205,188	(310,406)	652,046
Liabilities						
Segment liabilities	226,718	13,618	29,432	30,918	(216,232)	84,454
Borrowings	143,729	7,418	19,192	1,334	-	171,673
Tax liabilities	6,438	202	-	65	-	6,705
Deferred tax liabilities	2,178	4,017	-	520	7,938	14,653
Total liabilities	379,063	25,255	48,624	32,837	(208,294)	277,485
Other information						
Capital expenditure	50	1,374	414	74	-	1,912
Depreciation of property, plant and equipment	477	2,864	351	164	-	3,856
Bad debts written off	4	22	-	-	-	26
Property, plant and equipment written off	2	3	1	-	-	6

Notes to The Financial Statements 29 February 2020 (cont'd)

42. FINANCIAL INSTRUMENTS

Categories of financial instruments are as follows:

	GROUP	
	2020	2019
	RM'000	RM'000
Financial assets at amortised cost		
- contract assets (exclude consideration payable to customers)	164,958	111,024
- trade and other receivables (exclude prepayments)	77,923	40,902
- cash and cash equivalents	36,668	70,971
	279,549	222,897
Financial assets at fair value through profit or loss		
- other investments	-	7
	279,549	222,904
Financial liabilities at amortised cost		
- trade and other payables	67,334	60,049
- borrowings	175,337	171,673
- lease liabilities	635	-
	243,306	231,722

	COMPANY	
	2020	2019
	RM'000	RM'000
Financial assets at amortised cost		
- trade and other receivables (exclude prepayments)	7	5
- amount owing by subsidiaries	39,673	34,505
- cash and cash equivalents	13	23
	39,693	34,533
Financial liabilities at amortised cost		
- trade and other payables	68	139
- amount owing to subsidiaries	8,497	1,185
	8,565	1,324

Notes to The Financial Statements 29 February 2020 (cont'd)

43. FINANCIAL RISK MANAGEMENT

The Board of Directors recognises the importance of financial risk management in the overall management of the Group's businesses. A sound risk management system will not only mitigate financial risk but will be able to create opportunities if risk elements are properly managed.

The Group's overall financial risk management objective is to ensure that the Group value for its shareholders whilst minimising the potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies, set out as follows:

(a) Liquidity and cash flow risk

The Group is actively managing its operating cash flow to suit the debt maturity so to ensure all commitments and funding needs are met. As part of the overall liquidity management, it is the Group's policy to ensure continuity in servicing its cash obligations in the future by forecasting its cash commitments and maintaining sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group also maintains available banking facilities sufficient to meet its operational needs.

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contracted undiscounted repayment obligations.

	On demand or within one year	Two to five years	More than five years	Total
	RM'000	RM'000	RM'000	RM'000
2020				
Financial liabilities				
Trade and other payables	48,604	18,730	-	67,334
Borrowings	82,592	99,195	2,718	184,505
Lease liabilities	408	257	-	665
Total undiscounted financial liabilities	131,604	118,182	2,718	252,504
2019				
Financial liabilities				
Trade and other payables	47,384	12,665	-	60,049
Borrowings	75,135	108,218	4,818	188,171
Total undiscounted financial liabilities	122,519	120,883	4,818	248,220

Notes to The Financial Statements 29 February 2020 (cont'd)

43. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

(i) Currency risk

The Group is exposed to currency exchange risk as a result of the foreign currency denominated transactions entered into by the Group during the course of business. The currency involved is Australian Dollar. In addition, subsidiaries operating in Australia have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currency that give rise to foreign exchange exposure.

The Group monitors the movement in foreign currency exchange rates closely to ensure its exposures are minimised. The Group does not enter into any hedging contract to hedge this risk. The directors are of the view that there is no material impact and hence no sensitivity analysis could be presented.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currency is as follow: -

	Net financial assets/(liabilities) held in non-functional currency
Functional currency – Australian Dollar	**RM'000**
At 29 February 2020	
Financial assets	
Other receivables, deposits and prepayments	3,527
Cash and cash equivalents	186
	3,713
Financial liabilities	
Trade and other payables	(3,861)
At 28 February 2019	
Financial assets	
Other receivables, deposits and prepayments	3,717
Cash and cash equivalents	196
	3,913
Financial liabilities	
Trade and other payables	(3,933)

Notes to The Financial Statements 29 February 2020 (cont'd)

43. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk (cont'd)

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The fixed rate borrowings expose the Group to fair value interest rate risk which is partially offset by borrowings obtained at floating rate. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk. The Group does not use derivative financial instruments to hedge its risk.

The Group also earns interest income derived from the placement of short-term deposits with licensed banks and financial institutions.

The Group regularly reviews these risks and takes proactive measures to mitigate the potential impact of such risk.

Fair value sensitivity analysis for fixed rate instruments

The Group does 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.

Sensitivity analysis for floating rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the profit net of tax to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables remain constant.

	GROUP	
	2020	2019
	RM'000	RM'000
Profit net of tax		
Floating rate instruments		
25 basis point (0.25%) increase	(333)	(326)
25 basis point (0.25%) decrease	333	326

The assumed movement in basis point for interest rate sensitivity analysis is based on current observable market environment.

Notes to The Financial Statements 29 February 2020 (cont'd)

43. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk (cont'd)

Weighted average effective interest rates ('WAEIR') and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their weighted average effective interest rates at the statement of financial position date and the period in which they reprice or mature, whichever is earlier:

Group	NOTE	WAEIR	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
		%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020									
Fixed rates									
Fixed deposits with licensed banks	18	3.04	6,198	-	-	-	-	-	6,198
Hire purchase liabilities	27	4.29	167	135	142	149	61	-	654
Lease liabilities	28	5.40	383	252	-	-	-	-	635
Floating rates									
Bankers' acceptances	25	4.61	1,141	-	-	-	-	-	1,141
Bank overdrafts	24	7.86	2,518	-	-	-	-	-	2,518
Invoice financing	26	6.15	944	-	-	-	-	-	944
Revolving credits	23	4.66	48,510	-	-	-	-	-	48,510
Term loans	22	5.03	26,814	25,126	27,923	23,833	15,052	2,822	121,570
2019									
Fixed rates									
Fixed deposits with licensed banks	18	3.19	7,894	-	-	-	-	-	7,894
Hire purchase liabilities	27	4.68	174	79	44	-	-	-	297
Floating rates									
Bankers' acceptances	25	5.09	928	-	-	-	-	-	928
Bank overdrafts	24	8.13	2,678	-	-	-	-	-	2,678
Invoice financing	26	6.49	1,142	-	-	-	-	-	1,142
Revolving credits	23	5.17	40,510	-	-	-	-	-	40,510
Term loans	22	5.44	23,575	35,178	28,217	15,848	13,731	9,569	126,118

Notes to The Financial Statements 29 February 2020 (cont'd)

43. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk (cont'd)

(iii) Other price risk

Equity price risk arises from the Group's investments in equity securities.

There are no material investments in equity securities to the Group and hence no sensitivity analysis has been presented.

(c) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group controls these risks by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

The credit quality of trade receivables that are neither past due nor impaired are substantially amounts due from customers with good collection track record with the Group. Management will continuously monitor closely the trade receivables which are past due.

Credit risk arising from property development

The Group does not have any significant credit risk from its property development activities as its services and products are predominantly rendered and sold to a large number of property purchasers using financing from reputable end-financiers.

Trade receivables are monitored on an on-going basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does the Group have any major concentration of credit risk related to any financial instruments. Credit risk with respect to trade receivables are limited as the ownership and rights to the properties revert to the Group in the event of default.

Credit risk arising from investment properties

Credit risks arising from outstanding receivables from the tenants are minimised and monitored by strictly limiting the Group's association to business partners with high creditworthiness. Furthermore, the tenants have placed security deposits with the Group which acts as collateral. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

Credit risk arising from other activities of the Group

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers. The Group's historical experience in collection of trade receivables fall within the recorded allowances. Due to these factors, no additional credit risk beyond amounts allowed for collections losses is inherent in the Group's trade receivables.

Credit risk arising from deposits with licensed banks

Concentration of credit risk arising from deposits with licensed banks is limited as bank deposits are held with banks with strong financial strength.

Notes to The Financial Statements 29 February 2020 (cont'd)

43. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk (cont'd)

(i) the ageing analysis of trade receivables as at the end of the reporting date was:

	GROUP	
	2020	2019
	RM'000	RM'000
Neither past due nor impaired	40,215	13,305
Past due but not impaired:		
1 to 30 days past due	6,816	3,572
31 to 60 days past due	859	1,337
61 to 90 days past due	210	634
91 to 120 days past due	655	583
More than 120 days past due	4,070	3,983
	12,610	10,109
Impaired	312	531
	53,137	23,945

The impaired trade receivables are more than 120 days past due and comprised of collective impairment.

The movement of the allowance of impairment loss is as follows:

	GROUP	
	2020	2019
	RM'000	RM'000
At beginning of financial year	531	138
Charge during the financial year	17	393
Reversal during the financial year	(236)	-
At end of financial year	312	531

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 that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

As at 29 February 2020, trade receivables for the Group of RM12,610,000 (2019: RM10,109,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default, have met the Group's approved credit policies and are monitored on an on-going basis.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Notes to The Financial Statements 29 February 2020 (cont'd)

43. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk (cont'd)

(ii) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM191,208,000 (2019: RM187,116,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting date.

As at end of the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(iii) Inter-company balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at end of the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at end of the reporting date, there was no indication that the loans and advances to the subsidiaries are not recoverable.

44. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments. As borrowings are obtained from licensed financial institutions at the prevailing market rate, the carrying amount of these financial liabilities approximate the fair value.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The table below analyses financial instruments carried at fair value:

Group

		Fair value of financial instruments carried at fair value			
	Note	Level 1	Level 2	Level 3	Total
		RM'000	RM'000	RM'000	RM'000
2020					
Financial assets					
Fixed income unit trusts	9	-	-	-	-
2019					
Financial assets					
Fixed income unit trusts	9	7	-	-	7

Notes to The Financial Statements 29 February 2020 (cont'd)

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

Policy of transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Fair value which is determine for disclosure purposes, is calculated based on the present value of future principal and interest cash flow, discounted at the market rate of interest at the reporting period.

Interest rates used to determine fair value.

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2020 %	2019 %
Bank borrowings	4.29 - 7.86	4.68 - 8.13

45. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to The Financial Statements 29 February 2020 (cont'd)

45. CAPITAL RISK MANAGEMENT (cont'd)

	GROUP	
	2020 RM'000	2019 RM'000
Borrowings	175,337	171,673
Less: Cash and cash equivalents	(36,668)	(70,971)
Net debt	138,669	100,702
Total equity	425,760	374,561
Debt-to-equity ratio	0.33	0.27

46. CARRYING AMOUNT OF MONIES HELD IN TRUST

The total carrying amount of monies held in trust is as follows:

	GROUP	
	2020 RM'000	2019 RM'000
Monies held in trust	895	982

The above monies are held by the trustee, Pacific Trustee Berhad.

47. SUBSEQUENT EVENT

The coronavirus disease ("COVID-19") pandemic and unprecedented global crisis started in the first quarter of 2020. After considering the measures taken by the Government, especially the MCO that started from 18 March 2020 to 3 May 2020 and the CMCO that started from 4 May 2020 to 9 June 2020, the Group's and the Company's activities in the country are affected.

As the property development industry is not considered as an essential service industry, the Group was unable to carry out any property development activities during the MCO. Consequently, the delivery of vacant possession of properties in one of the property development projects undertaken by the Group had been affected which resulted in contingent liability arose from the LAD in respect of late delivery of properties to customers as disclosed in Note 39.

Besides, the MCO and CMCO have significant financial impact to the leisure and hospitality businesses under the Chalet and Golf Operation and Management segment of the Group. Nevertheless, the Group has been putting on-going efforts in the best possible way to mitigate its impact.

The management has performed stress test to gauge the capability of the Group to meet its obligations as and when they fall due within the next 12 months after the end of the financial year. The management will continue to assess the financial impact of COVID-19 on the Group's and the Company's financial results, however, at this juncture, it is not possible to determine precisely the potential financial impact on the Group's and the Company's financial statements for financial year ending 28 February 2021.

The Group's and the Company's financial statements for the financial year ended 29 February 2020 have been prepared with the application of going concern principle. The directors of the Group and the Company are not aware of any significant uncertainties arising after the end of the financial year that would have a significant financial impact, including its ability to continue as going concern over the next twelve months.

48. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 12 June 2020.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the directors of **EUPE CORPORATION BERHAD (Registration No. 199601005416 (377762-V))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 67 to 136 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 state of affairs of the Group and of the Company as at 29 February 2020 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

MUHAMAD FAISAL BIN TAJUDIN

DATO' BEH HUCK LEE

Sungai Petani, Kedah Darul Aman

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **NG KEE CHYE**, being the Chief Financial Officer primarily responsible for the financial management of **EUPE CORPORATION BERHAD (Registration No. 199601005416 (377762-V))** do solemnly and sincerely declare that the financial statements set out on pages 67 to 136 are to the best of my knowledge and belief, 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.

NG KEE CHYE

(MIA No.: CA7428)
Subscribed and solemnly declared
by the abovenamed at Petaling Jaya
in the state of Selangor Darul Ehsan on 12 June 2020

Before me

Independent Auditors' Report to The Members of Eupe Corporation Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eupe Corporation Berhad, which comprise the statements of financial position as at 29 February 2020 of the Group and of the Company, and statements of profit or loss and other 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 67 to 136.

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 29 February 2020 and of their financial performance and their 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 *Auditor's 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 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("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 addresses 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.

Independent Auditors' Report to The Members of Eupe Corporation Berhad (cont'd)

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<u>Recognition of revenue and cost of sales from property development activities</u> Refer to Note 3.15(a) – Significant Accounting Policies, Note 5(b)(i) – Significant Accounting Estimates and Judgements, Note 31 – Revenue and Note 32 – Cost of Sales For the financial year ended 29 February 2020, revenue of RM275,045,000 and cost of sales of RM182,067,000 from property development activities accounted for approximately 92.2% and 90.4% of the Group's total revenue and cost of sales respectively. The Group uses stage of completion method to account for the recognition of revenue and cost of sales from property development activities. We identified this area as area requires audit focus due to the amount of revenue and cost of sales recognised during the financial year are affected by a variety of estimates which includes judgement exercised by the management, in particular with regards to determining the estimated gross development value and gross development cost.	The details of our work performed are as follows: - We evaluated the reasonableness of the management's key judgements used in the preparation of budgeted property development costs; - We verified the gross development value by examining the signed sales and purchase agreement and intended selling price of the unsold units to the latest transacted selling price; - We performed re-computation on the calculation of percentage of completion to ascertain there is no mathematical error which may render in the over/ understatement of revenue and profit recognition; and - We reviewed the stage of completion of all on-going development projects to determine if there is any exposure to the late ascertained damages and ascertain the adequacy of provision for late ascertained damages, if any. Based on the above procedures performed, we did not identify any material exceptions.
<u>Assessment on financial resources to complete high rise property development projects</u> The Group is currently developing high rise property projects in Klang Valley which have high gross development costs. This strategy would require high financial resources, especially at the early stage of the projects to cater for the foundation works while the progress billings are to be issued to the buyers at more advance stages of the development to generate sufficient cash inflow. During the course of development, the Group would also have to monitor the progress in order to prevent any delay which would in turn affect the timing of billing and collection. Delay in billing may bring negative impact to the cash flow in the event that cash inflow is not sufficient to cater for the development cost outflow.	The details of our work performed are as follows: - We reviewed the cash flow projections prepared by the management, where the reasonableness of key assumptions used by the management (including the forecasted billing and collection, and future costs to complete the projects) have been evaluated and challenged; and - We reviewed the progress status report and the sales take up rate of the projects. Based on the above procedures performed, we did not identify any material exceptions.

Independent Auditors' Report to The Members of Eupe Corporation Berhad (cont'd)

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 Management Discussion and Analysis and Directors' Reports 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, 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.

Auditors' 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 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.

Independent Auditors' Report to The Members of Eupe Corporation Berhad (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.
- 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, related safeguards.

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 8 to the financial statements.

Other Matters

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.

RSM Malaysia
AF: 0768
Chartered Accountants

Yeoh Kian Teck
03322/08/2021 J
Chartered Accountant

Kuala Lumpur

Analysis of Shareholdings as at 1 June 2020

No. of Issued Shares : 128,000,000 ordinary shares
Class of shares : Ordinary shares
Voting rights : One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders		No. of Shares		Percentages (%)	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
Less than 100 shares	12	1	434	51	0.0003	0.0000
100 to 1,000 shares	1,752	3	1,719,826	3,000	1.3436	0.0023
1,001 to 10,000 shares	1,370	14	6,243,152	64,200	4.8775	0.0502
10,001 to 100,000 shares	434	4	14,233,600	125,000	11.1200	0.0977
100,001 to less than 5% of issued shares	97	1	55,600,848	299,900	43.4382	0.2343
5% and above of issued shares	3	0	49,709,989	0	38.8359	0.0000
SUBTOTAL	**3,668**	**23**	**127,507,849**	**492,151**	**99.6155**	**0.3845**
GRAND TOTAL (Malaysian + Foreigner)	**3,691**		**128,000,000**		**100.0000**	

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares	%
1.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Beh Heng Seong Sdn Bhd (PB)	23,261,208	18.17
2.	Betaj Holdings Sdn Bhd	14,349,781	11.21
3.	Betaj Holdings Sdn Bhd	12,099,000	9.45
4.	Success Leads Sdn Bhd	4,980,694	3.89
5.	Tan Han Chuan	4,323,400	3.38
6.	Betaj Holdings Sdn Bhd	3,605,000	2.82
7.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Beh Huck Lee (M01)	3,500,000	2.73
8.	Success Leads Sdn Bhd	3,095,900	2.42
9.	Firm Alliance Sdn Bhd	2,622,538	2.05
10.	Tham Sau Kien	2,532,300	1.98
11.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Wan Koon	1,605,900	1.25
12.	Ng Chor Weng	1,199,600	0.94
13.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	1,191,200	0.93
14.	Maybank Nominees (Tempatan) Sdn Bhd Beh Chan Sin	1,138,800	0.89
15.	Janet Lai Wei Ying	1,030,000	0.80
16.	Maybank Nominees (Tempatan) Sdn Bhd Beh Siok Hock	1,000,000	0.78
17.	Wong Hung Ngie	902,300	0.70
18.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	829,800	0.65
19.	Maybank Nominees (Tempatan) Sdn Bhd Beh Chan Mua	800,000	0.63

Analysis of Shareholdings as at 1 June 2020 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Shareholders	No. of Shares	%
20.	Yeo Khee Nam	796,500	0.62
21.	Loke Yew Seng	752,400	0.59
22.	Sim Lian Hing	749,000	0.59
23.	Beh Siam Kee	677,600	0.53
24.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cher Sew Seng	660,000	0.52
25.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Wan Koon (MY1597)	647,000	0.51
26.	Lee Seng Huat	620,000	0.48
27.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Ee Jen (MY3171)	600,000	0.47
28.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Ah Sing @ Yeo Ah Sing	568,500	0.44
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Neo Eng Hui (7003415)	546,200	0.43
30.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Chee Siong (MY1819)	544,400	0.42
	TOTAL:	**91,229,021**	**71.27**

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 1 June 2020

Name of Substantial Shareholders	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
Betaj Holdings Sdn Bhd	30,053,781	23.48	-	-
Beh Heng Seong Sdn Bhd	23,261,208	18.17	30,053,781[a]	23.48
Dato' Beh Huck Lee	3,500,000	2.73	53,314,989[b]	41.65
Datin Paduka Teoh Choon Boay	234,416	0.18	53,314,989[b]	41.65
Success Leads Sdn Bhd	8,076,594	6.31	-	-

DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings as at 1 June 2020

Name of Directors	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
Datuk Tan Hiang Joo	10,000	0.01	-	-
Dato' Beh Huck Lee	3,500,000	2.73	53,314,989[b]	41.65
Muhamad Faisal bin Tajudin	-	-	-	-
Beh Yeow Seang	-	-	-	-
Dato' Paduka Haji Ismail Bin Haji Shafie	-	-	-	-
Iskandar Abdullah @ Sim Kia Miang	-	-	103,000[c]	0.08
Kek Jenny	-	-	-	-
Alfian bin Tan Sri Mohamed Basir	-	-	-	-

Notes:

(a) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through shareholdings in Betaj Holdings Sdn Bhd.

(b) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through shareholdings in Beh Heng Seong Sdn Bhd which in turn hold shares in Betaj Holdings Sdn Bhd.

(c) Deemed interested by virtue of Section 59(11)(c) of the Companies Act 2016 through his spouse's shareholdings in the Company.

List of Top Ten Properties Held by the Group as at 29 February 2020

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition or last revaluation	Existing use	Net Book Value as at 29 February 2020 (RM'000)
1	Lot 660, Seksyen 94 Bandar Kuala Lumpur, Daerah Wilayah Persekutuan Kuala Lumpur [Located at Seputeh]	Leasehold 99 years expiring 26/02/2118	2.90 acres 126,325 sq ft. 11,736 sq.m.	Oct-2014	Land held for development	65,505
2	PT20000 Seksyen 90A, H.S.(D) 120253, Bandar Kuala Lumpur, District of Kuala Lumpur Federal Territory of Kuala Lumpur. [Located at Cheras]	Leasehold 99 years expiring 12/17/14	2.67acres 116,358 sq ft. 10,810 sq.m.	Feb-2016	Development in progress	45,854
3	HSD 262397, PT 1880 & HSD 293643, PT1983 Bandar Petaling Jaya Selatan, Daerah Petaling, Negeri Selangor [Located at Petaling Jaya Selatan]	Leasehold 99 years expiring 7/4/2109 and 10/9/12	2.85 acres 124,334 sq ft. 11,551 sq.m.	May-2019	Land held for development	35,361
4	P.T.97077 to P.T.97234, P.T.97633 to P.T.97710, P.T.97759 to P.T.97880, P.T.96247, P.T.97711 to P.T.97758, P.T.96840 to P.T.96858, P.T.97255 to P.T.97256, P.T.97273 to P.T.97284, P.T.97417 to P.T.97428, P.T.97517 to P.T.97536, P.T.96859 to P.T.97076, P.T.97285 to P.T.97350, P.T.97429 to P.T.97516, H.S.(D) 121154 to H.S.(D) 121311, H.S.(D) 121708 to H.S.(D) 121785, H.S.(D) 121834 to H.S.(D) 121955, H.S.(D) 5210, H.S.(D) 121786 to H.S.(D) 121833, H.S.(D) 120917 to H.S.(D) 120935, H.S.(D) 121332 to H.S.(D) 121333, H.S.(D) 121350 to H.S.(D) 121361, H.S.(D) 121494 to H.S.(D) 121505, H.S.(D) 121592 to H.S.(D) 121611, H.S.(D) 120936 to H.S.(D) 121153, H.S.(D) 121362 to H.S.(D) 121427, H.S.(D) 121506 to H.S.(D) 121591, H.S.(D) 121961 to H.S.(D) 121962, Mukim of Pinang Tunggal, District of Kuala Muda [Located next to Bandar Puteri Jaya,Kedah]	Freehold	86.80 acres 3,781,017 sq ft. 351,268 sq.m.	Mar-2008	Development in progress	31,268
5	P.T. 17698 and P.T. 17699 H.S.(D) 73395 and H.S.(D) 73398 Mukim of Sungai Petani, District of Kuala Muda [Located next to Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah [Cinta Sayang Golf Club]	Leasehold 60 years expiring 7/31/51 30 years	190.88 acres 8,314,645 sq ft. 772,456 sq.m.	Mar-2015	Property, Plant and Equipment	22,141
6	P.T. 10398 to P.T. 10422, P.T. 10447 to P.T. 10457 H.S.(D) 5511 to H.S.(D) 5535, H.S.(D) 5541 to H.S.(D) 5550 Mukim of Sungai Petani, District of Kuala Muda Persiaran Cinta Sayang, Sungai Petani, Kedah [Cinta Sayang and Country Resort]	Freehold 23 to 30 years	8.61 acres 375,087 sq ft. 34,847 sq.m.	Jul-2016	Property, Plant and Equipment	21,177

List of Top Ten Properties Held by the Group as at 29 February 2020 (cont'd)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition or last revaluation	Existing use	Net Book Value as at 29 February 2020 (RM'000)
7	P.T. 21648, H.S.(M) 3/94 Mukim of Sungai Petani, District of Kuala Muda [Located along the eastern side of Jln Badlishah, within Taman Ria, Sungai Petani,Kedah]	Freehold 22 years	1.67 acres 72,640 sq ft. 6,748 sq.m.	Feb-2018	Investment Property	15,740
8	P.T.72202 to P.T.72219, P.T.72408 to P.T.72413, P.T.72422 to P.T.72427, P.T.72500 to P.T.72527, P.T.72544 to P.T.72547, P.T.72806 to P.T.72825, P.T.72894 to P.T.72895, P.T.72220 to P.T.72263, P.T.72944 to P.T.72945, P.T.72962 to P.T.72963, P.T.73046 to P.T.73057, P.T.73157 to P.T.73160, P.T.73221, P.T.73265 to P.T.73266, P.T.73304 to P.T.73305, P.T.73338, P.T.72448 to P.T.72463, P.T.72896 to P.T.72897, P.T.72984 to P.T.72987, P.T.73123 to P.T.73124, P.T.73137 to P.T.73139, P.T.73146 to P.T.73147, P.T.73172 to P.T.73173, P.T.73185 to P.T.73187, P.T.73511 to P.T.73514, P.T.73524 to P.T.73529, P.T.73557 to P.T.73616, P.T.72994 to P.T.73007, P.T.73018 to P.T.73045, P.T.73166 to P.T.73171 & P.T.73008 to P.T.73017, P.T.73174 to P.T.73184 H.S.(D) 23071 to H.S.(D) 23088, H.S.(D) 23277 to H.S.(D) 23282, H.S.(D) 23291 to H.S.(D) 23296, H.S.(D) 23369 to H.S.(D) 23396, H.S.(D) 23413 to H.S.(D) 23416, H.S.(D) 23675 to H.S.(D) 23694, H.S.(D) 23763 to H.S.(D) 23764, H.S.(D) 23089 to H.S.(D) 23132, H.S.(D) 23813 to H.S.(D) 23814, H.S.(D) 23831 to H.S.(D) 23832, H.S.(D) 23915 to H.S.(D) 23926, H.S.(D) 24026 to H.S.(D) 24029, H.S.(D) 24090, H.S.(D) 24134 to H.S.(D) 24135, H.S.(D) 24173 to H.S.(D) 24174, H.S.(D) 24207, H.S.(D) 23317 to H.S.(D) 23332, H.S.(D) 23765 to H.S.(D) 23766, H.S.(D) 23853 to H.S.(D) 23856, H.S.(D) 23992 to H.S.(D) 23993, H.S.(D) 24006 to H.S.(D) 24008, H.S.(D) 24015 to H.S.(D) 24016, H.S.(D) 24041 to H.S.(D) 24042, H.S.(D) 24054 to H.S.(D) 24056, H.S.(D) 24380 to H.S.(D) 24383, H.S.(D) 24393 to H.S.(D) 24398, H.S.(D) 24426 to H.S.(D) 24485, H.S.(D) 23863 to H.S.(D) 23876, H.S.(D) 23887 to H.S.(D) 23914, H.S.(D) 24035 to H.S.(D) 24040 & H.S.(D) 23877 to H.S.(D) 23886, H.S.(D) 24043 to H.S.(D) 24053, Mukim of Sungai Petani, District of Kuala Muda [Located next to Taman Kelisa Ria and Aman Jaya]	Freehold	43.15 acres 1,879,626 sq ft. 174,623 sq.m.	Sep-2001	Development in progress	13,168

List of Top Ten Properties Held by the Group as at 29 February 2020 (cont'd)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition or last revaluation	Existing use	Net Book Value as at 29 February 2020 (RM'000)
9	P.T.60240, P.T.60242 to P.T.60297, P.T.60041 to P.T.60075, P.T.60125 to P.T.60130, P.T.60133 to P.T.60156, P.T.60165 to P.T.60168, P.T.60219 to P.T.60220, P.T.60222 to P.T.60229, P.T.60231 to P.T.60234, P.T.60236 to P.T.60238 H.S.(D) 128561, H.S.(D) 128563 to H.S.(D) 128618, H.S.(D) 128362 to H.S.(D) 128396, H.S.(D) 128446 to H.S.(D) 128451, H.S.(D) 128454 to H.S.(D) 128477, H.S.(D) 128486 to H.S.(D) 128489, H.S.(D) 128540 to H.S.(D) 128541, H.S.(D) 128543 to H.S.(D) 128550, H.S.(D) 128552 to H.S.(D) 128555, H.S.(D) 128557 to H.S.(D) 128559 Bandar Sungai Petani, District of Kuala Muda [Located next to Cinta Sayang Golf and Country Resort Persiaran Cinta Sayang, Sungai Petani, Kedah]	Freehold	18.63 acres 811,599 sq ft. 75,400 sq.m.	Oct-2010	Development in progress	12,587
10	PLOT L090, L102, L224, L225, L227 L247,L255.L261.L267.L268 and L271 Lorong Hillpark, Hill Park Residensi, 14000 Alma, Bukit Mertajam, Pulau Pinang.	Freehold	0.91 acres 39,471 sq ft. 3,667 sq.m.	Sep-2017	Investment Property	10,278

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Fourth (24th) Annual General Meeting ("AGM") of Eupe Corporation Berhad ("Eupe" or the "Company") will be conducted fully virtual from the Broadcast Venue at 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman on Tuesday, 18 August 2020 at 11:00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 29 February 2020 together with the Reports of the Directors and Auditors thereon.		(Please refer to the Explanatory Notes to the Agenda)
2.	To approve the payment of the following Directors' remuneration by the Company for the period from 18 August 2020 until the conclusion of the next AGM in 2021:		
	(a)	Directors' fees of RM5,000 per month per Non-Executive Director.	Ordinary Resolution 1
	(b)	Chairmanship allowance of RM5,000 per annum payable to Board Chairman, and each Chairman/Chairperson of Board Committees namely Risk Management and Audit Committee, Nomination Committee and Remuneration Committee.	Ordinary Resolution 2
	(c)	Attendance allowance of RM800 per trip (for local Directors) or RM1,100 per trip (for outstation Directors).	Ordinary Resolution 3
3.	To re-elect the following Directors who are retiring by rotation pursuant to Clause 76(3) of the Constitution of the Company:		
	(a)	Datuk Tan Hiang Joo	Ordinary Resolution 4
	(b)	Alfian bin Tan Sri Mohamed Basir	Ordinary Resolution 5
4.	To re-appoint RSM Malaysia as the 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, with or without any modification(s), to pass the following resolutions:

5. **PROPOSED CONTINUATION IN OFFICE OF DATUK TAN HIANG JOO AS INDEPENDENT NON-EXECUTIVE DIRECTOR ("INED")** — Ordinary Resolution 7

   "**THAT** approval be and is hereby given to Datuk Tan Hiang Joo who has served as an INED of the Company for a cumulative term of more than twelve (12) years to continue to act as an INED of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance."

6. **PROPOSED CONTINUATION IN OFFICE OF KEK JENNY AS INED** — Ordinary Resolution 8

   "**THAT** approval be and is hereby given to Kek Jenny who has served as an INED of the Company for a cumulative term of more than twelve (12) years to continue to act as an INED of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance."

7. **PROPOSED PAYMENT OF GRATUITY TO DATO' PADUKA HAJI ISMAIL BIN HAJI SHAFIE, FORMER SENIOR INED OF THE COMPANY ("PROPOSED GRATUITY PAYMENT")** — Ordinary Resolution 9

   "**THAT** approval be and is hereby given for the Company to pay a gratuity amounting to RM30,000 to Dato' Paduka Haji Ismail bin Haji Shafie, former Senior INED of the Company in recognition of his long service and contribution to the Company.

   AND THAT the Directors of the Company be and are hereby authorised to take all such actions as they may consider expedient and necessary to give full effect to the Proposed Gratuity Payment."

Notice of Annual General Meeting (cont'd)

8. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** Ordinary Resolution 10

"**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 approvals of the relevant governmental/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 does not exceed twenty percent (20%) of the total number of the 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 commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK** Ordinary Resolution 11

"**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 ("Share Buy-Back Mandate") 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 as at the point of purchase(s);

(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; or

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

Notice of Annual General Meeting (cont'd)

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 Share Buy-Back Mandate 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."

10. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTs")** Ordinary Resolution 12

"**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 25 June 2020, 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 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."

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

By Order of the Board

WONG WAI FOONG (MAICSA 7001358) (SSM PC NO. 202008001472)
TE HOCK WEE (MAICSA 7054787) (SSM PC NO. 202008002124)
FONG SOK YEE (MAICSA 7066501) (SSM PC NO. 202008001180)
Company Secretaries

Sungai Petani, Kedah Darul Aman
25 June 2020

Notice of Annual General Meeting (cont'd)

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. Shareholders WILL NOT BE ALLOWED to attend the 24th AGM in person at the Broadcast Venue on the day of the meeting. Shareholders who wish to participate the 24th AGM will therefore have to register via the link https://shorturl.at/gvHV4. For further information, kindly refer to the Administrative Notes at www.eupe.com.my/annual-reports-2020.
2. For the purposes of determining a member who shall be entitled to attend, speak and vote at this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 10 August 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend and vote at this AGM or appoint proxy(ies) to attend, speak and vote on his/her/its behalf.
3. A member entitled to attend, speak and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at the AGM may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the AGM.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
   i. In hard copy form: Proxy form must be deposited at the office of the Share Registrar, Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.
   ii. By electronic means: Proxy form must be received via email at AGM-support.EUPE@megacorp.com.my. You also have the option to register directly at https://shorturl.at/gvHV4 and submit the proxy appointment electronically.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar's office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is Sunday, 16 August 2020 at 11:00 a.m.
12. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of AGM will be put to vote by way of poll.

Notice of Annual General Meeting (cont'd)

EXPLANATORY NOTES TO THE AGENDA:

1. **Item 1 of the Agenda**

   Audited Financial Statements for the financial year ended 29 February 2020

   This item is meant for discussion only. The provision of Section 248(2) and 340(1)(a) of the Act require that the Audited Financial Statements and the reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such, this Agenda item is not a business which requires a motion to be put for voting by shareholders.

2. **Ordinary Resolutions 1, 2 and 3**

   Payment of Directors' Fees, Chairmanship Allowance and Attendance Allowance

   Pursuant to Section 230(1) of the Act, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries, shall be approved at a general meeting. In this respect, the Board has recommended to the shareholders for approval on the payment of Directors' fees, chairmanship allowance and attendance allowance to Directors for the period from 18 August 2020 until the conclusion of the next AGM at the forthcoming 24^{th} AGM of the Company.

3. **Ordinary Resolutions 4 and 5**

   Re-election of retiring Directors

   Datuk Tan Hiang Joo and Encik Alfian bin Tan Sri Mohamed Basir are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 24th AGM.

   The Board had via the Nomination Committee ("NC") considered the assessment of the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The Board had recommended the re-election of the aforesaid Directors. Their profiles are set out in the Profiles of Directors from pages 12 to 15 of the Company's 2020 Annual Report.

4. **Ordinary Resolution 6**

   Re-appointment of RSM Malaysia as Auditors of the Company

   The Board had via the Risk Management and Audit Committee evaluated the independence, competency and reliability of RSM Malaysia. The Board was satisfied with the performance of RSM Malaysia and had recommended the re-appointment of RSM Malaysia as Auditors of the Company for the financial year ending 28 February 2021 to the shareholders for approval.

5. **Ordinary Resolutions 7 and 8**

   Proposed continuation in office of Datuk Tan Hiang Joo and Kek Jenny as Independent Non-Executive Directors ("INEDs")

   Datuk Tan Hiang Joo and Ms Kek Jenny both have served as INEDs of the Company for a cumulative term of more than twelve (12) years. The Board had, through the NC, conducted the necessary assessment and recommended them to continue to act as INEDs of the Company based on the following justifications: -

   i. They had fulfilled the criteria under the definition of Independent Directors as stated in the Listing Requirements of Bursa Securities. They possess strong self-esteem and confidence to stand up for an independent point of view. With "independent in mind", they would be able to bring the element of objectivity, independent judgement and balance to the Board;

   ii. They are knowledgeable and have applied their vast experience and exercised due care during their tenure as INEDs of the Company. They have carried out their duties professionally with reasonable skill and competence, bringing independent judgement and depth into the Board's decision making in the best interest of the Company, shareholders and stakeholders;

   iii. They have been with the Company long and therefore understand the Company's business operations which enable them to participate actively and contribute during Board and Board Committee meetings; and

   iv. They exhibited high commitment and devoted sufficient time and efforts to attend all the meetings for informed and balanced decision making. They are unafraid to explicit disagreement on matters and able to express unbiased view without any influence.

   Their profiles are set out in the Profiles of Directors from pages 12 to 15 of the Company's 2020 Annual Report.

Notice of Annual General Meeting (cont'd)

6. **Ordinary Resolution 9**

   Proposed Gratuity Payment

   Dato' Paduka Haji Ismail bin Haji Shafie ("Dato' Paduka Haji Ismail") was appointed to the Board as INED of the Company on 24 September 2010. He was subsequently re-designated as Senior INED in January 2018. Dato' Paduka Haji Ismail had resigned from his position as Senior INED of the Company on 16 January 2020. Throughout his tenure with the Company, Dato' Paduka Haji Ismail had exhibited high level of commitment and exercised due care in carrying out his duties as Director of the Company.

   The Proposed Gratuity Payment is in recognition of Dato' Paduka Haji Ismail's commitment, dedication and contribution to the Company, and is a gesture of appreciation for his 10 years of service with the Company. The Proposed Gratuity Payment of RM30,000 would be a one-off payment and shall be payable upon the approval from shareholders at the 24th AGM.

7. **Ordinary Resolution 10**

   Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act

   The proposed resolution, if passed, will empower the Directors to issue and allot ordinary shares up to 20% of the total number of the issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will continue to be in force until 31 December 2021, unless such approval is revoked or varied by the Company in a general meeting.

   The Company had, at the last AGM held on 25 July 2019, obtained the mandate from the shareholders to allot up to a maximum of 10% of the total number of issued shares of the Company. Having considered the unprecedented uncertainty arising from the global COVID-19 outbreak and future financial needs of the Group, the Board of Directors is desirous to seek shareholders' mandate to allot up to a maximum of 20% of the total number of issued shares of the Company in order to raise funds quickly and efficiently during this challenging time.

   The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. This is also for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital and/or acquisition as the Directors may deem fit in the best interest of the Company.

   The Board, having considered the current and prospective financial positions of the Company, is of the view that the mandate is in the best interest of the Company to safeguard the interest of the Company and the shareholders to ensure long term sustainability of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 23rd AGM held on 25 July 2019 and the mandate will lapse at the conclusion of the 24th AGM.

8. **Ordinary Resolution 11**

   Proposed Renewal of Shareholders' Mandate for Share Buy-Back

   The Ordinary Resolution 11, if passed, will enable the Directors of the Company to purchase Company's shares up to 10% of the total number of the issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

   The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last AGM held on 25 July 2019.

   Further information relating to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back are set out in Part A of the Company's Statement/Circular to Shareholders dated 25 June 2020 which is available at www.eupe.com.my/annual-reports-2020.

9. **Ordinary Resolution 12**

   Proposed Renewal of Shareholders' Mandate for RRPTs

   This proposed resolution, if passed, will allow the Group to enter into RRPTs with its related parties in accordance with the Listing Requirements without the necessity to convene separate general meetings to seek shareholders' approval as and when such RRPTs occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company and is subject to renewal on an annual basis.

   Further details relating to this proposed resolution are set out in Part B of the Company's Statement/Circular to Shareholders dated 25 June 2020, which is available at www.eupe.com.my/annual-reports-2020.

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Building Lifestyles, Building Trust

EUPE CORPORATION BERHAD
Registration No. 199601005416 (377762-V)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	No. of shares held

*I/We [Full name in block, *NRIC/Passport/Company No.] ....

of [Address] ....

with email address .... Mobile Phone No. ....

being member(s) of Eupe Corporation Berhad ("Company"), hereby appoint:

Full Name:	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address: Mobile Phone No.:			

and

Full Name:	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address: Mobile Phone No.:			

or failing *him / her, the Chairman of the meeting, as *my / our *proxy / proxies to vote for *me / us on *my / our behalf at the 24th Annual General Meeting of the Company, which will be conducted fully virtual from the Broadcast Venue at 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman on Tuesday, 18 August 2020 at 11:00 a.m., and at any adjournment thereof in the manner as indicated below:

Resolution	Particular	For	Against
Ordinary Resolution 1	Payment of Directors' fees		
Ordinary Resolution 2	Payment of chairmanship allowance		
Ordinary Resolution 3	Payment of attendance allowance		
Ordinary Resolution 4	Re-election of Datuk Tan Hiang Joo as Director		
Ordinary Resolution 5	Re-election of Alfian bin Tan Sri Mohamed Basir as Director		
Ordinary Resolution 6	Re-appointment of RSM Malaysia as Auditors		
Ordinary Resolution 7	Proposed continuation in office of Datuk Tan Hiang Joo as Independent Non-Executive Director		
Ordinary Resolution 8	Proposed continuation in office of Kek Jenny as Independent Non-Executive Director		
Ordinary Resolution 9	Proposed Gratuity Payment to Former Senior Independent Non-Executive Director		
Ordinary Resolution 10	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 11	Proposed Renewal of Share Buy-Back Mandate		
Ordinary Resolution 12	Proposed Renewal of Shareholders' Mandate for RRPTs		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this day of

....
Signature*
Member

** Manner of execution:*

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

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 main venue of the meeting. Shareholders WILL NOT BE ALLOWED to attend the 24th AGM in person at the Broadcast Venue on the day of the meeting. Shareholders who wish to participate the 24th AGM will therefore have to register via the link https://shorturl.at/gvHV4. For further information, kindly refer to the Administrative Notes at www.eupe.com.my/annual-reports-2020.
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4. A member of the Company who is entitled to attend and vote at the AGM may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the AGM.
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10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is Sunday, 16 August 2020 at 11:00 a.m.
12. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of AGM will be put to vote by way of poll.

Affix
Stamp

EUPE CORPORATION BERHAD
Registration no.199601005416 (377762-V)

c/o **Mega Corporate Services Sdn Bhd**
(Registration no.198901010682 (187984-H))

Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia

Building Lifestyles, Building Trust

EUPE CORPORATION BERHAD Registration No.199601005416 (377762-V)
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Kedah Darul Aman, Malaysia.
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eupe sustainability plus