# Building Lifestyles Building THRUST

ANNUAL REPORT 2022

EUPE

Building Lifestyles, Building Trust

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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
Tham Sau Kien

**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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F. +604-441 4548
www.eupe.com.my

## Auditors
RSM Malaysia PLT
(202206000002 (LLP0030276-LCA)
& AF 0768)
Chartered Accountants
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F. +603-2698 6600

## 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 Bursa Malaysia
Securities Berhad
Stock Name : EUPE
Stock Code : 6815

## Principal Bankers
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

## Registrar
Mega Corporate Services Sdn Bhd
(Registration No.
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Level 15-2, Bangunan Faber
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# CHAIRMAN'S MESSAGE

The past 12 months have been one of the most challenging in recent memory.

The pandemic has continued to create disruptions for business and the economy for a second consecutive year. Recent events in Europe are likely to heighten market uncertainties and inflationary pressures that COVID-19 embedded in global and local economies over the past two years.

While the Group's revenue and profit decreased compared to the previous year's results, they represent a solid outcome given the extent of the operational challenges faced by the Group over the past 12 months.

As we begin to emerge from COVID-related restrictions, I am pleased to report that the outlook for the Group is positive. We have recently launched our most ambitious and innovative residential project to date - Est8 @ Seputeh. Buyer response has been strong and underlines that our product offering in a market which is placing a growing premium on difference combined with affordability remains a compelling one.

Our first two KL projects received two sought-after industry awards for their innovative design and value creation in FY2022. Our Northern operations have also experienced a welcome turnaround.

Importantly, we have used this challenging period to expand the Group's project pipeline and equip our teams with new capabilities and efficiencies. While the cumulative impacts of the pandemic are likely to impact our financial results over the coming year, I am confident the Group's efforts over the past 12 months have bolstered both its competitiveness and resilience to meet what is likely to be a prolonged period of market and economic uncertainty.

I would like to thank Eupe's management team as well as all Eupe's staff for their commitment and perseverance during these very testing times, as well as my fellow Board members for their valued advice to both myself and management.

Most of all I would like to again thank all our shareholders for their ongoing support and continuing to place their trust in Eupe.

***'We have used this challenging period to expand the Group's project pipeline and equip our teams with new capabilities and efficiencies.'***

DATUK TAN HIANG JOO

**Independent Non-Executive Chairman**

# MANAGEMENT DISCUSSION & ANALYSIS

*'We have not allowed external events, and the ongoing uncertainty to determine our future prospects and performance.'*

DATO' BEH HUCK LEE
Group Managing Director

## Introduction

The past financial year created a further 12 months of challenges that have tested Eupe as well as the wider economy.

Movement restrictions and other measures to combat the COVID-19 virus continued in one form or other for the entire financial year, despite the successful rollout of vaccines and ongoing efforts by the Government to help cushion the financial impacts for businesses and the communities. FY2022 was the second consecutive full year in which the pandemic has contributed to a significant and negative impact on business operations and consumer sentiment in Malaysia as well as globally.

We are now seeing the longer-term impacts of the prolonged disruption emerge, particularly in the form of global and local supply chain pressures and labour shortages. In addition, new geo-political uncertainties are exacerbating inflationary pressures.

For Eupe, as with many businesses, these macro challenges and uncertainties have continued to flow through to obstacles and uncertainties for our on-the-ground operations. The cumulative impacts of the pandemic over the past two years in turn have been reflected in our financial results for the full financial year. Movement restrictions, in particular, have posed challenges for project completion, while negative market sentiment has forced us to re-evaluate and slow the rollout of our project pipeline. The ripples of these unprecedented disruptions will continue to be reflected in the Group's financial results for FY2022/23.

However, we have not allowed external events, and the ongoing uncertainty to determine our future prospects and performance. Over the past 12 months, we have assembled a platform of new projects and operational efficiencies to re-establish our financial and operational momentum and sustain it into the longer-term. This includes a major, new land acquisition in Kuala Lumpur which, combined with other potential sites in sought-after locations that we are carefully examining, aim to accelerate our pipeline of residential projects in Malaysia's capital. Future expansion of our property development operations in Northern Malaysia will be also underpinned by the acquisition of a significant parcel of prime land in Sungai Petani. We have also accelerated our pivot to new technologies that will provide ongoing design and construction efficiencies.

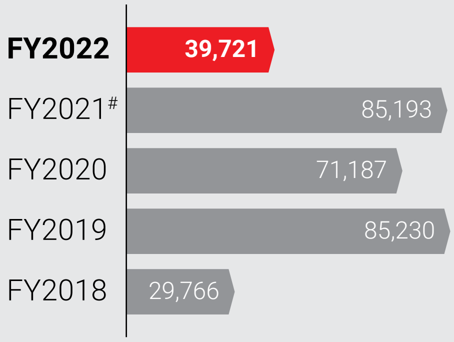
In summary, COVID-related disruptions over the past year have had a direct impact on our operations in the short-term, but they have also encouraged us to build strategic and operational thrust into our operations that will allow us to recover lost ground and underpin the Group's financial growth in the medium and longer-term. I am confident the key learnings, resilience and growth strategies we have developed over this very challenging period have prepared the Group to take advantage of the shifts in buyer and market dynamics during what is likely to be an extended period of market uncertainty.

## Financial Results

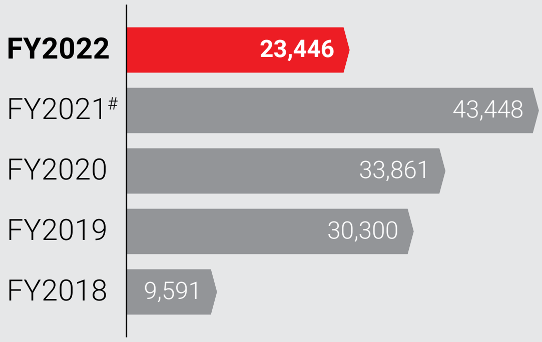
In line with recent financial years, a large proportion of the Group's revenue and profit for FY2022 has been attributable to the proceeds from the Group's Klang Valley property development operations. The launch of our third KL project - Est8 @ Seputeh - was delayed due to ongoing market uncertainty resulting from COVID-19 until the last quarter of the financial year 2022. As a result, proceeds from our second KL project - Parc3 @ KL South - continued to contribute to the bulk of the Group's revenue until its completion and commencement of handover in the final quarter. Improved results from our Northern property division only partially offset the decrease in the Group's overall revenue compared to FY2021 due to delays to our KL project rollout timeline.

As a result, Group revenue for FY2022 totalled RM223.2 million compared to revenue of RM304.0 million for FY2021, a decrease of RM80.8 million. This translated into Group pre-tax profit for the full-year of RM39.7 million, RM45.5 million lower than the pre-tax profit of RM85.2 million achieved for the previous financial year. As a result, earnings per share decreased from 33.94 sen to 18.32 sen. Eupe is in a net cash position with sale proceeds received from Parc3's project completion providing scope to fund the Group's project pipeline going forward.

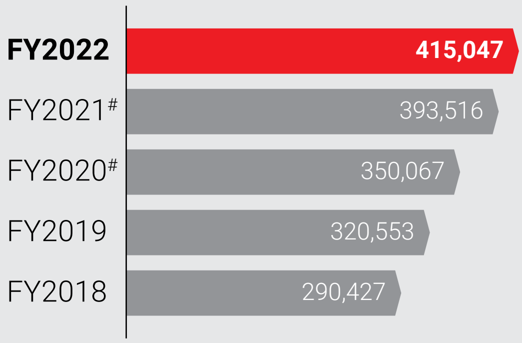
**Profit Before Tax ("PBT") (RM'000)**



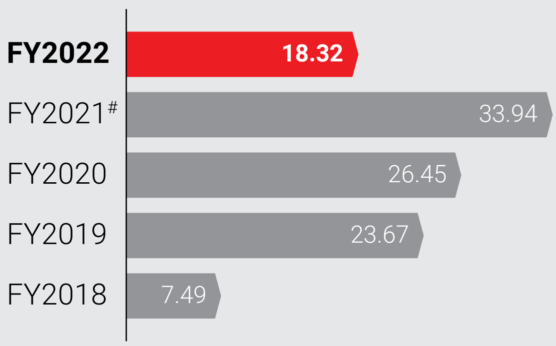

**Profit attributable to equity holders of the Company (RM'000)**




**Shareholders' funds (RM'000)**




**Earnings per share ("EPS") (sen)**




Key FY2022 Financial Results

# included effects from the adoption of the IFRS Interpretations Committee ("IFRIC") Agenda Decision on MFRS 123 Borrowing Costs


Parc3 has been successfully completed and handed over to buyers.

## Property Development Division

The Group's Property Development Division ("PDD") remains the largest contributor of revenue and profit with its operations comprising two regions. The Klang Valley region focuses on high-rise residential projects in Malaysia's capital while the Northern region develops residential projects with an emphasis on affordable, township-style housing in Sungai Petani which is the largest population centre in Kedah.

As stated, the ongoing movement restrictions that continued through most of FY2022 disrupted key aspects of PDD's project rollout schedule for the year, in particular delaying the launch of Est8. In spite of these challenges, PDD achieved a number of milestones that helped support the Group's results for the financial year, as well as standing the Group in good stead going forward.

First and foremost, FY2022 saw the completion and commencement of handover of Parc3. Despite major operational and logistical challenges associated with movement restrictions, Parc3 was completed on schedule and the project was handed over to buyers from December 2021.

The success of the project, which is now totally sold out, was underlined by the very positive response by buyers to their new home, particularly the many design innovations and construction quality we invested in. Moreover, Parc3 was awarded Malaysia's Best Sustainable High-Rise Development award at the iProperty Development Excellence Awards 2021, a very pleasing recognition of the many sustainability innovations we embedded into the project's design that merge the best in green living with urban convenience.

Our maiden KL project, Novum @ South Bangsar, also garnered another prestigious award during the year - The Edge Malaysia-PEPS Value Creation Excellence Award 2021. The award recognises the property project in Malaysia which has generated most value for buyers. The award is a testament to Eupe's philosophy of 'Shared Value' in which we invest more design and lifestyle features into our projects to maximise value for our buyers. Both sought-after awards underline how our unique approach to urban residential design is continuing to receive strong industry, buyer and brand recognition.

*'Our Property Development Division achieved a number of milestones that helped support the Group's results for the financial year, as well as standing us in good stead going forward.'*

***'Our latest KL residential project - Est8 @ Seputeh - was launched in November 2021 and has attracted a strong take-up, with Tower A more than 80 per cent sold.'***

Our latest KL residential project - Est8 @ Seputeh - was launched in November 2021 and has attracted a strong take-up, with Tower A more than 80 per cent sold and Towers B and C, which was launched in April 2022, also garnering very solid interest from buyers. Est8 is our most ambitious project to date, offering a range of innovative architectural and lifestyle features masterplanned around the concept of an urban sanctuary on the doorstep of the Mid Valley shopping and entertainment precinct, one of KL's most sought-after locations.

Work is well-advanced on our fourth KL project - Helix2 @ PJ South - which we aim to launch in the second half of 2022. This project is aimed at young and first-home buyers in an emerging precinct in KL and we will draw on our wide experience of designing and constructing quality, affordable homes in Northern Malaysia to create a compelling offering for our target market and, in doing so, provide a pathway for the Group to diversify its offering into the fast-growing affordable housing market in KL.


Est8's façade is inspired by Eupe's commitment to develop innovative and iconic architecture.

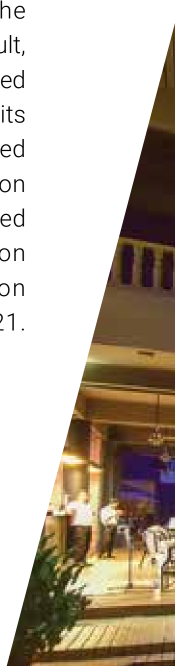
Eupe's Northern property projects continue to offer compelling value for a growing market of aspirational buyers.

Our Northern property division experienced a strong turnaround in sales and revenue over the past financial year. This was a pleasing result given the challenges the division faced the previous year with buyer sentiment in our core markets at Sungai Petani particularly impacted by the COVID-19 pandemic. Stronger sales take-up rates of completed properties and also for the newly launched township residential projects in Northern Region, namely Astana Park Homes A (Phase 13 to Phase 16), Cinta Sayang Resort Villas (Phase 4) and Bandar Seri Astana B2 (Phase 2) helped to minimise the impact of lower revenue contribution from PDD's Central Region for FY2022.

In addition to these results, our project pipeline has expanded significantly, with a 53.74-acre parcel of land purchased in January 2022 in Sungai Petani, Kedah, which will underpin revenue and profit growth for PDD's Northern Division in the medium to longer-term. Work has commenced on masterplanning the proposed development which at this stage will incorporate both residential and commercial segments to cater for nearby government and other civic facilities, as well as the growing market of aspirational home buyers in Sungai Petani, Kedah.

We have also secured a parcel of land in the sought-after Kuala Lumpur precinct of Belfield and we are still actively identifying a number of other land parcels in strategic locations in Klang Valley. The Belfield land will allow us to further develop our unique product offering while providing a platform for strong revenue growth when the project is expected to be launched from FY2025. In addition, we continue to move ahead with our adoption of digital technologies, including Building Information Modelling (BIM), to improve design and construction efficiency, as well as continual implementation of best-practice quality control processes which, in combination, will sharpen the Group's key points of differentiation, namely design innovation, cost competitiveness and product quality.

As a result of the COVID-related challenges outlined above, total PDD revenue for FY2022 was RM207.2 million, RM82.1 million lower than FY2021's revenue outcome of RM289.3 million. As stated, the decrease was largely due to the slow-down of our project rollout in KL and the completion of Parc3, factors that were partially offset by the improved performance of the Northern division. This revenue result, together with additional costs incurred by the promotion of Est8 ahead of its launch in November 2021, translated into a pre-tax profit for the Division of RM44.1 million. This represented a decrease of RM46.4 million, on pre-tax profit of RM90.5 million recorded by the Group in FY2021.



## Property Construction

The Property Construction Division's main functions are to execute in-house construction projects and supply building materials to its sub-contractors. Recorded revenue for the Division for FY2022 was RM8.4 million, comparable to RM8.2 million for the previous financial year. Its full year pre-tax loss increased to RM1.2 million, compared to RM0.6 million recorded for FY2021, primarily due to the rising cost of building materials. The full-year results for the Division were after the full elimination of inter-company transactions in relation to in-house construction contract works.

Construction works on Est8 are well underway.

## Chalet and Golf Management Division

The Chalet and Golf Management Division, which operates from the Cinta Sayang Resort in Sungai Petani, provides a range of chalet, convention, banqueting, golf and other recreational facilities and services. As with the previous year, the Division's operations were significantly disrupted by continuing movement restrictions and subdued consumer sentiment resulting from the COVID-19 pandemic. This environment added to the structural challenges of increasing competition in the Northern Malaysia's hospitality sector particularly from homestay service providers in the area. However, with recent moves by the Government to manage COVID-19 as an endemic rather than a pandemic, we have begun to see a gradual increase in bookings as well as overall improvement to the business at the Resort. We expect this trend to continue as international borders re-open and tourism activity in Malaysia begins to rebuild. As with the previous financial year, the Division's management continued to seek out operational savings and efficiencies and work continues to realign the Division's operations in the wake of the significant impacts to the hospitality sector and tourism generally due to the COVID-19 virus.

The Division recorded total revenue of RM5.0 million for the full financial year, an increase of RM0.9 million compared to FY2021. These changes resulted in a pre-tax loss of RM2.7 million for FY2022, an improvement of RM2.6 million compared to pre-tax loss of RM5.3 million recorded for the preceding year. The decrease in pre-tax loss was mainly due to the Resort's on-going cost rationalisation program as well as the one-off impairment on The Carnivall water park reported in the previous financial year.


Eupe's Cinta Sayang Resort continues to be impacted by the headwinds of a subdued tourism market.

## Others

The Others Division includes rental income to the Group from its investment properties, mostly in Sungai Petani, Kedah. The Division's revenue of RM2.5 million was comparable to the previous year of RM2.4 million, with a pre-tax loss of RM0.6 million in FY2022, compared to a pre-tax profit in FY2021 of RM0.5 million. The decrease in pre-tax profit was due to lower interest income and higher administrative costs.



Helix2 will feature a range of innovative design features.

*'The prolonged nature of the pandemic has made businesses and consumers more cautious in terms of investment and spending decisions.'*

## Market Outlook

The ongoing impacts of COVID-19, particularly while the risk of new variants emerging remain high, will continue to cast a high degree of uncertainty over market conditions for the foreseeable future. The easing of movement restrictions and the re-opening of Malaysia's international borders in April 2022 is having a positive impact on consumer sentiment in the shorter-term, although the prolonged nature of the pandemic has undoubtedly made businesses and consumers more cautious over the longer-term in terms of investment and spending decisions.

We welcomed the range of support offered by the government's economic assistance through fiscal policies, as well as the effectiveness of its vaccine rollout program that have assisted businesses and consumers to weather the worst impacts of the pandemic. At the same time, the pandemic underlines the need for strong fiscal discipline by the government going forward to increase Malaysia's economic reliance as well as providing additional, targeted support for those segments of the economy that bore the brunt of impacts of COVID-19 over the past two years.

We note that Malaysia's economy is expected to continue its gradual recovery over the current year, with growth projected to accelerate into the next year. At the same time, market sentiment and in particular consumer confidence is likely to be influenced by global and regional inflationary pressures, due to ongoing disruptions on supply chains arising from the pandemic, as well as hikes in global energy prices resulting from the Russian invasion of Ukraine.

Given these macro uncertainties, the Group remains committed to focus on events and actions over which we can control. The impacts from the pandemic have accelerated existing market trends and created new ones. In particular, it has refocused consumers' priorities for a safe and secure home environment which, for property developers, means meeting more diversified buyer and investor demands for affordable yet innovative home designs that combine lifestyle, work, health and well-being.

Our focus on design diversification and innovation has been the foundation of our success in recent years, as evidenced by the sought-after industry awards we have recently won, as well as growing brand recognition. The strong sales take-up of our projects underscore the importance of these competitive advantages. We will continue to sharpen our focus on these points while ensuring our products remain competitively priced in a market where buyers are likely to remain highly focused on both differentiation and value.

## Risk Management

Supply chain uncertainties as well as inflationary pressures created by the impacts of the pandemic and more recently, Russia's invasion of Ukraine have created new risks for business generally, but particularly for the property development sector that depends on the timely sourcing of a range of inputs to design and construct its products.

Inflationary concerns are likely to result in a succession of interest rate rises that will increase the cost of borrowings for companies and consumers alike. Construction materials costs are likely to be subject to fluctuations and increases, a major risk given construction material costs represent a significant portion of development costs. Overall, this environment makes it increasingly important to focus on operational efficiencies and innovative design that result in products that are both highly differentiated while remaining affordable. The Group is also focused on identifying efficiencies in both design and construction and improving alignment in our sourcing and tendering processes around price and quality.

Labour shortages are also an emerging risk following the government policy changes aimed at curtailing the intake of foreign workers. In response to challenges, Eupe is examining the potential of Industrialised Building System (IBS) approaches to reduce its reliance on the foreign labour market.

*'Supply chain uncertainties as well as inflationary pressures have created new risks for business.'*

## Conclusion

In summary, as we continue to live with the continuing effects of COVID-related disruption, Eupe has encountered a number of obstacles which have - as with many other businesses - impacted our operations in the short-term. Despite these challenges, we have used this period to bolster the Group's fundamental strategies and approaches that will result in a number of operational improvements going forward.

With economic uncertainty appearing to be the main certainty going forward, I believe these improvements will in turn develop our resilience and adaptivity to address both the challenges that we anticipate, as well as unforeseen challenges and obstacles. As this report has highlighted, the Group is emerging from this unprecedented period of disruption with renewed strategic and operational thrust and momentum.

I would like to thank all our buyers, supporters, business partners as well as our loyal shareholders for their ongoing and much valued support throughout these difficult times. Their support inspires us to set higher goals and continuously improve our performance to achieve them. I also want to express my great thanks again to the Board for their continuing advice and support which has been invaluable in helping the Group emerge stronger from this challenging period.

# BOARD OF DIRECTORS PROFILE

## DATUK TAN HIANG JOO

Independent Non-Executive Chairman - Age 59, male, Malaysian

Datuk Tan Hiang Joo 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. He is the Deputy President of Penang Chinese Chamber of Commerce. He sits on the board 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 all of the five (5) board meetings held during the financial year ended 28 February 2022. Other than the Company, he also holds directorship in Seal Incorporated Berhad. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## DATO' BEH HUCK LEE DSDK, AMK

Group Managing Director - Age 52, male, Malaysian

Dato' Beh Huck Lee 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 Bursa Malaysia Securities Berhad.

He attended all of the five (5) board meetings held during the financial year ended 28 February 2022. He does not hold any directorship in other public company and listed issuer other than the Company. He is the brother of Ms Beh Yeow Seang, the 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 director of these two companies. He has no conflict of interest with the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

DATUK TAN HIANG JOO | DATO' BEH HUCK LEE | MUHAMAD FAISAL BIN TAJUDIN | ISKANDAR ABDULLAH @ SIM KIA MIANG

## MUHAMAD FAISAL BIN TAJUDIN

Executive Director - Age 52, male, Malaysian

Muhamad Faisal Bin Tajudin 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 of the five (5) board meetings held during the financial year ended 28 February 2022. He does not hold any directorship in other public company and listed issuer other than the Company. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He is currently a director of Betaj Holdings Sdn Bhd, a major shareholder of the Company. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

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

Independent Non-Executive Director - Age 58, male, Malaysian

Bingley Sim was appointed to the Board on 21 April 2016. He is the Chairman of the Risk Management and Audit Committee as well as a member of the Nomination Committee and 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. He was appointed as a member of the Listing Committee of Bursa Malaysia Berhad on 1 October 2018. He also sits on the board of National Art Gallery, Malaysia since May 2022.

He attended all of the five (5) board meetings held during the financial year ended 28 February 2022. He does not hold any directorship in other public company and listed issuer other than the Company. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# BOARD OF DIRECTORS PROFILE

## KEK JENNY

Independent Non-Executive Director - Age 57, female, Malaysian

Kek 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 all of the five (5) board meetings held during the financial year ended 28 February 2022. She does not hold any directorship in other public company and listed issuer other than the Company. She has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. She has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## ALFIAN BIN TAN SRI MOHAMED BASIR

Independent Non-Executive Director - Age 48, male, Malaysian

Alfian Bin Tan Sri Mohamed Basir 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 Independent Non-Executive Director of Willowglen MSC Berhad. He attended all of the five (5) board meetings held during the financial year ended 28 February 2022. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

KEK JENNY ALFIAN BIN TAN SRI MOHAMED BASIR BEH YEOW SEANG THAM SAU KIEN

## BEH YEOW SEANG

Non-Independent Non-Executive Director - Age 50, female, Malaysian

Beh Yeow Seang 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.

She 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 co-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.

She attended all of the five (5) board meetings during the financial year ended 28 February 2022. She does not hold any directorship in other public company and listed issuer other than the Company. 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. She is currently a director of Beh Heng Seong Sdn Bhd. She has no conflict of interest with the Group. She has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## THAM SAU KIEN

Independent Non-Executive Director - Age 60, female, Malaysian

Tham Sau Kien was appointed to the Board on 18 June 2021.

She holds a Bachelor of Science (Hons) Degree in Management and Political Science from Universiti Sains Malaysia and a Master of Business Administration (MBA) from Indiana University, USA. She is presently a Director and Chairperson of Select TV Sdn Bhd ("Select TV"), a technology solutions provider to the hospitality industry with over 15 years' experience and customers in 10 countries globally. Select-TV is headquartered in Kuala Lumpur and is an investee of MAVCAP (Malaysian Venture Capital Management Berhad) and Intel Capital. Prior to her present appointment, she last held the position of Principal in a US-based global private equity fund management company where she has gained many years of experience in mergers and acquisitions, corporate restructuring and initial public offerings of investee companies.

She attended three (3) board meetings during the financial year ended 28 February 2022 since her appointment to the Board on 18 June 2021. She does not hold any directorship in other public company and listed issuer other than the Company. She has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. She has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# SENIOR MANAGEMENT PROFILE

## DATO' BEH HUCK LEE

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

Age 52, male, Malaysian. Dato' Beh was appointed as Group Managing Director on 1 July 1997.

Dato' Beh's profile is set out in page 14 of this Annual Report.

## NG KEE CHYE

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

Age 58, 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 30 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 any directorship in public company and listed issuer. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 28 February 2022.

## PAUL CHANG

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

Age 52, male, Singaporean. Mr. Chang was appointed as Strategic Projects Director on 1 March 2016.

Mr. Chang has over 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, 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 any directorship in public company and listed issuer in Malaysia. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 28 February 2022.

## DATIN MICHELLE GAN

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

Age 50, female, Malaysian. Datin Michelle joined the Company as Senior Manager-Marketing and Design on 1 July 1997 and was appointed as Director of Marketing and Sales on 1 January 2016.

Datin Michelle heads the marketing and sales division, with a key focus on design and development. 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. She has overall responsibility for the Group's project marketing and sales strategies, and a key role in ensuring that Eupe's product design and development not only encompass the values of the company, but are a defining feature and point of differentiation for the Group. Her passion for art has translated into her advising and co-ordinating the development of public art into Eupe's residential projects as well as ensuring the Group's sustainability values are embedded into the lifestyle attributes of each project's design.

Datin Michelle does not hold any directorship in public company and listed issuer. She is a Director of Beh Heng Seong Sdn Bhd, a major shareholder of the Company. She is the wife of Dato' Beh Huck Lee, the Group Managing Director of the Company, sister-in-law of Ms. Beh Yeow Seang, a Director of the Company 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 no conflict of interest with the Group. She has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 28 February 2022.

## TAN MING SIANG Director - Property Development (mingsiang@eupe.com.my)

Age 42, male, Malaysian. Mr. Tan was appointed as Director - Property Development on 12 October 2020.

Mr. Tan holds a Bachelor of Engineering (First Class Honours) from Universiti Teknologi Malaysia and has over 18 years of experience in the engineering and property development sector. He has been involved in the construction and development of a number of major building and infrastructure projects in Malaysia and overseas, including Kajang SILK Highway, Rihan Heights in Abu Dhabi, Kuala Lumpur Convention Centre, Prince Court Medical Centre as well as luxury hotels, high-rise condominiums and an award-winning commercial complex.

Prior to joining Eupe in 2020, he was Development Director in an international real estate company, involved in the development of Tun Razak Exchange, a world-class, integrated, mixed development in the heart of Kuala Lumpur.

Mr. Tan does not hold any directorship in public company and listed issuer. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 28 February 2022.

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

Age 63, male, Malaysian. Mr. Sim was appointed as General Manager - Projects on 1 November 2016 and was promoted to the position of Senior General Manager, Projects on 1 May 2020.

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 any directorship in public company and listed issuer. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 28 February 2022.

## CHUAN YEONG MING

Head of Construction cum Deputy General Manager for Township Development (chuan@eupe.com.my)

Age 61, male, Malaysian. Mr Chuan was appointed as Head of Construction cum Deputy General Manager for Township Development on 1 January 2019.

Mr. Chuan holds a BSc in Civil engineering (Houston, USA) and a 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 35 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 any directorship in public company and listed issuer. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 28 February 2022.

## DR. MARK TRIFFITT Strategic Communications Director (mtriffitt@eupe.com.my)

Age 56, male, Australian. Dr. Triffitt 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 university lecturer at a post-graduate level in strategic communications and public policy governance as well as a political advisor and 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 any directorship in public company and listed issuer in Malaysia. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 28 February 2022.

## JOHNNY SIA General Manager of Construction Management (johnny@eupe.com.my)

Age 49, male, Malaysian. Mr Johnny was appointed as General Manager of Construction Management on 26 October 2021.

Mr Johnny holds Master's degree and professional degree in Architectural. He has hands-on experience in the property and construction industry over the past 22 years. An architect trained, he held senior management positions in several publicly-listed companies in Malaysia and abroad, helming a diverse portfolio of project development ranging from high-rise to landed integrated townships residential, commercial, retail and hospitality property mainly on construction and development management.

Prior to joining EUPE, he was with Hong Kong listed investment company based in Saigon involving a world's leading brand hospitality development.

Mr. Johnny does not hold any directorship in public company and listed issuer. He has no conflict of interest with the Group and has no family relationship with any Director and/or major shareholder of the Group. He has not been convicted of any offence (other than traffic offences, if any) within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 28 February 2022.

# GROUP STRUCTURE

## EUPE CORPORATION BERHAD AND ITS SUBSIDIARIES
## GROUP STRUCTURE BY DIVISION AS AT 28 FEB 2022

### DIVISION

**INVESTMENT HOLDING**

- EUPE CORPORATION BERHAD

**PROPERTY DEVELOPMENT**

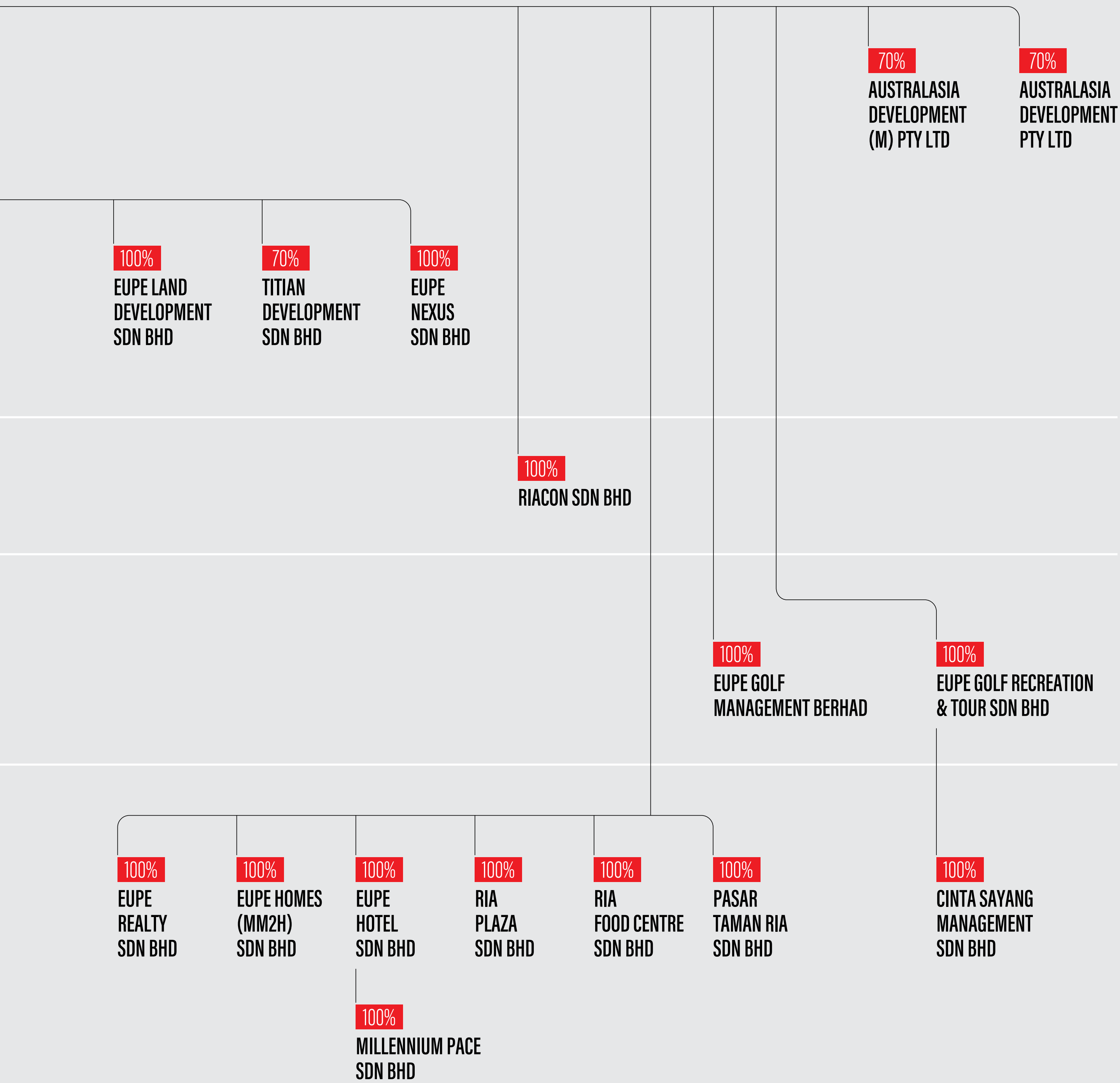
- 100% BUKIT MAKMUR SDN BHD
- 100% MERA-LAND (MALAYSIA) SDN BHD
- 100% ESTEEM GLORY SDN BHD
- 100% EUPE KEMAJUAN SDN BHD
  - 60% EUPE DEVELOPMENT SDN BHD
  - 50% EUPE BANGSAR SOUTH DEVELOPMENT (JV) SDN BHD
  - 70% TITIAN SAMA SDN BHD
  - 100% ORIENTAL PLUS SDN BHD
- 100% EUPE PJ SOUTH DEVELOPMENT SDN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

**PROPERTY CONSTRUCTION**

**CHALET & GOLF OPERATION & MANAGEMENT**

**OTHERS**

- 70% MAKMUR LONGAN FARMING SDN BHD (subsidiary of BUKIT MAKMUR SDN BHD)
- 70% TITIAN KAYANGAN SDN BHD (subsidiary of EUPE KEMAJUAN SDN BHD)


70%
AUSTRALASIA DEVELOPMENT (M) PTY LTD
70%
AUSTRALASIA DEVELOPMENT PTY LTD
100%
EUPE LAND DEVELOPMENT SDN BHD
70%
TITIAN DEVELOPMENT SDN BHD
100%
EUPE NEXUS SDN BHD
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%
RIA PLAZA SDN BHD
100%
RIA FOOD CENTRE SDN BHD
100%
PASAR TAMAN RIA SDN BHD
100%
CINTA SAYANG MANAGEMENT SDN BHD
100%
MILLENNIUM PACE SDN BHD

# Sustainability Report

# ABOUT THIS STATEMENT

(GRI 102-1; GRI 102-3; GRI 102-4; GRI 102-13; GRI 102-46; GRI 102-52; GRI 102-53)

Eupe Corporation Berhad ("Eupe" or "the Group") proudly presents this sustainability statement for the fiscal year ended 28 February 2022 ("FY2022"). It covers the progress the Group has made and the challenges we have identified and addressed to strengthen ESG performance across our operations.

As Malaysia's economy moves towards the recovery phase from the impacts of COVID-19 and associated movement restrictions, we remain committed to creating long-term value for our stakeholders and the communities in which we operate. Sustainability is an integral practice to creating lasting environmental, economic and social value and this year, to further embed accountability and transparency into our environmental, social and governance ("ESG") performance, we have developed a set of Key Performance Indicators ("KPIs"), based on four key focus areas selected by our Board of Directors. These KPIs allow us to further focus on sustainability efforts in a way that allows us to measure and improve our performance. Additionally, we re-assessed and re-prioritised our material sustainability matters to ensure they accurately reflect the priorities of the Group for FY2022.

As this report outlines, all our efforts align with Eupe's ongoing *Sustainability Plus* strategy - an integrated platform of sustainability goals and objectives developed by the Group since 2015 - which in turn sets the framework for our specific ESG initiatives and achievements that are set out in this report.

This year, Eupe took the opportunity to update and expand its *Sustainability Plus* strategy, following the previous update in 2017. The updated strategy remains organised around our two overarching sustainability principles, Sustainable Eco-Design and Building Strong Communities. However, in response to the COVID-19 pandemic, the revised strategy incorporates COVID-safe principles and practices into our Healthy Air framework (part of the Sustainable Eco-design principle) that we have utilised into the design of two of our major Klang Valley developments, namely Parc3 and Est8.

The 2022 *Sustainability Plus* strategy can be found on Eupe's website at:

https://www.eupe.com.my/sustainability

## Reporting Boundaries & Scope

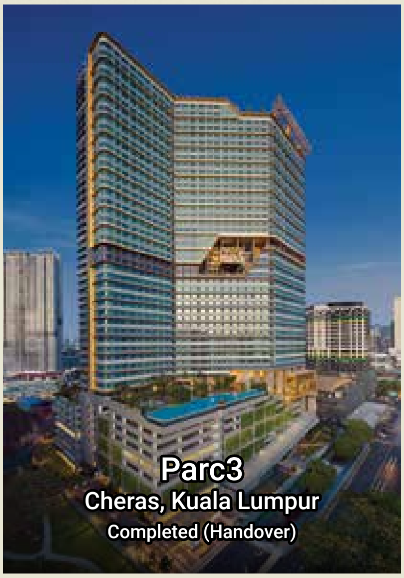
As part of our ongoing commitment to strengthening Eupe's sustainability governance practices, the Group has also this year expanded the scope of reporting to include Eupe's Northern Region Property Sector projects located in Sungai Petani, Kedah. The ESG disclosures in this statement cover the following entities as well as our major KL projects:

i. **Offices: Headquarters** ("HQ") in Sungai Petani as well as the Klang Valley office

ii. **Property Sector (Central Region)**: Novum, Parc3, Est8, and Helix2[1] in Kuala Lumpur

iii. **Property Sector (Northern Region)**: Astana Park Homes, Puncak Surya, Padang Serai, and Cinta Sayang Resort Villas in Kedah[2]

iv. **Hospitality Sector**: Cinta Sayang Resort in Kedah



## Reporting Framework

This statement has been prepared in accordance with the Bursa Malaysia Securities Main Market Listing Requirements with reference to the 2nd Edition Sustainability Reporting Guide issued by Bursa Securities. The statement is also guided by the reporting standards set by the Global Reporting Initiatives ("GRI") as well as our support for the United Nations Sustainable Development Goals ("UN SDGs" or "SDGs") which form part of our reporting framework.

## Feedback

We welcome feedback, and if you have any questions or concerns regarding matters disclosed in this statement, please contact:

**Dr. Mark Triffitt**
Strategic Communications Director
corpcomm@eupe.com.my | +603-7610 0636

## Accessibility

This statement forms part of our Annual Report which can be accessed on our corporate website: http://www.eupe.com.my in the "Investor Relations" section.

[1] Disclosures on Helix2 are limited to the Design and Innovation, and Affordability sections of this report.

[2] Disclosures on Northern Projects are included in general disclosures for the Group and in raw materials data. Moving forward, we are working to improve data collection capacity from the Northern Projects.

# SUSTAINABILITY HIGHLIGHTS

## FY2022 Highlights

**Introduced KPIs** to give clear, specific and measurable ESG goals to improve the Group's sustainability performance

Parc3 awarded the **Best Sustainable High Rise Development** at iDEA 2021

Donated over **RM150,000** to community development mainly through food aid and monetary support

Achieved **100%** local procurement throughout the Group's operations

Established a **Sustainability Framework** which serves as a blueprint in managing our ESG risks and opportunities

**Zero whistleblowing, bribery or corruption** cases reported for FY2022

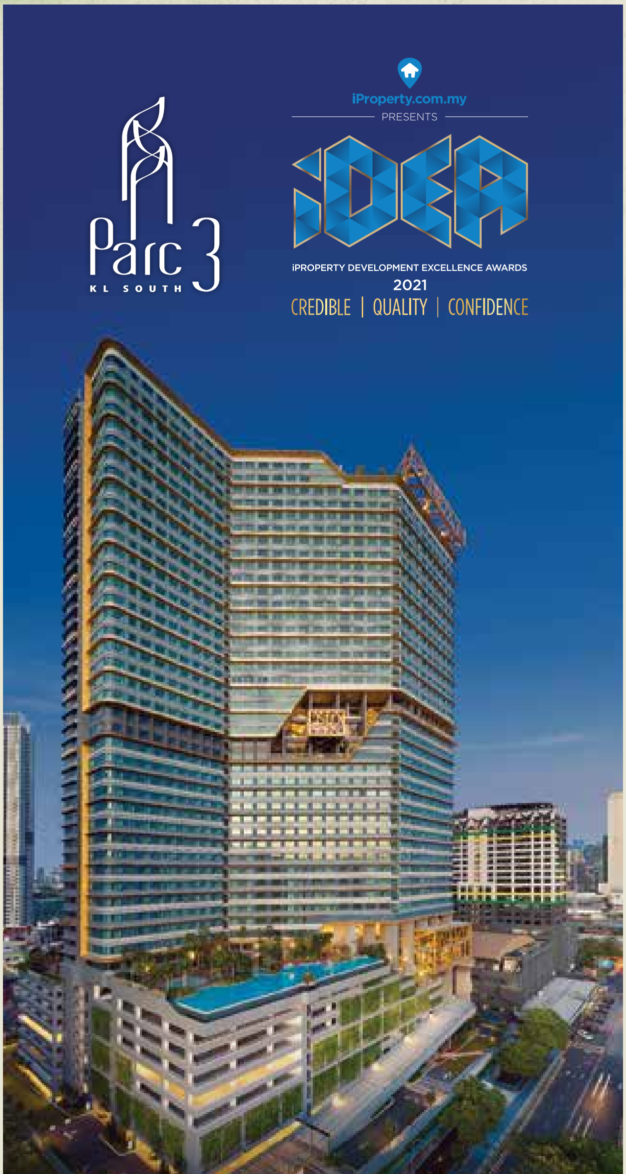
Enhanced **risk mitigation mechanism** to control project impacts

**Digitalised** Cinta Sayang Resort's promotion campaigns

**Zero lost time injury recorded** for the Group in this reporting year

Realignment of job grades to **streamline rewards** and **employee communication**

## Awards and Recognition




iProperty Development Excellence Award (iDEA) 2021
- **Best Sustainable High-Rise Development**


The Edge Property Excellence Awards 2021
- **PEPS Value Creation Excellence Award**

## Eupe's Association Memberships

(GRI 102-13)

**REHDA Malaysia**
Real Estate & Housing Developers Association

**FIABCI Malaysia**
International Real Estate Federation

**CIDB**
Construction Industry Development Board

# *OUR APPROACH TO SUSTAINABILITY*

## Sustainability Framework

To illustrate the connectedness of our sustainability objectives, our UN SDG contributions, as well as our Group Mission, we have established the following sustainability framework. This framework has been built around and supports our existing *Sustainability Plus* Strategy which we have developed to give overall consistency and coherency to our sustainability practices across all our operations.

**Vision**

**To become the most trusted brand in every sector in which we operate**

**Mission**

- To offer the best product and customer service
- To deliver on our promises and undertakings to all our stakeholders
- To be flexible and responsive to our customers, partners and alliances
- To offer a dynamic and forward-looking working environment for all our employees and potential employees
- To deliver long-term, sustainable returns to our shareholders and investors

**Sustainability Plus**

**Sustainable Eco-Design**

**Building Strong Communities**

**Stakeholder Groups**

- **Employees**
- **Investors & Analysts**
- **Regulators**
- **Contractors & Suppliers**
- **Local Communities**
- **Customers/Buyers**

**Our Contribution to the UN SDGs**


**Sustainability Pillars**

**Governance**

- Ethics & Integrity
- Regulatory Compliance

**Economic**

- Financial Performance
- Affordability
- Supply Chain Management

**Environment**

- Design & Innovation
- Resource Efficiency & Consumption

**Social**

- Product Quality
- Health, Safety & Well-Being
- Customer Engagement
- Talent Attraction & Retention
- Employee Training and Development
- Community Enrichment

## Sustainability Strategy

At Eupe, we integrate eco-friendly designs into our residential projects that seek to create natural living environments that also have a positive impact on surrounding communities. With this in mind, we have developed our "*Shared Value*" philosophy, which is at the core of our *Sustainability Plus* approach. Our *Shared Value* philosophy dictates us taking less so that we can give more - to the planet, to our buyers and to communities.

Our *Sustainability Plus* approach is comprised of two main principles; **Sustainable Eco-Design** and **Building Strong Communities**. We apply these principles in our sustainable green building design and construction, as well as in the governance and management of our business operations. For more information on *Sustainability Plus*, please refer to the relevant section of our website: https://www.eupe.com.my/sustainability

### Our Contribution to the UN SDGs

In addition to our *Sustainability Plus* approach, we adopted the United Nations Sustainable Development Goals for the first time in FY2020. The Group remains fully committed to contributing positively towards the global targets set for these 17 goals. We have identified five UN SDG goals that are particularly relevant to our operations and targets we can achieve by leveraging our *Sustainability Plus* strategy.

SUSTAINABLE DEVELOPMENT GOALS

**3 GOOD HEALTH AND WELL-BEING**

- Zero lost-time injuries reported this year, showcasing our strong OHS systems and policies.
- All properties are designed with an emphasis on the mental and physical health of our residents with shared green spaces for meditation, exercise and social gatherings.
- Our residential developments are designed with a range of COVID-19 safe design features to protect our residents.
- Due to the pandemic, many of our operations shifted to virtual and online platforms; virtual recording tours for our customers.

**8 DECENT WORK AND ECONOMIC GROWTH**

- 100 per cent of the contractors and suppliers we engage are local.
- We host regular appreciation events and external training sessions for our employees to foster employee-management relationships.
- We provide opportunities and financial support for staff who desire to pursue higher education.
- We have zero tolerance for any kind of discrimination or bullying at the workplace and have a corporate-wide whistleblowing policy.

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

- Our properties embrace a range of design innovations, including Est8's state-of-the-art Active Drainage System which prevents air pockets within the plumbing system from being released into apartments.
- Our buildings use energy-efficient technology such as 5-star energy-efficient air conditioning and elevators with regenerative drive systems.

**11 SUSTAINABLE CITIES AND COMMUNITIES**

- Our building designs promote active air flow and minimise direct sun exposure, reducing reliance on air conditioning systems to keep the building cool.
- Proximity to public transport, services, and essential shops is a key consideration when selecting property locations.
- Beautification and upgrading government reserve land next to our Parc3 development and preserving existing trees and natural habitats at the Est8 land.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

- Adoption of the Industrialised Building System (IBS) precast method for one Northern project - which saves both time and raw materials required.
- Our properties have user-friendly recycling facilities to encourage residents to recycle their waste.
- Incorporation of solar panels at Est8 to reduce the electricity consumption in common areas within the property.

## Sustainability Governance Structure

(GRI 102-18, GRI 102-32)

The Group has a robust governance structure based on high standards of ethics, transparency and accountability. Overall responsibility for our three-tier governance structure rests with Eupe's Board of Directors ("the Board") which exercises leadership and oversight of the Sustainability Steering Committee ("SSC") and the Sustainability Working Committee ("SWC"). The Board is responsible for managing the Group's ESG opportunities and risks.

The SSC, chaired by the Group's Managing Director comprises of the Group's Chief Financial Officer and other members of the Senior Management. It is responsible for advising the Board on ESG initiatives to be implemented within the financial year. The SWC, on the other hand, is responsible for implementing the identified initiatives and monitoring the Group's ongoing performance.

**Board of Directors ("the Board")**

**Sustainability Steering Committee ("SSC")**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Chief Financial Officer | Senior Manager II, Group Human Resource | Director, Group Sales & Marketing | Deputy General Manager, Construction Management | Group Managing Director (Chairman) | Director, Strategic Projects | Strategic Communications Director | Director, Property Development | Senior General Manager, Projects | General Manager, Cinta Sayang Resort |

**Sustainability Working Committee ("SWC")**

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

**Board of Directors**

- Oversees proposed sustainability strategy and initiatives
- Oversees and approves Group's annual sustainability statement

**Sustainability Steering Committee ("SSC")**

- Advises the Board on sustainability initiatives
- Oversees implementation and performance
- Reports progress of sustainability initiatives to the Board

**Sustainability Working Committee ("SWC")**

- Implements sustainability initiatives
- Monitors sustainability performance
- Proposes relevant sustainability initiatives to the SSC

## Sustainability Key Performance Indicators ("KPIs")

This year, we developed Key Performance Indicators ("KPIs") to provide clear, specific and measurable goals to improve our year-on-year ESG performance. Developing and adhering to focused targets allow us to efficiently manage our sustainability performance, allocate our resources, and track our progress. To be achieved by 2025, these targets correspond to four focus areas identified by the Board:

- **Customer satisfaction and quality**
- **Employee development**
- **Waste reduction**
- **Energy and resource consumption**

Specific KPIs aligned with the four focus areas have been developed for each business division following a series of internal workshops with staff with specific responsibilities for sustainability management. The KPIs are outlined below:

| *Business Division* | Key Performance Indicator | Material Matter and SDG | Progress |
|---|---|---|---|
| | ***Economic Vitality*** | | |
| | Customer Satisfaction and Quality | | |
| *HQ - Klang Valley & Northern Region* | Conduct and track **2 customer satisfaction** surveys by 2025:<br>a. After the signing of the sales and purchase agreement<br>b. After the handover period for a project | 8 DECENT WORK AND ECONOMIC GROWTH<br>• Product Quality<br>• Customer Engagement<br>• Financial Performance | Systems in development |
| | Achieve a customer satisfaction score of **at least 85%** by the end of 2025 for all surveys conducted. | | To commence in FY2023 |
| *Contract/Projects - Klang Valley* | Segregate customer complaints by nature of issues and monitor the type which occurs most frequently during the defects liability period through an app provided to purchasers. | | In-progress |
| | Achieve a response time of **24 hours** by 2025. | | Achieved (within 24 hours) for FY2022 |
| *Projects - Northern Region* | Segregate customer complaints by nature of issues and monitor the type which occurs most frequently during the defects liability period through an app provided to purchasers. | | In-progress |
| | Achieve a response time of **24 hours** by 2025. | | In-progress |
| | Achieve **at least 80%** on customer satisfaction surveys during the defect liability period by 2025. | | To commence in FY2023 |
| | Achieve a defects rectification time of **28 days** by **2025**. | | Achieved 25 days for FY2022 |
| *Cinta Sayang Resort* | Achieve the following scores based on the product and service quality surveys by 2025:<br>a. **Rooms**: a score of at least 85% "Good"<br>b. **F&B**: a score of at least 85% "Good" | | In-progress |
| | Maintain customer complaints tracking and report monitoring outcomes for all divisions. | | In-progress |
| | Achieve the response times as follows:<br>a. **Online travel agents**: within 24 hours<br>b. **Social Media**: within 24 hours<br>c. **Walk-in guest**: immediate<br>d. **F&B Customers**: immediate | | In-progress |

| *Business Division* | Key Performance Indicator | Material Matter and SDG | Progress |
|---|---|---|---|
| ***Healthy Communities*** | | | |
| Employee Development | | | |
| *HQ - Klang Valley & Northern Region* | Record and report training hours based on type of training offered. | 3 GOOD HEALTH AND WELL-BEING<br>8 DECENT WORK AND ECONOMIC GROWTH<br>• Talent Retention and Attraction<br>• Employee Training and Development | Systems in development |
| | Achieve an average of **12 training hours per employee** annually by 2025. | | To commence in FY2023 |
| | Achieve an average of **70% of employees engaged** in training and development by 2025. | | To commence in FY2023 |
| | Reduce the total turnover rate year-on-year with a set benchmark of **less than 25%** by 2025. | | To establish baseline in FY2023 |
| | Set a benchmark voluntary turnover rate with **year-on-year reduction targets**. | | Systems in development |
| | Separate and report voluntary turnover rate from total turnover rate. | | Systems in development |
| | Implement and set a score of **70% or greater** for employee satisfaction surveys by 2025. | | Target reached 73% for FY2022 |
| | Set an average of **6 hours of CSR participation per employee** yearly by 2025. | | To commence in FY2023 |
| | Set at least **4 hours of employee engagement activities** by 2025 (e.g., gatherings, parties, cultural exchanges, company activities, family days, etc.) | | To commence in FY2023 |
| *Cinta Sayang Resort* | Record and report the number of hours for each type of training offered. | | In-progress |
| | Achieve **100% employee engagement** in training by 2025. | | In-progress |
| | Separate and report the voluntary turnover rate compared to the total turnover rate. | | Systems in development |
| | Set a total turnover rate of **less than 5%** for all operations of Cinta Sayang Resort by 2025. | | To commence in FY2023 |
| | Conduct anonymous employee satisfaction surveys on an annual basis. | | In-progress |
| | Achieve **at least 70%** "Agree" or "Strongly Agree" based on employee satisfaction surveys by 2025. | | In progress, currently at 59% |

| ***Business Division*** | **Key Performance Indicator** | **Material Matter and SDG** | **Progress** |
|---|---|---|---|
| ***Natural Environment*** | | | |
| Waste Reduction | | | |
| *HQ - Klang Valley & Northern Region* | Monitor and record recycling in the KL offices. | • Regulatory Compliance<br>• Supply Chain Management<br>• Resource Efficiency and Consumption | In development |
| | Segregate recycling by type (paper, plastic, glass, etc.). | | In-progress |
| *Contract/Projects - Klang Valley* | **Steel Wastage**: Reduce steel wastage to not more than 10% of wastage per project by 2025. | | In-progress |
| | **Concrete Wastage**: Reduce concrete wastage to not more than 3% of wastage per project by 2025. | | In-progress |
| | **Steel Reinforcement**: Use of materials with recycled content is such that the sum of post-consumer recycled content and one-half of the pre-consumer recycled content constitutes more than 10% (based on cost) of the total value of the materials in the project by 2025. | | In-progress |
| | **Aluminium Formwork**: Ensure reused products/materials constitute more than or equal to 2% of project's total material cost value in the project by 2025. | | In-progress |
| | **Paper/Plastic/Glass**: Segregate and weigh recycling by type (paper, plastic, glass, etc.) | | In-progress |
| *Projects - Northern Region* | Reduce building construction waste by **5%** by **2022**. | | In-progress |
| *Cinta Sayang Resort* | Achieve **100%** recycling of golf buggy and vehicle batteries. | | In-progress |
| | Measure fuel waste (kitchen oil) sold back to vendors on a quarterly basis. | | In-progress |
| | Measure quarterly collection of recyclables (paper, cardboard, plastic bottles, glass bottles). | | In-progress |
| Energy and Resource Consumption | | | |
| *HQ - Klang Valley & Northern Region* | Track and monitor electricity consumption intensity and maintain a minimum **reduction rate of 2%** per year until 2025. | • Regulatory Compliance<br>• Supply Chain Management<br>• Resource Efficiency and Consumption | To commence in FY2023 |
| | Track and monitor electricity consumption intensity and with year-on-year reductions or maintain consumption below a benchmark year (pre-COVID year). | | Systems in development |
| | Track headcount (for consumption intensity calculations). | | In-progress |
| *Contract/Projects - Klang Valley* | Monitor electricity consumption and ensure energy consumption is **less than 8 kWh/m$^2$ Gross Floor Area (GFA)**. | | In-progress |
| | Monitor diesel consumption and ensure consumption is **less than 3 L/m$^2$ GFA**. | | In-progress |
| | Monitor water consumption and ensure consumption is **less than 500 L/m$^2$ GFA**. | | Achieved 37.92 L/m$^2$ for FY2022 |
| *Projects - Northern Region* | Reduce electricity consumption in workers' quarters at all project sites by **5%** from the previous year by **2022**. | | Systems in development |
| *Cinta Sayang Resort* | Maintain total utilities consumption (RM) **below 18%** of Cinta Sayang Resort's annual revenue. | | In-progress |

## Stakeholder Engagement

(GRI 102-40, GRI 102-43, GRI 102-44)

Our stakeholders are integral to our business operations as their expectations guide our corporate strategies and objectives, including our ESG practices and goals. Based on their feedback, we adapt our operations in response to stakeholder feedback as well as general social, economic and community trends that affect the Group's non-financial and financial performance.

| | Areas of Interest | Methods of Engagement | Frequency of Engagement |
|---|---|---|---|
| **Employees** | • Employee engagement<br>• Staff development and progress<br>• Positive and productive workplace | • Town Hall Meetings | • Annually |
| | | • Employee surveys | • Annually |
| | | • Employee committees | • Monthly |
| | | • Eupe *Sustainability Plus* planning sessions | • Ad hoc |
| | | • Training & development | • Planning - Annually<br>• Execution - As planned |
| **Investors & Analysts** | • Timely disclosures of relevant corporate proposals and financial activities<br>• Communication and promotion of the Eupe Group Strategy | • Annual Report | • Annually |
| | | • Annual General Meeting | • Annually |
| | | • Financial Statements | • Quarterly |
| | | • Company website | • Ad hoc |
| | | • Letter to shareholders | • Annually |
| **Contractors & Suppliers** | • Occupational health and safety<br>• Quality delivery<br>• Efficient construction processes<br>• Sourcing sustainable products<br>• Energy/water/effluents management practices | • Project management meetings | • Bi-weekly |
| | | • Tender evaluation | • As per tender schedule |
| | | • Transparent selection process | • As per tender schedule |
| | | • Supplier Code of Conduct | • Ad hoc |
| **Regulators** | • Compliance with regulatory, planning and financial disclosure frameworks | • Dialogue and discussion with government and other planning authorities (Regulatory and financial) | • Ad hoc |
| | | • Dialogue and discussion with government and other planning authorities (Project planning) | • Ad hoc |
| | | • Corporate and financial disclosure framework activities | • Ad hoc |
| **Customers/ Buyers** | • Company responsiveness<br>• Customer satisfaction<br>• Product quality | • Customer Service and Quality ("CSQ") channels | • Ad hoc |
| | | • Social media engagement (Eupe corporate account) | • Bi-weekly |
| | | • Social media engagement (Project accounts) | • Ad hoc |
| | | • Marketing events and customer promotions | • Ad hoc |
| | | • Corporate magazines | • 2-4 times a year |
| | | • Company website | • Ad hoc |
| | | • Electronic direct mail | • Ad hoc |
| **Local Communities** | • Community support through Building Hope program<br>• Cultural development and support through Planet Eupe cultural events<br>• Affordable housing | • Relations and engagement with local community | • Ad hoc |
| | | • Community and cultural events | • Ad hoc |
| | | • Social media engagement | • Ad hoc |

## Our Materiality Assessment

(GRI 102-47)

To guide the Group's sustainability strategies and decision-making, we conduct periodic materiality assessments to assess and prioritise ESG issues that affect our business operations and stakeholders. Through this materiality assessment process, the Group is able to prioritise and allocate resources based on the relative importance of these key issues. This year, to increase the robustness of the governance over the material sustainability matters, we revised the materiality assessment process to incorporate the Board in the validation stage.

As a result of the review, we consolidated two existing material matters *"Employee Training and Development"* and *"Employee Engagement"* into a new category *"Employee Training and Development"*. We also added one new material matter, *"Talent Attraction and Retention"*. Both of these changes align with our KPIs and better reflect the Group's sustainability goals.

As shown in the matrix below, *"Ethics and Integrity"* has remained the highest priority in FY2022. An additional change this year compared to the previous year was that *"Affordability"* ranked higher.

### 1. Identify

Material sustainability matters are identified based on relevance to the company and stakeholders in the current reporting period and also by analysing global trends and investor requirements

### 2. Survey

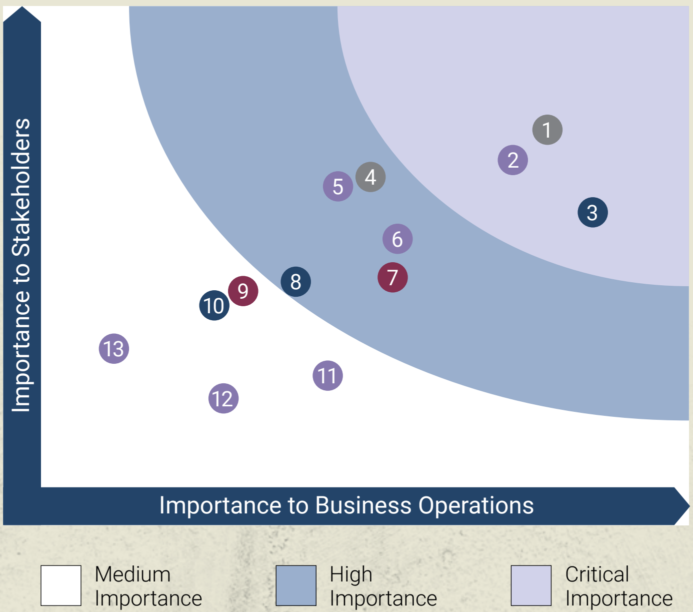
Internal and external stakeholders are engaged via appropriate survey tools to rank material matters in terms of importance to the business and stakeholders

### 4. Validate

The materiality matrix is presented to the Sustainability Committee and Board of Directors for review and confirmation

### 3. Develop

The responses are collated and analysed to form a materiality matrix for effective visualisation of the prioritisation or ranking of material sustainability matters




**GOVERNANCE**

1 Ethics and Integrity

4 Regulatory Compliance

**ECONOMIC**

3 Financial Performance

8 Affordability

10 Supply Chain Management

**ENVIRONMENTAL**

7 Design and Innovation

9 Resource Efficiency and Consumption

**SOCIAL**

2 Product Quality

5 Health, Safety and Well-being

6 Customer Engagement

11 Talent Attraction and Retention

12 Employee Training and Development

13 Community Enrichment

## Mapping Our Material Sustainability Matters

The table below links our material matters to the relevant stakeholder groups, GRI indicators and UN SDGs.

| Material Sustainability Matters | GRI Indicators | Stakeholder Groups | Relevant UN SDGs |
|---|---|---|---|
| **Governance** | | | |
| **Ethics and Integrity** | 102: General Disclosure<br>103: Management Approach<br>205: Anti-Corruption<br>206: Anti-Competitive Behaviour | • Employees<br>• Regulators<br>• Investors and Analysts<br>• Contractors and Suppliers | 8 |
| **Regulatory Compliance** | 102: General Disclosure<br>103: Management Approach<br>307: Environmental Compliance<br>419: Socioeconomic Compliance | • Regulators<br>• Investors and Analysts | 8 |
| **Economic** | | | |
| **Financial Performance** | 102: General Disclosure<br>103: Management Approach<br>201: Economic Performance | • Investors and Analysts<br>• Contractors and Suppliers | 8 |
| **Affordability** | 103: Management Approach<br>203: Indirect Economic Impacts | • Customers/Buyers<br>• Local Community | 11 |
| **Supply Chain Management** | 103: Management Approach<br>204: Procurement Practices<br>308: Supplier Environmental Assessment<br>414: Supplier Social Assessment | • Contractors and Suppliers | 8, 12 |
| **Environmental** | | | |
| **Design and Innovation** | 203: Indirect Economic Impacts<br>304: Biodiversity | • Investors and Analysts<br>• Customers/Buyers<br>• Contractors and Suppliers | 9, 11, 12 |
| **Resource Efficiency and Consumption** | 103: Management Approach<br>301: Materials<br>302: Energy<br>303: Water and Effluents<br>306: Waste | • Regulators<br>• Local Community | 11, 12 |
| **Social** | | | |
| **Product Quality** | 103: Management Approach<br>416: Customer Health and Safety | • Customers/Buyers<br>• Investors and Analysts | 9 |
| **Health, Safety & Well-being** | 103: Management Approach<br>403: Occupational Health and Safety | • Customers/Buyers<br>• Employees<br>• Contractors and Suppliers<br>• Local Community | 3, 8 |
| **Customer Engagement** | Non-GRI | • Customers/Buyers | 9 |
| **Talent Attraction and Retention** | 103: Management Approach<br>401: Employment<br>405: Diversity and Equal Opportunity | • Employees | 8 |
| **Employee Training and Development** | 103: Management Approach<br>404: Training and Education | • Employees | 8 |
| **Community Enrichment** | 103: Management Approach<br>413: Local Communities | • Local Community | 3, 11 |

# ADVANCING ROBUST GOVERNANCE

8 DECENT WORK AND ECONOMIC GROWTH

At Eupe, we believe that an organisation's ethical performance and integrity is the result of a strong governance framework. Implementing, enforcing and reviewing best governance practice allows us to achieve high levels of confidence in the company's integrity, as well as enables us to manage risks effectively while reducing potential incidences of non-compliance.

## Ethics and Integrity

(GRI 102; GRI 103; GRI 205; GRI 206)

This year, ethics and integrity was ranked highest in the materiality assessment. Eupe employees continue to be well informed of Eupe's corporate governance policies in a range of integrity areas including potential conflicts of interest, discrimination, gifting or bribery, and occupational health and safety violations. Relevant information is outlined in the Employee Handbook which is provided to all employees during on-boarding, and is also available on the Group's corporate website.

The Group-wide Anti-Bribery and Anti-Corruption ("ABAC") Policy, introduced in May 2020, codifies Eupe's strong stance against corruption and bribery and defines the range of actions that can be categorised as either corruption or bribery. This, coupled with our Whistleblowing Policy, provides clear mechanisms for both our internal and external stakeholders to anonymously report on any suspected or actual cases of corruption, bribery or general misconduct.

The Board's Risk Management and Audit Committee ("RMAC") is responsible for dealing with cases of misconduct or any whistleblowing cases, as well as subsequent investigation and disciplinary action if deemed necessary. The RMAC's Chairman can appoint an internal auditor or an independent party to carry out the investigation on behalf of the Group, if required.

As a result of our strong commitment to responsible business conduct, there were no reported cases to Eupe of corruption or bribery, nor any legal action related to anti-competitive behaviour or anti-trust and monopoly behaviour during this reporting period.

## Regulatory Compliance

(GRI 102; GRI 103; GRI 307; GRI 419)

Ensuring compliance to all applicable laws and regulations for each business operation is essential in reducing the risk of financial losses of the Company through fines and penalties, while maintaining and building upon the Company's reputation as a good corporate citizen. Some of the key applicable laws and regulations we comply with are listed below:

- Building Operations & Works of Engineering Construction Regulation 1986
- Companies Act 2016
- Construction Industry Development Board ("CIDB") Act 520
- Employees Provident Fund Act 1991
- Employees' Social Security Act 1969
- Employment & Labour Law Act 1955
- Employment Act 1955
- Employment Insurance System Act 2017
- Environmental Quality Act 1974
- Fencing of Machinery & Safety Regulations 1983 Revision
- Housing Development (Control and Licensing) Act 2007
- Housing Development Act
- Income Tax Act 1967
- Main Market Listing Requirements ("MMLR")
- Malaysian Anti-Corruption Act 2009
- Occupational Safety and Health Act 1994
- Personal Data Protection Act 2010
- Prevention & Control of Infectious Diseases Act 1988
- Safety, Health & Welfare Regulation 1983 Revision

To identify potential areas at risk of non-compliance, internal audits are conducted regularly. We have developed a comprehensive Enterprise Risk Management ("ERM") framework to assess and record potential risks, along with relevant mitigation methods and strategies. The ERM framework is updated annually and reviewed on a quarterly basis to ensure that all identified risks, including those of potential non-compliance, are being addressed.

In the Klang Valley Contracts and Projects division, which accounts for a large share of the Company's financial, regulatory and operational activities, risks are further listed into a Risk Register and a comprehensive flowchart has been established to ensure regulatory compliance for several processes, including Development Orders ("DO"), Building Permits ("BP"), Pejabat Tanah dan Galian ("PTG") permits, and Advertising Permit and Developer Licenses ("APDL").

We can confirm that, as a result of our continuing strong governance efforts, there were no recorded cases of social, environmental, economic or governance-related non-compliance this financial year.

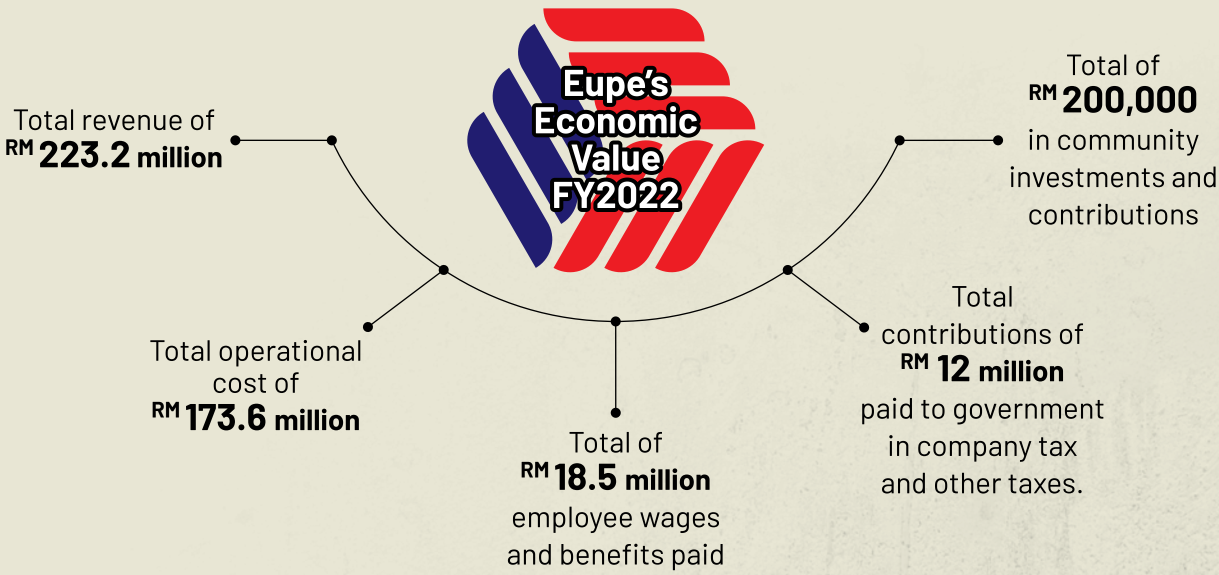

**ENTERPRISE RISK MANAGEMENT**

## CREATING LONG-TERM ECONOMIC VALUE


Eupe's business success is based on long-term value creation for all our stakeholders including our buyers and customers, and the communities in which we operate. In response to the many challenges faced due to the on-going COVID-19 pandemic, Eupe has adapted its practices and building designs to cater to this "new normal" in order to continuously improve our operations and sustain economic value for our stakeholders. Our financial strategies and focus on continuing operational improvements provide the foundation for us to continue delivering innovative projects, products and services to our customers.

### Financial Performance

(GRI 102; GRI 103; GRI 201)



Despite the COVID-19 pandemic and associated lockdowns and restrictions creating significant headwinds for the Group, Eupe has continued to perform solidly in terms of its financial results. These financial results underpin our capacity to provide employment security and career opportunities for our staff, as well as providing significant inputs into the broader economy through the purchase of local construction materials, and employment of local contractors. A key part of our corporate responsibility is to support local communities and economy. This year, 100% of our procurement contracts were awarded to local vendors and suppliers. For more information on Eupe's FY2022 financial performance, please refer to pages 84 to 155 of this Annual Report.

Climate change is both a major environment risk and a risk to the sustainability of all economies. As a company committed not only to the sustainability of its own financial performance but also the wider economy, we are committed to identifying and addressing risks associated with the impact of climate change on our development projects as well as putting in place resource efficiency measures that aim to lessen the Group's carbon footprint. To curb the impact of climate related risks on our construction projects, the Group has developed a risk mitigation mechanism which includes a SWOT *(Strength, Weakness, Opportunities, Threats)* analysis to evaluate the viability of each proposed project.

## Affordability

(GRI 203)

As a company with origins in building major township communities in the Northern region, Eupe has a long and continuing history of designing and building affordable homes that give Malaysian's opportunities to enter the property market. In the Northern region, much of our project development focus is constructing homes in the affordable housing segment. Specifically, our projects are designed to maximise affordability in accordance with the Dasar Perumahan (Housing Department) Kedah, which places certain requirements for low-cost ("LC"), low-medium-cost ("LMC") and medium-cost ("MC") housing units within each property development. In line with the government's affordable housing requirement, we have allocated 10% of units for such purposes at our latest development in Selangor, Helix2 in Petaling Jaya.

As part of our *Shared Value* approach to property development, all of our property designs aim to exceed the quality of design, fixtures as well as range of lifestyle facilities offered by other residential properties at similar price points. Locations are selected meticulously with emphasis on its proximity to amenities such as public transport.

## Supply Chain Management

(GRI 103; GRI 204; GRI 308; GRI 414; GRI 417)

When engaging third party vendors and suppliers, we follow a stringent selection process that takes into account a range of environmental, social, governance and financial aspects of the supplier or vendor's operations. Existing suppliers are monitored and assessed through random visits to the suppliers' production plants and offices to assure compliance with our ESG criteria. Prior to tendering, in addition to suppliers being screened and assessed on price, quality, and prior performance, we also employ a range of environmental criteria to screen building materials or products. These criteria are listed below.

| Materials/Products | Environmental Considerations |
|---|---|
| Tap fittings | Taps with slower flow rates based on water-per-minute are preferred for more efficient water conservation. |
| Sanitary wares | Dual-flush systems are selected for reduced water consumption, as only half of the water that is needed for solid waste is dispensed for liquid waste. |
| Light fittings | LED light fittings are preferred as they consume less power per unit of light emitted hence reducing greenhouse gas emissions and generate less heat hence associated cooling costs are comparatively lowered. |
| Air conditioners | 5-star rated air-conditioners with inverter systems that efficiently control motor speed are sourced to reduce energy consumption. |
| Paint | The volatile organic compound (VOC) content in paints cause ozone depletion and increase greenhouse effects; hence, paints with low VOC and non-solvent based waterproofing paints are preferred as they decrease the impact on the environment and lower the carbon footprint. |

Eupe has established a Supplier Code of Conduct that clearly outlines our expectations and standards for third-parties. This ensures they prioritise safe working conditions, observe fair employee treatment and manage the environmental impacts of their products and services. The Supplier Code of Conduct is available on our corporate website.

# PROTECTING OUR ENVIRONMENT

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

At Eupe, we conduct every aspect of our operations from land acquisition, project construction, resource consumption and waste management with the environment in mind. We use innovative construction practices and resource efficient technologies that aim to reduce our environmental footprint in a sustainable way. We have implemented specific resource efficiency measurements to ensure we track our resource consumption and allows us find ways to further reduce resource usage. Design of the homes we build is also carefully crafted to incorporate a range of natural features such as expansive green spaces and healthy air.

## **Design and Innovation** (GRI 203; GRI 304)

Guided by our *Sustainability Plus* strategy, we aim to go beyond the property sector's conventional ESG requirements by setting new and innovative standards in eco-design that benefit not only our customers and buyers but the broader community.

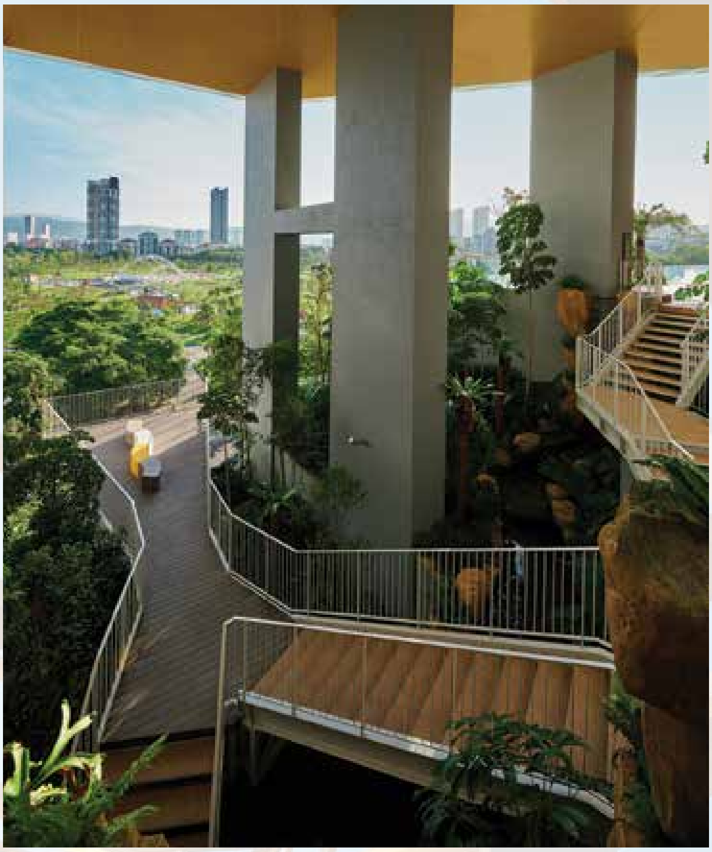
### Project Highlights **Parc3 @ KL South**

In May 2021, Parc3 @ KL South garnered the Best Sustainable High-Rise Development award at the iProperty Development Excellence Awards ("iDEA"). The award is a testimony to Eupe's innovative and 'green' designs that showcase the quality and excellence of our development projects and seek to set new benchmarks in Malaysian property development for eco-design.

Parc3's architectural design is centred around three internal parks with an expansive landscaping within and surrounding the high-rise. This creates green spaces that encourage connectivity while promoting our residents physical and mental well-being. The project also includes the innovative *My Home Garden* concept, where residents can grow and harvest their own herbs and plants.

Parc3 residences have also received a provisional GreenRE Gold certification. This certification is awarded to property developments with green design features at the forefront of sustainable property development projects in Malaysia. This third-party certification gives homebuyers independent verification that the property was designed and constructed to achieve excellence in six categories: energy efficiency, water efficiency, carbon emissions, environmental protection, indoor environmental quality and the incorporation of other green features such as rainwater harvesting, residential herb gardens and user-friendly recycling facilities.

We have also beautified and rehabilitated the government-reserve land adjacent to Parc3 which used to be a landfill owned by Dewan Bandaraya Kuala Lumpur ("DBKL"). We have regenerated this site into an eco-friendly park accessible by the neighbouring developments and residences. The Group has also taken the initiative to protect, enhance and restore the surrounding landscape and biodiversity of Parc3, by retaining the trees where possible within the development area.



# Project Highlights **Est8 @ Seputeh**

Our third development project in Kuala Lumpur, Est8, has been meticulously designed to encompass our unique vision for sustainable living. It is located just a stone's throw from Mid Valley, one of the largest shopping complexes in Malaysia. Est8 embodies innovative sustainable design and community inclusivity. The project has incorporated an array of natural green landscapes and serene walking trails that connect our residences to gardens and other building facilities.

Prior to breaking ground, we assessed the land acquired to determine the trees and habitat areas that could be retained. Landscaping consultants have been engaged to work with our main contractors to retain and incorporate flora into the overall design.

In response to the COVID-19 pandemic and heightened concern with public health, the Est8 project incorporates a range of COVID-safe designs. The principal aspect in our pandemic response is Est8's innovative drainage system which releases the air trapped in empty U-bend pipes throughout the wastewater plumbing system, preventing it from being released back into the homes. This Active Drainage System is more effective in the fight against COVID-19 and other viruses than the usual passive drainage system for wastewater used in most multi-level buildings. We have also introduced a Supplemental Fresh Air system which is an active ventilation system which introduces fresh, healthy air into the common facilities and can be activated as and when required for enhanced ventilation, expelling any potential contaminants and pathogens in the air.

To promote health and wellness among its residents, Est8 also offers state-of-the-art facilities including forest walks, an Olympic sized pool, a multi-purpose hall, a kaleidoscope courtyard containing a barbecue area and a gourmet kitchen. Other features include:

- **Sky gardens** equipped with an **outdoor gym** and **play zones** to cater to different age groups
- Green open roofs with landscapes to **improve air quality** and **reduce heat** transmitted to units below
- **Herb gardens** and **community planting** at the roof gardens to promote **clean air and water** and **improve mental health**
- **Wash stations** at common facilities to reduce the spread of COVID-19
- Villa designs with **private garden** spaces to promote gardening

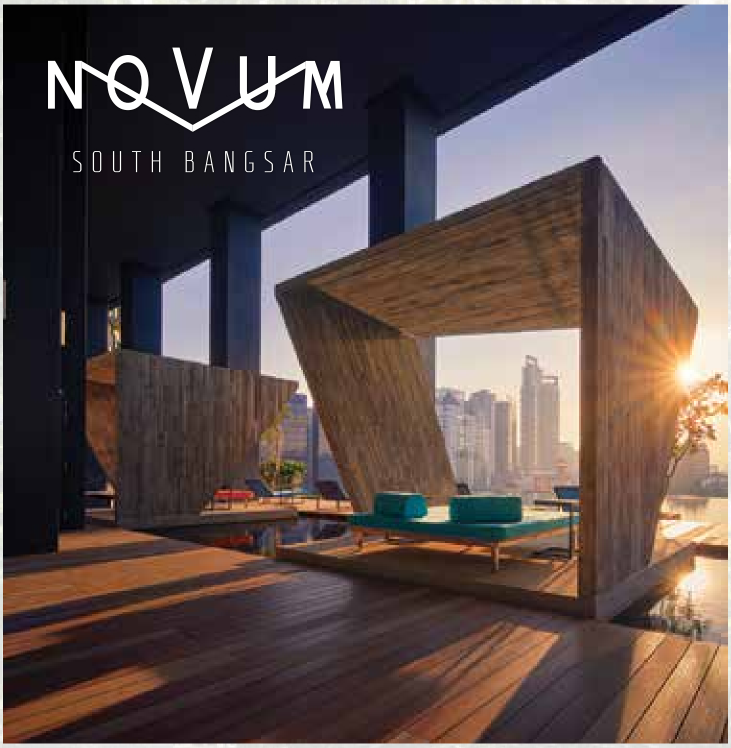
We are also utilising technology such as the Building Information Modelling (BIM) 300 software which provides a high level of detail and accuracy for 3-D modelled images to plan and build these innovative features in Est8. The BIM system enhances the productivity and progress of the development as well as assisting in maximising resource efficiency, through early detection of potential mechanical and electrical service clashes or architectural flaws.

To enhance Est8's sustainability performance, solar panels will be installed to reduce electricity consumption from the grid as well as the project's ongoing carbon footprint. We also aim to achieve GreenRE Gold certification for Est8 upon its completion.

# Highlights from **Central Region Projects**

Novum @ Bangsar South, our maiden KL project completed last year, is certified under the Green Building Index ("GBI") certification which assesses six criteria:

- ✓ **Energy efficiency**
- ✓ **Indoor environmental quality**
- ✓ **Sustainable site planning & management**
- ✓ **Materials & resources**
- ✓ **Water efficiency**
- ✓ **Innovation**




Novum buyers are equipped with a 'Green User Manual' which is a comprehensive information package detailing the building's green features.

Eupe's fourth KL project, Helix2, is expected to begin construction in the second half of 2022 and will cater to first-time homebuyers and young families. The current planning for Helix2 incorporates a rooftop garden space that uses recycled and refurbished cars as leisure areas for the residents, showcasing Eupe's sustainability strategy of reducing wastage and emphasising connectivity. As with Est8, we aim to achieve GreenRE Gold certification upon project completion.

## Resource Efficiency and Consumption

(GRI 103; GRI 301; GRI 302; GRI 303; GRI 306)

We acknowledge our role and responsibility in minimising our environmental footprint, and have taken measures and adopted strategies to minimise our impact on the environment within and surrounding our development projects. As stated, this year we have implemented a range of resource efficiency measures and targets that seek to quantify our performance and in this way our resource efficiency measures can be broken down into four categories: materials, energy, water, and waste.

### Materials

Eupe utilises the Industrialised Building System ("IBS") which is an industry-leading construction system where components are manufactured, either off-site or on-site, then placed and assembled on site. One of the main IBS methods implemented in Eupe projects is the use of precast concrete panels. This system allows for a more precise construction process, resulting in the minimisation of construction waste and a reduction of energy usage.

Eupe's Central Region projects have in place a range of materials reduction initiatives, including the use of reusable aluminium formwork, which has reduced the use of timber formwork on KL projects by an estimated 385,941 $m^2$ to date. We also utilise shear wall reinforced concrete framework instead of brick walls and plastering, which minimises the use of cement plaster. Soffit slab off-form finishes used in the construction of the property's car parks has reduced the use of skim coating by 33,119 $m^2$. Overall, the construction of our projects utilised 23.5% of recycled input materials.

### Property (Central Region)

| Material | Novum | Parc3 | Est8 |
|---|---|---|---|
| Raw Material | | | |
| Sand (Tonne) | Project completed | 5,131 | 0 |
| Aggregates (Tonne) | | 5,030 | 0 |
| Manufactured Materials | | | |
| Rebar (Tonne) | Project completed | 966 | 0 |
| Cement (Tonne) | | 6,752 | 3,421 |
| Concrete ($M^2$) | | 9,688 | 0 |
| Brick ($M^2$) | | 18,145 | 0 |
| Glass ($M^2$) | | 10,811 | 0 |
| Renewable Materials | | | |
| Aluminium Formwork ($M^2$) | Project completed | 38,594 | 0 |

### Property (Northern Region)

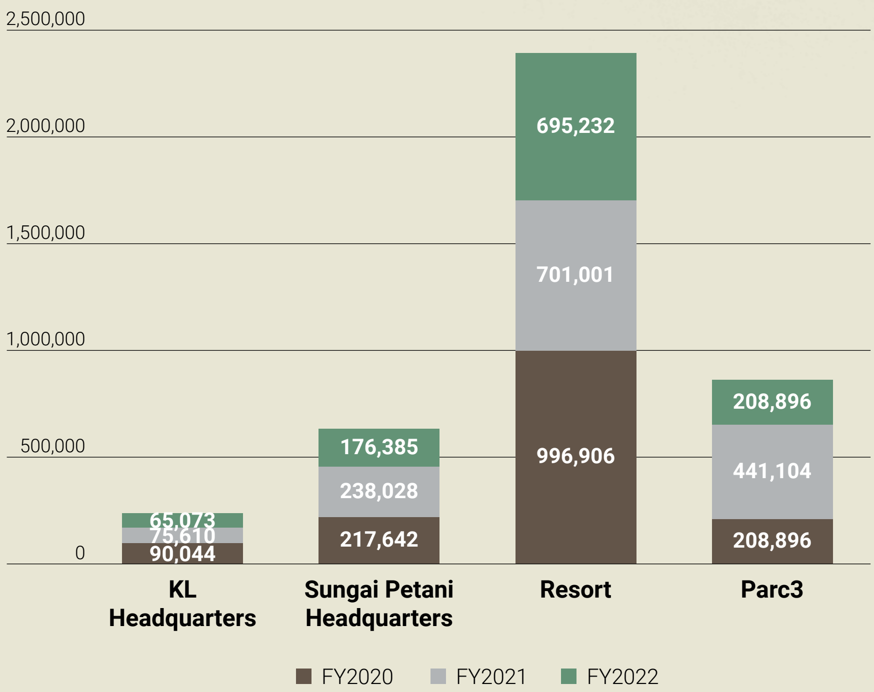
| Material | Astana B | Astana C | Astana D - PHA | Astana D - PHB | Puncak Surya | Padang Serai | Cinta Sayang Resort Villas |
|---|---|---|---|---|---|---|---|
| Raw Material | | | | | | | |
| Sand (Tonne) | 108 | 573 | 660 | 4,936 | 998 | 2,408 | 311 |
| Aggregates (Tonne) | 518.9 | 1,315.3 | 4,303 | 5,234.3 | 1,171 | 20,167.4 | 206.7 |
| Manufactured Materials | | | | | | | |
| Rebar (Tonne) | 58.1 | 48 | 100.8 | 32 | 200 | 69.6 | 52.4 |
| Cement (Tonne) | 51.3 | 970.8 | 1,052.9 | 46.7 | 1,354.2 | 4,504 | 946.4 |
| Concrete ($M^2$) | 616 | 311.5 | 302 | 1,993 | 466 | 684 | 1,154.3 |
| Bricks (pieces) | 135,076 | 27,600 | - | 17,328 | 22,800 | 110,400 | 159,600 |

## Energy

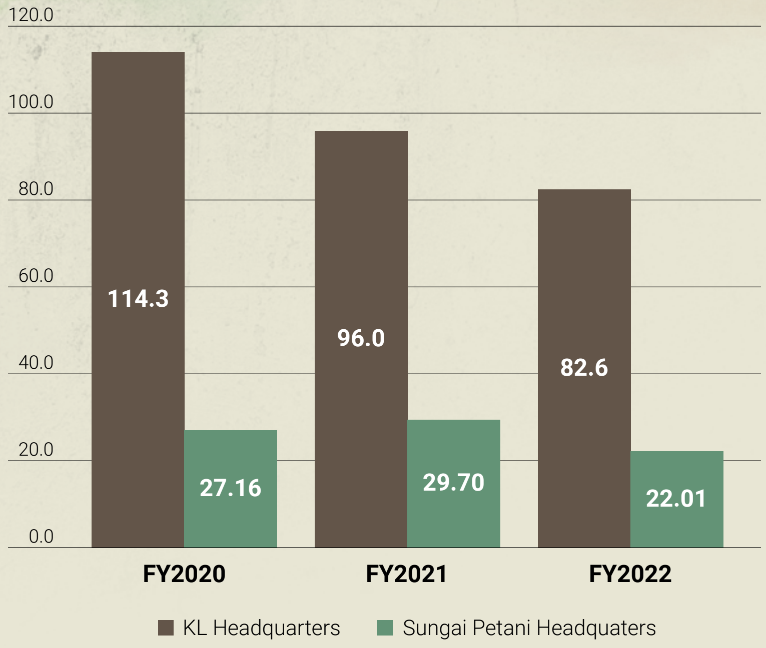
Good energy management minimises both our operational costs and reduces our overall carbon footprint. At our construction sites, properties and headquarters, we have adopted a range of energy efficiency measures. All fluorescent light bulbs at our headquarters have been replaced with energy efficient LED light bulbs. Smart energy saving practices are in place in our offices such as switching on lights and air-conditioning units only when necessary and shutting down machinery and equipment at our KL construction sites during lunch, tea and dinner breaks, for safety reasons as well as to minimise energy consumption. Our properties are equipped with 5-star rated energy efficient air-conditioners and the elevators at Novum and Parc3 utilise a regenerative drive technology which is 70% more energy efficient than conventional elevators.

At Cinta Sayang Resort, timers and sensors are in place for external lights, solar water heaters, and room key sensors which turn off a room's power. Electricity and fuel consumption at the resort are monitored through careful monitoring of bills and invoices, so that overconsumption can be quickly identified and rectified. Due to the COVID-19 pandemic, occupancy decreased dramatically and we took this opportunity to reduce our energy consumption at the resort by closing off nine blocks of the resort.

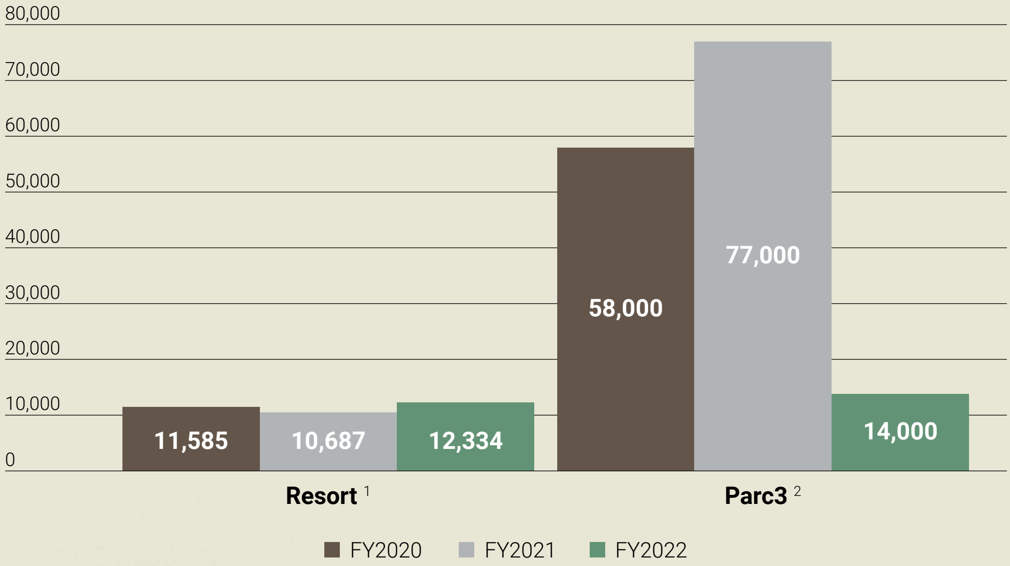
Electricity Consumption (kWh)



Energy Intensity (kWh/m²)




Fuel Consumption (l)




## Water

Eupe aims to minimise its impact on local water supplies by implementing efficient water management practices across its project sites, properties and headquarters.

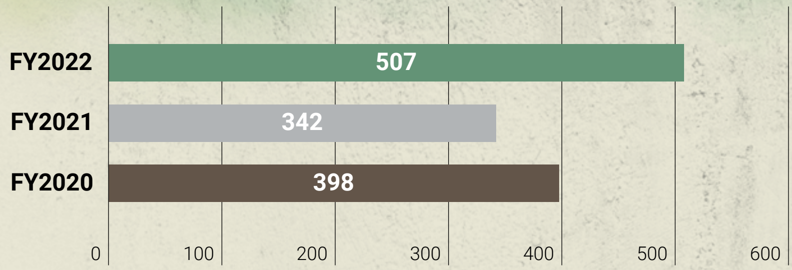
At Novum, we have fitted all units with water saving faucets, shower heads and toilets. These features are estimated to save around 30% more water than conventional fittings. We have also implemented rainwater harvesting at the property's rooftop for use in garden irrigation. Rainwater harvesting is also used at our construction sites for general washing. Water discharged from our project sites is monitored as per Indah Water Konsortium's guidelines.

At Cinta Sayang, daily water meter readings are conducted to detect any anomalies in water usage. This allows for quicker responses to water leakages, which prevents unnecessary water wastage and higher operational costs.

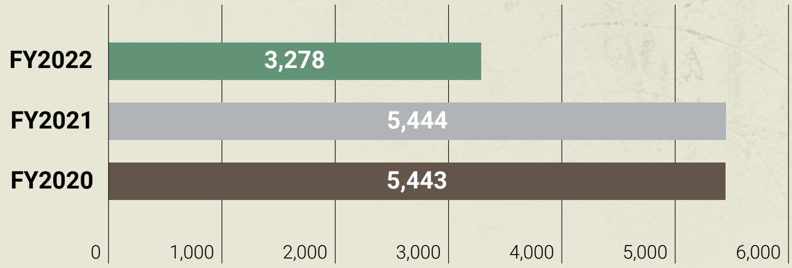
[1] Fuel consumption at the Resort refers to kitchen oil used, at the Parc3 project site it refers to the diesel used in the machineries and equipment

[2] The sudden decrease in fuel consumption for Parc3 for FY2021 and FY2022 can mainly be attributed to the completion of the project in the 2nd quarter of FY2022.

## Water Consumption at KL Headquarters ($m^3$)

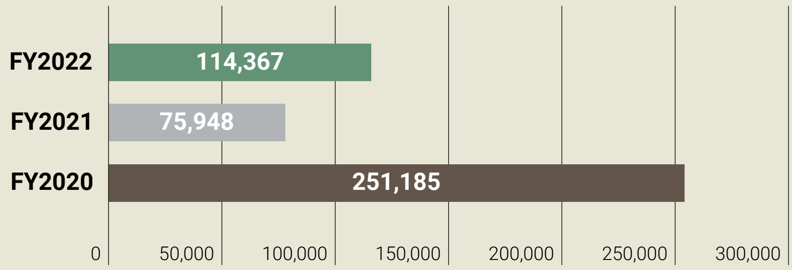



## Water Consumption at Sungai Petani Headquarters ($m^3$)



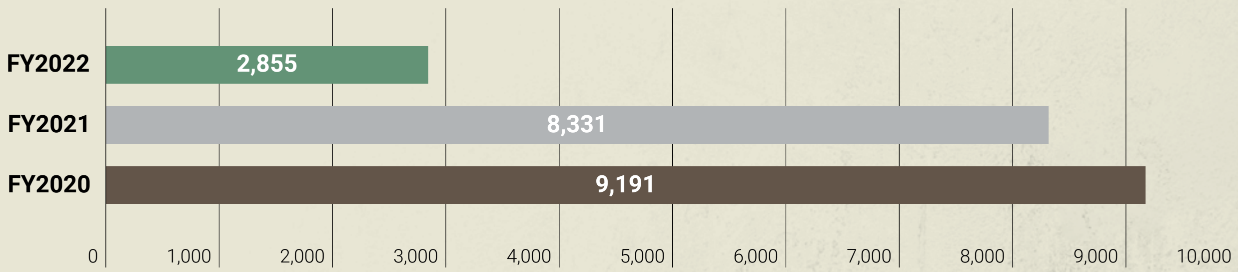

There was an increase in water consumption in the last fiscal year which can be attributed to the easing of lockdown restrictions which resulted in an increase in occupancy and operations at the resort.

## Water Consumption at Cinta Sayang Resort Resort ($m^3$)




Water consumption at the Resort is largely the result of maintenance and the upkeep of the Resort's golf course and gardens, the restaurant operations, the Carnival Waterpark and guests' general usage. Water consumption at Cinta Sayang Resort has similarly decreased over the last two years which could be mainly attributed to COVID-19 restrictions. However, a proportion of this decrease can also be attributed to Cinta Sayang's wastage prevention measures, as described above.

## Water Consumption at Parc3 ($m^3$)




Water consumption at the Parc3 construction site decreased over the last three years, largely due to the COVID-19 pandemic. The sharp decrease in water consumption between FY2021 and FY2022 is mainly attributed to the project's completion in the 2nd quarter of FY2022.

## Waste

Handling and disposal of project construction waste, including recyclables generated at our construction sites are carried out on behalf of Eupe by licensed contractors at appropriate landfill sites and recycling centres.

At the Parc3 construction site, waste containers are placed at designated locations to collect recycled items from construction. We have also committed to using more Integrated Construction System methods to reduce waste generated and maximise material utilisation. Our waste podiums are made of cable instead of the conventional timber and plywood podiums to mitigate timber waste and reduce the amount sent to landfills. The amount of waste reused and recycled at our Parc3 construction site in FY2022 is as follows:

**WASTE REUSED**

Concrete
**50,000 kg**

Timber
**40,000 kg**

**WASTE RECYCLED**

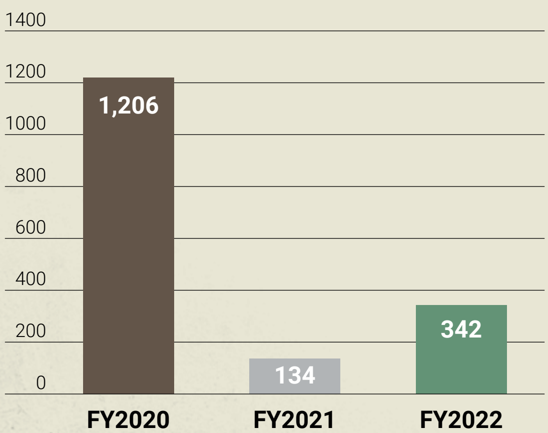
Scrap Iron
**57,400 kg**

At Sungai Petani, the Astana C construction site generated 5,640 kg of construction waste, while Astana D Park Homes A and Park Homes B generated a combined total of 680 kg of general waste.

In Padang Serai, the construction of 215 units, currently at 80% completion, generated a total of 132,120 kg of construction waste and 25,560 kg of general waste.

At Cinta Sayang Resort, we have adopted the 3R (reduce, reuse, recycle) method to carefully segregate and monitor our waste generation to maximise the amount recycled. Our fuel waste and kitchen oil from the restaurant are sold back to vendors on a quarterly basis. We also recycle our old golf buggy batteries. Paper, cardboard, plastic and glass bottles are collected monthly by local councils, with the value of recyclables compensated with a grocery cashback card, which the Resort utilises during employee engagement functions. The Resort has also begun monitoring food wastage by weightage during buffets or food preparations at the hotel restaurant. (Plans to distribute excess food from buffets to shelters and soup kitchens have been delayed due to Movement Control Order ("MCO") restrictions. As a result of these initiatives, Cinta Sayang Resort is considered a model resort in Kedah for waste management and segregation practices.

Cinta Sayang Resort - General Waste (kg)




As can be seen from the graph above, there was a significant drop in waste generated from the Resort from FY2020 to FY2022, although a part of this reduction has been due to reduced occupancy of the Resort resulting from COVID-related movement restrictions.

# BUILDING OUR SUSTAINABILITY RELATIONSHIPS


As a responsible business committed to open and transparent governance and stakeholder relations, we understand the necessity of building and maintaining positive and beneficial relationships with our customers, our employees and the local communities in which we operate.

## Customer Engagement

We connect regularly with our customers and homebuyers through a range of communications forums to keep them up to date with relavant projects and developments via social media such as Facebook and Instagram. We use email and direct messaging systems and non-digital platforms such as postal and courier services, for consultations and complaints resolution pertaining to property ownership.

We also keep our customers and potential homebuyers apprised of the latest news and views on our projects and products through our Property Trust Magazine which we started publishing in both English and Chinese in June 2014.

To maintain customer satisfaction, we make sure that complaints and queries are resolved within an acceptable turnaround time. For our KL and Northern Projects, the average response time to customer enquiries is 24 hours. At Cinta Sayang, issues reported from Resort guests are resolved immediately, whereas broader Resort issues such as property repairs are addressed within 30 days.

The Northern Region Property division is set to implement customer satisfaction survey forms at Astana C in April 2022 as well as handover survey forms which will be rolled out starting with Cinta Sayang Resort Villas and Padang Serai.

To maintain focus on our customers' needs and improve the way we respond to stakeholder issues and concerns, we conduct Customer Satisfaction Surveys. Surveys are currently underway for purchasers at Parc3.

To gauge customer feedback and satisfaction at Cinta Sayang Resort, guests are provided with feedback forms during their stay. We have also embarked on the digitalisation of our promotion campaigns at the Resort. Flyers and brochures are displayed on TVs and can be viewed using QR codes.

## Product Quality

Customer satisfaction is directly linked to the quality of products and services we offer and is an integral part of building trust with our customers and our broader stakeholders. In Malaysia, the Construction Industry Development Board ("CIDB") has designed a scoring system - Quality Assessment in Construction ("QLASSIC") to measure and assess the workmanship quality of a building based on Construction Industry Standards (CIS 7:2014). Eupe has sought and received Quality Assessment in Construction ("QLASSIC"), certifications for our development projects since 2020.

We ensure reported property defects are rectified within a six-week timeframe, depending on the nature of the defect.

In addition to these external certifications and internal mechanisms to resolve and respond to customer issues, Eupe seeks to enhance our product offering in line with our commitment to '*Shared Value*'. As part of our commitment to provide high quality homes, we have included a range of fixtures and improvements at no additional cost to homeowners. For example, with Parc3 we included for buyers a covered walkway connecting to the new, nearby MRT link, installation of premium fixtures in all units such as bathroom mirrors, and installing public art pieces to enhance visibility and aesthetics.

## Health, Safety and Well-being

(GRI 103; GRI 403)

Property development is a labour-intensive industry, and protecting and enhancing employee health and safety is an integral part of the Group's operations. In compliance with the Malaysian Health and Safety Act of 1994, the Group, through its Safety and Health Committee, continues to implement a range of occupational safety practices and procedures, including the following:

- ✓ Comprehensive safety and health policies
- ✓ Safety plans
- ✓ Safety manuals
- ✓ Standard of practice
- ✓ Safety induction training at project sites (unless approaching project completion)

The Hazard Identification, Risk Assessment and Risk Control ("HIRARC") process is conducted regularly to identify work-related hazards at project sites and assess the corresponding risks. Submission of a safe work method statement and shop drawings are undertaken, as well as 'toolbox' meetings at project sites to communicate site safety procedures.

In response to COVID-19 infection rates at construction sites, we have updated our occupational health and safety practices to include standard operating procedures ("SOPs") aimed at containing any spread of the virus on site. With new protocols in place, we organise a monthly RTK antigen test for all employees, and any employee who tests positive is placed in home quarantine. Colleagues identified as Category A close contacts of those with the virus undergo a PCR test while those who are classified as Category B close contacts take an additional RTK Antigen test. Employees with the virus only return to work after 10 days of home quarantine and a negative test result.

We continue to prioritise the health and safety of our staff throughout our operations by implementing the following additional COVID-19 preventive measures:

- ✓ Thoroughly sanitise all our offices and work spaces
- ✓ Provide employees with face masks
- ✓ Limit visitation at our sales gallery and require all guests to sanitise, undergo temperature checks, maintain physical distance and wear a face mask; only vaccinated visitors verified via the MySejahtera app are allowed to enter the premises.

We issue stop work orders for any parties found not complying with our project sites' safety policies. In FY2022, we are pleased to report that there were zero recordable lost-time injuries or illnesses.

## Talent Attraction and Retention

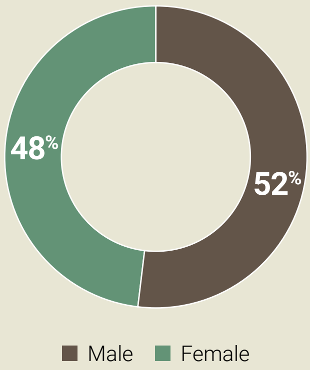
(GRI 102; GRI 103; GRI 401; GRI 405)

### Employee Distribution and Staff Diversity

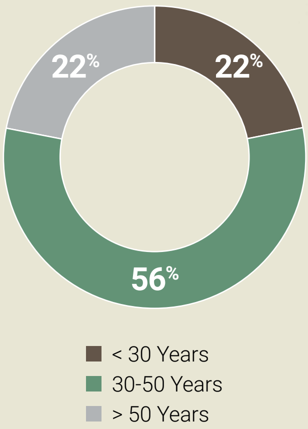
At Eupe, we believe that our employees are the cornerstone of the Group's continued growth and success. As such, we strive to support our employees by promoting diversity and inclusion within the Group with a strict no tolerance policy for bullying and discrimination.

With our commitment towards gender diversity, we are pleased to report that similar to last year, the Group saw an increase in percentage of female employees, improving the gender ratio to 1.1 : 1.0 (male : female). In terms of age group, 56% of the workforce was within the 30 - 50 years age group. The Group also believes in cultivating local talents and currently 94% of our workforce is comprised of local employees.

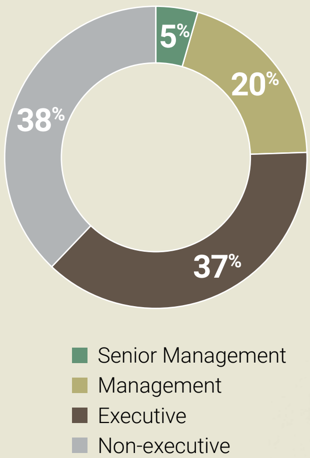
### Employee Distribution by Gender



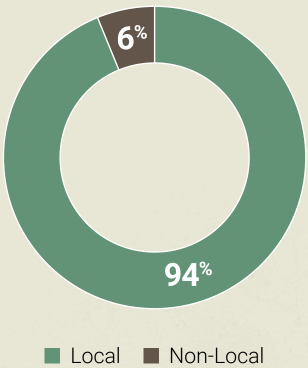

### Employee Distribution by Age Group




### Employee Distribution by Employment Category




### Employee Distribution by Nationality




### Employee New Hires and Turnover

Performance-based remuneration and merit-based rewards are integral to employee attraction and retention that in turn are the foundation of a sustainable workforce. At Eupe, we provide the following benefits to our employees:

**LEAVE BENEFITS:**

Annual

Maternity and paternity

Marriage

Compassionate

Study

**MEDICAL BENEFITS:**

Dental

Optical

**INSURANCE:**

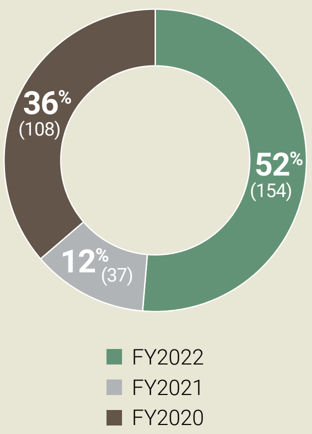
Including hospitalisation

In FY2022, our talent management initiatives included the realignment of Job Grades across the board through a major job evaluation exercise. This initiative ensures that employees within the same job level receive a similar remuneration package and streamlines the flow of employee communication.

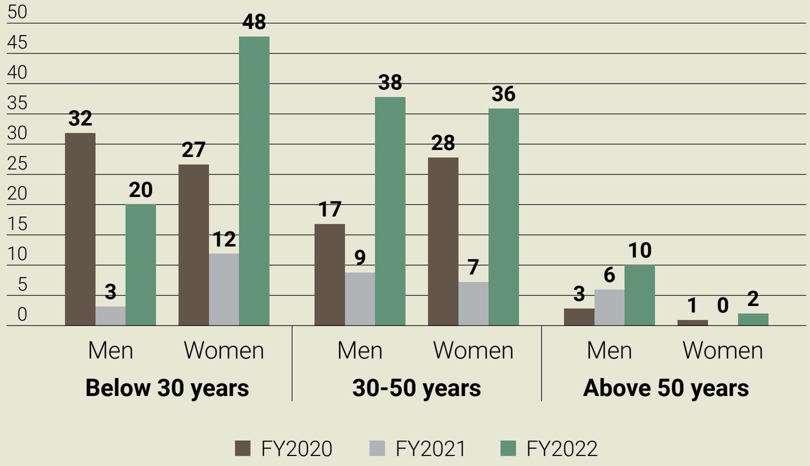
In additional to providing essential salary and benefits, employee appreciation is equally important for the Group. Due to restrictions on gatherings, cash tokens were distributed in lieu of festival celebrations and birthday celebrants received greeting cards with accompanying food and beverage ("F&B") vouchers.

We continue to grow our team year-on-year and in FY2022, 36 new team members joined our increasingly diverse workforce. It is important to note that the Group does not tolerate any form of discrimination.

Annual New Hires

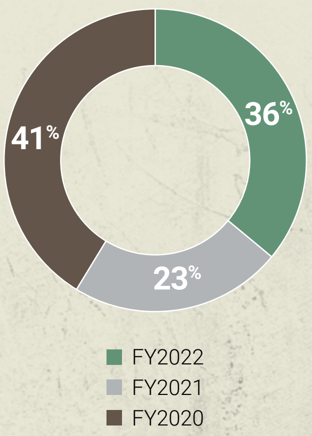



New Employee Hires Breakdown

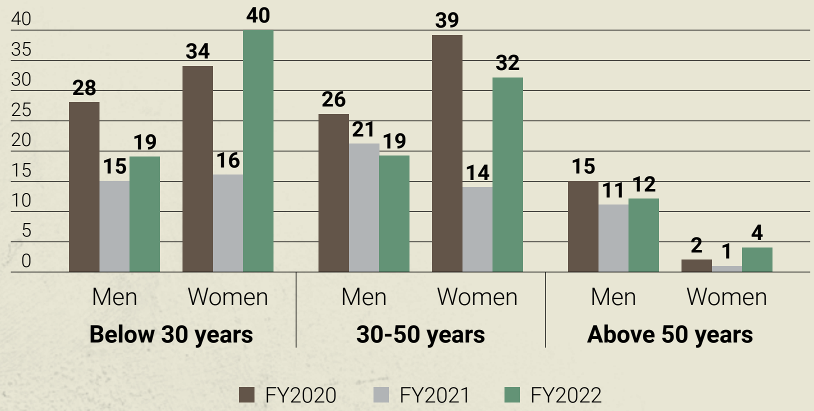



We recorded an annual turnover rate of 25% which was a 14% increase from last year. This however does not distinguish between overall turnover and talent loss turnover.

Annual Turnover




Employee Turnover Breakdown



## Employee satisfaction

Ensuring employee satisfaction has become one of the Group's focus areas as it is interconnected to employee turnover rates. As such, we have developed KPIs for both head offices and Cinta Sayang Resort.

The head offices have begun conducting an employee engagement survey to gauge employee satisfaction this year and we are pleased to report that we have achieved our KPI with a 73% employee engagement score for FY2022.

At Cinta Sayang Resort, 100% of the associates completed the employee satisfaction survey on a scale ranging from Strongly Agree -> Agree -> Neutral -> Disagree -> Strongly Disagree -> I Don't Know. The score achieved for FY2022 was a 50% "Agree" and 9% "Strongly Agree".

## Employee Training and Development

(GRI 103; GRI 404)

Providing relevant training opportunities is also an effective employee engagement and retention strategy. In FY2022, despite the limitations imposed by MCOs, we recorded an average of almost 4.39 training hours per employee.

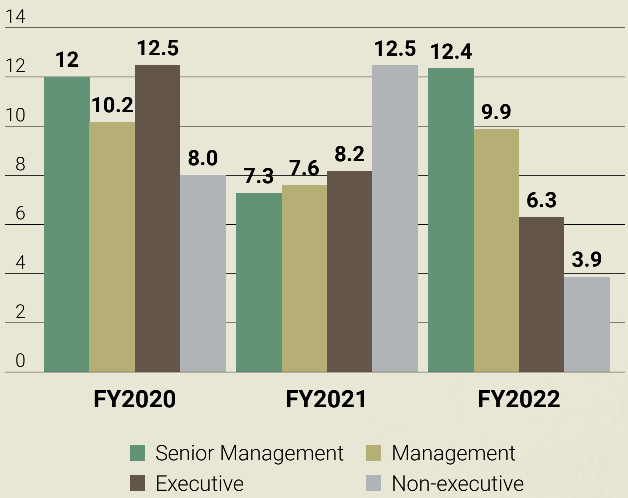
The Group's total training hours in FY2022 are

**1,972 hours**

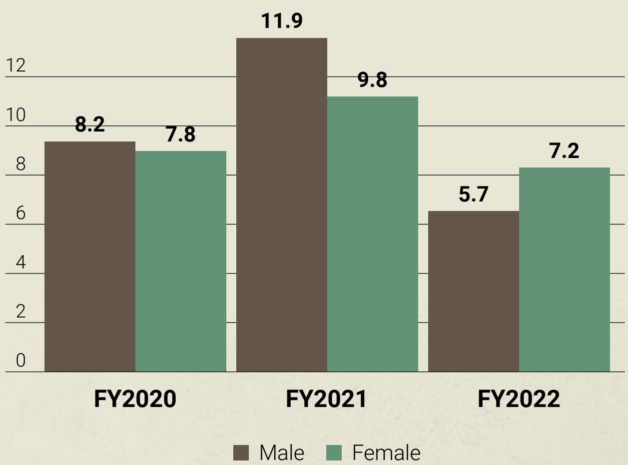
with an average of

**4.39** training hours per employee

Average Training Hours by Employment Category




Average Training Hours by Gender



List of training offered at the head office:

| Training Programmes |
|---|
| Microsoft Project Training |
| Intermediate Digital Marketing |
| 2022 Malaysian Budget |
| HR2000 HRMS Training |
| Product Knowledge Training |
| Software Training: Novade defect app and BIM 360 app |

*Training programmes to continously upskill our employees.*

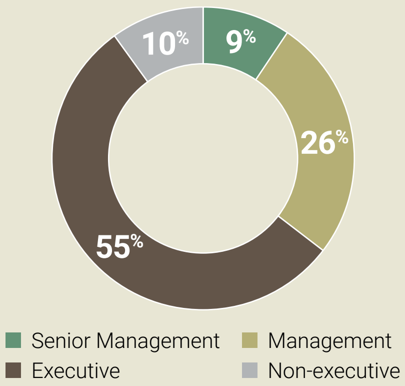
Training provided by the Property Sector (Central Region) includes but is not limited to:

| Training Programmes and Products Presentation | | |
|---|---|---|
| Solar system | Retaining wall system | HDPE pipe |
| Parcel box/Locker | Active Drainage Ventilation | Rainwater harvesting system |
| Landscaping | Defect apps | STP System (Bi-Act SDO) |
| ID Consultant | Architect | Paints |
| Facilities apps | Waterproofing | Big data analytics |
| Sustainability KPIs | Mosquito trap | Webinar – Facilitation talk |
| Lift factory visit | Autodesk Construction Cloud ("ACC") | Plumbing and bathroom accessories |
| Tiles | Somfy Smart Home | Sculptures maker |

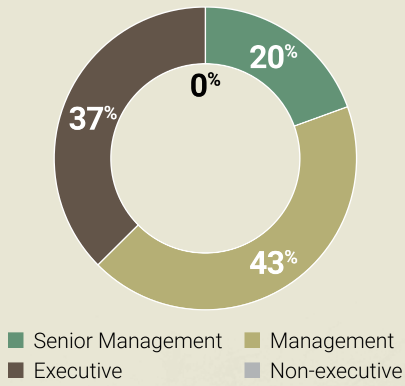
As for Cinta Sayang Resort, capacity building programmes include:

| Training Programmes | |
|---|---|
| Internal | External |
| • Room cleaning<br>• Bathroom cleanliness<br>• Various cuisine cooking training<br>• Breakfast set-up<br>• Sahur work flow<br>• Orientation<br>• E-HR system<br>• Webinar session - NCER's Human capital programmes for Kedah tourism industry players<br>• Various LSOP Training<br>• Market List Process Flow<br>• Kensoft training<br>• Halal/Labelling<br>• Effective communication<br>• Swimming pool vacuuming procedure<br>• Digital marketing platforms<br>• Greeting guests<br>• Webinar - STR COVID-19<br>• Patrolling<br>• Water quality monitoring<br>• Grooming standards | • Insentif Penjana Kerjaya 3.0 and MyFutureJobs briefing by PERKESO<br>• Purchase/Store Requisition/Recipe costing<br>• E-Soft E-HR Refresher Training |

Group Technical Training Hours by Employment Category




Group Soft Skills Training Hours by Employment Category




## Employee Engagement

At the Klang Valley office, the Group has organised several events to enhance employee working experience and boost morale during the pandemic and lockdowns, which includes:

1. Annual Chinese New Year dinner and celebrations
2. Tea time at the office
3. International Women's and Men's Day gifts
4. A durian feast in the office
5. Monthly birthday wish email blasts
6. Townhalls

Cinta Sayang Resort celebrates the main festivals in Malaysia with its employees including organising Yee Sang lunches and handing out tokens to commemorate the festivities, giving birthday bash greeting cards with F&B vouchers and organised gotong-royong activities.

## Enriching Our Communities

(GRI 103; GRI 413)

In order to build strong communities, we invest time and resources to support worthy community groups as well as directly assist those in need. Although the COVID-19 restrictions restricted our program of community building events, Eupe carried out the following initiatives:

**Food Aid Programme** for those who lost their livelihoods due to the COVID-19 pandemic. In partnership with two charity organisations – The Lost Food Project and Food Aid Foundation, Eupe distributed 100 food packs under the Program Perumahan Rakyat (PPR) Kerinchi who were undergoing home quarantine and to the underprivileged families and victims of domestic violence at Union Flat Sentul.

**Cash donation of RM10,000** to Hospital Sultan Abdul Halim Sg. Petani to procure a water dispenser for the hospital's COVID-19 isolation ward and personal protective equipment for its frontliners.

**Visit to an old folks' home**, Pusat Jagaan Orang Tua Chu Ai, by Cinta Sayang Resort employees during the Chinese New Year celebrations to spread festive cheer by spending time with the residents while providing packed lunches and *red packets* or "*ang pau*" with dry food for the residents at the home.

**Flood Relief Donation**, in collaboration with Mercy Malaysia, encompassing the delivery of 90 dignity kits along with other essentials including cleaning and hygiene kits and beddings for the residents of Kampung Kuala Kenau whose homes were devastated by the overflow of the nearby Sungai Lembing during the December 2021 nationwide floods.


*Cinta Sayang Resort employees spread cheer to old folks' home.*

*Food aid programme to assist those affected by COVID-19.*


*Eupe's collaboration with MERCY Malaysia for flood relief efforts.*

# PAVING THE WAY FORWARD

Sustainability is about building resilience and innovation with business practices and operations that effectively anticipate and address environmental, social and economic challenges in a way that benefits customers, stakeholders and the broader community. Resilience and innovation require an ability to successfully adapt to an ever-changing and often unpredictable business and social landscape.

The last year has brought forth a number of new challenges, as well built on existing ones, such as climate change, resource depletion and urban congestion. The continuing impact of the COVID-19 pandemic is the most significant of the new challenges faced by the business, and has in particular, heightened public awareness about the imperative of safeguarding community health. For Eupe, the pandemic has raised new challenges for our day-to-day operations, workplace health and safety, as well as the safe and sustainable design of the homes we build. As the report highlights, we have responded to this challenge in a multifaceted way, as part of our ongoing efforts to embed best-practices throughout our operations, projects, products and supply chain.

With the establishment of our new KPIs this year that measure our business sustainability inputs, we aim to further embed accountability and transparency into our annual reporting process. In addition, we have revised and updated the Group's *Sustainability Plus* strategy to reflect our Group's approach to addressing both new and existing sustainability challenges.

We look forward to continuing our efforts into the future as we strive to expand and enhance our sustainability initiatives, building a more sustainable future for both Eupe and the customers and communities we serve.

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# Corporate Governance Overview Statement

The Board of Directors ("**the Board**") of Eupe Corporation Berhad ("**Eupe**" or "**the Company**") remains firmly committed in conducting business responsibly and maintaining high standards of corporate governance throughout the Company and its subsidiaries ("**the Group**"). The Board believes a strong corporate governance ("**CG**") practices that promotes integrity, regulatory compliance and operational efficiencies is essential to the Group's reputation and to enhance shareholders' value and stakeholders' confidence.

The Board is pleased to present this Corporate Governance Overview Statement ("**Statement**"), which set out an overview of the CG principles adopted by the Group throughout the financial year ended 28 February 2022 ("**FY2022**"). This statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and in accordance with the Malaysian Code on Corporate Governance updated in 2021 by the Securities Commission Malaysia ("**MCCG**"). This Statement should be read together with the CG Report for FY2022 which provides a detailed articulation on the application of the Company's CG practices vis-à-vis the MCCG. The CG Report is made available on Bursa Malaysia and Eupe's website.

https://www.bursamalaysia.com/market_information/announcements/company_announcement

www.eupe.com.my/investor-relations

The Group has applied and upheld the three (3) main principles of the MCCG during FY2022, as well as key focus areas of corporate governance, which are:

**A**. BOARD LEADERSHIP AND EFFECTIVENESS

**B**. EFFECTIVE AUDIT AND RISK MANAGEMENT

**C**. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

In general, the Group has complied with all material aspects of the principles set out in the MCCG throughout FY2022. Details of the application are summarised below:

| | Applied/Adopted | Departure/Not Adopted | Total |
|---|---|---|---|
| PRACTICES | 38 | 5* | 43 |
| STEP-UP PRACTICES | 1 | 4 | 5 |

* Inclusive of Practice 12.2 - Integrated Reporting which is not applicable to Eupe as it is not a Large Company as defined under the MCCG

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

The Board is firmly committed to creating value for the shareholders and stakeholders and ensuring the long-term sustainability of the Group through its leadership, strategies development and implementation of business model in pursuing economic, environmental, social, and governance objectives of the Group.

To ensure the Board discharging its duties and responsibilities effectively, the Board has established a Risk Management and Audit Committee ("**RMAC**"), a Nomination Committee ("**NC**"), and a Remuneration Committee ("**RC**") and delegated specific responsibilities to the Board Committees in accordance with their Terms of Reference. The Board Committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for decisions on all matters lies with the entire Board.

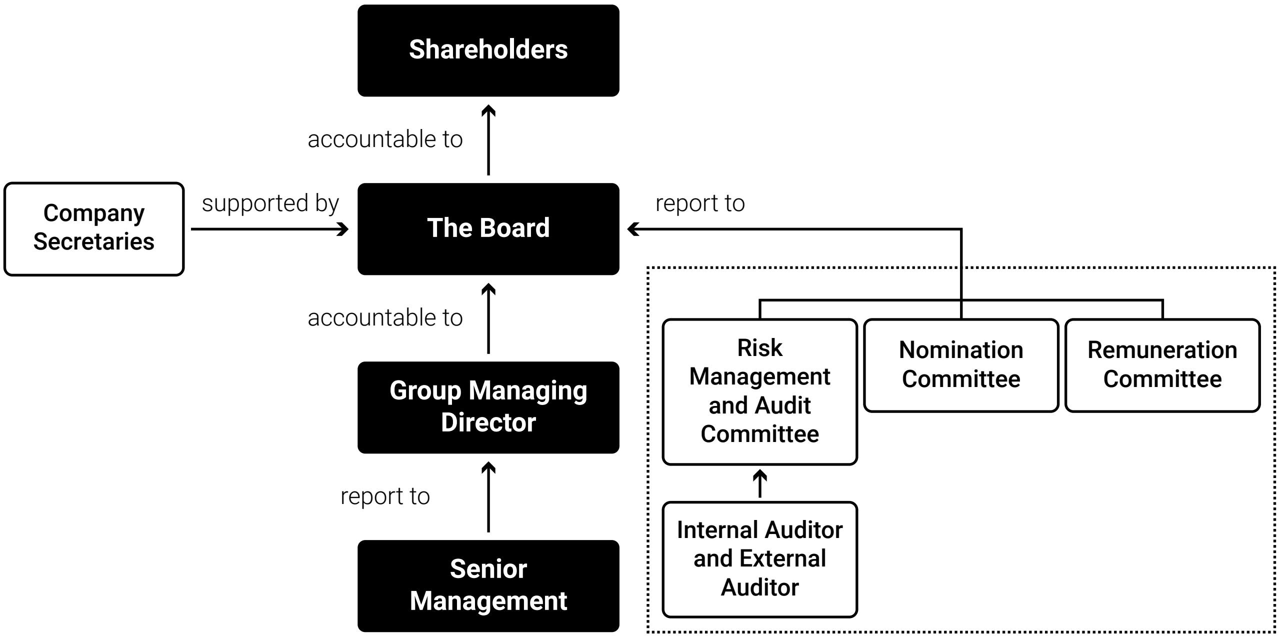
The Board also delegates responsibility for the day-to-day operation of the businesses to the Group Managing Director ("**GMD**"), who is assisted by the Chief Financial Officer ("**CFO**") and other Senior Management that consists of Head of Department of various functions and Head of Business Unit, and recognises his responsibility for ensuring the Company operates within a framework of prudent and effective controls.

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. BOARD RESPONSIBILITIES (cont'd)

The Group's Governance Model as at 28 February 2022 is outlined as follows:




***Separation of Duties between the Chairman and the GMD***

Separation of duties between the Chairman of the Board and the GMD into clearly defined roles allows balance of power, authority and accountability for managing the Board and the Group's business. The Chairman of the Board is responsible for providing leadership to the Board, ensuring that the Board fulfils its fiduciary obligations, whilst the GMD focuses on the Group's businesses, oversees the Group's day-to-day operations, implements the Board's policies, and makes operational decisions.

***Board Meetings and Procedures***

At least 5 board meetings are conducted in each financial year which allows the Board to review and oversee the execution of the Group's strategic plans by the Management, including to review and approve the financial, operations and business performance of the Group. During the FY2022, the CFO updated the Board on the Group's financial performance for each reporting period as well as all corporate development related matters, whilst the GMD together with the Director of Property Development updated the Board on the Group's business performance, in particular the progress of the Central Region development projects, the challenges faced and the key initiatives taken by the management team as to navigate the challenges. This is to ensure that the Group's businesses are well managed and adequate resources are in place to achieve the targeted goals whilst constantly considering the need for new initiatives for business growth.

Prior to each board meeting, adequate and sufficient information is provided to all Board members in a timely manner. Notice of Board meetings is issued at least seven (7) days ahead of the meetings which allows active participation of the Directors during the meeting. Besides, meeting materials (i.e., significant financial and corporate issues, the Group's financial and business performance, and any management proposals) are circulated to Directors at least five (5) business days prior to each meeting. This is to accord sufficient time for the Directors to review, consider and obtain further information or seek clarification on the matters to be deliberated at the meeting, if required, from the Senior Management or the Company Secretaries.

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. BOARD RESPONSIBILITIES (cont'd)

***Board Charter and Reserved Matters***

The Board's functions are guided by its Board Charter, which serves as a primary reference to the Board members. The Charter sets out the roles and responsibilities of the Board, Board Committees, individual Directors and management, as well as issues and decisions reserved for the Board. It also provides insights for prospective and existing Directors of their fiduciary duties as Directors of the Company and the functions of the Board Committees as a whole. The matters which require the Board's approval are as follows:

**MATTERS FOR BOARDS' APPROVAL**

- **Corporate and Strategic Planning**
- **Capital Expenditure and Investment Transactions**
- **Major action items or emerging issues that could affect the business of the Group**
- **Regulatory Compliance and Internal Controls**

The Board endeavors to comply at all times with the principles and practices as set out in the Board Charter. The Board will review the Board Charter from time to time and make any necessary amendments to ensure it remains consistent with the Board's objectives, current law and practices.

***Qualified and Competent Company Secretaries***

The Board is supported by three (3) professionally qualified Company Secretaries who provide unhindered professional advice particularly on Company's Constitution, CG matters and its compliance with relevant regulatory requirements, code or guidance and legislations. The Board is regularly updated and advised by the Company Secretaries. The Company Secretaries attend all Board meetings including the Annual General Meeting and ensure that Board meeting proceedings are followed, and statutory records are updated and maintained in a proper manner.

***Code of Conduct and Ethics***

The Board acknowledges its leadership role in creating ethical values and observing ethical conduct. The Board had established a Code of Conduct and Ethics which provides guidance to Directors, management and employees to help them recognise and deal with ethical issues and provides mechanism to report unethical conducts and helps foster a culture of honesty and accountability. The principles of the Code are based on sincerity, integrity, responsibility and corporate social responsibility and it is periodically reviewed by the Board to ensure it remains relevant.

***Whistleblowing Policy***

The Whistleblowing Policy was established to provide an avenue for the Group's stakeholders to raise genuine concerns on any alleged improper conduct, wrongdoings and malpractices on a confidential basis without fear of intimidation or reprisal. The Whistleblowing Policy sets out the procedures for dealing with any complaints lodged by whistle-blowers. With such a policy in place, it helps the Board to protect the interest of the Company and its stakeholders by identifying and investigating complaints and suspected misconducts (if any) on independent basis and helps the Board in maintaining a culture of openness and honesty within the Group.

***Anti-Bribery & Anti-Corruption Policy ("ABAC Policy")***

In line with the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the ABAC Policy was established to identify, prevent, and manage bribery and corruption issues. It sets out the parameters and guidelines which apply to Directors, management, employees and other stakeholders in dealing with any corrupt activities with external parties in the course of business. Regular assessment of the ABAC Policy will be carried out by the Senior Management to ensure that it continues to remain relevant, appropriate and effective to enforce the principles highlighted therein.

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

## II. BOARD COMPOSITION, BALANCE AND DIVERSITY

During the year under review, there were 8 Directors, comprising 5 Independent Non-Executive Directors ("**INED**"), 1 Non-Independent Non-Executive Director ("**NINED**") and 2 Executive Directors, including the GMD. The 5 INEDs represents 62.5% of the Board, which is in compliance with Paragraph 15.02(1) of the MMLR where at least 2 or 1/3 of the Board are Independent Directors, as well as Practice 5.2 of MCCG, which requires at least half of the Board to be independent. The profiles of the Directors are set out on pages 14 to 17 of this Annual Report.

The size and composition of the Board are periodically reviewed by the NC. During the year under review, the NC was satisfied that the present size and composition of the Board is optimum and well balanced, whilst bringing experience from diverse professional backgrounds and disciplines. There is no individual director or group of directors who dominates the Board's decision-making.

***Nomination Committee ("NC")***

The NC comprises entirely 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*<br>Beh Yeow Seang - *Non-Independent Non-Executive Director* |

The primary role of the NC is to review and ensure that the composition of the Board and Board Committees comprise individuals with the appropriate mix of skills, experience, qualifications and core competencies to ensure the effectiveness of the Board in discharging its responsibilities. The Board seeks recommendations from NC for nomination and election of candidates for directorship on the Board and Board Committees which includes the re-appointment and re-election of existing Directors to the Board.

Annual assessments of each of the Directors are conducted by NC to ensure the annual re-election is based on the satisfaction of the Directors' performance and contribution to the Board. The NC also leads the overall assessment of the performance of Senior Management.

The key activities of the NC during the financial year under review are articulated in the ensuing paragraphs of this Statement.

***Balance, Diversity and Skills***

The Board recognises the benefits of diversity in its broad spectrum and by adopting a Diversity Policy, the Board is in a view that a diversified Board can offer greater depth and breadth, which lead to better decisions and greater capacity to stay resilient in challenging and uncertain business environment. The Policy is to ensure the drive of the Board's effectiveness by creating diverse perspectives among Directors and Senior Management.

The presence of 5 INEDs out of 8 Directors in the Board, provides necessary checks and balances on the Board's decision-making process through objective participation in Board deliberations and the exercise of unbiased and independent judgement which takes into account the interest of the Group, stakeholders and shareholders including minority shareholders.

The Board, via the NC, takes serious consideration of the diversity of the existing Board members and Senior Management. The Board allows zero tolerance for discrimination in terms of age, gender, ethnicity and cultural background when identifying 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.

# Corporate Governance Overview Statement (cont'd)

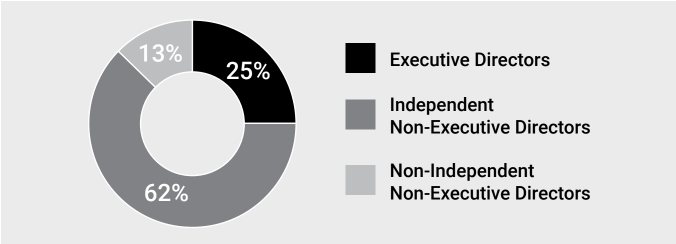
## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

## II. BOARD COMPOSITION, BALANCE AND DIVERSITY (cont'd)

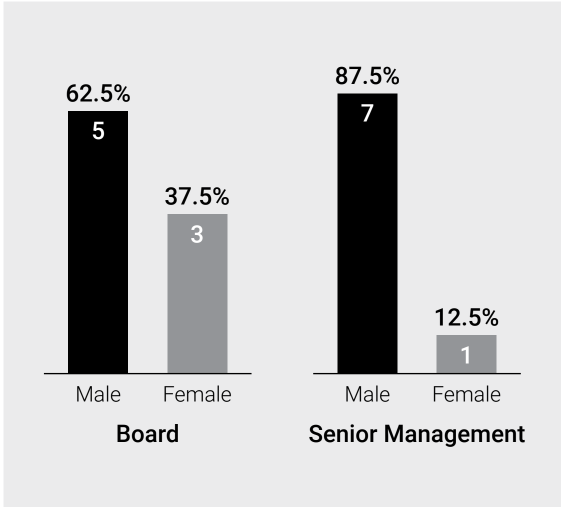
***Balance, Diversity and Skills (cont'd)***

The breakdown of the Board and Senior Management by composition, gender and age as of FY2022, are as follows:

**Composition of the Board**




**Gender Diversity**




**Age**

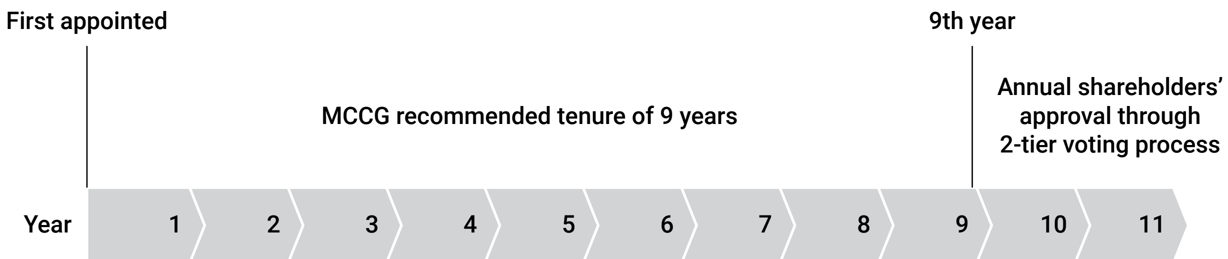
| Age | Board | Senior Management |
|---|---|---|
| 40-49 years | 1 (12.5%) | 2 (25.0%) |
| 50-59 years | 6 (75.0%) | 4 (50.0%) |
| 60 years and above | 1 (12.5%) | 2 (25.0%) |

***Re-election of Retiring Directors***

Any Director appointed during the year is required under the Company's Constitution to retire and may seek for re-election by the shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Company's Constitution also requires that one-third of the Board including the GMD to retire by rotation at each AGM at least once in every 3 years but shall be eligible for re-election.

Directors who are subjected to re-election at the AGM will be assessed by the NC, whose recommendations will be submitted to the Board for consideration, thereafter, be tabled to shareholders for approval at the upcoming AGM. The Directors who are due for retirement at the forthcoming AGM namely Dato' Beh Huck Lee, Iskandar Abdullah @ Sim Kia Miang and Beh Yeow Seang, were recommended for re-election at the forthcoming 26th AGM.

***Tenure of Independent Directors***




The MCCG recommends that the tenure for an INED should not exceed a cumulative term of nine (9) years. Upon reaching the nine (9) years cumulative term, the INED may continue to serve on the Board as NINED. If the Board intends to retain an INED beyond 9 years, justifications from the Board and annual shareholders' approval through a two-tier voting process at a general meeting are required.

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

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

## II. BOARD COMPOSITION, BALANCE AND DIVERSITY (cont'd)

***Criteria for Recruitment and Annual Assessment of Directors***

The primary responsibility for the appointment of new Directors lies within the Board. The Board delegates the responsibility of assessing and recommending potential candidates to fill vacancy in the Board and Senior Management to the NC.

In identifying suitable candidates, the NC adopts various approaches which include recommendations from various sources including the management, existing Board members, major shareholders or engaging an independent executive search firms whenever necessary as authorised by the Board. All nominee and candidates to the Board are first considered by the NC taking into consideration potential candidates' skillset, experience, age, cultural background, gender, capabilities, professionalism, integrity, expertise and commitment (including time commitment). For the position of INEDs, the NC will also evaluate the ability of the candidate in discharging such responsibilities or functions as are expected from an INED as outlined in the Board Charter.

A INED was appointed to the Board of the Company during the FY2022. The appointment of Tham Sau Kien as INED effective 18 June 2021 was sourced through the business network of a Board member. The NC had assessed the suitability of Tham Sau Kien including her independence before recommending her for appointment to the Board as INED. The Board opined that the newly appointed Director has the appropriate skills, knowledge and experience and will be able to contribute positively to the Board.

During the year, the NC had conducted an objective annual assessment on the effectiveness of the Board based on self and peer assessment approach through customised questionnaires evaluation form. This includes a review of the desirable mix of core competencies, qualifications, skills, expertise and personal traits of the Directors to ensure the mix of skills required for the Board is optimum. The assessments and evaluations carried out by the NC in discharging its functions are properly documented.

The results of the assessments were compiled, deliberated and presented to the Board by the NC at the Board meeting held on 28 April 2022. Based on the results of the recent assessments, the Board concluded that the overall performance of the Directors was within expectation whilst the Board and Board Committees had discharged their duties effectively and have the right balance, size and composition in terms of the mix of skills, industry experience, integrity, independence and other professional background.

During the year, the NC had also conducted a review on the term of office and performance of the RMAC and its members via a combination of self and peer assessment obtained from each RMAC member via customised questionnaires. Based on the analysed Statistical Report, the NC concluded that the RMAC had carried out its roles and responsibilities effectively. All RMAC members are financially literate and have a sufficient understanding of the Company's business.

***Training and Professional Development***

The Board acknowledges that continuous training and professional development is vital due to the increasingly demanding, complex and multi-dimensional role of Directors. Enhancing professionalism and knowledge of professional is important for them to discharge their roles in an effective and objective manner as prescribed in the MMLR of Bursa Securities. The Board has delegated the roles of reviewing the training and development needs of the Directors to the NC.

During the financial year under review, the Directors had continually broadened their knowledge and skills to keep themselves abreast of changes in the constantly evolving business environment and regulatory requirements, ranging from governance to industry trends by attending training and development programmes organised by relevant regulatory authorities and professional bodies. The Company had also during the year engaged professional training providers to conduct in-house trainings.

The trainings and development programmes attended by the Board during FY2022 include:

1. Winning the Sustainability Game Through Risk Management
2. Effective Business Continuity Management for Business Survival
3. Industry 4.0 and its impact of Malaysian Capital Market
4. Investment Opportunities in a post COVID-19 pandemic world
5. Anti-Money Laundering / Counter Financing of Terrorism
6. Data Protection
7. Wills, Probate, LA & SEDA
8. Corporate and Commercial Law
9. Commercial Contracts
10. 2022 Budget Proposals

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

## II. BOARD COMPOSITION, BALANCE AND DIVERSITY (cont'd)

***Board and Board Committee Attendance***

The Board requires all members to devote sufficient time for the functioning of the Board in discharging their duties as Directors effectively and attend the meetings diligently. The Board and Board Committees meetings as well as the shareholders' meetings are scheduled in advance before the end of each financial year to facilitate the Directors in planning their attendance. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious deliberation and decision by the Board. At present, no Directors have more than five (5) directorships in public companies or listed issuers at any one time.

All the Directors have given their full commitment by attending all the Board and Board Committees' meetings held during FY2022. There were five (5) Board meetings and nine (9) Board Committees meetings held, as outlined below:

| Directors | Attendance in meeting of | | | |
|---|---|---|---|---|
| | Board | RMAC | NC | RC |
| **Independent Non-Executive Directors (INEDs)** | | | | |
| Datuk Tan Hiang Joo *(Chairman)* | 5/5 | - | - | 2/2 |
| Alfian Bin Tan Sri Mohamed Basir | 5/5 | 5/5 | - | - |
| Iskandar Abdullah @ Sim Kia Miang | 5/5 | 5/5 | 2/2 | 2/2 |
| Kek Jenny | 5/5 | 5/5 | 2/2 | 2/2 |
| Tham Sau Kien* | 4/4 | - | - | - |
| **Non-Independent Non-Executive Director (NINED)** | | | | |
| Beh Yeow Seang | 5/5 | - | 2/2 | - |
| **Executive Directors** | | | | |
| Dato' Beh Huck Lee *(GMD)* | 5/5 | - | - | - |
| Muhamad Faisal Bin Tajudin | 5/5 | - | - | - |

* Tham Sau Kien was appointed to the Board on 18 June 2021.

## III. REMUNERATION

***Remuneration Committee ("RC")***

The RC comprises exclusively of INEDs as follows:

| | |
|---|---|
| **Chairperson** | Datuk Tan Hiang Joo - *Independent Non-Executive Chairman* |
| **Members** | Iskandar Abdullah @ Sim Kia Miang - *Independent Non-Executive Director*<br>Kek Jenny - *Independent Non-Executive Director* |

The main responsibility of RC is to assist the Board on matters relating to the establishment and implementation of policies for the remuneration packages of Eupe's Directors and Senior Management pursuant to the Terms of Reference of the RC. Consideration such as complexities of the business, company performance as well as skills and experience required to perform their role and responsibilities are taken into account when the RC recommends remuneration package for Directors and Senior Management to support the Group's long-term objectives.

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### III. REMUNERATION (cont'd)

***Directors' and Senior Management's Remuneration Policy***

The Board had adopted a Directors' and Senior Management's Remuneration Policy which set out guidelines and principles in determining the remuneration of the Board and Senior Management. Such policy aims to support the Group's long-term objective, create a strong performance-oriented environment and able to attract, motivate and retain high performing Directors and Senior Management.

***Directors' Remuneration***

The RC reviews and assesses Non-Executive Directors' remuneration packages to ensure it is in line with their level of expertise, knowledge and level of contribution to the Company, while benchmarking against the market competitiveness, comprising annual fee, chairmanship allowance and meeting allowance for Board and Board Committee meetings.

On top of that, the RC also assesses the remuneration package of the GMD and Executive Director which reflects their individual performance against pre-set key performance indicators and is structured to align with the business strategies. The remuneration package of GMD and Executive Director comprises a fixed salary and bonus approved by the Board.

Upon recommendation by the RC, the Board will consider and, if deemed appropriate, approve the remuneration for the Executive Directors and propose the fees and allowance payable to the Non-Executive Directors to the shareholders for approval at the AGM. The interested Directors are abstaining from discussion of his/her own remuneration.

The details of the remuneration by each Director for FY2022 including remuneration for services rendered to the Company and its subsidiaries are outlined below:

(a) Company

| | RM'000 | | | | | |
|---|---|---|---|---|---|---|
| **Directors** | **Salaries** | **Fees** | **Bonus** | **Defined Contribution** | **Other Emoluments** | **Total** |
| **Independent Non-Executive Directors (INEDs)** | | | | | | |
| Datuk Tan Hiang Joo *(Chairman)* | - | 60.0 | - | - | 16.4 | **76.4** |
| Alfian Bin Tan Sri Mohamed Basir | - | 60.0 | - | - | 8.0 | **68.0** |
| Iskandar Abdullah @ Sim Kia Miang | - | 60.0 | - | - | 13.8 | **73.8** |
| Kek Jenny | - | 60.0 | - | - | 13.8 | **73.8** |
| Tham Sau Kien | - | 42.5 | - | - | 5.6 | **48.1** |
| **Non-Independent Non-Executive Director (NINED)** | | | | | | |
| Beh Yeow Seang | - | 60.0 | - | - | 8.8 | **68.8** |
| **Executive Directors** | | | | | | |
| Dato' Beh Huck Lee *(GMD)* | - | - | - | - | 8.8 | **8.8** |
| Muhamad Faisal Bin Tajudin | - | - | - | - | 4.8 | **4.8** |
| **Total** | - | **342.5** | - | - | **80.0** | **422.5** |

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### III. REMUNERATION (cont'd)

***Directors' Remuneration*** **(cont'd)**

(b) Subsidiaries

| | RM'000 | | | | | |
|---|---|---|---|---|---|---|
| **Directors** | **Salaries** | **Fees** | **Bonus** | **Defined Contribution** | **Other Emoluments** | **Total** |
| **Independent Non-Executive Directors (INEDs)** | | | | | | |
| Datuk Tan Hiang Joo *(Chairman)* | - | - | - | - | - | - |
| Alfian Bin Tan Sri Mohamed Basir | - | - | - | - | - | - |
| Iskandar Abdullah @ Sim Kia Miang | - | - | - | - | - | - |
| Kek Jenny | - | - | - | - | - | - |
| Tham Sau Kien | - | - | - | - | - | - |
| **Non-Independent Non-Executive Director (NINED)** | | | | | | |
| Beh Yeow Seang | - | - | - | - | - | - |
| **Executive Directors** | | | | | | |
| Dato' Beh Huck Lee *(GMD)* | 600.0 | - | 95.0 | 90.3 | 3.8 | **789.1** |
| Muhamad Faisal Bin Tajudin | 384.0 | - | 22.7 | 44.8 | 2.8 | **454.3** |
| **Total** | **984.0** | - | **117.7** | **135.1** | **6.6** | **1,243.4** |
| **Total for Company and subsidiaries** | **984.0** | **342.5** | **117.7** | **135.1** | **86.6** | **1,665.9** |

***Remuneration of Senior Management***

The profiles of the Senior Management personnel are disclosed on the Company's website under the caption "Senior Management" and pages 18 and 19 of this Annual Report. Senior Management are those primarily responsible for managing the business operations and corporate divisions of the Group.

The Board did not disclose on a named basis the top five Senior Management's remuneration in bands of RM50,000 to allay valid concerns of privacy and the Company's ability to recruit and retain the right talent of Senior Management due to the intense competitiveness in the market for calibre personnel with requisite knowledge, expertise and experience in property development industry. Notwithstanding that, the Board ensures that the remuneration of the Senior Management commensurate with their performance and level of responsibility as well as the demand, complexities and performance of the Group, with due consideration to attract, retain and motivate the Senior Management.

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. RISK MANAGEMENT AND AUDIT COMMITTEE

The RMAC supports the Board in fulfilling its fiduciary responsibilities, amongst others, to provide robust and comprehensive oversight on the Group's financial reporting, ensure effectiveness and independence of internal and external auditors, adequacy and effectiveness of the Group's internal control and risk management framework, and oversees related party transactions as well as conflict of interest situations.

The RMAC comprises solely of INEDs in which the RMAC is chaired by Iskandar Abdullah @ Sim Kia Miang who 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.

A full RMAC Report enumerating its composition, summary of activities and the Group's Internal Audit function during the financial year is included in this Annual Report on pages 76 to 79.

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its overall responsibility for maintaining a sound risk management and internal control system throughout the Group in order to safeguard the Group's assets.

The Board had established a structured 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. Processes are in place to identify and categorise key business risks within a risk matrix which helps the Company in prioritising those risks based on the likelihood and potential impact to the Group's operation, and enabling the Senior Management in setting up the necessary actions to mitigate the risks. The Board has delegated the overall risk management matters of the Group inclusive of reviewing and monitoring the adequacy and integrity of the Group's risk management and internal control framework to RMAC.

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 Directors' Statement on Risk Management and Internal Control on pages 70 to 75 of this Annual Report features the Group's risk management framework and its state of internal control.

### III. DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring that the financial statements prepared for each financial year are 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 FY2022, the Board had:

- adopted appropriate and relevant accounting policies which were consistently applied;
- made judgements and used estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards have been followed; and
- prepared financial statements on a going concern basis, having made inquiries that the Company and Group have adequate resources to continue in operational existence for the foreseeable future.

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

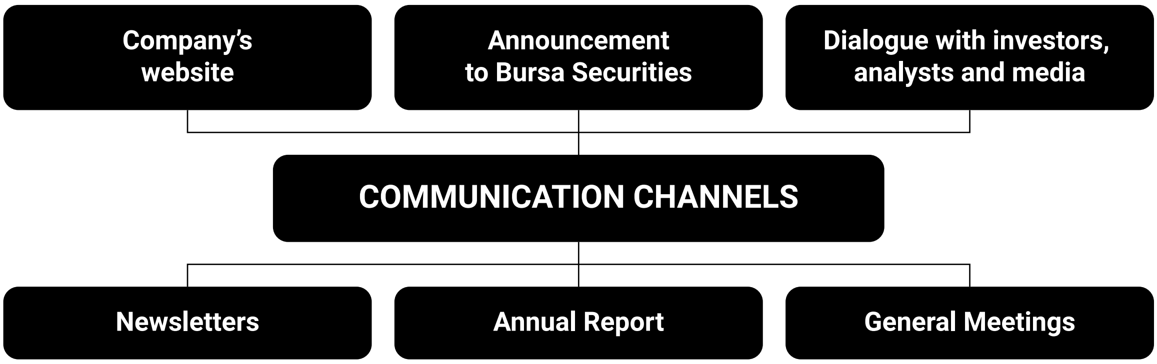
### I. COMMUNICATION WITH STAKEHOLDERS

The Company strives to maintain an open and transparent channel of communication with its shareholders and stakeholders, analysts and the public at large with the objective to provide a clear and complete picture of the Group's performance and financial position. Any question or feedback from them is welcomed by the Group. Whenever deemed appropriate, the Board or the relevant management personnel will respond to their queries or opinions on a timely basis.

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (cont'd)

### I. COMMUNICATION WITH STAKEHOLDERS (cont'd)




As part of its corporate governance initiatives, the Company has in place a Corporate Disclosure Policy which serves as a guide for 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.

### II. CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for dialogue with shareholders and provides an opportunity for shareholders to seek and clarify issues pertaining to the Group's direction and performance. The notice of the 25$^{th}$ AGM in 2021 and the upcoming AGM in 2022 were circulated to the shareholders at least twenty-eight (28) clear days before the date of AGM, well in advance of the 21-day requirement under the Companies Act 2016 and MMLR of Bursa Securities. The additional time given to the shareholders would allow them to make the necessary arrangements to participate in the meeting and have sufficient time to scrutinise the Annual Report and information supporting the resolutions proposed.

Due to the COVID-19 pandemic and as part of the Company's precautionary measures, the 25$^{th}$ AGM of the Company was conducted fully virtual on 7 September 2021. All participants including the Chairman of the Board, Board members, Company Secretary, External Auditors, Senior Management and shareholders had participated the meeting remotely. The electronic platform was provided by the Share Registrar of the Company, Mega Corporate Services Sdn. Bhd., which allowing shareholders and proxies, raised questions before and during the AGM and cast their vote remotely via electronic poll voting. An independent scrutineer was appointed to verify poll results. The results of the electronic poll voting were announced in a timely manner.

During the 25$^{th}$ AGM, the GMD gave a brief review on the progress and performance of the Group including business strategies, current year's financial performance, work progress of key projects, upcoming projects and the market outlook. Whereas the CFO presented the Group's business portfolio and notable achievements, financial performance of the Group for the past 5 years as well as the Group's strategies and future plans. On top of that, questions raised by the Minority Shareholders Watch Group (MSWG) in relation to strategic and financial matters and responses from Management were also shared with all the participants during the AGM.

The GMD and CFO responded to clarifications and feedback from shareholders during the virtual 25$^{th}$ AGM. The minutes was published on the Company's website within 30 business days after the conclusion of the 25$^{th}$ AGM.

## FOCUS AREAS AND FUTURE PRIORITIES

The Board remains committed to ensuring good corporate governance and practices are implemented and embedded throughout the Group.

Moving forward, the Board will continue to improve the Company's corporate governance practices and place more focus on its *Sustainability Plus* approach in tackling sustainability issues including governance, economic, environmental and social challenges, which help the Group to remain durable and resilient in such a challenging and uncertain business environment. The Board will continue to instil a risk and governance awareness culture and mindset throughout the organisation in the best interests of all stakeholders.

This Corporate Governance Overview Statement is issued in accordance with a resolution of the Board dated 16 June 2022.

# 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 and non-audit fees paid or payable to the Group's and the Company's external auditors for the financial year ended 28 February 2022 are as follows:

| | GROUP<br>RM'000 | COMPANY<br>RM'000 |
|---|---|---|
| Audit fees | 175 | 36 |
| Non-audit fees | 5 | 5 |
| **Total** | 180 | 41 |

## *MATERIAL CONTRACTS*

There were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors or major shareholders, either still subsisting at the end of the financial year ended 28 February 2022 or entered into since the end of the previous financial year ended 28 February 2021.

## *RECURRENT RELATED PARTY TRANSACTIONS*

At the Annual General Meeting of the Company held on 7 September 2021, the Company has renewed the shareholders' mandate for the Group to enter into recurrent related party transactions of a 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 the transactions conducted pursuant to the Shareholders' Mandate during the financial year ended 28 February 2022 are disclosed in Note 36 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 the adequacy and effectiveness of risk management and internal control system is to ensure that the system remains applicable and robust to the Group. It 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 system, the Board recognises that such system is designed to manage and control 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 ongoing process used for identifying, evaluating, monitoring and managing key risks of the Group.

The Group's 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 timely identification, assessment of identified risks, development of relevant risk action plans and continuous monitoring of key risks 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:

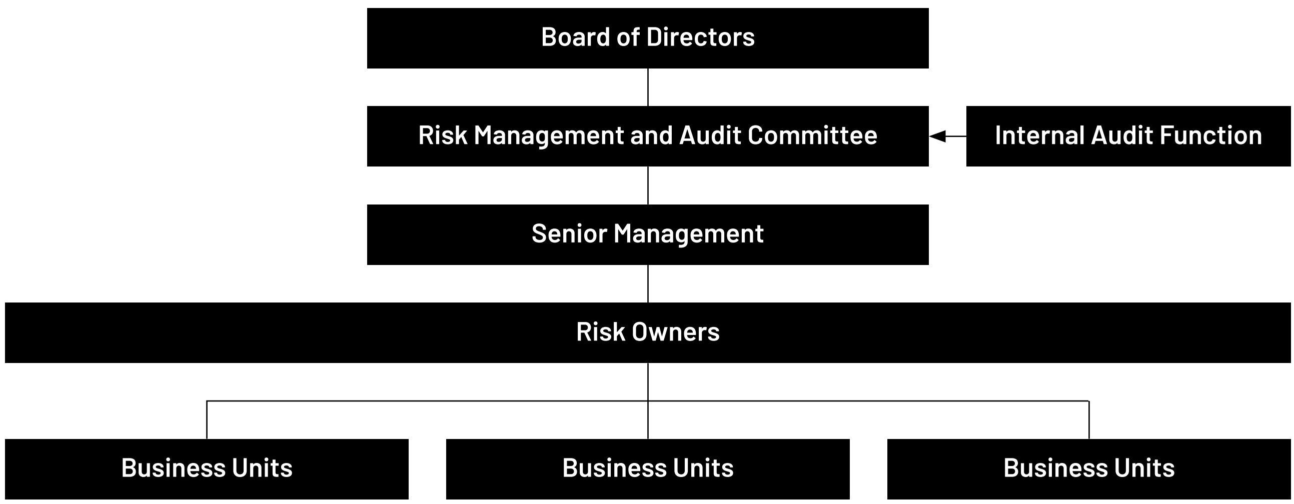
# Directors' Statement on Risk Management and Internal Control (cont'd)

- The identification of key risks is based on the broad spectrum of strategic, operation, financial and compliance to regulatory requirements.
- Risk assessment techniques are also embedded and applied by the Management on day-to-day operations such as facilitating decision-making for new projects / investments.
- Risk action plans for identified key risks are developed based on the selected risk treatment strategies and are mitigated 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 Senior Management and business units' heads as well as Heads of Department. 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 Senior Management and business units' heads. The Senior Management, led by the Group Managing Director, is responsible for implementing Board-approved frameworks, policies and procedures on risk management and internal control management.

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, Senior 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;<br>• Ensure a risk awareness and control optimised culture is embedded throughout the Group; and<br>• 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;<br>• Review the status of implementation of the policies approved by the Board;<br>• 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;<br>• 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;<br>• Approve changes to the risk profiles based on recommendations by Senior Management; and<br>• Responsible to review the Group's internal control framework to ensure its adequacy and effectiveness. |
| Senior Management | • Provide further input on identification, assessment, mitigation, monitoring and reporting of risks and internal controls;<br>• Moderate risk scoring based on Group's level of risk tolerance; and<br>• Consider and recommend changes of risk profile to the RMAC by looking into the significance and impact of the risks on the overall Group's operations. |
| Risk Owners (i.e Business Units' Heads and Heads of Department) | • Involve in risk identification, evaluation and management of each business unit head and the respective Heads of Department ("HOD"). Any significant risks identified from risk management activities are communicated to Senior Management before it is escalated to the RMAC and the Board;<br>• Responsible in identification, assessment, mitigation, monitoring and reporting of risks that are appropriate to the needs of the organisation;<br>• Implement, manage and monitor various controls designed to mitigate the risks identified; and<br>• Implement 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 Enterprise Risk Management consultant, an annual update of the risk profiles was undertaken. Several risk assessment and consultation sessions 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 systems 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 6 risk profiles as well as other key risk profiles were presented to the RMAC on a quarterly basis, for their notification and deliberation.

# 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 risks and its mitigation actions:

| Risk | Description | Mitigation |
|---|---|---|
| Liquidity challenge | Liquidity challenge refers to the ability of a company in meeting its payment obligations and to finance its business operations. Improper managing of liquidity challenge may affect the reputation of the Group in terms of the willingness of vendors to offer their service and may delay the project progress. | The Group mitigates this risk by closely monitoring the cash flow projection, ensuring timely issuance of progress billing and collection, and continuous monitoring of project cost. |
| Delay in project completion and handover | Based on the sale and purchase agreements ("SPA") signed between purchasers and the Group, projects should be handed over within the 24 to 48 months after the signing of SPA. Delay in project completion may increase construction expenditures, as well as enforcement of Liquidated Ascertained Damages ("LAD") by purchasers and reputation of the Group may be affected. | The Group mitigates this risk by closely monitoring project progress involving parties such as contractors, consultants, suppliers, lawyers, etc. through regular progress monitoring and monthly consultation meetings and discussions. |
| Adequacy of strategic landbank | With the Group's nature of business, the Group actively sources for landbanks at Klang Valley and Northern Region and any other regions deemed strategic to ensure adequacy of landbanks. Adequacy of landbank refers to sufficiency of land for new development and strategic land. Inadequacy of landbanks may result in lack of project to be executed and hence may result in declining of revenue. | The Group mitigates this risk by continuously sourcing for landbanks with detailed feasibility study. Due diligence exercise is performed as part of the land acquisition evaluation process. The process is carried out by a land sourcing & product development team. |
| Health, safety and environmental hazard | Unsafe and hazardous working environment at the construction sites could result in injury or fatality cases. Besides, the local authority has the rights to issue stop-work order to carry out investigation of incidents. This may affect the project completion timeline which will affect its cashflow and eventually give impact to the Group's reputation. | The Group mitigates this risk by imposing strict Standard Operating Procedures ("SOP") to manage any non-compliances of health and safety guidelines at project site. This includes a much stricter and comprehensive SOP to manage the COVID-19 virus at the sites. |
| Market positioning and differentiation challenge | Demand and value of properties in the Central region is higher due to the population size and standard of living. However, competition at the same time is also more intense due to the presence of many large players. Product innovation and differentiation via adding value are crucial to the creation of competitive advantage. | The Group mitigates this risk by exploring possibilities of different business models and new segments, and having a sustainability policy (*Eupe Sustainability Plus*) which incorporate with innovation, design and sustainability that drive towards Eupe's principles. |
| 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 are holding critical & key position may result in leadership challenge and loss of stakeholders' confidence. | The Group has identified successors for key positions. These successors are sent for external training other than the ongoing on-job training. This will help to enhance their knowledge and skill sets to be better leaders of the Group in time to come. |

# 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 system 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 authorisation level of Senior Management in all key areas;
- Code of Conduct and Ethics are in place to set out standards of ethics and conduct expected from 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 acts 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 Transactions ("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;
- Policy and procedures for External Auditors outlines the Company's policies and procedures in assessing the suitability, objectivity and independence of external auditors and continuous monitoring of their performance; and
- Continuous quality improvement initiatives to ensure accreditation such as ISO certification for selected businesses.

### People

- Employee handbook outlines the employment terms 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 Audit and Assurance Practice Guide 3 ("AAPG 3") – *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA"). Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement, 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 system of 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 Group's risk management and internal control system are operating adequately and effectively, in all material aspects, the Board is of the view that the system of internal control and risk management in place for the financial 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 16 June 2022.

# Risk Management and Audit Committee Report

The Board of Directors ("**the Board**") of Eupe Corporation Berhad ("**Company**") 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 Company and its subsidiaries (the "**Group**") for the financial year ended 28 February 2022 ("**FY2022**").

## COMPOSITION OF THE RMAC

The RMAC comprises three (3) members, all of whom are Independent Non-Executive Directors, which satisfy 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 9.4 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<br>*Chairman, Independent Non-Executive Director* |
| Kek Jenny<br>*Member, Independent Non-Executive Director* |
| Alfian Bin Tan Sri Mohamed Basir<br>*Member, Independent Non-Executive Director* |

The Chairman of the RMAC, Iskandar Abdullah @ Sim Kia Miang, is a Fellow of the Institute of Chartered Accountants in England and Wales while both Kek Jenny and Alfian Bin Tan Sri Mohamed Basir are Members of the Malaysian Institute of Accountants ("**MIA**"). Thus, the Company complies with Paragraph 15.09(1)(c) of the MMLR which stipulates that at least one (1) member of the committee must be a member of MIA, or if he/she is not a member of MIA, he/she must have at least 3 year's working experience and he/she must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or he/she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or fulfils such other requirements as prescribed or approved by Bursa Securities.

## MEETINGS AND ATTENDANCE

The RMAC held a total of five (5) meetings during the FY2022. The details of the attendance of each RMAC member are as follows:

| RMAC Member | Meeting Attendance |
|---|---|
| Iskandar Abdullah @ Sim Kia Miang (Chairman) | 5 / 5 |
| Kek Jenny | 5 / 5 |
| Alfian Bin Tan Sri Mohamed Basir | 5 / 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 results and annual audited financial statements, resolving and clarifying matters raised in relation to operations and financial. The Chairman of the RMAC may also invite other Board members and/or management to participate in the meetings, where necessary. The representatives of External Auditors, out-sourced Internal Auditors and the out-sourced Enterprise Risk Management consultant were also invited to attend the RMAC meetings to present their reports on audit plans, audit findings and recommendations as well as the Group's risk profile. The Chairman of the RMAC reports to the Board on the activities and significant matters discussed at every RMAC meeting subsequently as well as the RMAC's recommendation, as and when relevant for the consideration of the Board.

All deliberations during the RMAC meetings, including issues tabled and rationale adopted for decisions were properly recorded. Minutes of each RMAC meeting were tabled for confirmation at the 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 9.5 of the MCCG, the 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 FY2022.

## SUMMARY OF WORK OF THE RMAC

The RMAC carried out the following key activities for FY2022 in discharging their duties and responsibilities:

### 1. Financial Reporting

a) Reviewed the Group's unaudited quarterly financial results for the first, second, third and fourth quarters of FY2022, 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 the RMAC meetings held on 29 July 2021, 21 October 2021, 20 January 2022 and 27 April 2022 respectively.

During these meetings, the GMD and CFO were invited to present the unaudited quarterly financial results and provide explanations in regard to any material changes in financial performance. They had provided assurances to the RMAC that appropriate accounting standards and accounting policies had been adopted and applied consistently.

Upon being satisfied that the unaudited quarterly financial results had complied with the relevant regulatory requirements, the RMAC recommended the same to the Board for approval.

b) At the RMAC meeting held on 15 June 2022, reviewed the annual audited financial statements of the Group and of the Company for FY2022, Directors' and Auditors' Report, together with RSM Malaysia PLT, the External Auditors. The key considerations in the deliberations of these financial statements included the following:

i. The annual audited 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 gave a true and fair view of the financial position of the Company as at 28 February 2022 and of its financial performance and cash flows for the financial year are 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 FY2022, in particular, International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on MFRS 123: Borrowing Costs.

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

# Risk Management and Audit Committee Report (cont'd)

## 2. External Audit

a) Reviewed the Audit Planning Memorandum for FY2022 presented by the External Auditors on 20 January 2022. The annual audit planning memorandum outlined the audit timeline, audit materiality, potential key audit matters, as well as audit issues carried forward from FY2021.

b) Reviewed the Audit Review Memorandum in respect of the audit of the Company and the Group for FY2022 and deliberated on the audit findings and status presented by the External Auditors on 27 April 2022. The RMAC also discussed with the External Auditors on audit issues and observations arising from the statutory audit of the Group for the FY2022 including financial reporting issues, significant judgement made by the Management, as well as potential key audit matters identified for the Group.

c) Reviewed the proposed fees for audit and non-audit services provided by the External Auditors for FY2022.

d) Met with the External Auditors at the RMAC meetings held on 20 January 2022 and 27 April 2022 without the presence of the Executive Directors and the management. Topics that were discussed were the adequacy of information provided to the External Auditors, cooperation provided by management and key matters noted from audits. There were no major concerns or material issues noted. The External Auditors had been receiving full cooperation from the management throughout the audit progress.

e) Reviewed and assessed the independence and effectiveness of the External Auditors on 15 June 2022, based on the annual assessment using questionnaires and feedback received from the management.

The RMAC was satisfied with the overall performance, independence and competency of the External Auditors for FY2022 and recommended to the Board on the re-appointment of the External Auditors for FY2023, and subsequently to the shareholders for approval at the 26th Annual General Meeting ("**AGM**").

## 3. Internal Audit

a) Reviewed and approved the risk based internal audit plan for FY2022 and FY2023 proposed by the outsourced Internal Auditors, Tricor Axcelasia Sdn Bhd and to ensure adequacy of the scope and comprehensive coverage over the activities of the Group.

b) Reviewed internal audit reports prepared by the Internal Auditors at the RMAC meetings held on 21 October 2021, 20 January 2022 and 27 April 2022, deliberation of major findings and Management's responses together with Internal Auditors' recommendations.

c) Met with the Internal Auditors on 20 January 2022 and 27 April 2022 without the presence of the management for discussion on internal audit related matters. The Internal Auditors informed the RMAC that they did not encounter any issue throughout the course of its audits and had been receiving full cooperation from the management.

d) Reviewed the adequacy of the scope, functions, competency and resources of the Internal Auditors. The areas being assessed are as follows:

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

The RMAC was satisfied with the competency and independence of the Internal Auditors in carrying out its scope of work. The IA was able to provide meaningful inputs when developing action plans and protect the Group's value by providing risk based and objective assurance and insight to improve the Group's operation.

## 4. Enterprise Risk Management ("ERM")

a) On 29 July 2021, reviewed the updated ERM profile of the Group for 2021/2022 and identified the Group's top 6 risk profiles, presented by the out-sourced ERM consultant, Tricor Axcelasia Sdn Bhd. Each identified risk had been assigned to the respective risk owners and the controls in place are adequate to address and manage these risks.

b) Reviewed the update on the Group's top 6 risk profiles as well as other key risk profiles at the RMAC meetings held on 21 October 2021, 20 January 2022 and 27 April 2022.

The costs incurred for the ERM for FY2022 was RM10,000 (FY2021: RM10,000). The cost incurred for FY2022 and FY2021 remained unchanged mainly due to similar scope of work performed which was the risk re-assessment and update of the existing identified risks.

For further details on ERM Functions, please refer to Directors' Statement on Risk Management and Internal Control on pages 70 to 75 of the Annual Report 2022.

# 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 at the RMAC meetings held on 29 July 2021, 21 October 2021, 20 January 2022 and 27 April 2022, to ensure that the transactions are at arm's length basis and on normal commercial terms which are 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 RPTs on 15 June 2022 to ensure that related parties are appropriately identified and that they have declared and reported appropriately.

c) On 15 June 2022, 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 and recommended to the Board for approval prior to recommending to the shareholders for approval at the 26th AGM.

## 6. Other Activities

a) Assessed the effectiveness of risk management and internal control of the Group for FY2022 on 15 June 2022. Based on the assessment results, the RMAC was satisfied that the risk management framework and internal control processes of the Group are able to function effectively in identifying, assessing and managing its risks including those relating to the overall business operations, financial reporting and compliance.

b) Reviewed and recommended to the Board, the RMAC Report and the Directors' Statement on Risk Management and Internal Control, for inclusion in the Annual Report 2022.

## INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the RMAC, is outsourced to Tricor Axcelasia Sdn Bhd, an independent professional services provider whose principal responsibility is to undertake regular and systematic reviews of internal controls system in accordance with the approved risk based internal audit plan, to provide reasonable assurance that the system continues to operate effectively.

The engagement Executive Director is Ms. Melissa Koay ("**Ms. Melissa**") who is a Chartered Member of the Institute of Internal Auditors Malaysia and a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. She is also a Certified Internal Auditors (USA). Ms. Melissa has diverse professional experience in internal audits, risk management, and corporate governance advisory.

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 FY2022, the Internal Auditors performed audit reviews in accordance with the approved risk based internal audit plan covering the following divisions and auditable processes:

| Business Division | Auditable Processes |
|---|---|
| Property Investment & Management | • Billings, collection, maintenance & security |
| Property Development | • Project Management<br>• Project Tender<br>• Health, Safety and Environment<br>• Marketing |

The internal audit reports were issued to the RMAC and presented to the RMAC at their scheduled quarterly meetings. The internal audit reports containing audit findings and recommendations together with management's responses to address the control weaknesses identified during the course of internal audit review and enhance the adequacy and effectiveness of the Group's system 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 FY2022 was RM63,000 (FY2021: RM55,000). The higher cost incurred for FY2022 was due to the increase in the professional fee charged in respect of internal audit service as compared to FY2021.

This report is issued in accordance with a resolution of the Board dated 16 June 2022.

# 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 28 February 2022.

## 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 | 23,446 | 171 |
| Non-controlling interests | 5,718 | - |
| | 29,164 | 171 |

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 28 February 2022: | |
| Single-tier interim dividend of 1.50 sen per ordinary share, declared on 22 October 2021 and paid on 8 December 2021 | 1,920 |

The directors do not recommend any final dividend in respect of the financial year ended 28 February 2022.

## 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.

## 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
Beh Yeow Seang
Alfian bin Tan Sri Mohamed Basir
Iskandar Abdullah @ Sim Kia Miang
Kek Jenny
Tham Sau Kien (Appointed on 18 June 2021)

# Directors' Report (cont'd)

The names of directors of subsidiary companies are set out in the respective subsidiary company's statutory accounts and the said information is deemed incorporated herein by such reference and made a part thereof.

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 28 February 2022 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 1.3.2021/date of appointment, if later '000 | Acquired '000 | Disposed '000 | At 28.2.2022 '000 |
| **THE COMPANY** | | | | |
| **Direct interests** | | | | |
| Datuk Tan Hiang Joo | 10 | - | - | 10 |
| Dato' Beh Huck Lee | 3,500 | - | - | 3,500 |
| Tham Sau Kien | 2,002 | - | - | 2,002 |
| **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 36 to the financial statements.

## DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in the Note 32 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 | 22 | 21 |

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

# Directors' Report (cont'd)

## 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 32 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 37 to the financial statements.

(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.

# Directors' Report (cont'd)

## AUDITORS

The auditors, RSM Malaysia PLT (converted from a conventional partnership, RSM Malaysia, on 3 January 2022), 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**

16 June 2022

# Statements of Financial Position as at 28 February 2022

| | | GROUP | | |
|---|---|---|---|---|
| | | | Restated | Restated |
| | | 28.2.2022 | 28.2.2021 | 1.3.2020 |
| | Note | RM'000 | RM'000 | RM'000 |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 6 | 58,770 | 61,179 | 64,924 |
| Right-of-use assets | 7 | 1,408 | 238 | 617 |
| Inventories - land held for property development | 9 | 141,782 | 204,002 | 188,193 |
| Investment properties | 10 | 44,020 | 46,328 | 45,751 |
| Deferred tax assets | 11 | 3,540 | 5,204 | 3,363 |
| | | 249,520 | 316,951 | 302,848 |
| **Current assets** | | | | |
| Inventories - property development costs | 9 | 91,035 | 64,137 | 95,052 |
| Inventories - completed properties and others | 9 | 30,900 | 32,078 | 18,472 |
| Contract costs | 12 | 6,682 | 1,557 | 6,085 |
| Contract assets | 13 | 21,269 | 72,002 | 167,424 |
| Trade and other receivables | 14 | 110,466 | 54,639 | 78,173 |
| Sinking funds | 16 | 674 | 837 | 802 |
| Tax recoverable | | 585 | 303 | 2,271 |
| Cash and cash equivalents | 17 | 99,565 | 77,368 | 36,668 |
| | | 361,176 | 302,921 | 404,947 |
| **TOTAL ASSETS** | | 610,696 | 619,872 | 707,795 |

# Statements of Financial Position as at 28 February 2022 (cont'd)

| | | GROUP | | |
|---|---|---|---|---|
| | | | Restated | Restated |
| | | 28.2.2022 | 28.2.2021 | 1.3.2020 |
| | Note | RM'000 | RM'000 | RM'000 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity attributable to equity holders of the Company** | | | | |
| Share capital | 18 | 133,982 | 133,982 | 133,982 |
| Reserves | 19 | 281,065 | 259,534 | 216,085 |
| | | 415,047 | 393,516 | 350,067 |
| Non-controlling interests | | 37,507 | 42,446 | 72,467 |
| **TOTAL EQUITY** | | 452,554 | 435,962 | 422,534 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Long-term borrowings | 20 | 45,730 | 57,546 | 95,243 |
| Lease liabilities | 27 | 869 | - | 252 |
| Deferred tax liabilities | 11 | 12,143 | 12,464 | 13,867 |
| | | 58,742 | 70,010 | 109,362 |
| **Current liabilities** | | | | |
| Contract liabilities | 13 | 1,047 | 5,257 | 12,880 |
| Trade and other payables | 28 | 67,464 | 67,469 | 67,334 |
| Provisions | 29 | 10,917 | 9,599 | 11,613 |
| Short-term borrowings | 20 | 17,016 | 23,955 | 80,094 |
| Lease liabilities | 27 | 559 | 252 | 383 |
| Current tax payable | | 2,397 | 7,368 | 3,595 |
| | | 99,400 | 113,900 | 175,899 |
| **TOTAL LIABILITIES** | | 158,142 | 183,910 | 285,261 |
| **TOTAL EQUITY AND LIABILITIES** | | 610,696 | 619,872 | 707,795 |

# Statements of Financial Position as at 28 February 2022 (cont'd)

| | | COMPANY | |
|---|---|---|---|
| | | 2022 | 2021 |
| | Note | RM'000 | RM'000 |
| **ASSETS** | | | |
| **Non-current asset** | | | |
| Investment in subsidiaries | 8 | 117,420 | 117,420 |
| **Current assets** | | | |
| Trade and other receivables | 14 | 454 | 331 |
| Amount owing from subsidiaries | 15 | 32,225 | 36,262 |
| Cash and cash equivalents | 17 | 16 | 35 |
| | | 32,695 | 36,628 |
| **TOTAL ASSETS** | | 150,115 | 154,048 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | 18 | 133,982 | 133,982 |
| Reserves | 19 | 12,967 | 14,716 |
| **TOTAL EQUITY** | | 146,949 | 148,698 |
| **Current liabilities** | | | |
| Trade and other payables | 28 | 69 | 71 |
| Amount owing to subsidiaries | 15 | 3,097 | 5,247 |
| Current tax payable | | - | 32 |
| **TOTAL LIABILITIES** | | 3,166 | 5,350 |
| **TOTAL EQUITY AND LIABILITIES** | | 150,115 | 154,048 |

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 28 February 2022

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | | Restated | | |
| | | 2022 | 2021 | 2022 | 2021 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **REVENUE** | 30 | 223,168 | 304,025 | 1,406 | 400 |
| **COST OF SALES** | 31 | (157,325) | (193,415) | - | - |
| **GROSS PROFIT** | | 65,843 | 110,610 | 1,406 | 400 |
| **OTHER OPERATING INCOME** | | 2,695 | 3,337 | - | 1,006 |
| **MARKETING AND DISTRIBUTION COSTS** | | (6,251) | (3,703) | - | - |
| **ADMINISTRATIVE EXPENSES** | | (16,287) | (16,647) | (1,267) | (1,224) |
| **OTHER OPERATING EXPENSES** | | (3,710) | (5,538) | - | - |
| **FINANCE COSTS** | | (2,569) | (2,866) | - | - |
| **PROFIT BEFORE TAX** | 32 | 39,721 | 85,193 | 139 | 182 |
| **TAX EXPENSE** | 33 | (10,557) | (22,018) | 32 | (32) |
| **NET PROFIT FOR THE FINANCIAL YEAR** | | 29,164 | 63,175 | 171 | 150 |
| **OTHER COMPREHENSIVE INCOME** | | | | | |
| - FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION | | 3 | 2 | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR** | | 29,167 | 63,177 | 171 | 150 |
| | | | | | |
| **PROFIT ATTRIBUTABLE TO:** | | | | | |
| EQUITY HOLDERS OF THE COMPANY | | 23,446 | 43,448 | 171 | 150 |
| NON-CONTROLLING INTERESTS | | 5,718 | 19,727 | - | - |
| | | 29,164 | 63,175 | 171 | 150 |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | | | | |
| EQUITY HOLDERS OF THE COMPANY | | 23,448 | 43,449 | 171 | 150 |
| NON-CONTROLLING INTERESTS | | 5,719 | 19,728 | - | - |
| | | 29,167 | 63,177 | 171 | 150 |
| BASIC EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (SEN) | 34 | 18.32 | 33.94 | | |

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

# Statements of Changes in Equity for The Financial Year Ended 28 February 2022

| | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|
| | | **Non-distributable** | **Distributable** | | | |
| | Ordinary share capital 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 2020 | 133,982 | (209) | 218,552 | 352,325 | 73,435 | 425,760 |
| Effect of changes in accounting policy as a result of the Agenda Decision on MFRS 123 Borrowing Costs (Note 44) | - | - | (2,258) | (2,258) | (968) | (3,226) |
| Balance as at 1 March 2020, as restated | 133,982 | (209) | 216,294 | 350,067 | 72,467 | 422,534 |
| Net profit for the financial year | - | - | 42,189 | 42,189 | 19,188 | 61,377 |
| Other comprehensive income for the financial year | - | 1 | - | 1 | 1 | 2 |
| Total comprehensive income for the financial year | - | 1 | 42,189 | 42,190 | 19,189 | 61,379 |
| Effect of changes in accounting policy as a result of the Agenda Decision on MFRS 123 Borrowing Costs (Note 44) | - | - | 1,259 | 1,259 | 539 | 1,798 |
| Total comprehensive income for the financial year, as restated | - | 1 | 43,448 | 43,449 | 19,728 | 63,177 |
| Dividend paid | - | - | - | - | (49,749) | (49,749) |
| Balance as at 28 February 2021/ 1 March 2021, as restated | 133,982 | (208) | 259,742 | 393,516 | 42,446 | 435,962 |
| Net profit for the financial year | - | - | 23,446 | 23,446 | 5,718 | 29,164 |
| Other comprehensive income for the financial year | - | 2 | - | 2 | 1 | 3 |
| Total comprehensive income for the financial year | - | 2 | 23,446 | 23,448 | 5,719 | 29,167 |
| Change in interest in a subsidiary | - | - | 3 | 3 | (3) | - |
| Dividends paid | - | - | (1,920) | (1,920) | (10,655) | (12,575) |
| Balance as at 28 February 2022 | 133,982 | (206) | 281,271 | 415,047 | 37,507 | 452,554 |

# Statements of Changes in Equity for The Financial Year Ended 28 February 2022 (cont'd)

| | | Distributable | |
|---|---|---|---|
| | Ordinary share capital RM'000 | Retained earnings RM'000 | Total RM'000 |
| **COMPANY** | | | |
| Balance as at 1 March 2020 | 133,982 | 14,566 | 148,548 |
| Net profit and total comprehensive income for the financial year | - | 150 | 150 |
| Balance as at 28 February 2021/ 1 March 2021 | 133,982 | 14,716 | 148,698 |
| Net profit and total comprehensive income for the financial year | - | 171 | 171 |
| Dividend paid | - | (1,920) | (1,920) |
| Balance as at 28 February 2022 | 133,982 | 12,967 | 146,949 |

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

# Statements of Cash Flows for The Financial Year Ended 28 February 2022

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Cash receipts from customers | 222,002 | 397,672 | - | - |
| Cash payments to suppliers and creditors | (128,844) | (182,215) | - | - |
| Cash payments to employees and for expenses | (21,331) | (9,629) | (1,269) | (1,221) |
| **Cash generated from/ (used in) operations** | 71,827 | 205,828 | (1,269) | (1,221) |
| Rental income received | 901 | 473 | - | - |
| Bank overdraft interest paid | (170) | (181) | - | - |
| Deposits (paid)/received | (835) | 621 | (123) | (324) |
| Tax refunded | 216 | 1,985 | - | - |
| Tax paid | (14,683) | (21,506) | - | - |
| **Net cash generated from/ (used in) operating activities** | 57,256 | 187,220 | (1,392) | (1,545) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Repayment from subsidiaries | - | - | 1,887 | 161 |
| Dividend received | - | - | 1,406 | 400 |
| Interest income received | 679 | 1,694 | - | 1,006 |
| Net changes in fixed deposits pledged | (181) | (9,067) | - | - |
| Proceeds from disposal of property, plant and equipment | 74 | 2 | - | - |
| Proceeds from sales of investment properties | 2,072 | - | - | - |
| Purchase of property, plant and equipment^ | (465) | (798) | - | - |
| **Net cash generated from/ (used in) investing activities** | 2,179 | (8,169) | 3,293 | 1,567 |

# Statements of Cash Flows for The Financial Year Ended 28 February 2022 (cont'd)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Dividend paid to shareholders | (1,920) | - | (1,920) | - |
| Dividend paid to non-controlling interests | (10,655) | (49,749) | - | - |
| Net (repayment)/drawdown of bankers' acceptances | (1,613) | 472 | - | - |
| Net repayment of hire purchase liabilities | (243) | (224) | - | - |
| Net (repayment)/drawdown of invoice financing | (3,232) | 2,288 | - | - |
| Net repayment of lease liabilities | (501) | (383) | - | - |
| Net repayment of revolving credits | (2,215) | (46,295) | - | - |
| Net repayment of term loans | (11,563) | (50,575) | - | - |
| Bankers' acceptances interest paid | - | (41) | - | - |
| Hire purchase interest paid | (41) | (42) | - | - |
| Invoice financing interest paid | (11) | (122) | - | - |
| Lease liabilities interest paid | (39) | (27) | - | - |
| Revolving credit interest paid | (1,031) | (510) | - | - |
| Term loans interest paid | (4,469) | (2,134) | - | - |
| **Net cash used in financing activities** | (37,533) | (147,342) | (1,920) | - |
| **NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS** | 21,902 | 31,709 | (19) | 22 |
| **EFFECT OF TRANSLATION DIFFERENCE** | 3 | 2 | - | - |
| **CASH AND CASH EQUIVALENTS BROUGHT FORWARD** | 59,902 | 28,191 | 35 | 13 |
| **CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 17)** | 81,807 | 59,902 | 16 | 35 |

# Statements of Cash Flows for The Financial Year Ended 28 February 2022 (cont'd)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | 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 | 20 | 20 | - | - |
| Payment relating to short-term leases | 201 | 186 | - | - |
| *Included in net cash from financing activities:* | | | | |
| Interest paid in relation to hire purchase liabilities | 41 | 42 | - | - |
| Interest paid in relation to lease liabilities | 39 | 27 | - | - |
| Net repayment of hire purchase liabilities | 243 | 224 | - | - |
| Net repayment of lease liabilities | 501 | 383 | - | - |
| **Total cash outflows for leases** | 1,045 | 882 | - | - |

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Right-of-use assets | | | | |
| Lease | 1,677 | - | - | - |
| Property, plant and equipment | | | | |
| Hire purchase | - | 576 | - | - |
| Cash | 465 | 798 | - | - |
| | 465 | 1,374 | - | - |

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

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022

## 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 is 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.

Investments 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 for The Financial Year Ended 28 February 2022 (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.

## 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.4 Leases

#### (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.

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.4 Leases (cont'd)

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

**(i) As a lessee (cont'd)**

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 or 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.

The Group has applied Amendment to MFRS 16 *Leases - COVID-19 Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

**(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 for The Financial Year Ended 28 February 2022 (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".

### 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.

**(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.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 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.

## 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 for The Financial Year Ended 28 February 2022 (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 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.

For the financial year ended on 28 February 2022 and 28 February 2021, the Group and the Company did not carry any financial assets classified as FVPL and FVOCI.

All 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

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.

## 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. 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 as 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 for The Financial Year Ended 28 February 2022 (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 for The Financial Year Ended 28 February 2022 (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 projects 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.

## 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 for The Financial Year Ended 28 February 2022 (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, 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.

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.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 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.

### 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.

## 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 Amendments to MFRSs adopted

For the preparation of the financial statements, the following amendments to MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2021:

- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosure*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases – Interest Rate Benchmark Reform Phase 2*

During the financial year, the Group and the Company have early adopted the Amendment to MFRS 16 *Leases – COVID-19-Related Rent Concessions beyond 30 June 2021*.

The adoption of the above-mentioned amendments to MFRSs has no significant impact on the financial statements of the Group and of the Company.

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

### 4.2 Amendments to MFRSs not yet effective

The following are amendments to MFRSs that have been issued by the MASB up to the date of the issuance of the Group's and of the Company's financial statements but have not yet effective in current financial reporting period of the Group and of the Company ended 28 February 2022, thus have not been adopted in these financial statements:

**Amendments to MFRSs effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts–Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

**Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023**

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

**Amendments to MFRSs effective for annual periods beginning on or after a 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 amendments will be adopted by the Group and the Company when they become effective from the annual period beginning on 1 March 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022.

### 4.3 MFRSs and Amendments to MFRSs not adopted

MFRS 17 *Insurance Contracts*, Amendments to MFRS 17 *Insurance Contracts*, and Amendment to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information* are not expected to be applicable to the Group and the Company.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 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.

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 30 and 31 respectively.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

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

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

#### (ii) Impairment of property, plant and equipment

The Group reviews at each reporting date if there is any indication of impairment of property, plant and equipment in accordance with the accounting policy stated in Note 3.7.

The recoverable amounts of cash-generating units have been determined based on higher of value in use and the fair value of the cash-generating units.

In determining the value in use of a cash-generating unit, the Group uses reasonable and supportable inputs about sales, cost of sales and other expenses based upon past experience, current events, the impact of the coronavirus ("COVID-19") pandemic and reasonably possible future developments.

Cash flows are projected based on those inputs and discounted at an appropriate discount rate. The actual outcome or event may not coincide with the inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Group's financial position and results.

In determining the fair value of a cash-generating unit, the Group uses comparison approach which is based on comparison of recent transacted price of similar properties. Sales price of comparable properties in close proximity are adjusted for the differences in key attributes such as property size.

As at financial year ended 28 February 2022, the Group has accumulated impairment loss on property, plant and equipment amounting to RM2,100,000 as disclosed in Note 6.

#### (iii) 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 Group will perform the valuation based on the comparison of recent transacted price of similar properties. 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 10.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 6. PROPERTY, PLANT AND EQUIPMENT

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

| GROUP<br>2022 | Freehold land | Leasehold land | Buildings | Renovation, electrical and amusement equipment | Motor vehicles | 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 |
| **Cost** | | | | | | | | |
| At 1 March 2021 | 24,146 | 40,278 | 21,643 | 12,325 | 4,529 | 9,342 | 21,919 | 134,182 |
| Additions | - | - | - | 27 | - | 92 | 346 | 465 |
| Written off | - | - | - | - | - | (30) | (101) | (131) |
| Disposals | - | - | - | (32) | (169) | - | (158) | (359) |
| At 28 February 2022 | 24,146 | 40,278 | 21,643 | 12,320 | 4,360 | 9,404 | 22,006 | 134,157 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 March 2021 | - | 18,476 | 11,500 | 9,057 | 3,379 | 8,243 | 20,248 | 70,903 |
| Charge for the financial year | - | 740 | 444 | 472 | 310 | 376 | 532 | 2,874 |
| Written off | - | - | - | - | - | (30) | (101) | (131) |
| Disposals | - | - | - | (32) | (169) | - | (158) | (359) |
| At 28 February 2022 | - | 19,216 | 11,944 | 9,497 | 3,520 | 8,589 | 20,521 | 73,287 |
| **Accumulated impairment loss** | | | | | | | | |
| At 1 March 2021/ 28 February 2022 | - | - | 1,998 | 2 | - | 70 | 30 | 2,100 |
| **Net carrying amount** | | | | | | | | |
| At 28 February 2022 | 24,146 | 21,062 | 7,701 | 2,821 | 840 | 745 | 1,455 | 58,770 |

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

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

| GROUP<br>2021 | Freehold land<br>RM'000 | Leasehold land<br>RM'000 | Buildings<br>RM'000 | Renovation, electrical and amusement equipment<br>RM'000 | Motor vehicles<br>RM'000 | Furniture, fittings and equipment<br>RM'000 | Sports equipment, machinery and others<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1 March 2020 | 24,146 | 40,278 | 21,302 | 12,168 | 4,392 | 9,279 | 21,850 | 133,415 |
| Additions | - | - | 341 | 157 | 633 | 87 | 156 | 1,374 |
| Written off | - | - | - | - | - | (24) | (83) | (107) |
| Disposals | - | - | - | - | (496) | - | (4) | (500) |
| At 28 February 2021 | 24,146 | 40,278 | 21,643 | 12,325 | 4,529 | 9,342 | 21,919 | 134,182 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 March 2020 | - | 17,736 | 10,889 | 8,683 | 3,555 | 7,872 | 19,756 | 68,491 |
| Charge for the financial year | - | 740 | 611 | 374 | 320 | 395 | 579 | 3,019 |
| Written off | - | - | - | - | - | (24) | (83) | (107) |
| Disposals | - | - | - | - | (496) | - | (4) | (500) |
| At 28 February 2021 | - | 18,476 | 11,500 | 9,057 | 3,379 | 8,243 | 20,248 | 70,903 |
| **Accumulated impairment loss** | | | | | | | | |
| At 1 March 2020 | - | - | - | - | - | - | - | - |
| Impairment loss for the financial year | - | - | 1,998 | 2 | - | 70 | 30 | 2,100 |
| At 28 February 2021 | - | - | 1,998 | 2 | - | 70 | 30 | 2,100 |
| **Net carrying amount** | | | | | | | | |
| At 28 February 2021 | 24,146 | 21,802 | 8,145 | 3,266 | 1,150 | 1,029 | 1,641 | 61,179 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

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

Certain freehold land and buildings of the Group with net carrying value of RM13,988,000 (2021: RM14,039,000) have been pledged to licensed banks for credit facilities granted to a subsidiary as disclosed in Notes 21 and 23.

## 7. RIGHT-OF-USE ASSETS

| | Buildings RM'000 |
|---|---|
| **GROUP** | |
| **2022** | |
| **Cost** | |
| At 1 March 2021 | 996 |
| Additions | 1,677 |
| Derecognition | (952) |
| At 28 February 2022 | 1,721 |
| **Accumulated depreciation** | |
| At 1 March 2021 | 758 |
| Charge for the financial year | 507 |
| Derecognition | (952) |
| At 28 February 2022 | 313 |
| **Net carrying amount** | |
| At 28 February 2022 | 1,408 |
| **2021** | |
| **Cost** | |
| At 1 March 2020/28 February 2021 | 996 |
| **Accumulated depreciation** | |
| At 1 March 2020 | 379 |
| Charge for the financial year | 379 |
| At 28 February 2021 | 758 |
| **Net carrying amount** | |
| At 28 February 2021 | 238 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 7. RIGHT-OF-USE ASSETS (cont'd)

Included in right-of-use assets are leases of buildings.

(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 32).

(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. INVESTMENT IN SUBSIDIARIES

| | COMPANY | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| Unquoted shares, at cost | 117,420 | 117,420 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 8. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: -

| Name of company | Group's effective interest | | Principal activities |
|---|---|---|---|
| | 2022 | 2021 | |
| | % | % | |
| 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) Pty. Ltd.# | 70 | 70 | Property development |
| Australasia Development Pty. Ltd.# | 70 | 70 | Property development |
| **Subsidiaries of Eupe Kemajuan Sdn. Bhd.** | | | |
| Eupe Land Development Sdn. Bhd. # [2] | 100 | - | Property development |
| Eupe Nexus Sdn. Bhd. # [4] | 100 | - | Property development |
| Oriental Plus Sdn. Bhd. | 100 | 100 | Dormant |
| Titian Sama Sdn. Bhd. | 70 | 70 | Property development |
| Titian Development Sdn. Bhd. # [3] | 70 | - | Property development |
| Titian Kayangan Sdn. Bhd. # [1] | 70 | 100 | Dormant |
| Eupe Development Sdn. Bhd. | 60 | 60 | Property development |
| Eupe Bangsar South Development (JV) Sdn. Bhd. | 50 | 50 | Property development |
| **Subsidiary of Eupe Golf Recreation & Tour Sdn. Bhd.** | | | |
| Cinta Sayang Management Sdn. Bhd. # | 100 | 100 | Restaurant operation & food catering |
| **Subsidiary of Eupe Hotel Sdn. Bhd.** | | | |
| Millennium Pace Sdn. Bhd. # | 100 | 100 | Fruit cultivation |
| **Subsidiary of Bukit Makmur Sdn. Bhd.** | | | |
| Makmur Longan Farming Sdn. Bhd. | 70 | 70 | Fruit cultivation |

# Companies not audited by RSM Malaysia PLT.

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

1. On 1 March 2021, Eupe Kemajuan Sdn. Bhd. had disposed off 3,000 ordinary shares in Titian Kayangan Sdn. Bhd., representing 30% equity interest, for a cash consideration of RM2.
2. On 27 September 2021, Eupe Kemajuan Sdn. Bhd. had incorporated a wholly-owned subsidiary, namely Eupe Land Development Sdn. Bhd..
3. On 28 September 2021, Eupe Kemajuan Sdn. Bhd. had incorporated a 70% owned subsidiary, namely Titian Development Sdn. Bhd..
4. On 10 December 2021, Eupe Kemajuan Sdn. Bhd. had incorporated a wholly-owned subsidiary, namely Eupe Nexus Sdn. Bhd..

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 8. INVESTMENT IN SUBSIDIARIES (cont'd)

### Non-controlling interests in subsidiaries

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

| 2022 | 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 | 5,283 | 12,162 | 20,053 | 9 | 37,507 |
| Profit allocated to NCI | 208 | 1,325 | 4,152 | 33 | 5,718 |

Summarised financial information before intra-group elimination:

| 2022 | Eupe Development Sdn. Bhd. | Eupe Bangsar South Development (JV) Sdn. Bhd. | Titian Sama Sdn. Bhd. |
|---|---|---|---|
| Non-current assets | 14,225 | 32 | 1,659 |
| Current assets | 2,945 | 32,031 | 180,127 |
| Non-current liabilities | (1) | - | (12,002) |
| Current liabilities | (3,961) | (7,739) | (102,940) |
| Net assets | 13,208 | 24,324 | 66,844 |
| | | | |
| Revenue | 840 | (87) | 120,784 |
| Profit for the year | 520 | 2,650 | 13,839 |
| Total comprehensive income | 520 | 2,650 | 13,839 |
| | | | |
| Net cash generated from/(used in) : | | | |
| - operating activities | 453 | (12,196) | 60,444 |
| - investing activities | (426) | 1,380 | (19,798) |
| - financing activities | - | (4,510) | (47,825) |
| Net increase/(decrease) in cash and cash equivalents | 27 | (15,326) | (7,179) |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 8. INVESTMENT IN SUBSIDIARIES (cont'd)

### Non-controlling interests in subsidiaries (cont'd)

| **2021** | 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 | 5,075 | 13,092 | 24,301 | (22) | 42,446 |
| Profit allocated to NCI | 37 | 7,007 | 12,643 | 40 | 19,727 |

Summarised financial information before intra-group elimination:

| **2021** | | | |
|---|---|---|---|
| Non-current assets | 14,101 | 2,642 | 71,069 |
| Current assets | 2,834 | 47,520 | 144,272 |
| Non-current liabilities | - | - | (32,612) |
| Current liabilities | (4,249) | (23,978) | (101,724) |
| Net assets | 12,686 | 26,184 | 81,005 |
| Revenue | - | 47,997 | 168,324 |
| Profit for the year | 92 | 14,014 | 42,144 |
| Total comprehensive income | 92 | 14,014 | 42,144 |
| Net cash generated from/(used in) : | | | |
| - operating activities | 239 | 127,152 | 48,289 |
| - investing activities | (251) | (437) | (8,394) |
| - financing activities | - | (105,846) | (35,480) |
| Net (decrease)/increase in cash and cash equivalents | (12) | 20,869 | 4,415 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 9. INVENTORIES

| | GROUP | | |
|---|---|---|---|
| | | Restated | Restated |
| | 28.2.2022 | 28.2.2021 | 1.3.2020 |
| | RM'000 | RM'000 | RM'000 |
| **At cost:** | | | |
| **Non-current** | | | |
| Land held for property development (a) | 141,782 | 204,002 | 188,193 |
| **Current** | | | |
| Property development costs (b) | 91,035 | 64,137 | 95,052 |
| Completed properties | 29,873 | 31,048 | 17,477 |
| Building materials | 809 | 809 | 809 |
| Nursery plants | 189 | 200 | 159 |
| Food and beverages | 9 | - | 4 |
| Playground materials | 15 | 15 | 15 |
| Spare parts and consumables | 5 | 6 | 8 |
| | 121,935 | 96,215 | 113,524 |

(a) Land held for property development

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| **Cost** | | |
| Balance as at 1 March | 204,002 | 188,193 |
| Additions during the financial year | 19,444 | 9,462 |
| Disposal during the financial year | (51) | - |
| Transferred (to)/from property development costs (b) | (81,613) | 6,347 |
| Balance as at 28 February | 141,782 | 204,002 |
| | | |
| Freehold lands, at cost | 55,689 | 55,905 |
| Leasehold lands, at cost | 32,326 | 77,740 |
| Development costs | 53,767 | 70,357 |
| | 141,782 | 204,002 |

Certain land held for future development with a carrying value of RM57,269,000 (28.2.2021: RM103,360,000; 1.3.2020: RM102,857,000) have been pledged to licensed banks for credit facilities granted to subsidiaries as disclosed in Notes 21 and 22.

Included in development cost is interest expense capitalised during the financial year amounting to RM1,113,000 (2021: RM2,339,000).

## 9. INVENTORIES (cont'd)

(b) Property development costs

| | GROUP | |
|---|---|---|
| | 2022 RM'000 | Restated 2021 RM'000 |
| **Freehold lands, at cost** | | |
| Balance as at 1 March | 10,413 | 47,000 |
| Transferred from/(to) land held for property development during the financial year (a) | 180 | (33) |
| Transferred to completed properties | (326) | (630) |
| Completed development projects | (2,449) | (35,924) |
| Balance as at 28 February | 7,818 | 10,413 |
| **Leasehold lands, at cost** | | |
| Balance as at 1 March | 32,306 | 32,306 |
| Transferred from land held for property development during the financial year (a) | 45,413 | - |
| Transferred to completed properties | (456) | - |
| Completed development project | (31,850) | - |
| Balance as at 28 February | 45,413 | 32,306 |
| **Development expenditure** | | |
| Balance as at 1 March | 260,586 | 562,997 |
| Effect of changes in accounting policy as a result of the Agenda Decision on MFRS 123 Borrowing Costs | - | (8,737) |
| Balance as at 1 March, as restated | 260,586 | 554,260 |
| Incurred during the financial year | 81,904 | 160,619 |
| Effect of changes in accounting policy as a result of the Agenda Decision on MFRS 123 Borrowing Costs | - | (1,584) |
| Incurred during the financial year, as restated | 342,490 | 159,035 |
| Transferred from /(to) land held for property development during the financial year (a) | 36,020 | (6,314) |
| Transferred to completed properties | (8,096) | (14,469) |
| Completed development project | (308,277) | (431,926) |
| Balance as at 28 February | 62,137 | 260,586 |
| Total property development costs | 115,368 | 303,305 |
| **Accumulated costs charged to statement of profit or loss and other comprehensive income** | | |
| Balance as at 1 March | (239,168) | (543,006) |
| Effect of changes in accounting policy as a result of the Agenda Decision on MFRS 123 Borrowing Costs | - | 4,492 |
| Balance as at 1 March, as restated | (239,168) | (538,514) |
| Cost charged to profit or loss for the financial year | (127,741) | (172,454) |
| Effect of changes in accounting policy as a result of the Agenda Decision on MFRS 123 Borrowing Cost | - | 3,950 |
| Cost charged to profit or loss for the financial year, as restated | (127,741) | (168,504) |
| Reversal of cost of completed development project | 342,576 | 467,850 |
| Balance as at 28 February | (24,333) | (239,168) |
| | 91,035 | 64,137 |

The leasehold land with carrying value of RM45,413,000 (28.2.2021: RM32,306,000; 1.3.2020: RM32,306,000) has been pledged to a licensed bank for credit facilities granted to a subsidiary as disclosed in Note 21.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 10. INVESTMENT PROPERTIES

| | GROUP | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| Balance as at 1 March | 46,328 | 45,751 |
| Additions | - | 577 |
| Disposals | (2,308) | - |
| Balance as at 28 February | 44,020 | 46,328 |

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 RM44,020,000 (2021: RM46,328,000) based on comparison of recent transacted price of similar properties adopting market value comparison method.

The investment properties with total carrying value of RM25,182,000 (2021: RM25,182,000) have been pledged to licensed banks for credit facilities granted to subsidiaries as disclosed in Notes 21, 22, 24 and 25.

**Fair value information**

Details of the Group's investment properties as at 28 February 2022 are as follows:

| | GROUP | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| Commercial properties | 24,667 | 24,652 |
| Bungalows | 7,978 | 10,278 |
| Food court and plaza | 6,852 | 6,852 |
| Condominiums | 4,523 | 4,546 |
| | 44,020 | 46,328 |

**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 for The Financial Year Ended 28 February 2022 (cont'd)

## 11. DEFERRED TAX ASSETS/(LIABILITIES)

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

| | GROUP | | |
|---|---|---|---|
| | | Restated | Restated |
| | 28.2.2022 | 28.2.2021 | 1.3.2020 |
| | RM'000 | RM'000 | RM'000 |
| Deferred tax assets, net | 3,540 | 5,204 | 3,363 |
| Deferred tax liabilities, net | (12,143) | (12,464) | (13,867) |
| | (8,603) | (7,260) | (10,504) |

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

| | GROUP | |
|---|---|---|
| | | Restated |
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Balance as at 1 March | (7,260) | (11,523) |
| Effect of changes in accounting policy as a result of the Agenda Decision on MFRS 123 Borrowing Costs | - | 1,019 |
| Balance as at 1 March, as restated | (7,260) | (10,504) |
| Recognised in profit or loss (Note 33): | | |
| - Current year | 260 | 3,796 |
| - Effect of changes in accounting policy as a result of the Agenda Decision on MFRS 123 Borrowing Costs | - | (568) |
| - Current year, as restated | 260 | 3,228 |
| - (Under)/Overprovision in prior financial years | (1,603) | 16 |
| | (1,343) | 3,244 |
| Balance as at 28 February | (8,603) | (7,260) |

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

| | GROUP | | |
|---|---|---|---|
| | | Restated | Restated |
| | 28.2.2022 | 28.2.2021 | 1.3.2020 |
| | RM'000 | RM'000 | RM'000 |
| **Deferred tax assets** | | | |
| Unabsorbed capital allowances and tax losses | 1,077 | 844 | 935 |
| Provisions | 4,430 | 5,324 | 3,429 |
| Other deductible temporary differences | 328 | 89 | 149 |
| Deferred tax assets (before offsetting) | 5,835 | 6,257 | 4,513 |
| Offsetting | (2,295) | (1,053) | (1,150) |
| Deferred tax assets (after offsetting) | 3,540 | 5,204 | 3,363 |
| **Deferred tax liabilities** | | | |
| Temporary differences in respect of inventories | 7,831 | 7,831 | 7,837 |
| Temporary differences in respect of contract costs and consideration payable to customers | 1,078 | 454 | 1,770 |
| Temporary differences in respect of investment properties | 934 | 465 | 465 |
| Excess of net carrying amount over tax written down value of property, plant and equipment | 4,595 | 4,767 | 4,945 |
| Deferred tax liabilities (before offsetting) | 14,438 | 13,517 | 15,017 |
| Offsetting | (2,295) | (1,053) | (1,150) |
| Deferred tax liabilities (after offsetting) | 12,143 | 12,464 | 13,867 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 11. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

(c) Unrecognised deferred tax assets

| | GROUP | | |
|---|---|---|---|
| | 28.2.2022 | 28.2.2021 | 1.3.2020 |
| | RM'000 | RM'000 | RM'000 |
| Unabsorbed agricultural allowance | 38 | 38 | 38 |
| Unabsorbed capital allowances | 1,223 | 1,124 | 968 |
| Unabsorbed tax losses | 2,236 | 2,082 | 1,695 |
| Excess of net carrying amount over tax written down value of property, plant and equipment | (422) | (412) | (360) |
| Other deductible temporary differences | - | 9 | 329 |
| | 3,075 | 2,841 | 2,670 |

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 ten (10) consecutive YAs to be utilised against income from any business source. Any amount which is not utilised at the end of the period of 10 YAs shall be disregarded.

## 12. CONTRACT COSTS

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Costs to obtain sale of property contracts | 6,682 | 1,557 |

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, RM3,574,000 (2021: RM4,861,000) was amortised to cost of sales as disclosed in Note 31.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 13. CONTRACT ASSETS/(LIABILITIES)

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| **Property development** | | |
| Contract assets | 21,269 | 72,002 |
| Contract liabilities | (1,047) | (5,257) |
| | 20,222 | 66,745 |

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

| | 2022 | 2021 |
|---|---|---|
| | RM'000 | RM'000 |
| Balance as at 1 March | 66,745 | 154,544 |
| Consideration payable to customers | 2,947 | 2,834 |
| Revenue recognised during the financial year | 191,960 | 281,900 |
| Progress billings issued during the financial year | (241,430) | (372,533) |
| Balance as at 28 February | 20,222 | 66,745 |

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

| | 2022 | 2021 |
|---|---|---|
| | RM'000 | RM'000 |
| Sale of development properties under construction | 220,877 | 111,348 |

The remaining performance obligations are expected to be recognised within 1 – 4 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 for The Financial Year Ended 28 February 2022 (cont'd)

## 14. TRADE AND OTHER RECEIVABLES

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| **Trade receivables** | | |
| Trade receivables | 95,008 | 47,260 |
| Less: Impairment loss | (366) | (360) |
| | 94,642 | 46,900 |
| **Other receivables, deposits and prepayments** | | |
| Other receivables | 8,336 | 5,298 |
| Deposits | 7,154 | 2,319 |
| Prepayments | 334 | 122 |
| | 15,824 | 7,739 |
| | 110,466 | 54,639 |

| | COMPANY | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Deposits | 454 | 331 |

(a) The credit terms of trade receivables granted by the Group range from 30 to 90 days (2021: 30 to 90 days) from date of progress billings or range from 30 to 60 days (2021: 30 to 60 days) from date of invoice.

(b) Information on financial risk of trade and other receivables are disclosed in Note 40.

## 15. AMOUNT OWING FROM/(TO) SUBSIDIARIES

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

## 16. 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.

## 17. CASH AND CASH EQUIVALENTS

| | GROUP 2022 RM'000 | GROUP 2021 RM'000 |
|---|---|---|
| Fixed deposits with licensed banks | 62,028 | 15,357 |
| Cash and bank balances | 37,537 | 62,011 |
| As reported in statements of financial position | 99,565 | 77,368 |
| Less: Bank overdrafts (Note 23) | (2,551) | (2,440) |
| Less: Fixed deposits pledged with licensed banks | (15,207) | (15,026) |
| As reported in statements of cash flows | 81,807 | 59,902 |

| | COMPANY 2022 RM'000 | COMPANY 2021 RM'000 |
|---|---|---|
| Cash and bank balances | 16 | 35 |

(a) Included in the Group's cash and bank balances is an amount of RM18,113,000 (2021: RM44,208,000) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966. The utilisation of these balances is 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 5 to 365 days (2021: 5 to 365 days).

(c) Included in fixed deposits with licensed banks of the Group is an amount of RM15,207,000 (2021: RM15,026,000) 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 2022 % | GROUP 2021 % |
|---|---|---|
| Fixed deposits with licensed banks | 1.68 | 1.66 |

(e) Information on repricing analysis of cash and cash equivalents are disclosed in Note 40.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 18. SHARE CAPITAL

| | GROUP/COMPANY | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| **Issued and fully paid** | | |
| 128,000,000 ordinary shares | 133,982 | 133,982 |

## 19. RESERVES

| | | GROUP | |
|---|---|---|---|
| | | Restated | Restated |
| | 28.2.2022 | 28.2.2021 | 1.3.2020 |
| | RM'000 | RM'000 | RM'000 |
| **Non-distributable:** | | | |
| Foreign currency translation reserve | (206) | (208) | (209) |
| **Distributable:** | | | |
| Retained earnings | 281,271 | 259,742 | 216,294 |
| | 281,065 | 259,534 | 216,085 |

| | COMPANY | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| **Distributable:** | | |
| Retained earnings | 12,967 | 14,716 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 20. BORROWINGS

| | | GROUP | |
|---|---|---|---|
| | | 2022 | 2021 |
| | Note | RM'000 | RM'000 |
| **Current** | | | |
| Secured | | | |
| Term loans | 21 | 14,210 | 14,212 |
| Revolving credits | 22 | - | 2,215 |
| Bank overdrafts | 23 | 2,551 | 2,440 |
| Bankers' acceptances | 24 | - | 1,613 |
| Invoice financing | 25 | - | 3,232 |
| Hire purchase liabilities | 26 | 255 | 243 |
| Total current portion | | 17,016 | 23,955 |
| **Non-current** | | | |
| Secured | | | |
| Term loans | 21 | 45,222 | 56,783 |
| Hire purchase liabilities | 26 | 508 | 763 |
| Total non-current portion | | 45,730 | 57,546 |
| **Total borrowings** | | 62,746 | 81,501 |
| Secured | | | |
| Term loans | 21 | 59,432 | 70,995 |
| Revolving credits | 22 | - | 2,215 |
| Bank overdrafts | 23 | 2,551 | 2,440 |
| Bankers' acceptances | 24 | - | 1,613 |
| Invoice financing | 25 | - | 3,232 |
| Hire purchase liabilities | 26 | 763 | 1,006 |
| **Total borrowings** | | 62,746 | 81,501 |

Reconciliation of liabilities arising from financing activities:

| | 2022 | 2021 |
|---|---|---|
| | RM'000 | RM'000 |
| At 1 March | 81,501 | 175,337 |
| *Cash flows:* | | |
| Drawdown of loans | 40,510 | 62,504 |
| Repayment of loans | (59,265) | (156,340) |
| At 28 February | 62,746 | 81,501 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 21. TERM LOANS

| | GROUP | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| **Secured** | | |
| Term loan I repayable by 84 monthly instalments of RM101,190 each commencing June 2016 | 913 | 2,131 |
| Term loan II repayable by 179 monthly instalments of RM38,888 each commencing July 2017 with final instalment of RM39,048 | 5,198 | 5,666 |
| Term loan III repayable by 60 monthly instalments of RM567,000 each commencing February 2018 | 6,277 | 13,081 |
| Term loan IV repayable by way of redemption using proceeds from progress billings | 18,787 | 10,872 |
| Term loan V repayable by 48 monthly instalments of RM563,068 each commencing June 2023 | 24,245 | 24,245 |
| Term loan VI repayable by way of redemption using proceeds from progress billings | 4,012 | - |
| Term loan VII repayable using proceeds from progress billings upon delivery of vacant possession # | - | 15,000 |
| | 59,432 | 70,995 |

# Term loan VII was fully repaid in December 2021.

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 9(a) and 9(b);

(iii) fixed charge over certain investment properties as disclosed in Note 10;

(iv) fixed deposits as disclosed in Note 17;

(v) corporate guarantee by the Company; and

(vi) joint and several guarantee by certain directors of a subsidiary company.

## 21. TERM LOANS (cont'd)

***Repayment terms***

The term loans are repayable by instalments of varying amounts over the following periods:

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| **Current** | | |
| Not later than one year | 14,210 | 14,212 |
| | | |
| **Non-current** | | |
| Later than one year and not later than five years | 41,667 | 53,450 |
| More than five years | 3,555 | 3,333 |
| | 45,222 | 56,783 |
| | 59,432 | 70,995 |

The term loans bear interest ranging from 3.68% to 4.52% (2021: 3.14% to 4.46%) per annum.

The weighted average interest rate per annum of term loans that was effective as at reporting date is as follows:

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | % | % |
| Term loans | 4.00 | 4.02 |

Information on repricing analysis of term loans is disclosed in Note 40.

## 22. 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 Notes 9(a) and 10, and corporate guarantees issued by the Company.

The weighted average interest rate per annum of revolving credits that was effective as at reporting date is as follows:

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | % | % |
| Revolving credits | - | 3.33 |

Information on repricing analysis of revolving credits is disclosed in Note 40.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 23. 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 | |
|---|---|---|
| | 2022 % | 2021 % |
| Bank overdrafts | 7.22 | 6.93 |

Information on repricing analysis of bank overdrafts is disclosed in Note 40.

## 24. BANKERS' ACCEPTANCES - SECURED

The bankers' acceptances of the Group are secured by way of legal charges over certain investment properties as disclosed in Note 10 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 | |
|---|---|---|
| | 2022 % | 2021 % |
| Bankers' acceptances | - | 3.45 |

Information on repricing analysis of bankers' acceptances is disclosed in Note 40.

## 25. INVOICE FINANCING – SECURED

The invoice financing of the Group are secured by way of legal charges over certain investment properties as disclosed in Note 10 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 | |
|---|---|---|
| | 2022 % | 2021 % |
| Invoice financing | - | 4.74 |

Information on repricing analysis of invoice financing is disclosed in Note 40.

## 26. HIRE PURCHASE LIABILITIES

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Minimum hire purchase instalments: | | |
| - not later than one year | 277 | 284 |
| - later than one year and not later than five years | 529 | 815 |
| | 806 | 1,099 |
| Less: Future interest charges | (43) | (93) |
| Present value of hire purchase liabilities | 763 | 1,006 |
| Repayable as follows: | | |
| Current liabilities | | |
| - not later than one year | 255 | 243 |
| Non-current liabilities | | |
| - later than one year and not later than five years | 508 | 763 |
| | 763 | 1,006 |

The effective interest rate per annum of hire purchase liabilities as at reporting date is as follow:

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | % | % |
| Hire purchase liabilities | 5.10 | 4.87 |

Information on repricing analysis of hire purchase liabilities is disclosed in Note 40.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 27. LEASE LIABILITIES

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Minimum lease repayments: | | |
| - not later than one year | 658 | 257 |
| - later than one year and not later than five years | 932 | - |
| | 1,590 | 257 |
| Less: Future interest charges | (162) | (5) |
| Present value of lease liabilities | 1,428 | 252 |
| Repayable as follows: | | |
| Current liabilities | | |
| - not later than one year | 559 | 252 |
| Non-current liabilities | | |
| - later than one year and not later than five years | 869 | - |
| | 1,428 | 252 |

The effective interest rate per annum of lease liabilities as at reporting date is as follow:

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | % | % |
| Lease liabilities | 3.99 | 5.40 |

Information on repricing analysis of lease liabilities is disclosed in Note 40.

## 28. TRADE AND OTHER PAYABLES

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| **Trade payables** | | |
| Third parties | 5,898 | 8,117 |
| Retention payables | 15,898 | 21,074 |
| | 21,796 | 29,191 |
| **Other payables** | | |
| Other payables, deposits and accruals | 44,516 | 37,116 |
| Member deposits | 1,152 | 1,162 |
| | 45,668 | 38,278 |
| | 67,464 | 67,469 |

| | COMPANY | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Other payables and accruals | 69 | 71 |

(a) The member deposits of the Group are referring to golf memberships which are transferable.

(b) Information on financial risk of trade and other payables is disclosed in Note 40.

## 29. PROVISIONS

| GROUP | Infrastructure cost | Renovation cost | Liquidated ascertained damages | Total |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 March 2020 | 9,267 | 1,138 | 1,208 | 11,613 |
| Additions during the financial year | 3,425 | - | - | 3,425 |
| Utilisation during the financial year | (4,231) | - | (978) | (5,209) |
| Reversal during the financial year | - | - | (230) | (230) |
| Balance as at 28 February 2021/ 1 March 2021 | 8,461 | 1,138 | - | 9,599 |
| Additions during the financial year | 1,620 | - | 7 | 1,627 |
| Utilisation during the financial year | (304) | (5) | - | (309) |
| Balance as at 28 February 2022 | 9,777 | 1,133 | 7 | 10,917 |

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 to date the purchaser takes vacant possession of the property.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 30. REVENUE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from contracts with customers: | | | | |
| - revenue from property development | 191,960 | 281,900 | - | - |
| - sale of completed properties | 15,243 | 7,369 | - | - |
| - revenue from water theme park, resort operations and sport and recreation | 5,043 | 4,130 | - | - |
| - sale of building materials | 8,401 | 8,210 | - | - |
| - sale of fruits and other supplies | 105 | 90 | - | - |
| | 220,752 | 301,699 | - | - |
| Revenue from other source: | | | | |
| - gross dividend income from subsidiaries | - | - | 1,406 | 400 |
| - rental income from investment properties | 2,416 | 2,326 | - | - |
| | 2,416 | 2,326 | 1,406 | 400 |
| | 223,168 | 304,025 | 1,406 | 400 |
| Timing of revenue: | | | | |
| - at a point in time | 28,792 | 19,799 | - | - |
| - over time | 191,960 | 281,900 | - | - |
| | 220,752 | 301,699 | - | - |

## 31. COST OF SALES

| | GROUP | |
|---|---|---|
| | | Restated |
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Property development cost | 127,741 | 168,504 |
| Amortisation of contract costs (Note 12) | 3,574 | 4,861 |
| | 131,315 | 173,365 |
| Completed properties | 10,136 | 5,975 |
| Service rendered | 1,927 | 1,645 |
| Building materials sold | 8,205 | 7,352 |
| Others | 5,742 | 5,078 |
| | 157,325 | 193,415 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 32. PROFIT BEFORE TAX

Profit before tax is stated after charging: -

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Auditors' remuneration | 175 | 193 | 36 | 40 |
| Bad debts written off | 100 | 26 | - | - |
| Depreciation of property, plant and equipment | 2,874 | 3,019 | - | - |
| Depreciation of right-of-use assets | 507 | 379 | - | - |
| Directors' emoluments | 1,699 | 1,558 | 423 | 361 |
| Expenses relating to: | | | | |
| - leases of low-value assets | 20 | 20 | - | - |
| - short-term leases | 201 | 186 | - | - |
| Impairment loss on property, plant and equipment | - | 2,100 | - | - |
| Impairment loss on trade receivables | 8 | 224 | - | - |
| Interest expense on: | | | | |
| - bankers' acceptances | - | 41 | - | - |
| - bank overdrafts | 170 | 181 | - | - |
| - hire purchase liabilities | 41 | 42 | - | - |
| - invoice financing | 11 | 122 | - | - |
| - leases | 39 | 27 | - | - |
| - revolving credits | 18 | 1,456 | - | - |
| - term loans | 2,290 | 997 | - | - |
| Loss on disposal of investment properties | 236 | - | - | - |
| And crediting: | | | | |
| Dividend income from subsidiary companies | - | - | 1,406 | 400 |
| Gain from disposal of property, plant and equipment | 74 | 2 | - | - |
| Impairment loss on trade receivables no longer required | 2 | 176 | - | - |
| Insurance compensation received | 4 | 3 | - | - |
| Interest income | 679 | 1,694 | - | 1,006 |
| Rental income from: | | | | |
| - investment properties | 2,031 | 2,088 | - | - |
| - others | 1,286 | 712 | - | - |
| Rental rebate | 23 | 9 | - | - |

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM1,413,000 (2021: RM1,097,000).

## 33. TAX EXPENSE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian income tax: | | | | |
| Current year | 11,020 | 24,570 | - | 32 |
| (Over)/Under provision in prior financial years | (1,806) | 614 | (32) | - |
| | 9,214 | 25,184 | (32) | 32 |
| Deferred tax: (Note 11a) | | | | |
| Current year | (260) | (3,228) | - | - |
| Under/(Over) provision in prior financial years | 1,603 | (16) | - | - |
| | 1,343 | (3,244) | - | - |
| Real property gain tax | - | 78 | - | - |
| Total tax expense | 10,557 | 22,018 | (32) | 32 |

The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profit for the financial year.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | | Restated | | |
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before tax | 39,721 | 85,193 | 139 | 182 |
| Tax at Malaysian statutory tax rate of 24% (2021: 24%) | 9,533 | 20,446 | 33 | 44 |
| Tax effects in respect of: | | | | |
| Crystalisation of deferred tax liabilities on revaluation surplus | (162) | (163) | - | - |
| Deferred tax assets not recognised | 253 | 423 | - | - |
| Income not subject to tax | (382) | (287) | (337) | (96) |
| Non-allowable expenses | 1,071 | 1,175 | 304 | 84 |
| Temporary difference on investment properties | 469 | - | - | - |
| Temporary difference on property, plant and equipment not recognised | (10) | - | - | - |
| Utilisation of tax incentive | (3) | - | - | - |
| Utilisation of deferred tax assets previously not recognised | (9) | (252) | - | - |
| | 10,760 | 21,342 | - | 32 |
| (Over)/Under provision in prior financial years | | | | |
| - income tax | (1,806) | 614 | (32) | - |
| - deferred tax | 1,603 | (16) | - | - |
| | 10,557 | 598 | (32) | - |
| Real property gain tax | - | 78 | - | - |
| Tax expense | 10,557 | 22,018 | (32) | 32 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 34. 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 | |
|---|---|---|
| | | Restated |
| | 2022 | 2021 |
| Profit attributable to ordinary equity holders of the Company (RM'000) | 23,446 | 43,448 |
| Number of ordinary shares in issue ('000) | 128,000 | 128,000 |
| Basic earnings per ordinary share (sen) | 18.32 | 33.94 |

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.

## 35. EMPLOYEE BENEFITS

The employee benefits during the financial year are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Salaries and wages | 15,217 | 14,104 | - | - |
| Contributions to defined contribution plan | 1,928 | 1,861 | - | - |
| Other benefits | 1,329 | 857 | - | - |
| | 18,474 | 16,822 | - | - |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 36. 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:

- Datin Paduka Teoh Choon Boay
- Beh Yan Hui

Entities 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:

- Elite Evergreen Sdn. Bhd.
- Teccalibre Sdn. Bhd.
- Advation Sdn. Bhd.
- Padang Serai Birdnest Sdn. Bhd.
- Natural Care Bird Nest Sdn. Bhd.

## 36. RELATED PARTY DISCLOSURES (cont'd)

(b) Significant related party transactions (cont'd)

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:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| **Subsidiaries** | | | | |
| Gross dividend income | - | - | 1,406 | 400 |
| **Close members of the family of certain directors** | | | | |
| Rental income | 29 | - | - | - |
| Sales of property** | 555 | - | - | - |
| **Director** | | | | |
| Sales of property** | 1,051 | - | - | - |
| **Entities in which a director of the Company has interest** | | | | |
| Legal fees paid** | (310) | (290) | - | - |
| Rental income | 18 | 18 | - | - |
| **Entities controlled by a close member of the family of certain directors** | | | | |
| Provision of labour | 29 | 24 | - | - |
| Provision of information technology ("IT") services | (10) | (21) | - | - |
| Provision of printing services | (101) | (174) | (11) | (9) |
| Rental income | 92 | 56 | - | - |
| Sales of bird nest | 105 | 89 | - | - |

** At the Annual General Meeting of the Company held on 7 September 2021, 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 | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Directors' fee and allowances | 343 | 300 | 343 | 300 |
| Short term employee benefits | 3,588 | 3,065 | 80 | 61 |
| Contributions to defined contribution plans | 456 | 383 | - | - |
| Other benefits | 15 | 9 | - | - |
| | 4,402 | 3,757 | 423 | 361 |

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 (2021: RM1,175,000) and RM14,000 (2021: RM11,000) respectively.

## 37. CONTINGENT LIABILITIES

The Group has claims for LAD for one of its residential projects. The impact to the Group arising from these claims is RM8.24 million should the claims be successful.

The proceedings in respect of these claims are, as at the date of this report, still on-going and accordingly, no provision for any liability has been made in the financial statements.

## 38. 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 and fruits cultivation. |

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 is 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 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.

## 38. 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 28 February 2022** | **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 | 207,203 | 5,043 | 8,401 | 2,521 | - | 223,168 |
| Inter-segment revenue | - | - | 39,145 | 2,078 | (41,223) | - |
| Total revenue | 207,203 | 5,043 | 47,546 | 4,599 | (41,223) | 223,168 |
| **Results** | | | | | | |
| Segment result | 63,067 | (2,475) | 543 | 1,512 | (21,036) | 41,611 |
| Interest income | 1,594 | 31 | 815 | 5 | (1,766) | 679 |
| Interest expense | (3,351) | (505) | (36) | (120) | 1,443 | (2,569) |
| Profit/(Loss) before tax | 61,310 | (2,949) | 1,322 | 1,397 | (21,359) | 39,721 |
| Tax expense | (9,811) | 337 | (300) | (783) | - | (10,557) |
| Profit/(Loss) for the financial year | 51,499 | (2,612) | 1,022 | 614 | (21,359) | 29,164 |
| **At 28 February 2022** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | 544,038 | 54,222 | 92,508 | 206,386 | (290,583) | 606,571 |
| Tax recoverable | 84 | 1 | 469 | 31 | - | 585 |
| Deferred tax assets | 3,343 | - | 197 | - | - | 3,540 |
| Total assets | 547,465 | 54,223 | 93,174 | 206,417 | (290,583) | 610,696 |
| **Liabilities** | | | | | | |
| Segment liabilities | 195,168 | 16,102 | 33,024 | 35,499 | (198,937) | 80,856 |
| Borrowings | 54,900 | 7,686 | 160 | - | - | 62,746 |
| Current tax payables | 2,080 | 199 | - | 118 | - | 2,397 |
| Deferred tax liabilities | 1 | 3,319 | - | 993 | 7,830 | 12,143 |
| Total liabilities | 252,149 | 27,306 | 33,184 | 36,610 | (191,107) | 158,142 |
| **Other information** | | | | | | |
| Capital expenditure | 233 | 227 | 53 | 98 | (146) | 465 |
| Depreciation of property, plant and equipment | 416 | 2,133 | 156 | 185 | (16) | 2,874 |
| Bad debts written off | - | 123 | - | 102 | (125) | 100 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 38. OPERATING SEGMENTS (cont'd)

| Financial year ended 28 February 2021 (restated) | 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 | 289,269 | 4,130 | 8,210 | 2,416 | - | 304,025 |
| Inter-segment revenue | 6,425 | - | 39,695 | 829 | (46,949) | - |
| Total revenue | 295,694 | 4,130 | 47,905 | 3,245 | (46,949) | 304,025 |
| **Results** | | | | | | |
| Segment result | 136,201 | (4,957) | 2,775 | 427 | (48,081) | 86,365 |
| Interest income | 908 | 33 | 159 | 1,009 | (415) | 1,694 |
| Interest expense | (1,902) | (446) | (448) | (139) | 69 | (2,866) |
| Profit/(Loss) before tax | 135,207 | (5,370) | 2,486 | 1,297 | (48,427) | 85,193 |
| Tax expense | (21,379) | 67 | (322) | (390) | 6 | (22,018) |
| Profit/(Loss) for the financial year | 113,828 | (5,303) | 2,164 | 907 | (48,421) | 63,175 |
| **At 28 February 2021 (restated)** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | 567,954 | 56,530 | 98,893 | 210,168 | (319,180) | 614,365 |
| Tax recoverable | 232 | 3 | 48 | 20 | - | 303 |
| Deferred tax assets | 5,014 | - | 190 | - | - | 5,204 |
| Total assets | 573,200 | 56,533 | 99,131 | 210,188 | (319,180) | 619,872 |
| **Liabilities** | | | | | | |
| Segment liabilities | 223,393 | 15,038 | 32,779 | 37,000 | (225,633) | 82,577 |
| Borrowings | 66,104 | 8,106 | 7,291 | - | - | 81,501 |
| Current tax payables | 6,917 | 203 | 92 | 156 | - | 7,368 |
| Deferred tax liabilities | 464 | 3,657 | - | 513 | 7,830 | 12,464 |
| Total liabilities | 296,878 | 27,004 | 40,162 | 37,669 | (217,803) | 183,910 |
| **Other information** | | | | | | |
| Capital expenditure | 760 | 166 | 317 | 155 | (24) | 1,374 |
| Depreciation of property, plant and equipment | 382 | 2,255 | 208 | 187 | (13) | 3,019 |
| Bad debts written off | - | 26 | - | - | - | 26 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 39. FINANCIAL INSTRUMENTS

Categories of financial instruments are as follows:

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Financial assets at amortised cost | | |
| - contract assets (exclude consideration payable to customers) | 18,930 | 68,422 |
| - trade and other receivables (exclude prepayments) | 110,132 | 54,517 |
| - cash and cash equivalents | 99,565 | 77,368 |
| | 228,627 | 200,307 |
| Financial liabilities at amortised cost | | |
| - trade and other payables | 67,464 | 67,469 |
| - borrowings | 62,746 | 81,501 |
| - lease liabilities | 1,428 | 252 |
| | 131,638 | 149,222 |

| | COMPANY | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Financial assets at amortised cost | | |
| - deposits | 454 | 331 |
| - amount owing by subsidiaries | 32,225 | 36,262 |
| - cash and cash equivalents | 16 | 35 |
| | 32,695 | 36,628 |
| Financial liabilities at amortised cost | | |
| - other payables and accruals | 69 | 71 |
| - amount owing to subsidiaries | 3,097 | 5,247 |
| | 3,166 | 5,318 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 40. 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 maximises 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 and the Company's liabilities at the reporting date based on contracted undiscounted repayment obligations:

| **GROUP** | On demand or within one year<br>RM'000 | Two to five years<br>RM'000 | More than five years<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|
| **2022** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 58,224 | 9,240 | - | 67,464 |
| Borrowings | 19,099 | 44,319 | 8,178 | 71,596 |
| Lease liabilities | 658 | 932 | - | 1,590 |
| Total undiscounted financial liabilities | 77,981 | 54,491 | 8,178 | 140,650 |
| | | | | |
| Financial guarantees* (Note 40 (c)(ii)) | 31,430 | - | - | 31,430 |
| | | | | |
| **2021** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 57,517 | 9,952 | - | 67,469 |
| Borrowings | 24,008 | 57,516 | 3,482 | 85,006 |
| Lease liabilities | 257 | - | - | 257 |
| Total undiscounted financial liabilities | 81,782 | 67,468 | 3,482 | 152,732 |
| | | | | |
| Financial guarantees* (Note 40 (c)(ii)) | 20,035 | - | - | 20,035 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 40. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Liquidity and cash flow risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contracted undiscounted repayment obligations (cont'd):

| COMPANY | On demand or within one year RM'000 | Two to five years RM'000 | More than five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2022** | | | | |
| **Financial liabilities** | | | | |
| Other payables and accruals | 69 | - | - | 69 |
| Amount owing to subsidiaries | 3,097 | - | - | 3,097 |
| Total undiscounted financial liabilities | 3,166 | - | - | 3,166 |
| Financial guarantees* (Note 40 (c)(ii)) | 31,430 | - | - | 31,430 |
| **2021** | | | | |
| **Financial liabilities** | | | | |
| Other payables and accruals | 71 | - | - | 71 |
| Amount owing to subsidiaries | 5,247 | - | - | 5,247 |
| Total undiscounted financial liabilities | 5,318 | - | - | 5,318 |
| Financial guarantees* (Note 40 (c)(ii)) | 20,035 | - | - | 20,035 |

* As at end of the reporting period, there was no indication that the subsidiaries would default on repayment. Hence, the financial guarantees representing the outstanding loan amounts of the subsidiaries have not been recognised. The disclosure represents the maximum amount that is required to be settled in the event of the triggering event.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 40. 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 28 February 2022** | |
| Financial assets | |
| Other receivables, deposits and prepayments | 838 |
| Cash and cash equivalents | 318 |
| | 1,156 |
| Financial liabilities | |
| Trade and other payables | (1,093) |
| | |
| **At 28 February 2021** | |
| Financial assets | |
| Other receivables, deposits and prepayments | 880 |
| Cash and cash equivalents | 334 |
| | 1,214 |
| Financial liabilities | |
| Trade and other payables | (1,279) |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 40. 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 | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Profit net of tax | | |
| Floating rate instruments | | |
| 25 basis point (0.25%) increase | (118) | (153) |
| 25 basis point (0.25%) decrease | 118 | 153 |

The assumed movement in basis point for interest rate sensitivity analysis is based on current observable market environment.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 40. 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 |
| **2022** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Fixed deposits with licensed banks | 17 | 1.68 | 62,028 | - | - | - | - | - | 62,028 |
| Hire purchase liabilities | 26 | 5.10 | 255 | 268 | 184 | 56 | - | - | 763 |
| Lease liabilities | 27 | 3.99 | 559 | 279 | 590 | - | - | - | 1,428 |
| **Floating rates** | | | | | | | | | |
| Bank overdrafts | 23 | 7.22 | 2,551 | - | - | - | - | - | 2,551 |
| Term loans | 21 | 4.00 | 14,210 | 17,905 | 9,689 | 7,005 | 7,068 | 3,555 | 59,432 |
| **2021** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Fixed deposits with licensed banks | 17 | 1.66 | 15,357 | - | - | - | - | - | 15,357 |
| Hire purchase liabilities | 26 | 4.87 | 243 | 255 | 268 | 184 | 56 | - | 1,006 |
| Lease liabilities | 27 | 5.40 | 252 | - | - | - | - | - | 252 |
| **Floating rates** | | | | | | | | | |
| Bankers' acceptances | 24 | 3.45 | 1,613 | - | - | - | - | - | 1,613 |
| Bank overdrafts | 23 | 6.93 | 2,440 | - | - | - | - | - | 2,440 |
| Invoice financing | 25 | 4.74 | 3,232 | - | - | - | - | - | 3,232 |
| Revolving credits | 22 | 3.33 | 2,215 | - | - | - | - | - | 2,215 |
| Term loans | 21 | 4.02 | 14,212 | 33,528 | 11,684 | 7,066 | 1,172 | 3,333 | 70,995 |

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 40. FINANCIAL RISK MANAGEMENT (cont'd)

### (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 for The Financial Year Ended 28 February 2022 (cont'd)

## 40. 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 | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Neither past due nor impaired | 66,206 | 26,867 |
| Past due but not impaired: | | |
| 1 to 30 days past due | 7,298 | 8,130 |
| 31 to 60 days past due | 9,342 | 2,187 |
| 61 to 90 days past due | 4,741 | 1,082 |
| 91 to 120 days past due | 2,800 | 949 |
| More than 120 days past due | 4,255 | 7,685 |
| | 28,436 | 20,033 |
| Impaired | 366 | 360 |
| | 95,008 | 47,260 |

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 | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| At beginning of financial year | 360 | 312 |
| Charge during the financial year | 8 | 224 |
| Reversal during the financial year | (2) | (176) |
| At end of financial year | 366 | 360 |

**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 28 February 2022, trade receivables for the Group of RM28,436,000 (2021: RM20,033,000) 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 for The Financial Year Ended 28 February 2022 (cont'd)

## 40. FINANCIAL RISK MANAGEMENT (cont'd)

### (c) Credit risk (cont'd)

#### (ii) Financial guarantees

The Group and the Company provide unsecured financial guarantees to banks and third parties in respect of banking facilities granted to subsidiaries.

The table below summarises the maximum exposure to credit risk of the Group and the Company as at the end of the reporting period:

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Corporate guarantees for bank facilities granted to subsidiaries | | |
| - representing bank guarantees in favour of third parties | 31,193 | 19,798 |
| Corporate guarantees to supplier of a subsidiary company | 237 | 237 |
| | 31,430 | 20,035 |

| | COMPANY | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Corporate guarantees for bank facilities granted to subsidiaries | | |
| - representing outstanding loan amounts of the subsidiaries | 62,132 | 80,733 |
| - representing bank guarantees in favour of third parties | 31,193 | 19,798 |
| | 93,325 | 100,531 |
| Corporate guarantees to supplier of a subsidiary company | 237 | 237 |

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

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 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 advances to the subsidiaries are not recoverable.

# Notes to The Financial Statements for The Financial Year Ended 28 February 2022 (cont'd)

## 41. 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.

*Fair value hierarchy*

Fair value hierarchy has not been presented as there are no financial instruments carried at fair values as at the end of the reporting period.

## 42. 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.

| | GROUP | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| Borrowings | 62,746 | 81,501 |
| Less: Cash and cash equivalents | (99,565) | (77,368) |
| Net (cash)/debt | (36,819) | 4,133 |
| Total equity | 452,554 | 435,962 |
| Debt-to-equity ratio | - | 0.01 |

## 43. CARRYING AMOUNT OF MONIES HELD IN TRUST

The total carrying amount of monies held in trust is as follows:

| | GROUP | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| Monies held in trust | 885 | 915 |

The above monies are held by the trustee, Pacific Trustee Berhad.

## 44. EFFECT OF CHANGES IN ACCOUNTING POLICY AS A RESULT OF THE AGENDA DECISION ON MFRS 123 BORROWING COSTS

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.

Pursuant to IFRIC Agenda Decision on borrowing cost incurred on property under construction where control is transferred overtime or intended to transfer overtime, the borrowing costs which capitalised in prior period were expenses off to profit or loss accordingly. The following table explained the financial impact of the change of accounting policy.

| | As previously reported RM'000 | Prior year adjustment Debit/(Credit) RM'000 | As restated RM'000 |
|---|---|---|---|
| **Statement of Financial Position** | | | |
| **As at 1 March 2020** | | | |
| **Non-current assets** | | | |
| Deferred tax assets | 2,344 | 1,019 | 3,363 |
| **Current assets** | | | |
| Inventories - property development costs | 99,297 | (4,245) | 95,052 |
| **Equity** | | | |
| Reserves | 218,343 | 2,258 | 216,085 |
| Non-controlling interests | 73,435 | 968 | 72,467 |
| **As at 28 February 2021** | | | |
| **Non-current assets** | | | |
| Deferred tax assets | 4,753 | 451 | 5,204 |
| **Current assets** | | | |
| Inventories - property development costs | 66,016 | (1,879) | 64,137 |
| **Equity** | | | |
| Reserves | 260,533 | 999 | 259,534 |
| Non-controlling interests | 42,875 | 429 | 42,446 |
| **Statement of Profit or Loss and Other Comprehensive Income** | | | |
| **For the financial year ended 28 February 2021** | | | |
| Cost of sales | (197,365) | (3,950) | (193,415) |
| Gross profit | 106,660 | (3,950) | 110,610 |
| Finance costs | (1,282) | 1,584 | (2,866) |
| Profit before tax | 82,827 | (2,366) | 85,193 |
| Taxation | (21,450) | 568 | (22,018) |
| Net profit for the financial year | 61,377 | (1,798) | 63,175 |
| Total comprehensive income for the financial year | 61,379 | (1,798) | 63,177 |

## 45. CAPITAL COMMITMENTS

Capital commitment not provided for in the financial year ended 28 February 2022 is as follow:-

| | GROUP | |
|---|---|---|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| Approved and contracted for: | | |
| - Development land acquired under a Sale and Purchase Agreement | 36,000 | - |

## 46. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

During the financial year, the Malaysian Government had introduced National Recovery Plan ("NRP") starting from 1 June 2021 which consists of a four-phase recovery plan - NRP Phase 1 was implemented on 1 June 2021, Phase 2 on 10 September 2021, Phase 3 on 1 October 2021 and Phase 4 on 3 January 2022, which were developed to steer Malaysia out of the pandemic.

On 25 January 2022, the Prime Minister had announced the Government will not re-implement the Movement Control Order ("MCO") to control the spread of COVID-19. Subsequently on 1 April 2022, Malaysia has entered into "Transition to Endemic" phase as majority of the adult population have completed at least two doses of vaccination and some have received their COVID-19 booster jabs. This facilitates the Government's initiative in reopening the economic sector and not restricting the movement of people.

In addition, the increase in global natural gas and global steel prices due to the mismatched of demand and supply since global economy reopened have pushed the cost of building materials considerably higher. The strike of the Russia-Ukraine war has intensified the existing supply chain issue for building materials. The Group will monitor the situation and regularly assess the rising cost as well as the impact to the Group's and Company's overall financial performance.

Based on the assessment of the Group and the Company, there were no material financial impact arising from the COVID-19 pandemic and the inflationary pressure. The Group and the Company will continue to assess any impact of the COVID-19 pandemic and the inflationary pressure on the financial statements of the Group and of the Company for the financial year ending 28 February 2023.

## 47. SUBSEQUENT EVENTS

(a) On 1 April 2022, the Company entered into Share Sale Agreements with LYM Investments Pty. Ltd. for the disposal of its entire equity stake in 70% owned subsidiary companies namely Australasia Development (M) Pty. Ltd. and Australasia Development Pty. Ltd. for a total sale consideration of AUD3,100,001 (equivalent to RM9,470,503).

(b) On 9 May 2022, the Company's wholly-owned subsidiary, Eupe Kemajuan Sdn. Bhd., incorporated a wholly-owned subsidiary with cash subscription of RM100, namely Eupe Belfield Sdn. Bhd. ("EBSB"). The principal activity of EBSB is to carry on the business of property development.

(c) On 23 May 2022, EBSB entered into a conditional Sale and Purchase Agreement with Cahaya Tinggi Sdn Bhd ("Vendor") for the acquisition of a parcel of leasehold land of Lot 20034, Seksyen 69, Bandar Kuala Lumpur measuring approximately 4.812 acres (or 19,474 square meters) ("Belfield Land") for a purchase consideration of RM125 million ("Purchase Consideration"), which will be satisfied entirely in cash ("Proposed Acquisition").

The Proposed Acquisition is subject to approvals of the state authority of Kuala Lumpur, shareholders of EUPE at an extraordinary general meeting to be convened on a date to be determined and approval of any other relevant authority, if required.

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Acquisition is expected to be completed by the second half of 2022.

## 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 16 June 2022.

# 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 84 to 155 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 28 February 2022 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**

16 June 2022

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# 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 84 to 155 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 22 June 2022

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 28 February 2022 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 84 to 155.

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 28 February 2022 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 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were 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 |
|---|---|
| Recognition of revenue and cost of sales from property development activities<br><br>Refer to Note 3.15(a) – Significant Accounting Policies, Note 5(b)(i) – Significant Judgements and Accounting Estimates, Note 30 – Revenue and Note 31 – Cost of Sales<br><br>For the financial year ended 28 February 2022, revenue of RM191,960,000 and cost of sales of RM131,315,000 from property development activities accounted for approximately 86.0% and 83.5% of the Group's total revenue and cost of sales respectively. The Group uses percentage of completion method to account for the recognition of revenue and cost of sales from property development activities.<br><br>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 ("GDV") and gross development cost ("GDC"). | The details of our work performed are as follows:<br><br>- We evaluated the reasonableness of the management's key judgements used in the estimation of budgeted property development costs;<br>- 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;<br>- 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 profit recognition; and<br>- 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.<br><br>Based on the above procedures performed, we did not identify any material exceptions. |
| Assessment on financial resources to complete high rise property development projects<br><br>During the financial year, the Group has launched a new high rise property project with highest GDV and GDC to date.<br><br>High rise property project would require high financial resources, especially at the early stage of the project 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 inflows to turn around.<br><br>In the current Covid-19 endemic environment, the response from the market would also be important for such project because in the event of low demand during the construction period, the Group will have to source for other means of financial resources in order to ensure completeness of the project.<br><br>Besides, the ability of the Group to manage and respond to other possible challenges such as higher operating costs arising from compliance with health and safety standard operating procedures, rising building materials costs and the possibility of virus outbreak at project site that would slow down the construction progress could also be critical factors. | The details of our work performed are as follows:<br><br>- 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<br>- We reviewed the progress status report and sales take up rate of the project.<br><br>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.
- 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.

# Independent Auditors' Report to The Members of Eupe Corporation Berhad (cont'd)

*Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

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 PLT**
202206000002 (LLP0030276-LCA) & AF 0768
Chartered Accountants

**Yeoh Kian Teck**
03322/08/2023 J
Chartered Accountant

Kuala Lumpur

22 June 2022

# Analysis of Shareholdings as at 31 May 2022

Total Number 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 | | Percentage (%) | |
|---|---|---|---|---|---|---|
| | Malaysian | Foreigner | Malaysian | Foreigner | Malaysian | Foreigner |
| Less than 100 shares | 12 | 1 | 434 | 51 | 0.0003 | 0.0000 |
| 100 to 1,000 shares | 1,704 | 4 | 1,645,626 | 2,600 | 1.2857 | 0.0020 |
| 1,001 to 10,000 shares | 1,476 | 18 | 7,018,752 | 97,800 | 5.4834 | 0.0764 |
| 10,001 to 100,000 shares | 484 | 5 | 16,266,000 | 190,700 | 12.7078 | 0.1490 |
| 100,001 to less than 5% of issued shares | 103 | 2 | 52,499,148 | 568,900 | 41.0150 | 0.4445 |
| 5% and above of issued shares | 3 | 0 | 49,709,989 | 0 | 38.8359 | 0.0000 |
| **SUBTOTAL** | **3,782** | **30** | **127,139,949** | **860,051** | **99.3281** | **0.6719** |
| **GRAND TOTAL (Malaysian + Foreigner)** | **3,812** | | **128,000,000** | | **100.0000** | |

**THIRTY (30) LARGEST SHAREHOLDERS**

| No. | Shareholders | No. of Shares | % |
|---|---|---|---|
| 1. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>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. | Betaj Holdings Sdn Bhd | 3,605,000 | 2.82 |
| 6. | Affin Hwang Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Beh Huck Lee (M01) | 3,500,000 | 2.73 |
| 7. | Success Leads Sdn Bhd | 3,095,900 | 2.42 |
| 8. | Firm Alliance Sdn Bhd | 2,622,538 | 2.05 |
| 9. | Tan Han Chuan | 2,105,400 | 1.65 |
| 10. | Tham Sau Kien | 1,987,300 | 1.55 |
| 11. | Ng Thong Pin | 1,269,600 | 0.99 |
| 12. | Teo Kwee Hock | 1,233,000 | 0.96 |
| 13. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB for Yoong Kah Yin (PB) | 1,100,000 | 0.86 |
| 14. | Janet Lai Wei Ying | 1,000,000 | 0.78 |
| 15. | Maybank Nominees (Tempatan) Sdn Bhd<br>Beh Siok Hock | 880,000 | 0.69 |
| 16. | Max Aquatic Sdn. Bhd. | 876,500 | 0.68 |
| 17. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim See Siong | 800,000 | 0.63 |
| 18. | Yeo Khee Nam | 796,500 | 0.62 |
| 19. | UOB Kay Hian Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Teo Siew Lai | 768,700 | 0.60 |

# Analysis of Shareholdings as at 31 May 2022 (cont'd)

**THIRTY (30) LARGEST SHAREHOLDERS (cont'd)**

| No. | Shareholders | No. of Shares | % |
|---|---|---|---|
| 20. | Sim Lian Hing | 760,000 | 0.59 |
| 21. | HLB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Cher Sew Seng | 660,000 | 0.52 |
| 22. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Ee Jen (MY3171) | 660,000 | 0.52 |
| 23. | Goh Chia Phern | 635,000 | 0.50 |
| 24. | Ghan Ah Kooi | 600,000 | 0.47 |
| 25. | Yap Kiow Chai @ Yap Hon Fah | 553,000 | 0.43 |
| 26. | Kong Chee Heng | 530,900 | 0.41 |
| 27. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Goalkey System Sdn Bhd (MY1461) | 516,600 | 0.40 |
| 28. | Lee Kan Chiu | 482,500 | 0.38 |
| 29. | Chew Gim Hye | 463,000 | 0.36 |
| 30. | Maybank Nominees (Tempatan) Sdn Bhd<br>Lim See Siong | 456,900 | 0.36 |
| | **TOTAL:** | **86,649,021** | **67.69** |

**SUBSTANTIAL SHAREHOLDERS**

According to the Register of Substantial Shareholders as at 31 May 2022

| Name of Substantial Shareholders | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| 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 31 May 2022

| Name of Directors | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| 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 | - | - | - | - |
| Iskandar Abdullah @ Sim Kia Miang | - | - | 103,000[c] | 0.08 |
| Kek Jenny | - | - | - | - |
| Alfian Bin Tan Sri Mohamed Basir | - | - | - | - |
| Tham Sau Kien | 2,002,300 | 1.56 | - | - |

*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 28 February 2022

| No. | Location & Description | Tenure & Age | Land Area | Date of acquisition or last revaluation | Existing use | Net Book Value as at 28 February 2022 (RM'000) |
|---|---|---|---|---|---|---|
| 1 | Lot 20009, Seksyen 94, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. [Est8 @ Seputeh] | Leasehold 99 years expiring 26-02-2118 | 2.90 acres<br>126,325 sq.ft.<br>11,736 sq.m. | Jun-2016 | Development in progress | 79,269 |
| 2 | P.T. 1880 and P.T. 1983, H.S.(D) 262397 and H.S.(D) 293643, Bandar Petaling Jaya Selatan, Daerah Petaling, Selangor. [Helix2 @ PJ South] | Leasehold 99 years expiring 15-02-2121 | 2.85 acres<br>124,334 sq.ft.<br>11,551 sq.m. | Apr-2021 | Land held for development | 44,277 |
| 3 | P.T. 17698 and P.T. 17699, H.S.(D) 73395 and H.S.(D) 73398, Mukim of Sungai Petani, District of Kuala Muda, Persiaran Cinta Sayang, Sungai Petani, Kedah. [Cinta Sayang Golf Club] | Leasehold 60 years expiring 31-07-2051 32 years | 190.88 acres<br>8,314,645 sq.ft.<br>772,456 sq.m. | Mar-2015 | Property, Plant and Equipment | 20,784 |
| 4 | 36 plots of land and buildings Mukim of Sungai Petani, District of Kuala Muda, Persiaran Cinta Sayang, Sungai Petani, Kedah. [Cinta Sayang Resort] | Freehold 25 to 32 years | 8.61 acres<br>375,087 sq.ft.<br>34,847 sq.m. | Jul-2016 | Property, Plant and Equipment | 20,750 |
| 5 | P.T. 21648, H.S.(M) 3/94, Mukim of Sungai Petani, District of Kuala Muda, Taman Ria, Sungai Petani, Kedah. [Wisma Ria] | Freehold 24 years | 1.67 acres<br>72,640 sq.ft.<br>6,748 sq.m. | Feb-2018 | Investment Property | 15,740 |
| 6 | 359 plots of land Mukim of Pinang Tunggal, District of Kuala Muda, Sungai Petani, Kedah. | Freehold | 52.70 acres<br>2,295,425 sq.ft.<br>213,252 sq.m. | Mar-2008 | Development in progress | 14,559 |
| 7 | 185 plots of land Mukim of Gurun, District of Kuala Muda, Gurun, Kedah. | Freehold | 104.92 acres<br>4,570,184 sq.ft.<br>424,584 sq.m. | Mar-1996 | Land held for development | 13,209 |
| 8 | P.T. 94344, 94345, 94347, 94348, 94350 and 94351, H.S.(D) 113347, 113348, 113350, 113351, 114415 and 114416, Bandar Sungai Petani, District of Kuala Muda, Sungai Petani, Kedah. | Freehold | 17.04 acres<br>742,215 sq.ft.<br>68,954 sq.m. | Oct-2010 | Land held for development | 12,014 |
| 9 | 347 plots of land Mukim of Sungai Petani, District of Kuala Muda, Located within Taman Ria, Padang Serai, Kedah. | Freehold | 15.85 acres<br>690,232 sq.ft.<br>64,125 sq.m. | Mar-1996 | Development in progress | 8,620 |
| 10 | Plots L090, L227, L247, L255, L267, L268 and L271, Lorong Hillpark, Hill Park Residensi, 14000 Alma, Bukit Mertajam, Pulau Pinang. | Freehold | 0.61 acres<br>26,673 sq.ft.<br>2,478 sq.m. | Sep-2017 | Investment Property | 7,978 |

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting ("AGM") of Eupe Corporation Berhad ("Eupe" or the "Company") will be held at Jasper Jr Ballroom, AVANTÉ Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 August 2022 at 11:00 a.m. for the following purposes:

**AGENDA**

**AS ORDINARY BUSINESS**

| | | |
|---|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 28 February 2022 together with the Reports of the Directors and Auditors thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. | To approve the payment of the following Directors' remuneration by the Company for the period from 25 August 2022 until the conclusion of the next AGM in 2023: | |
| | (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) Dato' Beh Huck Lee | Ordinary Resolution 4 |
| | (b) Iskandar Abdullah @ Sim Kia Miang | Ordinary Resolution 5 |
| | (c) Beh Yeow Seang | Ordinary Resolution 6 |
| 4. | To re-appoint RSM Malaysia PLT as the Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

**AS SPECIAL BUSINESS**

To consider, and if thought fit, to pass the following resolutions, with or without modification:

5. **PROPOSED CONTINUATION IN OFFICE OF DATUK TAN HIANG JOO AS INDEPENDENT NON-EXECUTIVE DIRECTOR ("INED")** — Ordinary Resolution 8

"**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 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."

Kek Jenny, after having served on the Board for 20 years since her appointment as an INED of the Company on 28 March 2002, had expressed her intention not to continue to act as an INED of the Company. Hence, she will remain in office as INED of the Company until the close of the 26th AGM and resigns immediately after the conclusion of the 26th AGM on 25 August 2022.

(Please refer to Note 5 of the Explanatory Notes for more details)

# Notice of Annual General Meeting (cont'd)

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** — Ordinary Resolution 9

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

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK** — Ordinary Resolution 10

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

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

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

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

# Notice of Annual General Meeting (cont'd)

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

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

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

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

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

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

# Notice of Annual General Meeting (cont'd)

8. **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 11

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

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

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

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

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

whichever is the earlier.

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

9. 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
30 June 2022

# Notice of Annual General Meeting (cont'd)

Notes:

1. For the purposes of determining a member who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 17 August 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/her/its behalf.
2. A member who is entitled to attend, speak and vote at a general meeting may 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.
3. A member who is entitled to attend and vote at a general meeting may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the general meeting.
4. 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.
5. Where a member of the Company 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.
6. Where a member, an authorised nominee or an exempt authorised nominee 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. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
7. The appointment of a proxy may be made in a hard copy form, to be deposited at the office of the Company's Share Registrar, Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, or by electronic means via email at sharereg@megacorp.com.my not less than forty-eight (48) hours before the time appointed for holding the 26th AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the office of the Company's Share Registrar, Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the 26th AGM or adjourned general meeting 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.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Tuesday, 23 August 2022 at 11:00 a.m.**
11. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the resolutions set out in the Notice of the 26th 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 28 February 2022**

   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 25 August 2022 until the conclusion of the next AGM at the forthcoming 26th AGM of the Company.

3. **Ordinary Resolutions 4, 5 and 6**
   **Re-election of retiring Directors**

   The profile of the Directors who are standing for re-election as per item no. 3 of the Agenda are set out in the Board of Directors Profile of the 2022 Annual Report of the Company.

   The Nomination Committee ("NC") has considered the performance and contribution of each of the retiring Directors and has also assessed the independence of the INEDs seeking re-election. Based on the recommendation of the NC, the Board was satisfied with the performance and contributions of the retiring Directors and supports their re-election based on the following justification:-

   (a) Ordinary Resolution 4 – Re-election of Dato' Beh Huck Lee as Group Managing Director

   Dato' Beh Huck Lee demonstrated exemplary leadership in helming the business and contributed significantly to the Group by providing valuable input and steered the Group forward with notable achievements during his tenure as the Group Managing Director of the Company.

   (b) Ordinary Resolution 5 – Re-election of Iskandar Abdullah @ Sim Kia Miang as INED

   Iskandar Abdullah @ Sim Kia Miang exercised due care and carried out his professional duty proficiently during his tenure as INED of the Company. He demonstrated objectivity and independence through his participation at the meetings by giving valuable feedbacks for Board's deliberation and decision-making process.

   (c) Ordinary Resolution 6 – Re-election of Beh Yeow Seang as Non-Independent Non-Executive Director

   Beh Yeow Seang has vast experience in conveyancing and real estate matters and able to provide valuable input from legal perspective for Board's deliberation and decision-making process. She exercised due care and carried out her professional duties proficiently during her tenure as Non-Independent Non-Executive Director of the Company.

   Based on the above, the Board is supportive of the re-election of the aforesaid retiring Directors.

4. **Ordinary Resolution 7**
   **Re-appointment of RSM Malaysia PLT as Auditors of the Company**

   The Board had, through the Risk Management and Audit Committee, evaluated the independence, competency and reliability of RSM Malaysia PLT. The Board was satisfied with the performance of RSM Malaysia PLT and had recommended the re-appointment of RSM Malaysia PLT as Auditors of the Company for the financial year ending 28 February 2023 to the shareholders for approval.

# Notice of Annual General Meeting (cont'd)

5. **Ordinary Resolution 8**
**<u>Proposed continuation in office of Datuk Tan Hiang Joo as INED</u>**

Datuk Tan Hiang Joo and Kek Jenny both have served as INEDs of the Company for a cumulative term of more than 12 years. During the last AGM held on 7 September 2021, the shareholders had approved their continuation in office as INEDs up to the forthcoming 26th AGM via a two-tier voting process.

The Board had at the Board meeting held on 28 April 2022, based on the recommendation of the NC, 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 Board of Directors Profile of the 2022 Annual Report of the Company.

However, Ms Kek Jenny had at the Board meeting held on 16 June 2022, informed the Board that she has no intention to remain in office as INED after having served the Company for 20 years since her appointment as an INED of the Company on 28 March 2002.

Hence, she will remain in office as INED of the Company until the close of the 26th AGM and resigns immediately after the conclusion of the 26th AGM on 25 August 2022.

6. **Ordinary Resolution 9**
**<u>Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act</u>**

The Company had, during its 25th AGM held on 7 September 2021, obtained its shareholders approval for the general mandate for issuance of shares up to a maximum of 20% of the total number of issued shares of the Company ("20% General Mandate").

As at the date of this Notice, the Company did not implement its proposal for new allotment of shares under the 20% General Mandate and the general mandate has been reinstated from a 20% limit to a 10% limit with effect from 1 January 2022 ("10% General Mandate"). The authority for the 10% General Mandate will expire at the conclusion of the 26th AGM.

This proposed resolution is a new mandate. 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 proposed resolution, if passed, will empower the Directors to issue and allot up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions or such other application as the Directors may deem fit in the best interest of the Company.

# Notice of Annual General Meeting (cont'd)

**7. Ordinary Resolution 10**
**Proposed Renewal of Shareholders' Mandate for Share Buy-Back**

The Ordinary Resolution 10, if passed, will enable the Directors of the Company to purchase its own 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 7 September 2021.

For further information on Ordinary Resolution 10, please refer to Part A of the Company's Statement/Circular to Shareholders dated 30 June 2022.

**8. Ordinary Resolution 11**
**Proposed Renewal of Shareholders' Mandate for RRPTs**

The Ordinary Resolution 11, 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 30 June 2022.

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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 .................................................................................................................... Tel: ..................................

*[Full name in block, NRIC/Passport/Company No.]*

of ...............................................................................................................................................

.....................................................................................................................................................

being member(s) of Eupe Corporation Berhad, hereby appoint:

| Full Name (in Block): | NRIC/Passport No.: | Proportion of Shareholdings | |
|---|---|---|---|
| | | No. of Shares | % |
| Address: | | | |
| Email Address: Mobile Phone No.: | | | |

and

| Full Name (in Block): | 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 attend and to vote for *me / us on *my / our behalf at the 26th Annual General Meeting of the Company which will be held at Jasper Jr Ballroom, AVANTÉ Hotel, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 August 2022 at 11:00 a.m. or at any adjournment thereof, and to vote 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 Dato' Beh Huck Lee as Director | | |
| Ordinary Resolution 5 | Re-election of Iskandar Abdullah @ Sim Kia Miang as Director | | |
| Ordinary Resolution 6 | Re-election of Beh Yeow Seang as Director | | |
| Ordinary Resolution 7 | Re-appointment of RSM Malaysia PLT as Auditors | | |
| Ordinary Resolution 8 | Proposed continuation in office of Datuk Tan Hiang Joo as Independent Non-Executive Director | | |
| Ordinary Resolution 9 | Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 | | |
| Ordinary Resolution 10 | Proposed Renewal of Shareholders' Mandate for Share Buy-Back | | |
| Ordinary Resolution 11 | 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 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, one of whom 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. For the purposes of determining a member who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 17 August 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/her/its behalf.
2. A member who is entitled to attend, speak and vote at a general meeting may 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.
3. A member who is entitled to attend and vote at a general meeting may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the general meeting.
4. 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.
5. Where a member of the Company 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.
6. Where a member, an authorised nominee or an exempt authorised nominee 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. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
7. The appointment of a proxy may be made in a hard copy form, to be deposited at the office of the Company's Share Registrar, Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, or by electronic means via email at sharereg@megacorp.com.my not less than forty-eight (48) hours before the time appointed for holding the 26th AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the office of the Company's Share Registrar, Mega Corporate Services Sdn. Bhd. at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the 26th AGM or adjourned general meeting 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.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Tuesday, 23 August 2022 at 11:00 a.m.**
11. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the resolutions set out in the Notice of the 26th 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

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