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CORPORATE INFORMATION

BOARD OF DIRECTORS

- **Executive Chairman**
Dato' Tajudin Bin Haji Hashim
- **Managing Director**
Beh Huck Lee
- **Independent Non-Executive Director**
Dato' Paduka Haji Radzi Bin Haji Bassir
- **Independent Non-Executive Director**
Dato' Jaafar Bin Jamaludin
- **Non-Independent Non-Executive Director**
Datin Teoh Choon Boay
- **Independent Non-Executive Director**
Tan Hiang Joo
- **Independent Non-Executive Director**
Kek Jenny
- **Non-Independent Non-Executive Director**
Mohamed Rizal Bin Tajudin

AUDIT COMMITTEE

- **Chairman of the Committee**
Dato' Jaafar Bin Jamaludin*
- **Members of the Committee**
Dato' Tajudin Bin Haji Hashim
Beh Huck Lee
Dato' Paduka Haji Radzi Bin Haji Bassir*
Tan Hiang Joo*
Kek Jenny*

* Independent Non-Executive Directors

COMPANY SECRETARIES

Lim Hooi Mooi (MAICSA 0799764)
Ng Bee Lian (MAICSA 7041392)

REGISTERED OFFICE

5th Floor, Wisma Ria, Taman Ria,
08000 Sungai Petani,
Kedah Darul Aman, Malaysia.
Tel : 604-441 4888
Fax : 604-441 4548
Email : eupe@streamyx.com
Website : www.eupe.com.my

AUDITORS

BDO Binder
Chartered Accountants
12th Floor, Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur

SOLICITORS

Wong, Beh & Toh
Haji Mahmud & Partners
Ng & Anuar
Young & Company
Nor, Ding & Co

REGISTRAR

Mega Corporate Services Sdn Bhd (187984-H)
Level 11-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 603-2692 4271
Fax : 603-2732 5388

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Main Board of the Malaysian Securities Exchange Berhad

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Eupe Corporation Berhad for the year ended 29 February 2004.

THE BUSINESS ENVIRONMENT

The year 2003 was a year of contrasts. In the first half, the anticipation of the Iraq war and the Severe Acute Respiratory Syndrome (SARS) which hit the Asian region, coupled with the murky economic outlook that followed significantly dampened confidence levels and led to the procrastination of big-ticket purchases. The pervading reluctance led to an avoidance of long term financial commitments. The property sector was one of the direct casualties of this. The services sector too was not spared.

Fortunately, the scenario improved in the second half of the year, with the government unveiling its Economic Stimulus Package in May to mitigate the crippling repercussions of the events which dominated the first half of 2003. These include measures to reduce transaction costs and tax incentives for purchases of residential properties below RM180,000.00. Interest rates were also cut, in line with the government's expansionary monetary policy



to stimulate the domestic economy and encourage consumption. These measures, together with the abatement of global geopolitical adversity, containment of the SARS virus and improvements in the stock market helped cushion the negative effects of the adverse external environment and paved the way for recovery. Favourable commodity prices and high export earnings in the manufacturing sector are other factors which reinforced the resilience of the domestic economy and spurred business and consumer sentiment. As a result, GDP growth in 2003 was 5.3%, up from 4.2% in 2002.

For the property sector, high affordability was the defining feature of the residential market. The low interest regime, coupled with intense competition among banks for a portion of the mortgage market and government incentives for residential property buyers were contributing factors. Although competition among developers remained keen with buyers spoilt for choice, the take-up rate for property launches was encouraging, with the medium cost market taking up the bulk of sales. Buyers were mainly owner-occupants as speculators seemed to have been weeded out.

CHAIRMAN'S STATEMENT (CONTINUED)

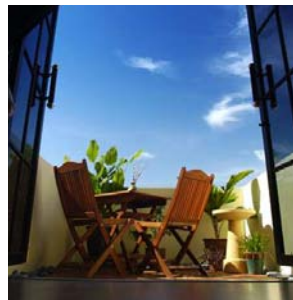
OPERATIONS

For the financial year under review, profit before tax rose 18% to RM9,520,698 from RM8,076,585 in the previous year. This is on the back of a turnover of RM59,641,353, which dipped 26% from the preceeding year's RM81,098,067. Of this, the profit contribution of the property development division is 65%, whilst 24% is attributable to the hotel and golf division. The civil engineering and construction as well as property investment divisions account for the rest.

PROPERTY DEVELOPMENT

The property division's profits for the year rode on the back of the continual recognition of sales in Taman Kelisa Ria, Sungai Petani, which had seen the 1,521 units launched fully sold in the previous year. Construction of the project is almost complete, with 5 phases having obtained the Certificate of Fitness for Occupation. The final phase of 62 terrace units (the Camellia) as well as the 52 commercial units launched this year has also been fully taken up, with demand overwhelming supply due to the lack of commercial units in the immediate vicinity of the project and other neighbouring developments.

Construction on Sri Iora Garden Homes, the Group's resort-style development, with homes built on the uncut land to preserve the environment also commenced this year. Priced from RM198,000 to above RM400,000; the speed of sales lags behind that of Taman Kelisa Ria which offered a mixture of low cost and medium cost terrace and semi-detached homes. However, as the project is the first of its kind in the state and innovative in the use of features such as open skylights and gardens which are brought indoors to merge the homes with the undulating landscape, much interest has been shown by buyers in neighbouring Penang.



During the year under review, no new launches were recorded as the division consolidated its operations, focused on the construction of its sold properties and began earthworks on three new projects which were due for launch in the later part of the year. The consolidation phase was also to allow for the purchase of the 650-acre Pinang Tunggal Estate in Sungai Petani and the finalisation of governmental approvals for the sequel to the Group's Taman Ria Mesra in Gurun as well as for the newly purchased land in the Pinang Tunggal Estate.

Projects slated for launch this year include the sequel to Taman Kelisa Ria, which lies immediately behind Sri Iora Garden Homes and adjacent to Taman Kelisa Ria; the combined area of which total 219 acres; as well as the 200-acre Taman Ria Mesra II in Gurun, a project that will encompass 2,200 commercial and residential units. Parcel A of the Pinang Tunggal Estate totalling 169 acres in a mixed development comprising 1,602 residential and commercial units is scheduled to be launched in early 2005, barring unforeseen circumstances.

CHAIRMAN'S STATEMENT (CONTINUED)

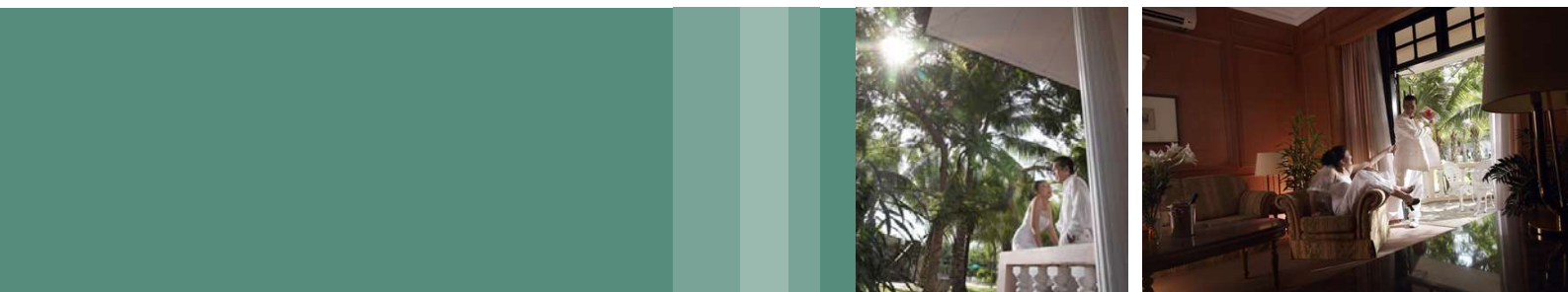
HOTEL AND GOLF DIVISION - CINTA SAYANG GOLF AND COUNTRY RESORT AND CINTA SAYANG HOTEL

As the next largest contributor to the Group's profit, this division saw an increase in profit before tax of 191% from the preceding year, whilst turnover increased 26%. The jump in profits is due to the sale of new golf memberships and the penetration of new markets and businesses.

Innovative marketing strategies and successful repackaging led to the increase in the sales of new golf memberships, which had been previously been hampered by poor consumer sentiment. The synergistic union of the golf resort and hotel further enabled value-added packaging to tap new markets in tourism, which resulted in increased room nights, food and beverage sales and golf arrivals. For the first half of the year, occupancy rates maintained at 70%, the impact of SARS somewhat cushioned by the domestic tourism and seminar market. Occupancy rates for the second half of the year settled at 76%, elevated by the new markets tapped and improved sentiment. The overall increase in business has resulted in increased productivity and efficiency. This in turn has translated into cost savings, which saw the growth in revenue far exceeding the increase in expenditure.

The food and beverage department also spread its wings with its highly successful catering cum event planning division, a new venture which is filling a much needed niche. The market reach is wide, as the event planners and caterers are able to cater to small, personal tea parties as well as huge outdoor banquets.

Cinta Pre-School, the Resort's in-house pre-school which offers, in addition to its integrated curriculum, clinics in golf, archery, swimming, taekwondo, arts and other activities was launched to great success. Its ministry-approved curriculum



also includes IT and engineering programmes, and the pre-school is currently being used by the ministry's approval body as a model school. Enrolments tripled after its first 6 months of opening, and plans are currently underway for an expansion programme.

PROPERTY INVESTMENT

The Group's property rental rates have remained stable throughout the past few trying years due to the location of the properties. The occupancy of the Group's privately-run wet market, Pasar Taman Ria is close to 100%, due, in no small part, to the 3,000-plus residential units immediately surrounding it.

CHAIRMAN'S STATEMENT (CONTINUED)

CORPORATE DEVELOPMENTS

Through two agreements dated 20 March 2003 and 27 June 2003, Eupe Kemajuan Sdn Bhd, a fully-owned subsidiary of Eupe Corporation Berhad, purchased 698.40 acres of agricultural land with development potential in Mukim Pinang Tunggal, Daerah Kuala Muda, Sungai Petani from Perbadanan Kemajuan Negeri Kedah (Kedah State Development Corporation) for RM27.9 million. On 12 August 2003, it was mutually agreed that the total land area acquired be finalised at 650 acres upon confirmation by an independent surveyor, at a price of RM26 million. The conversion approval for the land has just been obtained.

PROSPECTS

Global indicators point to an upturn in the global economy in 2004, with key economies such as the US, Europe, China and Japan poised for accelerating performances. Although global geopolitical risks have declined, their existence continues to thwart investors concerned about terrorism threats and tensions in the Middle East and certain parts of Asia.

On the home front, the Malaysian government's current move appears directed towards fiscal consolidation and a balanced budget. To ensure that the economic growth momentum does not falter, it has provided an accommodative monetary environment aimed at strengthening the role of the private sector. Low unemployment levels, improved business and consumer confidence as well as a positive wealth effect from the recovery in equity prices will further encourage private consumption, which is expected to grow by 7% in 2004, up from 5% in 2003. This, complemented by the continued expansion in exports bodes well for increases in domestic demand, which will provide the impetus for continued economic growth.



For the property sector, favourable conditions such as low interest rates, ease of financing, higher disposable incomes and better employment prospects indicate that sentiment will remain positive. As the threat of a global deflation has been replaced by the fear of creeping inflation, being a natural hedge, property prices are expected to increase, although the rate of adjustment will initially be gradual. Despite this, the operating environment is envisioned to be challenging and competitive due to the increase in the prices of building materials and the number of properties offered for sale. As buyers become increasingly discerning and selective, with the abundance of choice in the market, developers have to become increasingly innovative. The Group intends to focus on its core competencies of good town planning with comprehensive facilities and quality developments whilst keeping abreast of new concepts, designs and innovations in the sector.

Prospects for the Taman Ria Mesra II project in Gurun are promising due to the opening of the Naza Kia factory later this year. It has projected an employment base of 5,000 workers upon reaching full capacity. Together with its seven Vendors, the Naza Kia development will bring an influx of workers into Gurun. Taman Ria Mesra II, the largest residential development in Gurun is currently the nearest one to the Naza Kia operations. The Pinang Tunggal development is flanked by two well-established townships in Sungai Petani and fronts the Eastern Bypass, factors that bode well for an encouraging uptake.

CHAIRMAN'S STATEMENT (CONTINUED)

PROSPECTS (CONTINUED)

Cinta Sayang Golf and Country Resort is expected to continue to benefit from new markets and new businesses. Improved economic conditions, better corporate performances and higher disposable incomes also augur well for the hospitality industry. The Resort will continue to look into value-adding activities and businesses which will enable it to capitalise on its existing resources.

Appreciation

We would not be where we are today if it were not for our dedicated management team, employees and associates. As always, my fellow board members and I would like to convey our heartfelt appreciation to our customers, suppliers, subcontractors, bankers, government authorities and other associates for their support and assistance.

And to our shareholders, thank you for your confidence in us.

Dato' Tajudin bin Haji Hashim
Executive Chairman





PROFILE OF DIRECTORS

Dato Tajudin bin Haji Hashim
DSDK, BCK, JP
Executive Chairman

Aged 64. Malaysian. Appointed to the Board on 19 May 1997.

Together with Dato' Beh Heng Seong, was one of the founding members of the Group. Holds a Bachelor of Arts degree from the University of Malaya and a Certificate of Public Administration from the University of Manchester. Has over twenty (20) years of working experience as a civil servant and has held the posts of District Officer in Kuala Nerang, Kubang Pasu and Kuala Muda (1971-1976), Deputy Director of Land, Kedah (1976), and Deputy State Secretary, Kedah (1976-1978). Currently sits as the National Council Member of the Real Estate Housing Developers' Association, Malaysia and Chairman of the Real Estate Housing Developers' Association Malaysia (Kedah/Perlis Branch).

Attended all four board meetings in the financial year. No conflict of interest with the Group and is the father of Mohamed Rizal bin Tajudin. Is also a director of Betaj Holdings Sdn Bhd, a major shareholder of the Company. Has not been convicted of offences within the past ten years.

Beh Huck Lee
Managing Director

Aged 33. Malaysian. Appointed to the Board on 19 May 1997.

Holds a Bachelor of Commerce and a Bachelor of Engineering (First Class Honours) from the University of Western Australia. Was attached to Hewlett-Packard before he joined the Group in 1995. Taking over at the helm, he oversaw the operations of the Group, its restructuring and the subsequent listing of the Company on the Kuala Lumpur Stock Exchange.

Attended all four board meetings in the financial year. No conflict of interest with the Group and is the son of Datin Teoh Choon Boay. Is also a director in Betaj Holdings Sdn Bhd and Beh Heng Seong Sdn Bhd; both of which are major shareholders of the Company. Has not been convicted of offences within the past ten years.

Dato' Paduka Haji Radzi bin Bassir
DHMS, DSDK, PSB, SMK, AMN, BCK, JP (Dato' Bijaya Indera)
Independent Non-Executive Director

Aged 72. Malaysian. Appointed to the Board on 28 February 1997.

Holds a Bachelor of Arts (Honours) from the University of London. Served the Kedah State Government from 1953 to 1987 when he retired after serving as State Secretary of Kedah since 1976. Other posts held include State Liaison Officer; President of Town Council, Sungai Petani; District Officer of Padang Terap, Langkawi, and Kota Setar; as well as State Treasurer and General Manager of the Kedah State Economic Development Corporation (1972-1976). Also served as a Committee Member of the Malaysian Industrial Development Authority (MIDA), Muda Agricultural Development Authority (MADA) and Pilgrim Management Advisory Council. Was appointed a Member of the State Public Services Commission from 1992-1996 and served as a Council Member of University Utara Malaysia as the Deputy Chairman.

Attended all four board meetings in the financial year. No conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. Has not been convicted of offences within the past ten years.

PROFILE OF DIRECTORS (CONTINUED)

Dato' Jaafar bin Jamaludin
DSDK, ARICS, ARVA, MISM
Independent Non-Executive Director

Aged 58. Malaysian. Appointed to the Board on 28 February 1997.

Is a Member of the Institution of Surveyors, Malaysia; a Professional Associate of the Royal Institution of Chartered Surveyors; an Associate Member of the Rating and Valuation Associate (ARVA) in the United Kingdom; and a Registered Valuer with the Board of Valuers, Appraisers and Estate Agents, Malaysia. Key positions held include Technical Manager of the Malaysian Building Society Berhad (1975-1980); Executive Director of Advance Development Sdn Bhd (a subsidiary of Kulim (Malaysia) Berhad) (1980-1985); Chief Executive of Kedah State Economic Development Corporation (1985-1993); and Chairman of Chesterton International (Malaysia) Sdn Bhd as well as Chairman and Director of various other companies including Bina Puri Holdings Berhad (1994-1997).

Attended all four board meetings in the financial year. No conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. Has not been convicted of offences within the past ten years.

Tan Hiang Joo
Independent Non-Executive Director

Aged 40. Malaysian. Appointed to the Board on 19 May 1997.

Holds a law degree (LLB(Hons)) from the University of Malaya and is an advocate and solicitor with the High Court of Malaya. Has been in practice since 1989 and is a partner of Syarikat Ng & Anuar.

Attended three out of the four board meetings in the financial year. No conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. Has not been convicted of offences within the past ten years.

Kek Jenny
Independent Non-Executive Director

Aged 39. Malaysian. Appointed to the Board on 28 March 2002.

Holds a Bachelor of Commerce degree majoring in Accountancy, from the University of Canterbury and is a Chartered Accountant by profession. Is also a member of the Malaysian Institute of Accountants (MIA).

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), was attached to KPMG's Christchurch, New Zealand and Brussels, Belgium offices (1987-1990). Is currently the Executive Director of Comet Asset Management Sdn Bhd, a company which provides corporate advisory and investment services.

Attended all four board meetings in the financial year. No conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. Has not been convicted of offences within the past ten years.



PROFILE OF DIRECTORS (CONTINUED)

Mohamed Rizal bin Tajudin
Non-independent Non-Executive Director

Aged 36. Malaysian. Appointed to the Board on 19 May 1997.

Holds a Bachelor of Business Administration from La Sierra University, California, USA. Was the General Manager of Finance in Moza Precision Plastic Industry Sdn Bhd (1994-1997). Is currently a director of Teras Display Sdn Bhd as well as several other private limited companies.

Attended all four board meetings in the financial year. No conflict of interest with the Group and is the son of Dato' Tajudin bin Haji Hashim. Has not been convicted of offences within the past ten years.

Datin Teoh Choon Boay
Non-independent Non-Executive Director

Aged 55. Malaysian. Appointed to the Board on 19 May 1997.

Has been a director of Beh Heng Seong Sdn Bhd, an investment holding company since 1982 and is also a director of several private limited companies.

Attended all four board meetings in the financial year. No conflict of interest with the Group and is the mother of Beh Huck Lee. Is also a director in Beh Heng Seong Sdn Bhd. Has not been convicted of offences within the past ten years.

STATEMENT OF CORPORATE GOVERNANCE

PRINCIPLES STATEMENT

A. BOARD OF DIRECTORS

Board responsibilities

The Group is headed by a Board, comprising executive, non-executive and independent non-executive Directors. The Board is responsible for the overall direction of the Company and Group and oversees their strategic development, critical business issues as well as financial performance. Although all Directors owe fiduciary duties towards the shareholders, the executive Directors overlook the daily business operations, whereas the non-executive Directors' main role is to bring objective and independent insight into Board's decisions. The non-executive Directors, having been chosen for their vast experience and diversity of professional backgrounds, bring a wealth of experience and valuable judgement into the Board's stewardship role of steering the Group towards greater heights.

The Board's formal schedule of matters for deliberation and decision includes the overall Group strategy and direction, significant financial matters and key acquisitions, as well as the review of the financial and operating performance of the Group.

The Board has a formalized structure to identify, evaluate and manage key business risks faced by the Group and an internal audit function to ensure the controls to address the risks are in place. Currently, the internal audit function is outsourced to an independent firm of consultants, which has come up with a 3-year internal audit strategy to review of the controls as they relate to key risks of the Group.

Meetings

The Board meets at least four (4) times a year at quarterly intervals, with additional meetings convened when circumstances dictate, and is provided with not only a summary of the financial performance of the Group, but also a summary on all the activities of the subsidiaries. This enables the Board to assess not only the quantitative aspects, but the qualitative ones as well. It is imperative that the Directors obtain an overall picture of the performance and direction of the Group to equip them to make objective evaluations. A formal schedule of matters for Board discussion is also circulated in advance of meetings.

The Board receives documents on matters requiring its consideration in advance of each meeting. All proceedings from the Board meetings are recorded and the minutes thereof signed by the Chairman of the meeting. During the year ended 28 February 2003, four board meetings were convened. The details of board attendance are as follows :

Name of directors	No. of meetings attended
Dato' Tajudin Bin Haji Hashim	(Non-Independent Executive Director) 4 out of 4
Beh Huck Lee	(Non-Independent Executive Director) 4 out of 4
Dato' Jaafar Bin Jamaludin	(Independent Non-Executive Director) 4 out of 4
Dato' Paduka Haji Radzi Bin Haji Bassir	(Independent Non-Executive Director) 4 out of 4
Datin Teoh Choon Boay	(Non-Independent Non-Executive Director) 4 out of 4
Mohamed Rizal Bin Tajudin	(Non-Independent Non-Executive Director) 4 out of 4
Tan Hiang Joo	(Independent Non-Executive Director) 3 out of 4
Kek Jenny	(Independent Non-Executive Director) 4 out of 4



STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board committees

Certain responsibilities have been delegated to the Audit Committee, details of which are disclosed in the Audit Committee Report set out on pages 19 to 22 of the Annual Report.

There is currently no Nominating Committee as the Directors are of the opinion that it is just as effective to have the entire Board review any potential new recruits due to the strength and size of its non-executive participation. There is no Remuneration Committee to recommend to the Board the remuneration of executive Directors, as there has been no change in the remuneration of executive Directors since the listing of the Company. Moreover, the entire Board would review the remuneration of the executive Directors should a change be contemplated.

Board Balance

The Board comprises eight (8) Directors as follows:

- 2 non-independent executive Directors;
- 2 non-independent non-executive Directors; and
- 4 independent non-executive Directors.

The Board has an independent element comprising half of the Board balance, with the executive Directors making up a quarter of the balance. This prevents domination of Board discussion and unfettered decision-making by executive Directors. The two (2) executive Directors directly oversee the daily business operations, but are able to draw on the insights, ideas, judgement and experience of the six (6) non-executive Directors.

Supply of information

All Directors have full and timely access to information through the Board Papers distributed in advance of meetings. The Directors also have full access to the advice and services of the Company Secretary, who is capable of carrying out the duties in which the post entails.

The Board Papers include, among others, the following:

- Minutes of the previous Board meeting;
- Minutes of the previous Audit Committee meeting;
- Quarterly financial results of the Group;
- Financial performance and operations of the divisions;
- Update on development projects; and
- Future plans and projections of the Group.

Separate reports are prepared as and when needed for the Board's deliberation on strategic and policy issues, major investments and major financial decisions.

In the intervening period between meetings, reports detailing all relevant information are sent to all Board members before significant decisions to enable the Directors to provide feedback.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Directors' training

There is no formal training programme for Directors as the Board ensures that it recruits only individuals of sufficient calibre, knowledge and experience to fulfill the duties required of a Director. Executive Directors are encouraged to undergo relevant training with regard to their job responsibilities and regularly attend seminars on the property industry. In addition, all Directors are briefed regularly on current regulatory issues as well as new relevant laws and regulations by the Group's auditors and Company Secretary. All the Directors have attended and successfully completed the Mandatory Accreditation Programme organized by the Research Institute of Investment Analysts Malaysia (RIIAM) and continue to attend seminars held under the Continuing Education Programme (CEP).

Appointment and Re-election of Directors

Article 82 of the Articles of Association provides that one-third of the Directors, or if their number is not a multiple of three, the number nearest to one-third, shall retire from office at each Annual General Meeting and they may offer themselves for re-election. All Directors, including the Managing Director shall retire at least once in each three years and shall be eligible for re-election. This will provide an opportunity for the shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as the personal profile and the meetings attendance of each Director are furnished in the Annual Report.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act 1965.

B. DIRECTORS' REMUNERATION

There are no formal procedures for determining the remuneration packages of Directors. Broadly, the Directors' remuneration packages are dictated by market competitiveness and level of experience or responsibilities involved. Any review or change to the existing package will be deliberated upon by the Board as a whole. The practice is to ensure that the remuneration packages are tailored to retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders. It is also the practice for the Directors concerned to abstain from deliberating their individual remuneration.

The aggregate remuneration of Directors for the financial year ended 29th February 2004 is as follows:

	Salaries and EPF RM	Bonuses RM	Fees RM	Allowances RM	Total RM
Executive Directors	639,414	87,000	24,000	4,000	754,414
Non-executive Directors	-	-	48,000	96,000	144,000

The number of Directors whose remuneration fall within the following bands are:

Remuneration bands (RM)	Executive Directors	Non-Executive Directors
50,000 and below	-	6
350,001 to 400,000	2	-

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

C. SHAREHOLDERS

Dialogue between companies and investors

Communication is crucial to a Company's progress as members of the investing public, shareholders and customers are the key determinants of a Company's success. With this in mind, the Company maintains an open communications policy with its shareholders, individuals or institutional members, and welcomes feedback from them. Whenever appropriate, the Board or the relevant management personnel will respond to these queries or opinions on an individual level. Requests for Annual Reports or other corporate literature are filed and fed into a database so that the relevant information can be disseminated to the requestors on a timely basis. The Board is aware of the confidentiality and sensitivity of undisclosed information and ensures that measures are in place to prevent divulgence of such information.

The Annual General Meeting ("AGM")

The AGM is a platform for shareholders to raise their concerns and opinions about the Company and its performance. Apart from shareholders, the Company's employees, bankers, lawyers and the press are invited to attend the AGM. It is an appropriate avenue to obtain feedback directly from shareholders and to let them know of the direction and performance of the Company. The Chairman of the Board addresses the shareholders on the review of the Group's performance for the financial year and outlines the prospects of the Group for the subsequent financial year. The Company's external auditors and Company Secretary are also present to clarify and explain any issues that may arise. Usually, a press conference is held immediately after the AGM where the Chairman and the Managing Director will answer questions on the Group.

D. ACCOUNTABILITY AND AUDIT

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the Annual Report and the quarterly announcement of results. Prospects of the Group and an overview of its business performance are detailed in the Chairman's Statement in the Annual Report. The Board also deliberates on the quarterly results before they are publicly released together with explanatory notes on the Group's quarterly and year-end performances.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cashflow for the period then ended.

In preparing the financial statements, the Directors have:

- ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied; and
- selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Internal control

The Statement on Internal Control furnished on pages 17 to 18 of the Annual Report provides an overview of the state of internal control within the Group.

Relationship with the auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 19 to 22 of the Annual Report.

COMPLIANCE STATEMENT

Throughout the financial year ended 29th February 2004, the Company has substantially applied all the Best Practices of the Malaysian Code on Corporate Governance, with the exception of the following:

- The Board has not identified a senior independent non-executive Director to whom concerns may be conveyed (in accordance with Best Practice Provision AA VII) because the Chairman of the Board normally encourages open discussion during meetings and thus ensures that Directors are free to voice any concerns they may have. Additionally, there is a strong independent element in the Board, as half of its composition comprises independent non-executive Directors;
- There is no Nominating Committee (in accordance with Best Practice Provisions AA VIII, AA IX and AA X) as the appointment of new Board members would be a matter for the Board as a whole. There is no formal assessment carried out on the performance of the Board, the Audit Committee and individual Directors. This is because the Board is of the view that the required mix of skills and experience of existing Directors, including core competencies which non-executive Directors bring to the Board, are deemed adequate in addressing the current business needs and issues faced by the Group. The Board's strong independent element and non-executive participation will further ensure unfettered decision-making. As for individual Directors, sufficient information such as their personal profile and meetings attendance are furnished in the Annual Report to assist shareholders to provide a fresh mandate for Directors who retire at the AGM and who have offered themselves for re-election. Appointment of Directors to be members of the Audit Committee is decided by the Board as a whole;
- There is no orientation and education program for new recruits to the Board (in accordance with Best Practice Provision AA XIII) as it is the Company's practice to appoint only individuals of sufficient experience and calibre to carry out their Directorial duties. Moreover, all Directors have successfully completed the Mandatory Accreditation Programme organized by RIIAM;
- Since the listing of the Company, there has been no change in the remuneration of executive Directors. A Remuneration Committee has not been established (in accordance with Best Practice Provision AA XX IV) because Directors' remuneration is a matter for the Board as a whole; and
- The Audit Committee has not separately met with the external auditors without the presence of executive Board members during the financial year (in accordance with Best Practice Provision BB III) in view of other direct communication channels available between the Audit Committee members and the external auditors.

Nevertheless, the Board is mindful of the above Best Practices and will review the necessity to comply with them from time to time.



ADDITIONAL COMPLIANCE INFORMATION

MATERIAL CONTRACTS

Through two agreements dated 20 March 2003 and 27 June 2003, Eupe Kemajuan Sdn Bhd, a fully-owned subsidiary of Eupe Corporation Berhad, purchased 698.40 acres of agricultural land with development potential in Mukim Pinang Tunggal, Daerah Kuala Muda, Sungai Petani from Perbadanan Kemajuan Negeri Kedah (Kedah State Development Corporation) for RM27.9 million. On 12 August 2003, it was mutually agreed that the total land area acquired be finalised at 650 acres upon confirmation by an independent surveyor, at a price of RM26 million.

Share buybacks

There was no share buyback scheme implemented during the financial year ended 29th February 2004.

American Depository Receipt ("ADR") / Global Depository Receipt ("GDR")

The Group has not sponsored any ADR or GDR programme.

Sanctions and / or penalties

There were no sanctions and / or penalties imposed on the Company, its other subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

Non-audit fees

There were no non-audit fees paid to the external auditors during the financial year.

Revaluation policy

The revaluation policy on landed properties is as disclosed in the financial statements.

Profit guarantees

During the financial year, there were no profit Guarantees given by the Group.

STATEMENT OF INTERNAL CONTROL

The Board is responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework and for reviewing its adequacy and integrity. The system of internal control covers risk management and the relevant controls put into place to monitor the principal risks, both financial and otherwise, faced by the Group. Because of the limitations inherent in any system of internal control, this system is designed to manage rather than eliminate the risks involved. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process of identifying, evaluating and managing significant business risks faced by the Group, which has been in place during the financial year.

The Board retains overall risk management responsibility and within this ambit,

- determines and approves the risk management policy of the Group;
- oversees overall risk management; and
- reviews the risk profile of the Group.

The Board engaged an independent firm of consultants to assist in the establishment of a risk management framework for the Group via an enterprise risk management review. To ensure that the Group's risk profile is kept updated, an enterprise risk management update will be performed in the first quarter of the next financial year via a review of business processes to ascertain if any major changes have taken place since the last review in 2002. Based on these findings, a revised risk register and risk profile of the Group will be drawn up to enable management to deploy action plans to manage the risks on an ongoing basis.

The internal audit function has also been outsourced to an independent firm of consultants to assist the Board in the review and appraisal of the internal control system within the Group. The internal audit function reviews the internal controls in the key activities of the Group's businesses based on a 3-year internal audit strategy and a detailed annual internal audit plan presented to the Audit Committee for approval. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Group.

During the financial year, the third internal audit cycle was carried out. The findings by the internal audit function, including the recommended corrective actions, were reported directly to the Audit Committee. Follow up work was also carried out by the internal audit function on the implementation of corrective actions by Management. The Audit Committee considers reports from the internal audit function and comments from Management before making recommendations to the Board to strengthen the internal control and governance systems.

For the coming financial year, the internal audit will focus on risk areas prioritised as a result of the enterprise risk management update. The consultants have scheduled four cycles of internal audit for the Group for the financial years ending 2005 and 2006 based on their 3-year audit plan.

Apart from risk management and internal audit, the Group's organizational structure provides formal delineations of responsibility and delegation of authority. A process of hierarchical reporting provides for a documented trail of accountability. Limitations on authority and counter checks by other departments are other modes of control.

The effectiveness of the system of internal control is also reviewed through the MS ISO 9001:2000 certification, which has been obtained by the civil engineering and construction arm of the Group. Surveillance visits are carried out annually by auditors from Lloyd's Register Quality Assurance and a complete re-audit and re-assessment is carried out once in 3 years.



STATEMENT OF INTERNAL CONTROL (CONTINUED)

The demanding documentation requirements of the certification further ensure that a trail of accountability exists in this division.

The Board is of the opinion that there were no material losses incurred during the financial year as a result of weaknesses in internal control. Nevertheless, the Board and Management continue to take appropriate measures from time to time to strengthen the existing control environment within the Group.

AUDIT COMMITTEE REPORT

COMPOSITION

The present members of the Committee comprise:

Chairman:

Dato' Jaafar Bin Jamaludin Independent Non-Executive Director

Members:

Dato' Paduka Haji Radzi Bin Haji Bassir Independent Non-Executive Director

Dato' Tajudin Bin Haji Hashim Non-Independent Executive Director

Beh Huck Lee Non-Independent Executive Director

Tan Hiang Joo Independent Non-Executive Director

Kek Jenny Independent Non-Executive Director

MEETINGS

The Audit Committee convened four meetings during the financial year. The Company Secretary and representatives of the external auditors and internal auditors also attended the meetings upon invitation.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors' the results of the audit, the audit report and the response of management;
- Reviewed the Group's quarterly and annual financial statements before recommending to the Board for approval;
- Reviewed the programme, plans, scope and results of work carried out by the internal audit function, which was outsourced to an independent firm of consultants, and the corrective actions taken by Management to address the findings raised by the internal audit function;
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group; and
- Reviewed key business proposals such as land acquisitions and investments and recommended proposals to the Board.

INTERNAL AUDIT FUNCTION

The effectiveness of the system of internal control is reviewed in two ways; firstly through the internal audit function, and secondly through the MS ISO 9001: 2000 certification, which has been obtained by the civil engineering and construction arm of the Group.

The internal audit function is currently outsourced to an independent firm of consultants, which is responsible for the review and appraisal of the internal control system within the Group. The scope and plan of their work, including the approach and the programme, is presented to the Audit Committee for approval before commencement of audit. The maintenance of the ISO 9001 certification requires two independent audits by Lloyds Register Quality Assurance and two internal quality audits per year. These audits serve as platforms to ensure that the requisite internal controls are in place. More information on this is contained in the Statement on Internal Control set out on pages 17 to 18 of the Annual Report.

AUDIT COMMITTEE REPORT (CONTINUED)

TERMS OF REFERENCE

OBJECTIVES

The Audit Committee's aim is to assist the Board of Directors in fulfilling the following objectives:

- Review the Group's processes relating to risks and internal control;
- Oversee the corporate accounting and financial reporting practices; and
- Evaluate the internal and external audit processes.

MEMBERSHIP

The Committee shall be appointed by the Board from amongst their number and shall be composed of no fewer than three (3) members, the majority of whom should be independent Directors.

At least one member of the Audit Committee:

- Must be a member of the Malaysian Institute of Accountants; or
- If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and;
- He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
- He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

The Board must ensure that no alternate Director is appointed as a member of the Audit Committee.

The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above requirements, the vacancy shall be filled within 3 months.

QUORUM AND COMMITTEE'S PROCEDURES

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

Any two (2) members of the Committee present at the meeting shall constitute a quorum.

The Company Secretary shall be appointed Secretary of the Committee and, in conjunction with the Chairman, shall draw up the agenda which shall be sent to all members of the Committee and other persons who may be required / invited to attend. All meetings to review the quarterly results and annual financial statements, shall be held prior to such quarterly results and annual financial statements being presented to the Board for approval.

Notwithstanding the above, upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider matters brought to its attention.

The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

AUDIT COMMITTEE REPORT (CONTINUED)

QUORUM AND COMMITTEE'S PROCEDURES (CONTINUED)

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The internal auditors shall be in attendance at meetings of the Committee to present and discuss the audit findings and the recommendations relating to such findings.

It is at the Committee's discretion to meet with the external auditors at least once a year without the presence of the executive Directors. If the Committee members are satisfied with the reporting practices as well as the level of independence shown by the external auditors, or they are able to clarify matters directly with the external auditors and do not feel the need to convene an additional meeting, this meeting shall not be held.

The Committee shall regulate the manner of the proceedings of its meetings.

AUTHORITY AND RIGHTS

The Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:

- Have the authority to investigate any matter within its terms of reference;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Group;
- Have direct communication channels with the external and internal auditors;
- Be able to obtain independent professional or other advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary; and
- Be able to convene meetings with the external auditors, without the presence of the Executive Directors, whenever deemed necessary.

RESPONSIBILITIES AND DUTIES

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties - review the following and report the same to the Board:

- with the external auditors, the audit scope and plan;
- with the external auditors, an evaluation of the quality and effectiveness of the accounting system;
- with the external auditors, the audit report;
- the assistance rendered by employees of the Company to the auditors;
- with the internal auditors, the adequacy of the scope, duties and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- with the internal auditors, the adequacy and integrity of the internal control system and the efficiency of the Group's operations and efforts taken to reduce the Group's operational risks;
- the internal audit programme, processes and results, and the actions taken on the recommendations of the internal audit function;
- the appointment, performance and remuneration of the internal audit staff;
- the quarterly results and annual financial statements prior to the approval by the Board, focusing particularly on:



AUDIT COMMITTEE REPORT (CONTINUED)

RESPONSIBILITIES AND DUTIES (CONTINUED)

- changes in or implementation of major accounting policy;
- significant or unusual events;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements;
- any related party transaction and conflict of interest situation that may arise within the Company / Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- with the external and internal auditors, major audit findings, reservations or material weaknesses and the Management's response in resolving the audit issues reported during the year; and
- any other activities, as authorized by the Board.

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 29 February 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than the commencement of the cultivation of fruits and the operation and management of a kindergarten undertaken by certain subsidiary companies.

RESULTS

	Group RM	Company RM
Profit / (Loss) after tax	7,484,241	(357,302)
Minority interests	8,735	-
Net profit / (loss) for the financial year	<u>7,492,976</u>	<u>(357,302)</u>

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in Note 27 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

DIRECTORS

The Directors who held office since the date of the last report are:

Dato' Tajudin bin Haji Hashim
(Executive Chairman)

Beh Huck Lee
(Managing Director)

Dato' Paduka Haji Radzi bin Haji Bassir

Dato' Jaafar bin Jamaludin

Datin Teoh Choon Boay

Tan Hiang Joo

Mohamed Rizal bin Tajudin

Kek Jenny

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (CONTINUED)

In accordance with Article 82 of the Company's Articles of Association, Beh Huck Lee and Mohamed Rizal bin Tajudin retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

Dato' Paduka Haji Radzi bin Haji Bassir retires pursuant to Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting and offers himself for re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

DIRECTORS' INTERESTS IN SHARES

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 29 February 2004 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

Shares in the Company	Number of Ordinary Shares of RM1.00 each			Balance as at 29.2.2004
	Balance as at 1.3.2003	Bought	Sold	
<u>Direct Interest</u>				
Datin Teoh Choon Boay	234,416	-	-	234,416
Tan Hiang Joo	10,000	-	-	10,000
Beh Huck Lee	3,500,000	-	-	3,500,000
<u>Indirect Interest</u>				
Dato' Tajudin bin Haji Hashim	31,243,392	1,313,000	(2,263,400)	30,292,992
Beh Huck Lee	49,264,989	1,313,000	-	50,577,989
Datin Teoh Choon Boay	49,264,989	1,313,000	-	50,577,989
Mohamed Rizal bin Tajudin	31,243,392	1,313,000	(2,263,400)	30,292,992

By virtue of their interests in the ordinary shares of the Company, all the Directors except Dato' Paduka Haji Radzi bin Haji Bassir, Dato' Jaafar bin Jamaludin, Tan Hiang Joo and Kek Jenny are also deemed to be interested in the shares of all the subsidiary companies to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held any interests in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the remuneration received and receivable by the Directors from the related corporations in their capacity as Directors of those corporations.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS (CONTINUED)

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, 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 have 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 book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations 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.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and
 - (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.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent 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 or of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY: (CONTINUED)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 27 June 2003, Eupe Kemajuan Sdn. Bhd. ("EKSB"), a subsidiary company of the Company, entered into a Supplemental Agreement with Perbadanan Kemajuan Negeri Kedah ("PKNK") to vary the terms of the acquisition of freehold land pursuant to the Sale and Purchase Agreement entered on 20 March 2003. The total land area acquired has been reduced from 3,190 acres to 698 acres and the original purchase consideration has been revised accordingly from RM127.6 million to RM27.936 million. On 12 August 2003, PKNK and EKSB mutually agreed that the total land area acquired be finalised at 650 acres upon confirmation by an independent surveyor at a similar price of RM40,000 per acre totaling RM26 million.

The salient terms of payment are as follows:

- (i) A sum of RM8,380,800 by way of deposit has been made by the subsidiary company.
- (ii) The balance of the total price of RM17,619,200 shall be paid on or before the expiration of a period of eighteen (18) months from the date of the Supplemental Agreement.

EVENT SUBSEQUENT TO THE BALANCE SHEET

On 15 January 2004, the Company proposed to implement an Employee Share Option Scheme ("ESOS") to the eligible Directors and employees of the Group. The main features of the ESOS are as follows:

- (a) The ESOS will be in force for a period of five (5) years and may, at the sole discretion of the Board of Directors of the Company, be extended for a further period of five (5) years.
- (b) The maximum number of options offered under ESOS shall not exceed 15% of the total issued and paid-up share capital of the Company at any one time.
- (c) Eligible Directors and employees are those who are confirmed employees of the Group, save for subsidiary companies which are dormant.
- (d) The proposed subscription price of the ESOS shall be the higher of the following:
 - (i) the weighted average market price of the Company's shares as shown in the Bursa Malaysia for the five market days immediately preceding the date the options to subscribe for the ESOS shares are offered. This would be subject to a discount of not more than 10%; or
 - (ii) the par value of the Company's shares.

DIRECTORS' REPORT (CONTINUED)

EVENT SUBSEQUENT TO THE BALANCE SHEET

- (e) The ESOS shares shall rank pari passu, in all respects with the then existing issued and fully paid-up shares of the Company except that the ESOS shares will not rank for any dividends, rights, allotments and other distributions, the entitlement date of which is prior to the date of allotment of the ESOS shares.

The proposal is subject to and conditional upon the approvals being obtained from Bursa Malaysia, shareholders of the Company and any relevant authorities.

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

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

Dato' Tajudin bin Haji Hashim
Director

Beh Huck Lee
Director

Sungai Petani, Kedah Darul Aman
14 May 2004



STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 9 to 50 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the state of affairs of the Group and of the Company as at 29 February 2004 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 29 February 2004.

On behalf of the Board,

Dato' Tajudin bin Haji Hashim
 Director

Beh Huck Lee
 Director

Sungai Petani, Kedah Darul Aman
 14 May 2004

STATUTORY DECLARATION

I, Dato' Tajudin bin Haji Hashim, being the Director primarily responsible for the financial management of Eupe Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 50 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.

Subscribed and solemnly)
 declared by the abovenamed at)
 Sungai Petani this)
 14 May 2004)

Before me:

REPORT OF THE AUDITORS TO THE MEMBERS OF EUPE CORPORATION BERHAD

We have audited the financial statements set out on pages 9 to 50. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 29 February 2004 and of their results and cash flows for the financial year then ended; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 7 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

BDO Binder
AF:0206
Chartered Accountants

Siew Kah Toong
1045/03/06 (J)
Partner

Kuala Lumpur
14 May 2004

BALANCE SHEETS
AS AT 29 FEBRUARY 2004

	NOTE	2004 RM	Group 2003 RM	2004 RM	Company 2003 RM
ASSETS EMPLOYED					
PROPERTY, PLANT AND EQUIPMENT	6	75,895,003	76,256,168	2,585	3,248
INVESTMENTS IN SUBSIDIARY COMPANIES	7	-	-	119,094,082	119,094,082
INVESTMENT IN AN ASSOCIATED COMPANY	8	26,251	27,356	-	-
OTHER INVESTMENTS	9	10,312	10,130	-	-
DEVELOPMENT PROPERTIES	10	123,788,044	85,831,219	-	-
INVESTMENT PROPERTIES	11	21,207,207	18,940,033	-	-
LAND HELD FOR FUTURE DEVELOPMENT	12	-	2,367,174	-	-
DEFERRED PLANTATION EXPENDITURE		271,614	-		
CURRENT ASSETS					
Development properties	10	14,997,741	22,304,233	-	-
Inventories	13	14,536,136	16,021,787	-	-
Trade receivables	14	7,535,077	7,115,626	-	-
Other receivables, deposits and prepayments	15	1,706,971	5,853,258	4,500	4,500
Amounts owing by subsidiary companies	16	-	-	33,174,731	34,515,529
Sinking and redemption funds	17	585,032	564,826	-	-
Tax recoverable		267,849	353,149	22,308	22,452
Fixed deposits with licensed banks	18	2,188,005	954,193	-	-
Cash and bank balances	19	4,352,295	2,196,697	11,387	4,365
		46,169,106	55,363,769	33,212,926	34,546,846
LESS: CURRENT LIABILITIES					
Trade payables	20	5,259,462	5,738,828	-	-
Other payables, deposits and accruals	21	20,322,524	2,033,579	57,000	57,000
Provision for infrastructure cost	22	1,859,770	1,859,770	-	-
Amount owing to Directors	23	160,175	-	-	-

BALANCE SHEETS (CONTINUED)

LESS: CURRENT LIABILITIES (CONTINUED)

		Group		Company	
	NOTE	2004 RM	2003 RM	2004 RM	2003 RM
Amounts owing to subsidiary companies	16	-	-	17,146,073	18,123,354
Term loans - secured	24	2,182,921	1,194,805	-	-
Bank overdraft - secured	25	-	162,641	-	-
Tax liabilities		371,546	441,785	-	-
		<u>30,156,398</u>	<u>11,431,408</u>	<u>17,203,073</u>	<u>18,180,354</u>
NET CURRENT ASSETS		16,012,708	43,932,361	16,009,853	16,366,492
		<u>237,211,139</u>	<u>227,364,441</u>	<u>135,106,520</u>	<u>135,463,822</u>
FINANCED BY					
SHARE CAPITAL	26	128,000,000	128,000,000	128,000,000	128,000,000
RESERVES	27	65,812,272	60,190,034	7,106,520	7,463,822
SHAREHOLDERS' EQUITY		193,812,272	188,190,034	135,106,520	135,463,822
MINORITY INTERESTS		94,677	95,512	-	-
NON-CURRENT AND DEFERRED LIABILITIES					
Term loans - secured	24	19,742,352	14,779,137	-	-
Deferred tax liabilities	28	23,561,838	24,299,758	-	-
		<u>237,211,139</u>	<u>227,364,441</u>	<u>135,106,520</u>	<u>135,463,822</u>

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2004

		Group		Company	
	NOTE	2004 RM	2003 RM	2004 RM	2003 RM
REVENUE	29	59,641,353	81,098,067	-	-
COST OF SALES		(43,772,151)	(66,730,962)	-	-
GROSS PROFIT		15,869,202	14,367,105	-	-
OTHER OPERATING INCOME		725,232	886,949	-	7,752
AMORTISATION OF RESERVE ON CONSOLIDATION		553,729	553,729	-	-
MARKETING AND DISTRIBUTION COSTS		(484,528)	(537,563)	-	-
ADMINISTRATION EXPENSES		(5,872,764)	(5,506,677)	(193,105)	(186,429)
OTHER OPERATING EXPENSES		(972,567)	(1,156,488)	(164,197)	(157,510)
PROFIT / (LOSS) FROM OPERATIONS		9,818,304	8,607,055	(357,302)	(336,187)
FINANCE COST		(296,501)	(527,825)	-	-
SHARE OF RESULTS IN AN ASSOCIATED COMPANY		(1,105)	(2,644)	-	-
PROFIT / (LOSS) BEFORE TAX	30	9,520,698	8,076,586	(357,302)	(336,187)
TAX EXPENSE	31	(2,036,457)	(1,935,027)	-	(2,062)
PROFIT / (LOSS) AFTER TAXATION		7,484,241	6,141,559	(357,302)	(338,249)
MINORITY INTERESTS		8,735	4,488	-	-
NET PROFIT / (LOSS) FOR THE FINANCIAL YEAR		7,492,976	6,146,047	(357,302)	(338,249)
BASIC EARNINGS PER ORDINARY SHARE (sen)	32	5.9	4.8		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2004

Group	Ordinary Share Capital RM	Share Premium RM	Reserve on consolidation RM	Retained Profits RM	Total RM
Balance as at 1 March 2002	128,000,000	5,982,397	44,010,541	15,365,086	193,358,024
Prior year adjustments (Note 33)	-	-	(9,344,175)	(1,141,515)	(10,485,690)
Restated balance	128,000,000	5,982,397	34,666,366	14,223,571	182,872,334
Amortisation for the financial year	-	-	(553,729)	-	(553,729)
Credit to income statement upon sales of development properties	-	-	(274,618)	-	(274,618)
Net profit for the financial year	-	-	-	6,146,047	6,146,047
Balance as at 28 February 2003	128,000,000	5,982,397	33,838,019	20,369,618	188,190,034
Balance as at 1 March 2003	128,000,000	5,982,397	42,714,985	21,777,526	198,474,908
Prior year adjustments (Note 33)	-	-	(8,876,966)	(1,407,908)	(10,284,874)
Restated balance	128,000,000	5,982,397	33,838,019	20,369,618	188,190,034
Amortisation for the financial year	-	-	(553,729)	-	(553,729)
Credit to income statement upon sales of development properties	-	-	(1,317,009)	-	(1,317,009)
Net profit for the financial year	-	-	-	7,492,976	7,492,976
Balance as at 29 February 2004	128,000,000	5,982,397	31,967,281	27,862,594	193,812,272

Company	Ordinary Share Capital RM	Share Premium RM	Retained Profits RM	Total RM
Balance as at 1 March 2002	128,000,000	5,982,397	1,819,674	135,802,071
Net loss for the financial year	-	-	(338,249)	(338,249)
Balance as at 28 February 2003	128,000,000	5,982,397	1,481,425	135,463,822
Net loss for the financial year	-	-	(357,302)	(357,302)
Balance as at 29 February 2004	128,000,000	5,982,397	1,124,123	135,106,520

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	61,342,554	76,241,055	-	-
Cash payments to suppliers and creditors	(44,743,098)	(50,104,109)	-	-
Cash payments to employees and for expenses	(10,504,192)	(11,969,226)	(356,494)	(344,266)
Cash generated from / (used in) operations	6,095,264	14,167,720	(356,494)	(344,266)
Interest income received	218,010	150,805	-	7,752
Rental income received	319,312	463,722	-	-
Bank overdraft interest paid	(29)	(1,532)	-	-
Deposit (paid) / received	(84,538)	64,193	-	-
Tax paid	(2,759,458)	(1,898,792)	-	-
Net cash from / (used in) operating activities	3,788,561	12,946,116	(356,494)	(336,514)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of investment properties	100,000	-	-	-
Insurance claim received	2,566	11,193	-	-
Proceeds from disposal of property, plant and equipment	41,610	2,973	-	-
Investment in unit trust	(182)	(10,130)	-	-
Deposit paid for acquisition of freehold land	(4,127,466)	(4,253,334)	-	-
Purchase of development land	(116,705)	(3,907,729)	-	-
Purchase of property, plant and equipment (Note 6)	(1,960,012)	(1,853,862)	-	-
Net (placement) / withdrawal of fixed deposits	(407,589)	83,236	-	-
Net advances from subsidiary companies	-	-	363,516	97,588
Net cash (used in) / from investing activities	(6,467,778)	(9,927,653)	363,516	97,588

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

CASH FLOW STATEMENTS (CONTINUED)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(345)	-	-	-
Drawdown of term loan	7,182,000	-	-	-
Proceeds from shares issued by subsidiary company to minority shareholders	7,900	-	-	-
Repayment of term loan	(1,230,669)	(2,907,540)	-	-
Term loan interest paid	(295,381)	(524,767)	-	-
Advances from Directors	160,175	-	-	-
Net cash from / (used in) financing activities	5,823,680	(3,432,307)	-	-
Net increase / (decrease) in cash and cash equivalents	3,144,463	(413,844)	7,022	(238,926)
Cash and cash equivalents at beginning of financial year	2,383,347	2,797,191	4,365	243,291
Cash and cash equivalents at end of financial year (Note 34)	5,527,810	2,383,347	11,387	4,365

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

NOTES TO THE FINANCIAL STATEMENTS

29 FEBRUARY 2004

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia.

The registered office of the Company is located at 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman.

The 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.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 creates 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:

Liquidity and cash flow risks

The Group is actively managing its operating cash flow to suit the debt maturity profile so as 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 way of measures and forecasts of its cash commitments and to maintain 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.

Credit risk

For the property development arm, credit risk is minimal since most of the property buyers would have charged their properties to financial institutions. With regards to the hospitality division, credit risk is controlled by the application of credit approvals, limit and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to parties with high credit worthiness. Trade receivables are monitored on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Interest rate risk

The Group's income and operating cash 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 Group does not use derivative financial instruments to hedge its risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiary companies are set out in Note 7.

There have been no significant changes in the nature of these activities during the financial year other than the commencement of the cultivation of fruits and the operation and management of a kindergarten undertaken by certain subsidiary companies.

4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

During the financial year, the Group and the Company have adopted the following accounting standards which are applicable to the Group and the Company for the first time:

MASB 25 Income taxes

MASB 27 Borrowing costs

MASB 29 Employee benefits

The effects of adopting MASB 25 are disclosed in Note 31. The adoption of MASB 27 and MASB 29 have no material impact on the Group's and Company's financial statements as the existing accounting policies are consistent with the requirements under these new standards.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the acquisition method of accounting.

The difference between the purchase price and the fair value of the net assets of subsidiary companies at the date of acquisition is treated as goodwill or reserve on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.2 Basis of consolidation (Continued)

Goodwill or reserve on consolidation arising from the acquisition of development property companies is amortised or credited to the consolidated income statement upon sale of the development properties. Goodwill or reserve on consolidation arising from the acquisition of non-development property companies is amortised over its expected useful economic life of twenty-five (25) years. The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the date of their acquisition or up to the date of their disposal.

Inter-company balances and transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Minority interest is measured at the minorities' share of the post-acquisition fair values of the identifiable assets and liabilities of the acquiree.

5.3 Investments

(i) Subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any.

(ii) Associated companies

An associated company is a company in which the Group has a long term equity interest and where the Group is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Group's investment in associated companies is stated at cost less impairment losses, if any.

Investment in associated companies is accounted for in the consolidated financial statements using the equity method of accounting. The Group's interests in associated companies are stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies.

Goodwill or negative goodwill arising on acquisition represents the difference between the cost of investment and the Group's share of the value of net assets of the associated companies at the date of acquisition.

Goodwill arising on acquisition is stated at cost less impairment losses, if any. Negative goodwill arising on acquisition is not recognised as income.

The Group's share of results and reserves less losses in the associated companies acquired or disposed of are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.3 Investments (Continued)

(iii) Other investments

Investment in shares, bonds and debentures held as long term investments are stated at cost less impairment losses, if any.

Short term investments are stated at the lower of cost and market value on a portfolio basis.

5.4 Development properties

The property development projects on which development activities have commenced and are expected to be completed within the normal operating cycle of two to three years are treated as current assets.

When the outcome of a development project cannot be estimated reliably, project revenue are recognised only to the extent of project costs incurred that it is probable to be recoverable and development expenditure are recognised as an expense in the period in which they are incurred.

When it is probable that total development expenditure will exceed the total project revenue, the expected loss is recognised as an expense immediately.

When the outcome of a development project can be estimated reliably, development revenue and expenditure associated with the development project are recognised as revenue and expenses respectively by reference to the stage of completion of the property development activity at the balance sheet date.

The cost of land held for development together with the related development expenditure are carried forward at cost plus profit accrued according to the appropriate stage of completion less progress billings and foreseeable loss, if any. Development expenditure consists of construction and other related development costs including interest expenses and operating overheads relating to the projects from commencement to the completion of development.

5.5 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation or amortisation and impairment losses, if any.

Freehold land is not depreciated. Leasehold golf course and club buildings are amortised over the lease period of 55 years. Depreciation on other property, plant and equipment is calculated to write off the cost of assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates used are as follows:

Buildings	2%
Renovation, electrical and amusements	10% to 20%
Motor vehicles	20%
Furniture, fittings and equipment	10% to 20%
Sport equipment, machinery and others	10% to 20%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.6 Investment properties

Investment properties are investment in land or buildings that are not substantially occupied for use by, or in the operations of the Group and are held for investment potential and rental income. They are accounted for as long term investments and are stated at cost less impairment losses, if any.

5.7 Deferred plantation expenditure

New planting and replanting expenditure, which represents total cost incurred from land clearing to the point of harvesting, are capitalised under deferred plantation expenditure and amortised to the income statement on a systematic basis 10 years commencing in the year of harvesting.

5.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of food and beverage, and building materials is determined on a first-in, first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

The cost of completed properties which comprises residential houses, shophouses and light industrial factories includes land cost and relevant development expenditure.

5.9 Construction contract

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the construction activity at the balance sheet date.

When the outcome of a construction contract cannot be estimated reliably, contract revenue are recognised only to the extent of contract cost incurred that it is probable to be recoverable and contract cost are recognised as an expense in the period in which they are incurred.

When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When costs incurred plus attributable profits or less foreseeable losses, if any, exceed progress billings, the balance is shown as amounts due from customers for contract works. When progress billings exceed costs incurred plus attributable profits or less foreseeable losses, if any, the balance is shown as amounts due to customers for contract works.

5.10 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.11 Impairment of assets

The carrying amounts of the Group's and the Company's assets, other than financial assets, inventories, and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is recognised in income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to income statement.

All reversals of an impairment loss are recognised as income immediately in income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset.

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.12 Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

5.13 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.

5.14 Employee benefits

5.14.1 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 financial year when employees have rendered their services to the Group.

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 are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.14 Employee benefits (Continued)

5.14.1 Short term employee benefits (Continued)

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.

5.14.2 Defined contribution plans

The Company and subsidiary companies make contributions to a statutory provident fund and recognise the contribution payable as an expense in the financial year in which the employees render their services.

5.15 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

5.15.1 Current tax expense

Current tax expense includes all domestic taxes which is based on taxable profits.

5.15.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

In prior years, deferred tax was provided for at the applicable current tax rates for all material timing differences except where it was reasonably probable that such timing differences will not crystallise in the foreseeable future. In addition, deferred tax benefits were recognised only when there was reasonable assurance of their realisation. This change in accounting policy has been accounted for retrospectively and the effects are dealt with as prior year adjustments as stated in Note 33.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.16 Revenue recognition

Revenue are recognised upon delivery of products and customer acceptance, or performance of services, net of sales taxes and discounts.

Revenue from development properties is recognised in the income statements based on the percentage of completion method. The stage of completion of a property development is determined based on the proportion of development expenditure incurred for work performed to date to the estimated total development expenditure.

Revenue from construction contracts is recognised in the income statements based on the percentage of completion method. The stage of completion of a construction contract is determined based on the proportion of contract expenditure incurred for work performed to date to the estimated total contract expenditure.

Rental income, subscription and entrance fees are recognised on accrual basis unless collectibility is in doubt.

Dividends are recognised when the shareholder's right to receive payment is established.

5.17 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

5.18 Segment information

Segment information is presented in respect of the Group's business segments. The primary reporting segment information is in respect of business segments as the Group's risk and rates of return are affected predominantly by differences in the nature of its businesses.

A segment with a majority of operating income earned from providing product or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance cost and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that is expected to be used for more than one period.

5.19 Financial instruments

(a) Financial instruments recognised in the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5.19 Financial instruments (Continued)

(b) Disclosure of fair values

The carrying amount of the financial assets and liabilities maturing within 12 months are stated at approximately their fair values as at the balance sheet date.

The fair values of quoted investments are estimated based on quoted market prices. For investments for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs. Therefore, such investments are valued at cost subject to review for impairment.

The fair values of term loans are estimated based on the market rates for the same or similar loans with the same remaining maturities.

5.20 Borrowing costs

Interest, dividends, losses and gains relating to a financial instrument, or a component part classified as a financial liability is reported as finance cost in the income statement.

Cost incurred on borrowings to finance 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 the income statement.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.3.2003 RM	Additions RM	Disposals RM	Written off RM	Reversal RM	Balance as at 29.2.2004 RM
At cost						
Freehold land and buildings	36,573,635	233,343	-	-	-	36,806,978
Leasehold golf course and club buildings	40,000,000	-	-	-	-	40,000,000
Renovation, electrical and amusements	3,927,644	155,465	-	(1,268)	(18,182)	4,063,659
Motor vehicles	1,362,874	185,062	-	-	-	1,547,936
Furniture, fittings and equipment	5,531,407	361,070	(8,450)	(8,323)	-	5,875,704
Sport equipment, machinery and others	6,122,561	1,025,072	(316,056)	-	-	6,831,577
	<u>93,518,121</u>	<u>1,960,012</u>	<u>(324,506)</u>	<u>(9,591)</u>	<u>(18,182)</u>	<u>95,125,854</u>
	Balance as at 1.3.2003 RM	Charge for the financial year RM	Disposals RM	Written off RM	Reversal RM	Balance as at 29.2.2004 RM
Accumulated depreciation / amortisation						
Freehold land and buildings	1,224,410	184,444	-	-	-	1,408,854
Leasehold golf course and club buildings	5,144,780	740,740	-	-	-	5,885,520
Renovation, electrical and amusements	1,566,276	356,446	-	(42)	-	1,922,680
Motor vehicles	1,200,240	60,637	-	-	-	1,260,877
Furniture, fittings and equipment	3,670,788	493,073	(5,070)	(7,804)	-	4,150,987
Sport equipment, machinery and others	4,455,459	459,769	(313,295)	-	-	4,601,933
	<u>17,261,953</u>	<u>2,295,109</u>	<u>(318,365)</u>	<u>(7,846)</u>	<u>-</u>	<u>19,230,851</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 2003 1.3.2002 RM	Additions RM	Disposals RM	Written off RM	Reclassi- fication RM	Balance as at 28.2.2003 RM
At cost						
Freehold land and buildings	36,658,511	498	-	(85,374)	-	36,573,635
Leasehold golf course and club buildings	40,000,000	-	-	-	-	40,000,000
Renovation, electrical and amusements	3,139,199	792,336	-	-	(3,891)	3,927,644
Motor vehicles	1,362,874	-	-	-	-	1,362,874
Furniture, fittings and equipment	5,107,770	452,698	(20,593)	(668)	(7,800)	5,531,407
Sport equipment, machinery and others	5,502,540	608,330	-	-	11,691	6,122,561
	91,770,894	1,853,862	(20,593)	(86,042)	-	93,518,121
	Balance as at 1.3.2002 RM	Charge for the financial year RM	Disposals RM	Written off RM	Reclassi- fication RM	Balance as at 28.2.2003 RM
Accumulated depreciation / amortisation						
Freehold land and buildings	1,070,969	170,516	-	(17,075)	-	1,224,410
Leasehold golf course and club buildings	4,404,040	740,740	-	-	-	5,144,780
Renovation, electrical and amusements	1,217,558	349,075	-	-	(357)	1,566,276
Motor vehicles	1,148,825	51,415	-	-	-	1,200,240
Furniture, fittings and equipment	3,255,466	436,932	(20,593)	(237)	(780)	3,670,788
Sport equipment, machinery and others	4,061,945	392,377	-	-	1,137	4,455,459
	15,158,803	2,141,055	(20,593)	(17,312)	-	17,261,953

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Balance as at 1.3.2003 RM	Addition RM	Balance as at 29.2.2004 RM
At cost			
Furniture, fittings and equipment	6,633	-	6,633
	Balance as at 1.3.2003 RM	Charge for the financial year RM	Balance as at 29.2.2004 RM
Accumulated depreciation			
Furniture, fittings and equipment	3,385	663	4,048
Company	Balance as at 1.3.2002 RM	Addition RM	Balance as at 28.2.2003 RM
At cost			
Furniture, fittings and equipment	6,633	-	6,633
	Balance as at 1.3.2002 RM	Charge for the financial year RM	Balance as at 28.2.2003 RM
Accumulated depreciation			
Furniture, fittings and equipment	2,722	663	3,385

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Net book value				
Freehold land and buildings	35,398,124	35,349,225	-	-
Leasehold golf course and club buildings	34,114,480	34,855,220	-	-
Renovation, electrical and amusements	2,140,979	2,361,368	-	-
Motor vehicles	287,059	162,634	-	-
Furniture, fittings and equipment	1,724,717	1,860,619	2,585	3,248
Sport equipment, machinery and others	2,229,644	1,667,102	-	-
	<u>75,895,003</u>	<u>76,256,168</u>	<u>2,585</u>	<u>3,248</u>

Certain freehold land and buildings of the Group with net book value of RM23,876,851 (2003: RM24,042,965) have been pledged to licensed banks for credit facilities granted to the Group as disclosed in Note 24 and 25.

The title to a freehold land with a cost of RM7,133,779 (2003: RM7,133,779) is pending issuance of the master title by the relevant authority.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2004 RM	2003 RM
Unquoted shares, at cost	<u>119,094,082</u>	<u>119,094,082</u>

The details of the subsidiary companies which are all incorporated in Malaysia are as follows:

Name of company	Group's effective interest		Principal activities
	2004 %	2003 %	
Subsidiaries of the Company			
Eupe Realty Sdn. Bhd.	100	100	Property investment and management
Riacon Sdn. Bhd.	100	100	Building construction and sales of building materials
Bukit Makmur Sdn. Bhd.	100	100	Property development
Mera-Land (Malaysia) Sdn. Bhd.	100	100	Property development
Esteem Glory Sdn. Bhd.	100	100	Property development

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Name of company	Group's effective interest		Principal activities
	2004 %	2003 %	
Subsidiaries of the Company			
Eupe Kemajuan Sdn. Bhd.	100	100	Property development
Desani Enterprise Sdn. Bhd.*	100	100	Property development
Eupe Hotel Sdn. Bhd.*	100	100	Property rental
Ria Plaza 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
Pasar Taman Ria Sdn. Bhd.*	100	100	Operating a complex for rental of stalls
Eupe Golf Management Berhad*	100	100	Management of club providing golf and recreation facilities
Eupe Golf Recreation & Tour Sdn. Bhd.*	100	100	Chalet and restaurant operation, recreation and tour services
Subsidiary of Eupe Kemajuan Sdn. Bhd.			
Eupe Development Sdn. Bhd.*	60	60	Dormant
Subsidiary of Bukit Makmur Sdn. Bhd.			
Makmur Organic Farming Sdn. Bhd.*	70	100	Fruit cultivation
Subsidiary of Eupe Hotel Sdn. Bhd.			
Millennium Pace Sdn. Bhd.*	100	100	Fruit cultivation
Subsidiary of Eupe Golf Recreation & Tour Sdn. Bhd.			
Tadika Pro-Dedikasi Sdn. Bhd.*	51	-	Operating and management of a kindergarten

* Not audited by BDO Binder

During the financial year, a subsidiary company, Eupe Golf Recreation & Tour Sdn. Bhd., subscribed for 51% equity interest in Tadika Pro-Dedikasi Sdn. Bhd. for a cash consideration of RM5,100. Bukit Makmur Sdn. Bhd., which is also a subsidiary company, subscribed for 6,998 shares out of a total 9,998 additional shares issued by Makmur Organic Farming Sdn. Bhd., an existing wholly-owned subsidiary company, resulting in the ultimate equity interest to drop from 100% to 70% during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENT IN AN ASSOCIATED COMPANY

	2004 RM	Group 2003 RM
Unquoted shares, at cost	30,000	30,000
Group's share of post acquisition results	(3,749)	(2,644)
	<u>26,251</u>	<u>27,356</u>

The Company's investment in the associated company is represented by:

	2004 RM	2003 RM
Share of total assets	26,617	27,794
Share of total liabilities	(366)	(438)
	<u>26,251</u>	<u>27,356</u>

The details of the associated company which is incorporated in Malaysia are as follows:

Name of company	Group's effective interest		Principal activities
	2004 %	2003 %	
Integrated Manufacturing Centre Management Sdn. Bhd.	30	30	Dormant

9. OTHER INVESTMENTS

	2004 RM	Group 2003 RM
Investment in fixed income unit trusts, at cost	<u>10,312</u>	<u>10,130</u>
Market value of fixed income unit trusts	<u>10,312</u>	<u>10,130</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. DEVELOPMENT PROPERTIES

	2004 RM	Group 2003 RM
Non-current		
Freehold land, at cost	108,129,441	75,005,303
Development expenditure	15,658,603	10,825,916
	<u>123,788,044</u>	<u>85,831,219</u>
Current		
Freehold land, at cost	10,972,386	22,267,296
Development expenditure	80,260,310	82,830,438
	<u>91,232,696</u>	<u>105,097,734</u>
Attributable profit	13,021,578	12,485,168
	<u>104,254,274</u>	<u>117,582,902</u>
Less: Progress billings	(89,256,533)	(95,278,669)
	<u>14,997,741</u>	<u>22,304,233</u>

The freehold land under non-current and current portion of RM27,850,192 (2003: RM21,101,762) and RM1,249,261 (2003: RM12,773,817) respectively are pledged to licensed banks for credit facilities as disclosed in Note 24 and 25.

The freehold land with cost of RM1,277,564 (2003: RM13,265,625) is registered under a third party's name. Approval from the local authorities has been obtained for not transferring into the name of the subsidiary companies but to be registered under the purchasers' name upon delivery of the properties.

Included in development properties is borrowing cost capitalised during the financial year amounting to RM1,482,412 (2003: RM984,312).

11. INVESTMENT PROPERTIES

	2004 RM	Group 2003 RM
Freehold land and buildings, at cost	<u>21,207,207</u>	<u>18,940,033</u>

Included in investment properties are freehold land and building of RM13,680,000 (2003: RM13,680,000) that have been pledged to licensed banks for credit facilities as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. LAND HELD FOR FUTURE DEVELOPMENT

	2004 RM	Group 2003 RM
Freehold land held for future development	-	2,360,000
Development expenditure	-	7,174
	<u>-</u>	<u>2,367,174</u>

Land held for future development has been reclassified to investment properties in the current financial year due to the Group's intention to hold them as investment properties.

13. INVENTORIES

	2004 RM	Group 2003 RM
At cost		
Food and beverage	110,517	99,476
Building materials	145,981	129,362
Completed properties	14,243,056	15,792,949
Spare parts and consumables	36,582	-
	<u>14,536,136</u>	<u>16,021,787</u>

14. TRADE RECEIVABLES

	2004 RM	Group 2003 RM
Trade receivables	7,626,736	7,207,286
Less: Allowance for doubtful debts	(91,660)	(91,660)
	<u>7,535,076</u>	<u>7,115,626</u>

The credit terms of trade receivables range from 30 to 90 days from date of the progress billings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Group

Included in deposits in the previous financial year was a deposit paid for the purchase of freehold land amounting to RM4,253,334 as mentioned in Note 41. This amount has been reclassified to development properties in the current financial year.

16. AMOUNTS OWING BY / (TO) SUBSIDIARY COMPANIES

The amounts owing by / (to) subsidiary companies represent advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

17. SINKING AND REDEMPTION FUNDS

The sinking and redemption 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.

18. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group as at 29 February 2004 have maturity periods ranging between 30 days and 365 days.

Included in fixed deposits with licensed banks of the Group is an amount of RM1,012,491 (2003: RM604,902) that is pledged to licensed banks for bank guarantee facilities granted to the Group.

The weighted average effective interest rate is 3.49% (2003: 4.04%) per annum.

19. CASH AND BANK BALANCES

Included in the Group's cash and bank balances is an amount of RM2,808,399 (2003: RM1,167,179) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966.

20. TRADE PAYABLES

The credit terms available to the Group in respect of trade payables range from 30 to 45 days from the date of invoice.

21. OTHER PAYABLES, DEPOSITS AND ACCRUALS

Included in other payables of the Group is an amount of RM17,619,200 (2003: Nil) due to Perbadanan Kemajuan Negeri Kedah in relation to the acquisition of freehold land as disclosed in Note 41.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. PROVISION FOR INFRASTRUCTURE COST

	2004 RM	Group 2003 RM
Provision for infrastructure cost	1,859,770	1,859,770

Provision for infrastructure cost is in respect of a housing development project undertaken by a subsidiary company of which the subsidiary company is obliged to incur to meet the requirements of the authorities for the completion of the development project.

23. AMOUNT OWING TO A DIRECTOR

The amount owing to a Director represents advances and payments made on behalf which are unsecured, interest-free and have no fixed terms of repayment.

24. TERM LOANS - SECURED

	2004 RM	Group 2003 RM
(a) Term loan I repayable by 132 monthly instalments of RM47,851 each commencing June 1996	1,976,585	2,377,845
(b) Term loan II repayable within 36 months by way of redemption of land titles	1,048,688	1,878,097
(c) Term loan III repayable by 96 monthly instalments of RM267,183 each commencing March 2004	18,900,000	11,718,000
	<u>21,925,273</u>	<u>15,973,942</u>

Repayable as follows:

Current liabilities:

- not later than one year

2,182,921	1,194,805
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Long term liabilities:

- later than one year and not later than five years

10,936,132	13,974,715
8,806,220	804,422

- later than five years

<u>19,742,352</u>	<u>14,779,137</u>
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<u>21,925,273</u>	<u>15,973,942</u>
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. TERM LOANS - SECURED (continued)

Term loan II has been restructured during the financial year to be settled within 36 months by way of redemption of land titles previously pledged instead of 120 monthly instalments of RM79,320 commencing June 1997.

Term loan III has been restructured during the financial year to be repayable by 96 monthly instalments of RM267,183 commencing March 2004 instead of 48 months of RM464,961 commencing January 2003.

The term loans are secured by way of fixed charges over:

- (i) certain freehold land and buildings as disclosed in Note 6;
- (ii) certain freehold land as disclosed in Note 10; and
- (iii) certain investment properties as disclosed in Note 11.

The weighted average effective interest rates of the term loans are:

	2004	2003
Term loan I	7.86%	8.15%
Term loan II	8.11%	8.97%
Term loan III	<u>8.21%</u>	<u>8.01%</u>

25. BANK OVERDRAFT - SECURED

The bank overdraft in the previous financial year was secured by first legal charges over certain parcels of the freehold land of the Group. The charge has been released upon settlement of the bank overdraft in the current financial year.

The weighted average effective interest rate was 7.90% per annum.

26. SHARE CAPITAL

	Number of shares	Group and Company		2003
		2004		
		RM	Number of shares	RM
Ordinary shares of RM1.00 each				
Authorised	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued and fully paid-up	<u>128,000,000</u>	<u>128,000,000</u>	<u>128,000,000</u>	<u>128,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. RESERVES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Non-distributable				
Share premium	5,982,397	5,982,397	5,982,397	5,982,397
Reserve on consolidation				
As at 1 March	33,838,019	34,666,366	-	-
Amortisation for the financial year	(553,729)	(553,729)	-	-
Credit to income statement upon sale of development properties	(1,317,009)	(274,618)	-	-
As at 29 February / 28 February	31,967,281	33,838,019	-	-
	<u>37,949,678</u>	<u>39,820,416</u>	<u>5,982,397</u>	<u>5,982,397</u>
Distributable				
Retained profits	27,862,594	20,369,618	1,124,123	1,481,425
	<u>65,812,272</u>	<u>60,190,034</u>	<u>7,106,520</u>	<u>7,463,822</u>

- (a) The Company has tax exempt account of approximately RM607,780 (2003: RM607,780) available for distribution as tax exempt dividends; and
- (b) The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of net dividends out of its entire retained profits as at 29 February 2004 without incurring additional tax liability.

28. DEFERRED TAX

- (a) The deferred tax liabilities are made up of the following:

	Group	
	2004 RM	2003 RM
Balance as at 1 March, as restated (Note 33)	24,299,758	24,588,149
Recognised in the income statement - current year (Note 31)	(737,920)	(288,391)
	<u>23,561,838</u>	<u>24,299,758</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. DEFERRED TAX

(b) The movements of deferred tax liabilities during the financial year are as follows:

	2004 RM	Group 2003 RM
Deferred tax liabilities		
Balance as at 1 March, as restated	24,299,758	24,588,149
Recognised in the income statement		
Excess of capital allowances over depreciation	103,342	42,883
Realisation of deferred tax upon sale of development properties	(640,446)	(130,458)
Realisation of deferred tax on surplus arising from revaluation of land under property, plant and equipment through usage	(200,816)	(200,816)
	(737,920)	(288,391)
	<u>23,561,838</u>	<u>24,299,758</u>

(c) The components of deferred tax liabilities as at the end of the financial year comprise tax effect of:

	2004 RM	Group 2003 RM
Deferred tax liabilities		
Revaluation surplus arising from land held under property, plant and equipment	10,084,064	10,284,880
Revaluation surplus arising from subsidiary companies' development properties	12,616,201	13,255,214
Excess of capital allowances over corresponding depreciation	861,573	759,664
	<u>23,561,838</u>	<u>24,299,758</u>

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	2004 RM	Group 2003 RM
Unabsorbed tax losses	20,804	37,772
Unutilised capital allowances	3,304	-
	<u>24,108</u>	<u>37,772</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. DEFERRED TAX (CONTINUED)

- (e) Deferred tax liability in respect of the revaluation surplus arising from investment properties of the Group amounting to RM722,878 has not been recognised as the Group does not have a firm commitment to dispose the investment properties.

29. REVENUE

	Group	
	2004 RM	2003 RM
Attributable revenue from development properties	32,369,416	52,250,057
Sale of completed properties	689,500	-
Sale of development properties	4,282,270	1,365,844
Sale of goods	13,305,789	19,818,870
Rental income	5,213,012	4,945,503
Sports and recreation services	1,720,325	1,620,208
Subscription and entrance fees	1,943,826	1,097,585
Tuition fees	117,215	-
	59,641,353	81,098,067

30. PROFIT / (LOSS) BEFORE TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit / (Loss) before taxation is arrived at after charging:				
Amortisation of leasehold golf course and club buildings (Note 6)	740,740	740,740	-	-
Auditors' remuneration	92,650	90,050	25,000	25,000
Bad debts written off	100,581	10,056	-	-
Depreciation of property, plant and equipment (Note 6)	1,554,369	1,400,315	663	663
Directors' emoluments paid / payable to:				
Executive directors:				
- Directors' fees paid by the subsidiary companies	-	40,000	-	-
- other emoluments:				
- paid / payable by the Company	56,000	57,000	56,000	57,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. PROFIT / (LOSS) BEFORE TAXATION (CONTINUED)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
- paid / payable by the subsidiary company	961,374	826,818	-	-
Non-executive directors:				
- other emoluments paid / payable by the Company	128,000	129,000	128,000	129,000
Interest expense on:				
- bank overdraft	-	19	-	-
- term loans	295,381	524,767	-	-
Property, plant and equipment written off	1,745	68,730	-	-
Rental expenses	24,230	8,750	-	-
And crediting:				
Bad debts recovered	(7,787)	-	-	-
Gain on disposal of property, plant and equipment	(35,469)	(2,973)	-	-
Interest income	(210,240)	(170,510)	-	(7,752)
Rental income	(377,950)	(1,090,648)	-	-
Amortisation of reserve of consolidation	(1,870,738)	(828,347)	-	-

31. TAX EXPENSE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current tax expense based on profit for the financial year	2,836,567	2,240,420	-	2,062
Deferred tax (Note 28)	(769,813)	(288,391)	-	-
	<u>2,066,754</u>	<u>1,952,029</u>	<u>-</u>	<u>2,062</u>
Over provision of tax in prior years	(62,190)	(17,002)	-	-
Under provision of deferred tax in prior years (Note 28)	31,893	-	-	-
	<u>2,036,457</u>	<u>1,935,027</u>	<u>-</u>	<u>2,062</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. TAX EXPENSE (CONTINUED)

The numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:

	Group		Company	
	2004 %	2003 %	2004 %	2003 %
Applicable tax rate	28.0	28.0	(28.0)	(28.0)
Tax effect in respect of:				
Depreciation on non-qualifying property, plant and equipment	-	0.2	-	-
Non-allowable expenses	4.9	3.5	28.0	28.6
Utilisation of unabsorbed reinvestment allowance brought forward	(2.6)	(3.7)	-	-
Utilisation of unabsorbed tax losses	(0.4)	(0.9)	-	-
Reduction in statutory tax rate on chargeable income up to RM500,000 (2003: RM100,000) of certain subsidiary companies	(2.2)	(0.7)	-	-
Utilisation of brought forward capital allowances	(0.1)	(0.3)	-	-
Deferred tax assets not recognised	-	(0.3)	-	-
Amortisation of reserve on consolidation which is not subject to income tax	(5.9)	(1.6)	-	-
Effective tax rate	<u>21.7</u>	<u>24.2</u>	<u>-</u>	<u>0.6</u>

No provision for taxation has been made at the Company level as the Company incurred tax losses in the current financial year.

The Group has unabsorbed tax losses, unutilised capital allowances and unutilised investment tax allowances of approximately RM76,000 (2003: RM134,900), RM12,000 (2003: Nil) and RM Nil (2003: RM822,000) respectively available for set off against future taxable profit.

Tax savings of the Group and the Company are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Arising from utilisation of unabsorbed tax losses	<u>38,083</u>	<u>72,689</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share:

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit after tax and minority interests divided by the number of ordinary shares outstanding during the financial year:

	2004	2003
Consolidated profit after tax and minority interests (RM)	7,492,976	6,146,047
Number of ordinary shares outstanding	<u>128,000,000</u>	<u>128,000,000</u>
Basic earnings per ordinary shares (sen)	<u>5.9</u>	<u>4.8</u>

The comparative basic earnings per ordinary share has been restated due to the effect of the change in accounting policy on net profit for the financial year (Note 33).

33. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS

During the year, the Group changed its accounting policy with respect to the provision for deferred tax to comply with MASB 25 Income taxes. This change has been accounted for retrospectively. Deferred tax has previously been provided on a partial provision basis, as allowed by IAS 12 Accounting for taxes on income. With the adoption of MASB 25, deferred tax liabilities and assets are provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. As a result of the adjustments by subsidiary companies, the fair values of the assets and liabilities in the subsidiary companies acquired are adjusted accordingly when the subsidiary companies are consolidated with the Group.

The effects of the change in accounting policy is summarised as below:

	2004 RM	Group 2003 RM
Retained profits		
Balance as at 1 March, as previously reported	21,777,526	15,365,086
Effect of adoption of MASB 25	<u>(1,407,908)</u>	<u>(1,141,515)</u>
Balance as at 1 March, as restated	<u>20,369,618</u>	<u>14,223,571</u>
Net profit for the financial year		
Net profit before change in accounting policy	7,759,369	6,412,440
Effect of adoption of MASB 25	<u>(266,393)</u>	<u>(266,393)</u>
Net profit for the financial year	<u>7,492,976</u>	<u>6,146,047</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS (CONTINUED)

	2004 RM	Group 2003 RM
Reserve on consolidation		
Balance as at 1 March, as previously reported	42,714,985	44,010,541
Effect of adoption of MASB 25	(8,876,966)	(9,344,175)
Balance as at 1 March, as restated	<u>33,838,019</u>	<u>34,666,366</u>
Deferred tax liabilities		
Balance as at 1 March, as previously reported	14,014,883	14,102,458
Effect of adoption of MASB 25	10,284,875	10,485,691
Balance as at 1 March, as restated	<u>24,299,758</u>	<u>24,588,149</u>

34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash and bank balances	4,352,296	2,196,697	11,387	4,365
Fixed deposits with licensed banks	2,188,005	954,193	-	-
Bank overdraft	-	(162,641)	-	-
	<u>6,540,301</u>	<u>2,988,249</u>	<u>11,387</u>	<u>4,365</u>
Less: Fixed deposits pledged to licensed banks (Note 18)	(1,012,491)	(604,902)	-	-
	<u>5,527,810</u>	<u>2,383,347</u>	<u>11,387</u>	<u>4,365</u>

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of related parties

The Group has related party relationships with the following parties:

Substantial shareholder of the Company
 Perbadanan Kemajuan Negeri Kedah ("PKNK")

Companies in which the Director of the Company, Mr. Beh Huck Lee acts as Director
 Beh Heng Seong Sdn. Bhd.
 Kampian Garden Development Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Identities of related parties (Continued)

Company in which the Directors of the Company, Mr. Beh Huck Lee and Dato' Tajudin bin Hashim act as Director: RJ Properties Sdn. Bhd.

Company in which a substantial shareholder of the Company, acts as Director: Cipta Dua Sdn. Bhd.

(b) Significant related party transactions and balances

In the normal course of business, the Group undertakes transactions with certain of its related parties listed above. Set out below is the related party transactions for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Purchase of land from PKNK*	<u>26,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Directors' emoluments paid / payable to:				
Executive directors:				
- Directors' fees paid by the subsidiary companies	-	40,000	-	-
- other emoluments:				
- paid / payable by the Company	56,000	57,000	56,000	57,000
- paid / payable by the subsidiary company	961,374	826,818	-	-
Non-executive directors:				
- other emoluments paid / payable by the Company	<u>128,000</u>	<u>129,000</u>	<u>128,000</u>	<u>129,000</u>

* This relates to the purchase of freehold land from PKNK with total purchase consideration of RM26,000,000 out of which RM8,380,800 has been paid as at the balance sheet date as disclosed in Note 41.

36. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2004 RM	2003 RM
Guarantees given to licensed banks for credit facilities utilised by the subsidiary companies	<u>21,925,273</u>	<u>15,973,943</u>
Total credit facilities available to the subsidiary companies	<u>28,900,000</u>	<u>28,900,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

37. CAPITAL COMMITMENT

	2004 RM	Group 2003 RM
Capital expenditure in respect of acquisition of freehold land:		
Contracted but not provided for	11,125,006	11,125,006

The capital commitment is in respect of the acquisition of freehold land of 72.97 acres at the cost of RM152,460 per acre from Perbadanan Kemajuan Negeri Kedah by a subsidiary company, Eupe Development Sdn. Bhd. pursuant to a conditional Sale and Purchase Agreement entered into on 17 October 2001. The acquisition is yet to be completed as at the balance sheet date pending the relocation of squatters on the said land.

38. SEGMENT REPORTING

Business segments

The Group's operations comprise the following business segments:

Chalet and golf management	: Management of chalet, restaurant, golf club operations and recreation facilities.
Property development	: Development of residential and commercial properties.
Property construction	: Building construction of residential and commercial properties, and sales of building material.
Others	: Rental of properties, management of complex, fruits cultivation and kindergarten operations.

2004	Chalet and Golf management RM	Property development RM	Property construction RM	Others RM	Eliminations RM	Total RM
Revenue						
External	13,536,219	37,341,187	7,527,836	1,236,111	-	59,641,353
Inter-segment		-	31,556,559	231,552	(31,788,111)	-
Total revenue	13,536,219	37,341,187	39,084,395	1,467,663	(31,788,111)	59,641,353
Results						
Profit before taxation	2,315,918	6,225,560	618,337	361,988	-	9,521,803
Share of results of associated company	-	(1,105)	-	-	-	(1,105)
Consolidated profit before taxation						9,520,698
Taxation						(2,036,457)
Profit after taxation						7,484,241
Minority interests						8,735

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. SEGMENT REPORTING (CONTINUED)

2004	Chalet and Golf management RM	Property development RM	Property construction RM	Others RM	Eliminations RM	Total RM
Net profit for the financial year						<u>7,492,976</u>
Other information						
Segment assets	75,406,744	159,801,112	1,649,775	30,483,655	-	<u>267,341,286</u>
Investment in an associated company	-	26,251	-	-	-	<u>26,251</u>
Total assets						<u>267,367,537</u>
Segment liabilities	15,167,119	53,241,822	2,336,807	2,714,840	-	<u>73,460,588</u>
Total liabilities						<u>73,460,588</u>
Capital expenditure	1,587,588	45,079	51,998	275,347	-	<u>1,960,012</u>
Depreciation and amortisation	1,979,104	201,779	33,543	80,683	-	<u>2,295,109</u>
Non cash expenses other than depreciation and amortisation	100,581	-	-	-	-	<u>100,581</u>
2004	Chalet and Golf management RM	Property development RM	Property construction RM	Others RM	Eliminations RM	Total RM
Revenue						
External	10,774,610	53,615,902	15,604,347	1,103,208	-	<u>81,098,067</u>
Inter-segment	-	-	30,380,679	231,552	(30,612,231)	<u>-</u>
Total revenue	<u>10,774,610</u>	<u>53,615,902</u>	<u>45,985,026</u>	<u>1,334,760</u>	<u>(30,612,231)</u>	<u>81,098,067</u>
Results						
Profit before taxation	794,737	4,691,918	2,246,298	346,277	-	<u>8,079,230</u>
Share of results of associated company	-	(2,644)	-	-	-	<u>(2,644)</u>
Consolidated profit before taxation						<u>8,076,586</u>
Taxation						<u>(1,935,027)</u>
Profit after taxation						<u>6,141,559</u>
Minority interests						<u>4,488</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. SEGMENT REPORTING (CONTINUED)

2004	Chalet and Golf management RM	Property development RM	Property construction RM	Others RM	Eliminations RM	Total RM
Net profit for the financial year						<u>6,146,047</u>
Other information						
Segment assets	74,095,122	133,020,109	1,704,213	29,949,049	-	238,768,493
Investment in an associated company	-	27,356	-	-	-	<u>27,356</u>
Total assets						<u>238,795,849</u>
Segment liabilities	14,137,016	28,307,505	5,257,524	2,808,258	-	<u>50,510,303</u>
Total liabilities						<u>50,510,303</u>
Capital expenditure	1,497,181	225,637	96,238	34,806	-	1,853,862
Depreciation and amortisation	1,865,546	188,391	28,611	58,507	-	2,141,055
Non cash expenses other than depreciation and amortisation	10,056	-	-	68,730	-	78,786

The Group operates predominantly in Malaysia and accordingly, no geographical segment is presented.

The terms, conditions and prices of the inter-segment transactions are on arms length basis.

39. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The table below summarises the carrying amount of the Group's financial assets and liabilities, categorised by their maturity dates, which represent the Group's exposure to interest rate risk:

	Not later than 1 year RM	1 to 5 years RM	Later than 5 years RM	Total RM	Effective interest rates during the financial year RM
Financial assets					
Fixed deposits	2,188,005	-	-	2,188,005	3.72%
Financial liabilities					
Term loans	2,182,921	10,936,132	8,806,220	21,925,273	8.18%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

39. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk

As at 29 February 2004, the Group has trade receivables of RM1,029,249 which have been outstanding for more than 1 year. Concentration of credit risk with respect to trade receivables of property buyers are limited by withholding legal ownership before the full consideration is received. The Group's historical experience in the collection of trade receivables from tenants falls within the recorded allowances. Due to these factors, the management believes that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade receivables.

As at 29 February 2004, the Group has placement of RM2,188,005 in fixed deposits with some major licensed banks in Malaysia. Other than as mentioned, the Group has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

In respect of the fixed deposits, cash and bank balances placed with major financial institution in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

(c) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at balance sheet date approximate their fair values except that it is not practical to estimate the fair value of amounts owing by subsidiary companies and amount owing to subsidiary companies of RM33,174,731 (2003: RM34,515,529) and RM17,146,073 (2003: RM18,123,354) respectively. This is principally due to the lack of fixed repayment terms and the inability to estimate fair value without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received and settled.

40. NUMBER OF EMPLOYEES AND STAFF COSTS

The number of employees of the Group and of the Company, including executive directors, at the end of the financial year are as follows:

	Group		Company	
	2004	2003	2004	2003
Operations	235	239	-	-
Sales, marketing and distribution	19	19	-	-
Administration	57	48	2	2
	<u>311</u>	<u>306</u>	<u>2</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

40. NUMBER OF EMPLOYEES AND STAFF COSTS (CONTINUED)

	Group		Staff costs	
	2004 RM	2003 RM	2004 RM	2003 RM
Operations	3,432,787	3,504,387	-	-
Sales, marketing and distribution	355,086	367,029	-	-
Administration	2,541,180	2,307,586	184,000	186,000
	<u>6,329,053</u>	<u>6,179,002</u>	<u>184,000</u>	<u>186,000</u>

41. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 27 June 2003, Eupe Kemajuan Sdn. Bhd. ("EKSB"), a subsidiary company of the Company, entered into a Supplemental Agreement with Perbadanan Kemajuan Negeri Kedah ("PKNK") to vary the terms of the acquisition of freehold land pursuant to the Sale and Purchase Agreement entered on 20 March 2003. The total land area acquired has been reduced from 3,190 acres to 698 acres and the original purchase consideration has been revised accordingly from RM127.6 million to RM27.936 million. On 12 August 2003, PKNK and EKSB mutually agreed that the total land area acquired be finalised at 650 acres upon confirmation by an independent surveyor at a similar price of RM40,000 per acre totaling RM26 million.

The salient terms of payment are as follows:

- (i) A sum of RM8,380,800 to be paid by way of deposit.
- (ii) The balance of the total price of RM17,619,200 shall be paid on or before the expiration of a period of eighteen (18) months from the date of the Supplemental Agreement.

As at the balance sheet date, the deposit sum of RM8,380,800 (2003: RM4,253,334) has been paid by the subsidiary company. The balance sum of the purchase consideration of RM17,619,200 has been included under other payables as disclosed in Note 21.

42. EVENT SUBSEQUENT TO THE BALANCE SHEET

On 15 January 2004, the Company proposed to implement an Employee Share Option Scheme ("ESOS") to its eligible Directors and employees of the Group. The main features of the ESOS are as follows:

- (a) The ESOS will be in force for a period of five (5) years and may, at the sole discretion of the Board of Directors of the Company, be extended for a further period of five (5) years.
- (b) The maximum number of options offered under ESOS shall not exceed 15% of the total issued and paid-up share capital of the Company at any one time.
- (c) Eligible Directors and employees are those who are confirmed employees of the Group, save for subsidiary companies which are dormant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

42. EVENT SUBSEQUENT TO THE BALANCE SHEET (CONTINUED)

- (d) The proposed subscription price of the ESOS shall be the higher of the following:
- (i) the weighted average market price of the Company's shares as shown in the Bursa Malaysia for the five market days immediately preceding the date the options to subscribe for the ESOS shares are offered. This would be subject to a discount of not more than 10%; or
 - (ii) the par value of the Company's shares.
- (e) The ESOS shares shall rank pari passu, in all respects with the then existing issued and fully paid-up shares of the Company except that the ESOS shares will not rank for any dividends, rights, allotments and other distributions, the entitlement date of which is prior to the date of allotment of the ESOS shares.

The proposal is subject to and conditional upon the approvals being obtained from Bursa Malaysia, shareholders of the Company and any relevant authorities.

43. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 14 May 2004.

ANALYSIS OF SHAREHOLDINGS

As At 05 May 2004

Authorised Capital	: RM300,000,000.00
Issued and Fully Paid-up Capital	: RM128,000,000.00
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote for each ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 05 MAY 2004

Category by Size	Number of Shareholders		Number of Shares Held		Percentage of Issued Share capital	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100 shares	2	0	100	0	0.000078	0.000000
100 to 1,000 shares	3,339	5	3,332,800	5,000	2.603750	0.003906
1,001 to 10,000 shares	2,403	16	9,432,451	95,000	7.369102	0.074219
10,001 to 100,000 shares	340	5	9,254,800	105,000	7.230312	0.082031
100,001 to less than 5% of issued shares	45	2	47,006,272	577,000	36.723650	0.450781
5% and above of issued shares	3	0	58,191,577	0	45.462170	0.000000
Total	6,132	28	127,218,000	782,000	99.389063	0.610938
Directors Shareholding	2	0	244,416	0	0.190950	0.000000

30 LARGEST SHAREHOLDERS AS AT 05 MAY 2004

No.	Name	Shares	Percentage
1	Betaj Holdings Sdn Bhd	28,653,781	22.3857664
2	Beh Heng Seong Sdn Bhd	22,876,208	17.8720375
3	Perbadanan Kemajuan Negeri Kedah	6,661,588	5.2043656
4	Teh Ah Yau Rubber Factory Sdn Bhd	4,318,729	3.3740070
5	Ahmad Zakiuddin Bin Harun	4,000,000	3.1250000
6	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Beh Huck Lee (511356)	3,500,000	2.7343750
7	Success Leads Sdn Bhd	2,781,794	2.1732766
8	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Liew Hock Lai (Memo)	2,700,000	2.1093750
9	Firm Alliance Sdn Bhd	2,622,538	2.0488578
10	Chan Wan Moi	2,529,000	1.9757813
11	Tham Sau Kien	2,522,200	1.9740688
12	Liew Hock Lai	2,113,000	1.6507813
13	Low Cheng Peng	1,979,000	1.5460938
14	Saw Tiang Aun	1,917,500	1.4980469

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

30 LARGEST SHAREHOLDERS AS AT 05 MAY 2004 (CONTINUED)

No.	Name	Shares	Percentage
15	Dato Tajudin Holdings Sdn Bhd	1,854,611	1.4489148
16	Khoo Chai Teik	1,583,000	1.2367187
17	Teh Ah Jim @ Teh Chai Jim	1,184,000	0.9250000
18	Amanah Raya Nominees (Tempatan) Sdn Bhd - Dana Johor	1,147,000	0.8960938
19	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for RCS Electronics Sdn Bhd (Memo)	1,056,538	0.8254203
20	Wong Chee Choon	959,000	0.7492187
21	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Dato Tajudin Holdings Sdn Bhd (4773 LERA)	736,600	0.5754688
22	HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Toh Chun Hok (Memo)	708,000	0.5531250
23	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Zaharudin B Zainol Rashid (0203)	675,746	0.5279266
24	Chuah Chew Hing	659,300	0.5150781
25	Phillip Capital Management Sdn. Bhd. - Yeong Wai Cheng	604,400	0.4721875
26	Elite Aluminium Panel Sdn Bhd	428,000	0.3343750
27	Kuo Ming-Sho	385,000	0.3007813
28	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lim Boon Jin @ Lim Bak Kim (ESPI)	347,600	0.2715625
29	Lim See Leng	330,000	0.2578125
30	Teoh Tian Wen	313,800	0.2451563
		102,147,933	79.8030727

LIST OF SUBSTANTIAL SHAREHOLDERS (5%) AS AT 05 MAY 2004

No.	Name	Shares	Percentage
1	Betaj Holdings Sdn Bhd	28,653,781	22.3857664
2	Beh Heng Seong Sdn Bhd	22,876,208	17.8720375
3	Perbadanan Kemajuan Negeri Kedah	6,661,588	5.2043656

LIST OF DIRECTORS AS AT 05 MAY 2004

No.	Name	Shares	Percentage
1	Tan Hiang Joo	10,000	0.0078125
2	Teoh Choon Boay	234,416	0.1831375
	Grand Total	244,416	0.1909500

LIST OF PROPERTIES HELD

Description	Tenure & Age	Land Area	Total Built-up (sq.m)	Net Book Value (RM)
PT. 20439, H.S.(M) 569 / 92 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort Sungai Petani, Kedah (Vacant condominium site)	Freehold	4.01 acres 174,885 sq.ft.: 16,247 sq.m.)	-	2,620,000
PT. 13453, H.S.(M) 2974 / 1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (Vacant commercial complex site)	Freehold	3.35 acres (146,130 sq.ft.: 13.575 sq.m.)	-	4,400,000
PT. 13454 to P.T.13456 H.S.(M) 2975 / 1989 to H.S.(M) 2977 / 1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (3 vacant commercial lands)	Freehold	2.19 acres (95,453 sq.ft.: 8,868 sq.m.)	-	2,200,000
PT. 10713 to P.T. 10793 H.S.(M) 797 / 89 to H.S.(M) 877 / 89 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (81 freehold vacant commercial plots)	Freehold	3.18 acres (138,643 sq.ft.: 12,880 sq.m.)	-	4,660,000
PT. 15777 to P.T. 15793 H.S.(M) 5298 / 1989 to H.S.(M) 5314 / 1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (17 vacant detached plots)	Freehold	3.11 acres 135,539 sq.ft.: 12,592 sq.m.)	-	868,000
244 development lots within P.T. 69088 to P.T. 70918 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Kelisa Ria, Sungai Petani (244 lots for mixed development)	Freehold	48.12 acres (2,096,124 sq.ft.: 194,736 sq.m.)	-	2,352,352
Lots 2789, 2794, 2796, 2797, 2800, 2801, 3003, 3004, 3630, 3631, 5503, 5504 and 5505 Mukim of Sungai Petani, District of Kuala Muda Located next to Taman Kelisa Ria and Aman Jaya (13 parcels of freehold land currently under development)	Freehold	219.39 acres (9,556,786 sq.ft.: 888,177 sq.m.)	-	35,831,420
PT. 71108 to P.T. 71128 H.S.(M) 2972 to H.S.(M) 2990 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (17 vacant industrial lots & 2 sub-station lots)	Freehold	10.78 acres (469,716 sq.ft.: 43,638 sq.m.)	-	1,030,165

LIST OF PROPERTIES HELD (CONTINUED)

Description	Tenure & Age	Land Area	Total Built-up (sq.m)	Net Book Value (RM)
P.T. 17698 and P.T. 17699 H.S.(D)1073 / 90 and H.S.(D) 1074 / 90 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah (Golf and Country Resort)	16 years Leasehold for 60 years expiring 31.7.2051	190.88 acres (8,314,733 sq.ft.: 772,438 sq.m.)	7,402.64	34,114,478
P.T. 10398 and P.T. 10422 H.S.(D) 486 / 89 to H.S.(D) 510 / 89 P.T. 10447 to P.T. 10457 H.S.(M) 535 / 1989 to H.S.(M) 545 / 1989 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Hotel Persiaran Cinta Sayang, Sungai Petani, Kedah (218 rooms within Cinta Sayang Hotel)	9 to 16 years Freehold	8.62 acres (375,487 sq.ft.: 34,897 sq.m.)	10,768.4	23,876,851
P.T. 05925 to P.T. 05944 H.S.(M) 278 / 1986 to H.S.(M) 297 / 1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (2 rows of 56 stalls within Pasar Taman Ria)	16 years Freehold	0.70 acres (30,574 sq.ft.: 2,840 sq.m.)	1,471.54	2,587,000
P.T. 05945 to P.T. 05954 H.S.(M) 298 / 1986 to H.S.(M) 307 / 1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (Single storey plaza known as Ria Plaza)	16 years Freehold	0.37 acres (16,307 sq.ft.: 1,515 sq.m.)	1,235.57	1,290,000
P.T. 05916 to P.T. 05924 H.S.(M) 269 / 1986 to H.S.(M) 277 / 1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (9 contiguous shoplots known as Ria Food Centre)	16 years Freehold	0.34 acres (14,995 sq.ft.: 1,393 sq.m.)	-	1,080,000
P.T. 09297, H.S.(M) 2632 / 1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah (Approved hotel site)	Freehold	1.80 acres (78,468 sq.ft.: 7,290 sq.m.)	-	4,014,081
P.T. 21648, H.S.(M) 3 / 94 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, Sungai Petani, Kedah (Freehold commercial land erected with a 6-storey building known as Wisma Ria)	8 years Freehold	1.67 acres (72,642 sq.ft.: 6,748 sq.m.)	-	13,680,000

LIST OF PROPERTIES HELD (CONTINUED)

Description	Tenure & Age	Land Area	Total Built-up (sq.m)	Net Book Value (RM)
PT. 21646, H.S.(M) 1 / 94 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, within Taman Ria, Sungai Petani, Kedah (Vacant plot of freehold commercial land)	Freehold	1.08 acres (47,207 sq.ft.: 4,386 sq.m.)	-	2,367,174
Lots 63, 65, 741 and 743, SP 27493, SP 27495, SP 30052, SPB 62192 Mukim of Gurun, District of Kuala Muda Located along the southern side of Gurun / Jeniang Main road, about 7 kilometres east of Gurun, Kedah (4 plots of freehold development land)	Freehold	294.00 acres (12,806,640 sq.ft.: 1,189,777 sq.m.)	-	22,038,325
PT. 30395, 30396, 30401 and 30402 H.S.(D) 443, 444, 449 and 451 Mukim of Sungai Petani, District of Kuala Muda Within Kawasan Perusahaan Ringan Bukit Makmur (4 vacant industrial lots, 1 stall lot & 1 sub-station lot)	Freehold	11.41 acres (496,833 sq.ft.: 46,157 sq.m.)	-	1,574,860
Lot 67, P.T. 6932, H.S.(M) 697 Mukim of Bukit Katil, District of Melaka Tengah, Melaka (1 vacant industrial lot)	6 years Leasehold for 99 yrs expiring 29.3.2097	1.10 acres (47,803 sq.ft.: 4,441 sq.m.)	-	437,388
PT. 15797 to PT.15813 H.S.(D) 5318 / 1989 to H.S.(D) 5334 / 1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah (17 vacant detached plots)	Freehold	7.45 acres (324,618 sq.ft.: 30,157 sq.m.)	-	1,609,000
149 development lots within P.T. 211 to P.T. 1694 H.S.(D) 48 / 89 to H.S.(D) 1514 / 89 Mukim of Naga Lilit, District of Kulim Located within Taman Ria, Padang Serai, Kedah (149 lots for mixed development)	Freehold	14.36 acres (625,713 sq.ft.: 58,131 sq.m.)	-	2,995,877
207 development lots within P.T. 234 to P.T. 1695 H.S.(D) 71 / 89 to H.S.(D) 1515 / 89 Mukim of Naga Lilit, District of Kulim Located within Taman Ria, Padang Serai, Kedah (207 lots for mixed development)	Freehold	13.05 acres (568,257 sq.ft.: 52,793 sq.m.)	-	6,636,165
Lots 3329 and 3330, GM 4442 and GM 4443 Mukim of Sungai Petani, District of Kuala Muda Located within Chengai (2 contiguous parcels of agriculture land)	Freehold	47.86 acres (2,084,782 sq.ft.: 193,683 sq.m.)	-	3,907,729

LIST OF PROPERTIES HELD (CONTINUED)

Description	Tenure & Age	Land Area	Total Built-up (sq.m)	Net Book Value (RM)
Part of lot 4666, lot 4667 to 4670, part of lot 4672, lot 4673 to 4678 and part of lot 3187 Mukim of Sungai Petani, District of Kuala Muda Located next to Cinta Sayang Golf and Country Resort Persiaran Cinta Sayang, Sungai Petani, Kedah (13 parcels of development land)	Freehold	67.40 acres (2,935,889 sq.ft.: 272,753 sq.m.)	-	7,133,780
Lot 34, part of lot 26, 27, 33 and 550 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Puteri Jaya (5 parcels of approved development land)	Freehold	649.99 acres (28,313,471 sq.ft.: 2,630,408 sq.m.)	-	26,885,157

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of EUPE CORPORATION BERHAD will be held at Garuda 1, Cinta Sayang Golf and Country Club, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman on Tuesday, 6th day of July 2004 at 10.00 a.m. for the following purposes:

A G E N D A

1. To receive and adopt the Audited Financial Statements for the financial year ended 29 February 2004 together with the Report of the Directors and Auditors thereon. Resolution 1
2. To re-elect the following Directors who retire by rotation in accordance with the Company's Articles of Association:
 - 2.1 Mr. Beh Huck Lee Resolution 2
 - 2.2 Encik Mohamed Rizal Bin Tajudin Resolution 3
3. To re-appoint the following Director who retires in accordance with Section 129 of the Companies Act, 1965:
 - 3.1 Dato' Paduka Haji Radzi Bin Bassir Resolution 4
4. To re-appoint Messrs. BDO Binder as Auditors and to authorize the Directors to fix their remuneration Resolution 5
5. As Special Business:
 - A. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:
 - 5.1 PROPOSED EMPLOYEE SHARE OPTION SCHEME FOR ELIGIBLE EMPLOYEES AND DIRECTORS OF EUPE AND ITS SUBSIDIARIES, SAVE FOR SUBSIDIARIES WHICH ARE DORMANT

"THAT, subject to the approval of all relevant authorities, the Board of Directors of the Company be and is hereby authorised:

 - (a) to establish and administer the Scheme for the benefit of eligible employees and Directors of Eupe and its subsidiaries, save for subsidiaries which are dormant, the draft By-Laws of which are set out in Appendix I of the Circular to shareholders dated 11 June 2004 ("By-Laws"), under which options will be granted to such employees and Directors to subscribe for new ordinary shares in the share capital of the Company ("Scheme") AND THAT all new Eupe ordinary shares to be allotted and issued upon any exercise of the options will, upon such allotment and issuance, rank pari passu in all respects with the then existing issued and fully paid-up ordinary shares of the Company except that the new ordinary shares so issued will not be entitled to any dividends, rights, allotments and / or other distributions, the entitlement date (namely the date as at the close of business on which the names of shareholders must appear on the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd, in order to be entitled to such dividends, rights, allotments or other distributions) of which is prior to the date of allotment and issuance of the said shares and will be subject to all the provisions of the Memorandum and Articles of Association of the Company relating to the transfer, transmission and otherwise of the said shares and subject to such amendments to the Scheme as may be made or required by the relevant authorities and acceptable to the Directors;

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

5.1 PROPOSED EMPLOYEE SHARE OPTION SCHEME FOR ELIGIBLE EMPLOYEES AND DIRECTORS OF EUPE AND ITS SUBSIDIARIES, SAVE FOR SUBSIDIARIES WHICH ARE DORMANT (CONTINUED)

- (b) to allot and issue from time to time such number of new ordinary shares in the share capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided that the aggregate number of shares to be offered pursuant to this resolution shall not exceed an amount equivalent to fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any one time during the existence of the Scheme;
- (c) to consent to and to adopt, if they so deem fit and expedient, such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in respect of the Scheme; and
- (d) to amend and/or modify all or any part of the provisions of the Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the By-Laws of the Scheme relating to the modification and/or amendment and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Scheme;

Resolution 6

5.2 PROPOSED ISSUE OF OPTIONS TO DATO' TAJUDIN BIN HAJI HASHIM

"THAT, subject to the passing of Ordinary Resolution 6 above, the Board of Directors of the Company be and is hereby authorised to offer and to grant to Dato' Tajudin bin Haji Hashim, being the Executive Chairman of Eupe, options to subscribe for up to 1,200,000 new ordinary shares of RM1.00 each in Eupe available under the Scheme subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Scheme."

Resolution 7

5.3 PROPOSED ISSUE OF OPTIONS TO BEH HUCK LEE

"THAT, subject to the passing of Ordinary Resolution 6 above, the Board of Directors of the Company be and is hereby authorised to offer and to grant to Beh Huck Lee, being the Managing Director of Eupe, options to subscribe for up to 1,200,000 new ordinary shares of RM1.00 each in Eupe available under the Scheme subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Scheme."

Resolution 8

5.4 PROPOSED ISSUE OF OPTIONS TO DATO' PADUKA HAJI RADZI BIN HAJI BASSIR

"THAT, subject to the passing of Ordinary Resolution 6 above and Special Resolution 16 below, the Board of Directors of the Company be and is hereby authorised to offer and to grant to Dato' Paduka Haji Radzi bin Haji Bassir, being an Independent Non-executive Director of Eupe, options to subscribe for up to 120,000 new ordinary shares of RM1.00 each in Eupe available under the Scheme subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Scheme."

Resolution 9



NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

5.5 PROPOSED ISSUE OF OPTIONS TO DATO' JAAFAR BIN JAMALUDIN

"THAT, subject to the passing of Ordinary Resolution 6 above and Special Resolution 16 below, the Board of Directors of the Company be and is hereby authorised to offer and to grant to Dato' Jaafar bin Jamaludin, being an Independent Non-executive Director of Eupe, options to subscribe for up to 120,000 new ordinary shares of RM1.00 each in Eupe available under the Scheme subject always to such terms and conditions and / or any adjustments which may be made in accordance with the provisions of the By-Laws of the Scheme."

Resolution 10

5.6 PROPOSED ISSUE OF OPTIONS TO DATIN TEOH CHOON BOAY

"THAT, subject to the passing of Ordinary Resolution 6 above and Special Resolution 16 below, the Board of Directors of the Company be and is hereby authorised to offer and to grant to Datin Teoh Choon Boay, being a Non-independent Non-executive Director of Eupe, options to subscribe for up to 120,000 new ordinary shares of RM1.00 each in Eupe available under the Scheme subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Scheme."

Resolution 11

5.7 PROPOSED ISSUE OF OPTIONS TO TAN HIANG JOO

"THAT, subject to the passing of Ordinary Resolution 6 above and Special Resolution 16 below, the Board of Directors of the Company be and is hereby authorised to offer and to grant to Tan Hiang Joo, being an Independent Non-executive Director of Eupe, options to subscribe for up to 120,000 new ordinary shares of RM1.00 each in Eupe available under the Scheme subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Scheme."

Resolution 12

5.8 PROPOSED ISSUE OF OPTIONS TO KEK JENNY

"THAT, subject to the passing of Ordinary Resolution 6 above and Special Resolution 16 below, the Board of Directors of the Company be and is hereby authorised to offer and to grant to Kek Jenny, being an Independent Non-executive Director of Eupe, options to subscribe for up to 120,000 new ordinary shares of RM1.00 each in Eupe available under the Scheme subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Scheme."

Resolution 13

5.9 PROPOSED ISSUE OF OPTIONS TO MOHAMED RIZAL BIN TAJUDIN

"THAT, subject to the passing of Ordinary Resolution 6 above and Special Resolution 16 below, the Board of Directors of the Company be and is hereby authorised to offer and to grant to Mohamed Rizal bin Tajudin, being a Non-independent Non-executive Director of Eupe, options to subscribe for up to 120,000 new ordinary shares of RM1.00 each in Eupe available under the Scheme subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Scheme."

Resolution 14

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

5.10 Authority to issue and allot shares

"That, subject to the approvals of the relevant authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue new ordinary shares of RM1.00 each in the Company at any time and upon such terms and conditions and for such purposes as the Directors, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting."

Resolution 15

B. To consider and if thought fit, to pass the following resolutions as Special Resolution:

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF EUPE

"THAT the existing Article 5(iv) be deleted in its entirety and that the following new Article 5(iv) be adopted:

Existing Article 5(iv)

no Director shall participate in an issue of shares to employees unless shareholders in general meeting have approved of the specific allotment to be made to such Director and unless he holds office in an executive capacity Provided Always that a Director not holding office in an executive capacity may so participate in an issue of share pursuant to a Public Offer or a Public Issue.

New Article 5(iv)

no Director shall participate in an issue of shares to employees unless shareholders in general meeting have approved of the specific allotment to be made to such a Director.

Resolution 16

6. To transact any other business for which due notice has been given.

BY ORDER OF THE BOARD

NG BEE LIAN (MAICSA 7041392)
LIM HOOI MOOI (MAICSA 0799764)
Company Secretaries

Kuala Lumpur
Date: 11 June 2004

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Explanatory Notes to Special Business:

- (a) The proposed adoption of Ordinary Resolution Nos. 5 Part A 5.1 will enable Eligible Persons to participate in the future growth of the Eupe Group, thereby motivating them towards better performance, greater dedication and loyalty.
- (b) The proposed adoption of Ordinary Resolutions Nos. 5 Part A 5.2 to 5.9 is to reward Directors for their commitment by allowing them to participate in the Company's equity.
- (c) Your Board would like to act expeditiously on opportunities to expand your Group's business, if and when they arise. The proposed resolution No.5 Part A 5.10, if passed, is to authorise the Directors to issue up to 10% of the paid-up capital of the Company. This is to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.
- (d) The proposed Articles Amendment of Resolution Nos 5 Part B if passed, will enable the Non-executive Directors to participate in the Proposed ESOS.

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if his appointor is a corporation, either under seal or under the hands of an officer or attorney duly authorised.
2. The instrument appointing a proxy must be deposited at the Company's Registered Office, 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF EIGHTH ANNUAL GENERAL MEETING

1. The name of individuals who are standing for election or re-election:

Mr. Beh Huck Lee
Encik Mohamed Rizal Bin Tajudin

2. The details of attendance of existing Directors at Board meetings.

During the financial period, four Board meetings were held.

Name	Attendance
Dato' Paduka Haji Radzi Bin Bassir	4/4
Dato' Tajudin Bin Haji Hashim	4/4
Dato' Jaafar Bin Jamaludin	4/4
Datin Teoh Choon Boay	4/4
Beh Huck Lee	4/4
Mohamad Rizal Bin Tajudin	4/4
Tan Hiang Joo	3/4
Kek Jenny	4/4

3. Annual General Meeting of Eupe Corporation Berhad

Place : Garuda I, Cinta Sayang Golf and Country Club, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman

Date & Time : 6th July 2004 at 10.00 a.m.

4. Further details of the individuals who are standing for election or re-election:

A. Name	: Beh Huck Lee		
Age	: 33 years old		
Nationality	: Malaysian		
Qualification	: Holds a Bachelor of Commerce and a Bachelor of Engineering (First Class Honours) from the University of Western Australia. Was attached to Hewlett-Packard before he joined the Group in 1995.		
Position in the Company	: Managing Director		
Date of Appointment to the Board	: 19th May 1997		
Working Experience and Occupation	: Since joining the Group in 1995, he oversaw the operations of the Group, its restructuring and the subsequent listing of the Company on the Bursa Malaysia.		
Any other directorships of public Companies	: None		
Securities holdings in the Company and its Subsidiaries	: Securities Holding Ordinary shares of RM1.00 each	No. of Shares 3,500,000	Percentage 2.734

STATEMENT ACCOMPANYING NOTICE OF EIGHTH ANNUAL GENERAL MEETING (CONTINUED)

- A. Family relationship with any Director and / or major Shareholder of the Company : Son of Datin Teoh Choon Boay
- Any conflict of interest with the Company : None
- Convictions for Offences within the past 10 years other than traffic Offences : None
- Details of attendance at Board Meetings : 4/4
- B. Name : Mohamed Rizal bin Tajudin
- Age : 36 years old
- Nationality : Malaysian
- Qualification : Holds a Bachelor of business Administration from La Sierra University, California, USA.
- Position in the Company : Non-Independent Non-Executive Director
- Date of Appointment to the Board : 19th May 1997
- Working Experience and Occupation : He was the General Manager of Finance in Moza Precision Plastic Industry Sdn. Bhd. (1994 to 1997). Is currently a director of Teras Display Sdn. Bhd. and several other private limited companies.
- Any other Directorships of public Companies : None
- | | | | |
|---|-----------------------------|----------------------|-------------------|
| The Securities holdings in the Company and its Subsidiaries | : Securities Holding
NIL | No. of Shares
NIL | Percentage
NIL |
|---|-----------------------------|----------------------|-------------------|
- Family relationship with any Director and / or major Shareholder of the Company : Son of Dato' Tajudin bin Haji Hashim
- Any conflict of interest that he has with the Company : None
- List of convictions for Offences within the past 10 years other than traffic Offences, if any : None
- Details of attendance at Board Meetings : 4/4



PROXY FORM

No. of Shares held

I/We, _____ NRIC No. _____ of _____

being a member / members of EUPE Corporation Berhad hereby appoint _____

NRIC No. _____ of _____

or failing him, the Chairman of Meeting as my / our proxy to vote for me / us on my / our behalf at the Eighth Annual General Meeting of the Company to be held at Garuda I, Cinta Sayang Golf and Country Club, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman on Tuesday, 6th July 2004 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:

NO	RESOLUTION		FOR	AGAINST
1.	To receive and adopt the audited Financial Statements for the year ended 29th February 2004 together with the Report of the Directors and Auditors thereon.	Resolution 1		
2.	To re-elect the retiring Director, Mr. Beh Huck Lee pursuant to the Company's Articles of Association.	Resolution 2		
3.	To re-elect the retiring Director, Encik Mohamed Rizal Bin Tajudin pursuant to the Company's Articles of Association.	Resolution 3		
4.	To re-appoint Dato' Paduka Haji Radzi bin Bassir as Director pursuant to Section 129 of the Companies Act, 1965.	Resolution 4		
5.	To re-appoint Messrs. BDO Binder as Auditors of the Company.	Resolution 5		
6.	To approve the proposed Employee Share Option Scheme	Resolution 6		
7.	To approve the proposed Issue of Options to Dato' Tajudin Bin Haji Hashim	Resolution 7		
8.	To approve the proposed Issue of Options to Mr Beh Huck Lee	Resolution 8		
9.	To approve the proposed Issue of Options to Dato' Paduka Haji Radzi Bin Haji Bassir	Resolution 9		
10.	To approve the proposed Issue of Options to Dato' Jaafar Bin Jamaludin	Resolution 10		
11.	To approve the proposed Issue of Options to Datin Teoh Choon Boay	Resolution 11		
12.	To approve the proposed Issue of Options to Mr. Tan Hiang Joo	Resolution 12		
13.	To approve the proposed Issue of Options to Ms Jenny Kek	Resolution 13		
14.	To empower the Directors to issue up to 10% of the issued share capital of the Company	Resolution 14		
15.	To adopt the proposed amendment to the Article of Association	Resolution 15		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your proxy to vote. If no instruction is given this form will be taken to authorise the proxy to vote at his / her discretion).

Dated this _____ day of _____ 2004

Signature of Shareholder or Common Seal

Note:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if his appointor is a corporation, either under seal or under the hands of an officer or attorney duly authorised.
2. The instrument appointing a proxy must be deposited at the Company's Registered Office , 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

Affix
Stamp

The Company Secretary
EUPE CORPORATION BERHAD (377762-V)
5th Floor
Wisma Ria, Taman Ria
08000 Sungai Petani
Kedah Darul Aman, Malaysia



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Sales Department
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CINTA SAYANG GOLF PACKAGE 2 DAYS / 1 NIGHT STAY INCLUDES:

- 2 Days unlimited round of golf (green fee only)
- 1 Night Stay in a Deluxe rooms (with ASTRO)
- Buffet Breakfast
- 1 Steamboat Dinner (Daily) or Poolside BBQ Dinner (Friday/Saturday)

	TWIN-SHARING	SINGLE
Weekdays	RM160.00+ +	RM200.00+ +
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Prior reservation is required.



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