Building Lifestyles, Building Trust

MAKING OUR MARK ON NEW HORIZONS

ANNUAL REPORT 2017

CONTENTS

FINANCIAL STATEMENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Managing Director
Dato' Beh Huck Lee

Executive Director
Muhamad Faisal bin Tajudin

Non-Independent Non-Executive Director
Datin Paduka Teoh Choon Boay

Independent Non-Executive Director
Dato' Paduka Haji Ismail bin Haji Shafie

Independent Non-Executive Director
Iskandar Abdullah @ Sim Kia Miang

Independent Non-Executive Director
Kek Jenny

Independent Non-Executive Director
Datuk Tan Hiang Joo

RISK MANAGEMENT AND AUDIT COMMITTEE

Chairman
Datuk Tan Hiang Joo

Members
Dato' Paduka Haji Ismail bin Haji Shafie
Kek Jenny
Iskandar Abdullah @ Sim Kia Miang

NOMINATION COMMITTEE

Chairman
Kek Jenny

Members
Datuk Tan Hiang Joo
Datin Paduka Teoh Choon Boay
Iskandar Abdullah @ Sim Kia Miang

REGISTERED OFFICE

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

AUDITORS

RSM Malaysia (AF:0768)
5th Floor, Penthouse, Wisma RKT,
Block A, No. 2, Jalan Raja Abdullah,
Off Jalan Sultan Ismail, 50300 Kuala Lumpur
Tel: +603-2610 2888 Fax: +603-2698 6600

SOLICITORS

Wong, Beh & Toh
Sidek Teoh Wong & Dennis
Syarikat Ng & Anuar
J.M. Chong, Vincent Chee & Co
Revathy Thurai & Associates

COMPANY SECRETARIES

Tan Bee Hwee (MAICSA 7021024)
Wong Wai Foong (MAICSA 7001358)
Kuan Hui Fang (MIA 16876)

STOCK EXCHANGE LISTING

Main Market Of The Bursa Malaysia
Securities Berhad
Stock Name: EUPE
Stock Code: 6815

PRINCIPAL BANKERS

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

REGISTRAR

Mega Corporate Services Sdn Bhd (187984-H)
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel: +603-2692 4271 Fax: +603-2732 5388
Email: Info@Megacorp.com.my

MANAGEMENT DISCUSSION AND ANALYSIS

The last 12 months of financial year ended 28 February 2017 have represented a mixed year in terms of results for Eupe. We are pleased to report that the central part of the Group's strategic growth strategy – Eupe's expansion into Kuala Lumpur – continues to pass key milestones and gather momentum. Sales for our first high-rise residential project in Malaysia's capital – Novum at South Bangsar ("Novum") – have been strong. Construction of this ground-breaking project is now well underway and at this point, remains on time and within cost.

The success to date of Novum has been the result of a number of carefully-planned and executed strategies, notably the conceptualisation and marketing of the project based on clear and highly competitive points of design and lifestyle differentiation.

Equally pleasing is that this outcome has been achieved in very challenging market conditions for property development. While we continue to learn and implement innovative market approaches and strategies in what is a new and highly competitive market for Eupe, Novum's success augurs well for our pipeline of other high-rise residential projects that we have planned in Kuala Lumpur.

I am also pleased to report that the performance of our property development arm in northern Malaysia has been very solid in similar challenging market conditions. At the same time, our performance in other Divisions needs improvement. Major investment has been made by the Group over the past 12 months to modernise Cinta Sayang Resort ('CSR') which is the core of Eupe's Chalet and Golf Management Division. Although initial results have been patchy and we are disappointed with the current speed of progress, a number of revenue growth strategies are being pursued by the external team to which we have outsourced management of CSR, and we remain confident of the success of these turnaround strategies. Likewise, in our Property Construction Division, some key milestones have not been hit over the past 12 months, requiring action to improve the Division's overall efficiency.

While these two Divisions are smaller in terms of revenue compared to the growth plans associated with the expansion of our Property Development Division into the Kuala Lumpur market, we remain committed to improving the performance of both Divisions. This is in line with the Group's overall commitment to our shareholders to achieve best-practice and optimal returns across all our business divisions.

Managing Director, Dato' Beh Huck Lee

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

Financial Results

Overall financial results for the Group reflect our mixed performance for the year. The Group recorded an overall pre-tax profit of RM0.6 million for the full financial year, compared with RM4.8 million for the last financial year, contributed by a solid profit outcome from our Property Development Division. At the same time, pre-tax profit has been curtailed by one-off factors including initial marketing costs for Novum, unbudgeted cost incurred to complete the Alma Hill Park project for our Property Construction Division, as well as losses from CSR incurred as a result of closing key parts of the business while undergoing major renovations.

The Group's profit result for 2017 was achieved on the back of total revenue of RM167.0 million for the full year. This compares to RM129.3 million for the previous financial year. Key factors impacting on revenue this year included a very solid revenue result from the northern arm of our Property Development Division, offset by a decline in revenue from the Chalet and Golf Management Division due to the refurbishment of CSR.

The Group's debt ratio over the year increased from 18 percent to 25 percent, reflecting the fact that in the early stages of our expansion in Kuala Lumpur, development and construction costs are exceeding sales revenue, despite strong sales of Novum. As sale proceeds increase as construction targets are met, we expect the total financing for Novum to reduce significantly. The increase in the Group's gearing over the past 12 months also reflects pre-development expenditures incurred on our second and third Kuala Lumpur residential projects. As our footprint in Malaysia's capital grows and consolidates, we expect the overall total gearing ratio to stabilise.

Despite ongoing headwinds for all our Divisions due to a challenging economic environment, we expect both revenue and profits figures for the Group as a whole to improve over the next year as the strong level of buyer commitment for the Novum project flows through to the Group's turnover and bottom line and the financial performance of our Chalet and Golf Management Division improves.


Construction of Novum is now well underway


Interior of one of Novum's suites

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

Property Development

Eupe's plan to improve shareholder returns in the medium to long-term rests heavily on the success of our strategy to expand into Kuala Lumpur. As mentioned above, the last 12 months have seen major milestones achieved, evidenced by the strong buyer response to Novum at South Bangsar, our first Kuala Lumpur project. Sales for two of the project's three towers now exceed 90 percent while sales for the third tower are also strong. Construction on Novum began in December 2016 and significant progress has been achieved by the team of leading property construction contractors we have assembled. At this stage, we remain on track to complete the project on schedule by the second quarter of 2019.

While current market conditions in Kuala Lumpur have prompted other developers to shelve projects, we believe these conditions have worked in our favour, and will continue to do so. This is because current conditions have made buyers more discerning in terms of seeking out projects that are clearly defined by innovative design and quality lifestyle features that combine to offer a strong investment proposition. Our strategic approach for the Kuala Lumpur market, offering buyers a compelling mix of iconic design, innovative lifestyle facilities and premium location while ensuring competitive pricing, aligns well with current market sentiment which is placing an increased premium on quality at an affordable price point.

Quality affordability is also the key focus of our second project in Kuala Lumpur, which we have re-branded as Parc 3. The project in KL South – one of Kuala Lumpur's emerging precincts - will be re-launched in the second half of this year after we decided to make design changes to our original project (previously referred to as The Weave). These changes are aimed at expanding the product's offering for a wider range of lifestyle choices aimed at a more diverse number of market segments. These changes were in response to market feedback as well as market conditions in which buyers are seeking more value for their investment. We are currently finalising design details and marketing strategies and on the back of our success with Novum, we are confident of a strong response from buyers. Design work on our third project in Malaysia's capital in Seputeh – another sought-after location – is progressing and we expect to launch the project in the second half of next year.

Eupe has redesigned its Cheras project to meet changing market conditions

Parc 3 KL SOUTH

Financial results of the northern arm of the Property Development Division have been pleasing, despite demand for our higher-end products remaining subdued due to economic conditions. As a result, we have shifted more of our focus to affordable housing, redesigning our offering to improve affordability, as well as accelerating the construction of a range of affordable housing products to meet continuing strong demand in this segment.

Our ability to switch focus to take advantage of upswings in different segments of the property market highlights the value of the Division's diverse footprint across, and exposure to, a number of customer segments. The ongoing strong demand for affordable, or mass housing, in northern Malaysia, will continue to provide us with an important hedge to different points in the property cycle, particularly as we consolidate our footprint in Kuala Lumpur.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

Property Development (continued)

Overall, our Property Development Division recorded a pre-tax profit of RM20.9 million. This compares to RM5.2 million for the previous year. The profit result was achieved based on total revenue for the Division of RM142.6 million, a 68 per cent increase on total revenue of RM84.7 million recorded for the previous 12 months of financial year ended 28 February 2017. The increase in both profit and revenue for the year was due largely to initial sales proceeds from the Novum project. As stated, we expect revenue and profit for the Division to increase sharply in the next two to three years as proceeds from our Kuala Lumpur projects flow through to our bottom line.

Property Construction

Our Property Construction Division has not performed as well as expected over the past 12 months of financial year ended 28 February 2017. This period highlighted shortfalls in our management of construction of the Alma Hillpark residential project in mainland Penang. Specifically, issues related to original costings for Alma has meant that the Division had to revise downward its profit realisation numbers for the project. Given Alma has been the sole project for this Division over the last year, the revision caused the Division to record a loss of RM12.1 million for the full financial year, compared to a pre-tax profit last year of RM2.3 million. The result was on the back of full-year revenue of RM12.4 million, compared to RM27.3 million. The decline in revenue for the last 12 months is due to work on the Alma project coming to an end.

As mentioned above, we have put in place a stricter regime of costing procedures and protocols in our Sungai Petani office to ensure inaccuracies do not occur again. This is particularly important as the Division shifts its operational focus towards tendering for government and other public sector tender work. In sum, while the contribution from Property Construction to the overall Group's bottom line will decrease in the short-term as we focus on improving quality of outputs, cost control and improvements in the speed of construction, the Division remains an integral part of Eupe's growth plans.

Astana Parkhomes – one of Eupe's major residential projects being developed in Sungai Petani

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

Chalet and Golf Management

As stated in last year's Annual Report, the Group has enlisted a leading regional hotel management company, InVision Hospitality, to take over the operations of CSR in Sungai Petani.

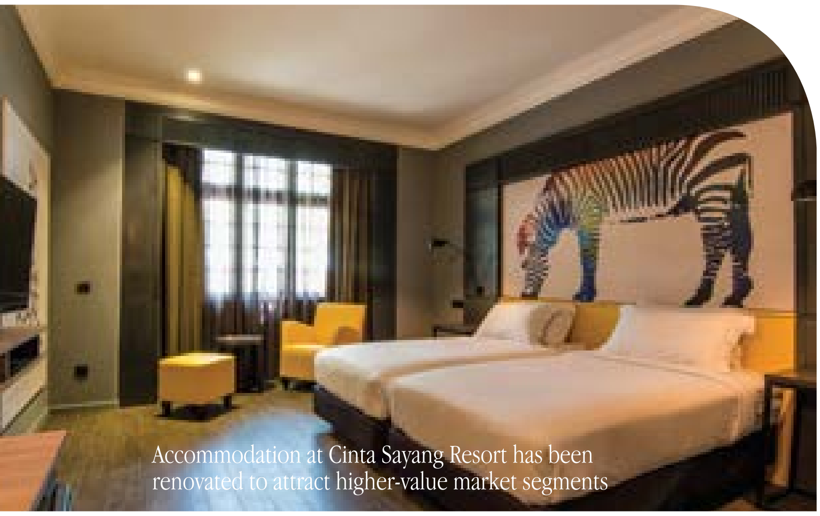
The Resort has been experiencing a number of operational challenges in recent years, leading to declining market share and revenue. In addition to bringing in external hotel managers to improve efficiencies and provide CSR with a stronger strategic focus, the Group has invested in a program of major refurbishments to CSR. The refurbishments, which were completed late last year, are aimed at modernising the Resort's offering to attract higher-value segments within Sungai Petani as well as across Malaysia and regionally.

Due to subdued economic conditions, initial customer response to the revamped Resort has been slower than expected. In conjunction with our hotel management partners, we have reviewed and adapted our growth strategies for the business to make sure all potential new markets are identified and growth targets are aggressively pursued. We will continue to closely monitor the performance of these strategies and fine-tune them if necessary.

As a result of the closure of CSR's key operations for refurbishments during the course of last year, overall losses for the Chalet and Golf Management Division were RM8.0 million, increasing from RM1.4 million in the previous financial year. Total revenue for the year was RM9.8 million, compared to RM15.1 million for the previous year.

Other Businesses

Eupe's other operations, which include its property portfolio of offices, food courts and other tenanted business premises in Kedah, recorded a relative improvement in results for this year. For the full year, it recorded a pre-tax loss of RM0.2 million, compared to RM1.3 million for the previous year. The decrease in loss was due to reductions in cost overheads and other efficiencies. This outcome was achieved on the back of total revenue of RM2.2 million, consistent with the previous year.


Accommodation at Cinta Sayang Resort has been renovated to attract higher-value market segments


The refurbished CS Café at Cinta Sayang Resort

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

Market Outlook

Despite projections for Gross Domestic Product growth for the current year of 4.2 percent, Malaysia's economy will continue to face headwinds over the next 12 months due to a challenging global economy as well as inflationary pressures and a lower Ringgit which are dampening consumer demand. Combined, these headwinds will continue to influence the property sector, particularly as the financial sector continues to act to reduce speculative credit growth, which, in turn, is constraining overall loan growth for property investment.

Yet at the same time, the fundamentals for economic growth, particularly in property, remain sound. As living standards continue to rise and population grows in Malaysia, underlying demand for housing will remain strong in most segments, but particularly in the affordable housing segment. The slowdown in property price growth can be viewed in a more positive light as a period of consolidation as the market absorbs what has been a rapid expansion of supply in recent years, laying the foundations for more sustainable growth in the future. At the same time, with consumers becoming more discerning, the onus is on business, particularly in the property sector, to cater for more value-conscious customers with creative products that have clear points of differentiation as well as a strong value proposition.

Risk Identification and Management

As the Group expands and extends its operations into Malaysia's capital, Eupe is increasingly focused on identifying and managing potential risks to its operations. In recent years, the Group has strengthened its risk management structures and review processes, engaging external consultants annually to assist the company review its current risk profile and advise on our risk management strategies.

Current key risks for the Group, particularly in what remains an uncertain global and domestic market, include changes to credit policies and other regulations, including additional tightening of loan eligibility which might further impact on sales in specific market segments which Eupe is exposed to; fluctuations in the price of building materials, particularly as a result of depreciation in the Malaysian Ringgit; and potential construction labour shortages as the competition for cost-effective labour increases.

While risks such as these, which are subject to a combination of external factors, cannot be entirely mitigated, we are confident we have in place a range of strategies to anticipate and offset their impact. It is also again worth noting that the diversity of our exposure across a range of property market segments provides the Group with an important, overall hedge against risk.

Eupe's focus is increasingly on property development in Malaysia's capital

MANAGEMENT DISCUSSION AND ANALYSIS
(CONTINUED)

Cinta Sayang Resort Villas, another of Eupe's signature residential developments in Sungai Petani

Conclusion

To conclude, while market conditions continue to create challenges, we remain confident that we have the strategies and diversified offerings, particularly in our Property Development Division, to turn these to our advantage.

While our first project in Kuala Lumpur is achieving key milestones, we are not resting on our laurels. We understand that as our Group's activities are increasingly weighted to the Kuala Lumpur property market, we are only as successful as our latest project. Our challenge is to continue to think outside the box with innovative products that go beyond buyer expectations.

In other Divisions, particularly our Chalet and Golf Management Division, we still have a lot of work to do to make sure these operations are transformed into stronger, more sustainable businesses that complement our broader growth strategy. As stated above, we remain strongly committed to making sure these Divisions perform optimally so that the Group as a whole maximises value to our shareholders, business partners and customers.

On that note, I again want to express appreciation to all our customers, business partners, shareholders and supporters for continuing to share our vision and placing their trust in us.

I also want to thank the Board for their service and support for both myself and senior management as together we make good progress towards making Eupe a stronger and more substantial company.

Dato' Beh Huck Lee
Managing Director
8 June 2017

PROFILE OF DIRECTORS

Dato' Beh Huck Lee

DSDK, AMK
Managing Director

Aged 47, male, Malaysian. Dato' Beh was appointed to the Board on 19 May 1997.

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

He attended all four board meetings in the financial year. He has no conflict of interest with the Group and he is the son of Datin Paduka Teoh Choon Boay. He is also a director of Betaj Holdings Sdn Bhd and Beh Heng Seong Sdn Bhd; both of which are major shareholders of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

PROFILE OF DIRECTORS
(CONTINUED)

Muhamad Faisal bin Tajudin

Executive Director

Aged 47, male, Malaysian. En. Faisal was appointed to the Board on 30 June 2006.

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

He attended three out of four board meetings in the financial year. He has no conflict of interest with the Group and he is the son of Dato' Tajudin bin Haji Hashim. He is also a director of Betaj Holdings Sdn Bhd, a major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

Datuk Tan Hiang Joo

Independent Non-Executive Director

Aged 54, male, Malaysian. Datuk Tan was appointed to the Board on 19 May 1997. He is also the Chairman of the Risk Management and Audit Committee and a member of Nomination Committee.

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

He attended three out of four board meetings in the financial year. He holds directorship in Seal Incorporated Berhad. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

PROFILE OF DIRECTORS
(CONTINUED)

Datin Paduka Teoh Choon Boay

Non-Independent Non-Executive Director

Aged 69, female, Malaysian. Datin Paduka Teoh was appointed to the Board on 19 May 1997. She is also a member of Nomination Committee.

She 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.

She attended all four board meetings in the financial year. She has no conflict of interest with the Group and is the mother of Dato' Beh Huck Lee. She is also a director of Beh Heng Seong Sdn Bhd, a major shareholder of the Company. She has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

Kek Jenny

Independent Non-Executive Director

Aged 52, female, Malaysian. Ms. Jenny was appointed to the Board on 28 March 2002. She is also the Chairman of the Nomination Committee and a member of Risk Management and Audit Committee.

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

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

She attended all four board meetings in the financial year. She has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. She has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

PROFILE OF DIRECTORS
(CONTINUED)

Dato' Paduka Haji Ismail bin Haji Shafie
DHMS, DSDK, JMN, BCK, JP
Independent Non-Executive Director

Aged 70, male, Malaysian. Dato' Paduka Haji Ismail was appointed to the Board on 24 September 2010. He is also a member of Risk Management and Audit Committee.

He holds a Higher School Certificate (HSC). He served the Kedah State Government from 1969 to 2003 when he retired after serving as State Secretary of Kedah since 1996. Other posts held include District Land Officer and District Officer of various districts, State Director of Lands and Mines (Kedah) as well as State Financial Officer (1994-1996).

He is also a director of Permodalan Kedah Berhad and Supportive Resources Berhad.

He attended all four board meetings in the financial year. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

Iskandar Abdullah @ Sim Kia Miang (also known as Mr Bingley Sim)
Independent Non-Executive Director

Aged 53, male, Malaysian. Mr. Bingley Sim was appointed to the Board on 21 April 2016. He is also a member of Nomination Committee and a member of Risk Management and Audit Committee.

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

He worked in management and other senior positions for a number of chartered accountancy practices in the United Kingdom over a nine year period from 1986 to 1995. Thereafter, he spent 21 years with CIMB Investment Bank Berhad ("CIMB") in Corporate Finance and Equity Capital Markets ("ECM') Departments. He left CIMB after 21 years in March 2016 as Managing Director & Head of ECM (Malaysia) and is presently an Executive Director of ZJ Advisory Sdn. Bhd.

He attended all four board meetings in the financial year. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

SENIOR MANAGEMENT

Dato' Beh Huck Lee

Managing Director - shooi@eupe.com.my

Age 47, male, Malaysian. Dato' Beh was appointed as Managing Director on 1 July 1997.

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

He is also a Non-Independent Executive Director on the Board of Eupe Corporation Berhad. He has no conflict of interest with the Company and he is the son of Datin Paduka Teoh Choon Boay. He is also a director of Betaj Holdings Sdn Bhd and Beh Heng Seong Sdn Bhd, both of which are major shareholders of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

Ng Kee Chye

Chief Financial Officer - kcng17@eupe.com.my

Age 53, male, Malaysian. Mr. Ng was appointed as Chief Financial Officer on 29 January 2015.

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

Mr. Ng does not hold directorship in any other public company. He has no conflict of interest with the Company and has no family relationship with any director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

SENIOR MANAGEMENT
(CONTINUED)

Thomas Ng Kok Eng
General Manager - Construction - thomasng@eupe.com.my

Age 53, male, Malaysian. Mr. Ng was appointed as General Manager - Construction on 7 March 2016.

He heads the construction division for Eupe. He has a Bachelor Degree from University Science Malaysia (Architecture) and has completed a total of 38 projects throughout Malaysia with a combined construction value exceeding 3 billion ringgit over a period of 28 years. His project portfolio includes high rise condominiums, Mega malls, landed properties as well as office towers. Mr. Ng has worked with two previous companies in the capacity of General Manager before moving to Eupe in March 2016.

Mr. Ng does not hold directorship in any other public company. He has no conflict of interest with the Company and has no family relationship with any director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

Paul Chang Kheng Song
Strategic Projects Director - paul@eupe.com.my

Age 48, male, Singaporean. Mr. Chang was appointed as Strategic Projects Director on 1 March 2016.

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

Mr. Chang does not hold directorship in any other public company. He has no conflict of interest with the Company and has no family relationship with any director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

SENIOR MANAGEMENT
(CONTINUED)

Datin Gan Michelle Eileen
Head of Marketing And Sales - michelle@eupe.com.my

Age 45, female, Malaysian. Datin Michelle was appointed as Senior Manager - Marketing and Design on 1 July 1997.

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

Datin Michelle does not hold directorship in any other public company. She has no conflict of interest with the Company and she is the wife of Dato' Beh Huck Lee and daughter-in-law of Datin Paduka Teoh Choon Boay. She has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

Simon Sim Teck Hock
General Manager - Projects - simonsim@eupe.com.my

Age 58, male, Malaysian. Mr. Sim was appointed as General Manager - Projects on 1 November 2016.

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

Mr. Sim does not hold directorship in any other public company. He has no conflict of interest with the Company and has no family relationship with any director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

SENIOR MANAGEMENT
(CONTINUED)

Dr. Mark Triffitt
Strategic Communications Director - mtriffitt@eupe.com.my

Age 51, male, Australian. Dr. Triffitt was appointed as Strategic Communications Director on 1 July 2013.

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

Dr. Triffit does not hold directorship in any other public company. He has no conflict of interest with the Company and has no family relationship with any director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

Danniel Tan Kah Aik
Head of Property Investment and Management Division - danniel_tan@eupe.com.my

Age 38, male, Malaysian. Mr. Tan was appointed as Head of Property Investment and Management Division on 21 July 2012.

He graduated from American City University in 2000 with a Bachelor of Business Administration. He then joined Citibank Malaysia as a consumer banking sales executive. He was promoted to sales manager after years overseeing the sales growth of credit card business in Northern Region for Citibank Malaysia. He then joined Hong Leong Bank Malaysia and spent six years as the regional sales manager with the Group before joining Eupe in 2012 to oversee and manage the Company's property investment portfolio.

Mr. Tan does not hold directorship in any other public company. He has no conflict of interest with the Company and has no family relationship with any director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2017.

SUSTAINABILITY REPORT

Best-practice sustainability – as well as setting new directions in sustainability strategy for the property development sector - has continued to be a major focus for Eupe over the past 12 months.

We have been putting into practice a number of our sustainability principles as we progress with our first high-rise residential project in Kuala Lumpur, Novum in South Bangsar.

In addition to meeting Green Building Index (GBI) guidelines, Novum incorporates a number of Eupe's own sustainability design principles which we believe break new ground in the Malaysian property sector.

These principles are organised around what we call 'shared value'. Shared value is a core Eupe principle which governs our relationship with key stakeholders, notably buyers of our products. Shared value involves the Group investing more in eco-design and sustainable lifestyle features that give our buyers long-term sustainability benefits.

Eupe's policy of pursuing lower density development compared to similar projects - providing for more space for recreation and community activity - is one such example of our shared value philosophy.

A second shared value policy involves investing in cutting-edge, iconic design so our projects redefine the precincts they are located in and infuse the urban skyline with visual innovation, benefiting not only residents but the wider community.

Both principles have been embedded into our design of Novum.

Our second Kuala Lumpur project – Parc 3 in Cheras - will likewise showcase signature principles of our unique sustainability approach.

SUSTAINABILITY REPORT
(CONTINUED)

The project has been designed around the concept of connecting residents with nature through a series of parks within the perimeter of the project, as well as the 66-acre Taman Pudu Ulu Recreation Park adjacent to the project.

The building has been painstakingly designed to enhance natural ventilation. This is another key sustainability objective which Eupe believes all property developers need to incorporate into their projects in a tropical urban environment such as Kuala Lumpur.

Not only does this design principle create a healthier and more comfortable living environment for residents. It also reduces reliance on energy-intensive air conditioning, reducing the carbon footprint of the building that in turn has broader environmental and community benefits.

As Eupe continues to expand its presence in Malaysia's capital with more innovative residential projects, it aims to push the boundaries of what is possible with eco-design and sustainable lifestyles.

Sustainability Plus

In 2015, Eupe codified its sustainability thinking and practice in a document we called *Sustainability Plus*.

As the name suggests, *Sustainability Plus* aims to go beyond current sustainability benchmarks with new thinking closely aligned with innovative, long-term sustainability outcomes.

In our 2015 document, we set out our overall eco-design objectives and principles to guide us in developing our projects in a way that creates better, more sustainable lifestyles as well as long-term value for our buyers. We also outlined our approach and strategies that guide our investments in community programs that help to build stronger community bonds.

We are currently revising *Sustainability Plus* to coincide with the launch of Parc 3. In it, we will develop and detail the principles outlined in our first document with new thinking and practices on how we think sustainability should be defined not only for our projects, but also in the broader context of Malaysia's property sector.

Importantly, in an area which can be often marked by words rather than actions, the new *Sustainability Plus* document will demonstrate how this thinking is being incorporated directly by Eupe into the design of Parc 3 and our other flagship projects both in Kuala Lumpur and northern Malaysia.

SUSTAINABILITY REPORT
(CONTINUED)

Eupe aims to set new sustainability directions with its Novum project

Novum – A Building That Breathes

The major sustainability approach incorporated into the Novum project uses a special design feature – known as 'passive cooling' – to cool the building and create healthier, sustainable lifestyles for residents.

Many high-rise residences attract and accumulate heat, particularly in tropical cities like Kuala Lumpur. Typically residents in these high-rise towers have to rely heavily on artificial cooling, namely air conditioners, to keep their homes at a comfortable temperature.

However, over-reliance on recycled air from air conditioning can create a less-than-healthy home environment. Energy emitted from running air conditioners also increases heat levels in and around high-rise, residential buildings, while their intensive energy usage significantly increases the carbon footprint of buildings.

Novum will reduce the level of heat that normally builds up around and within high-rise buildings through a number of passive cooling design strategies.

First and foremost, Novum's building structure – unlike many high-rise residences which are designed as a single mass tower block - is designed around a series of stacked cubes.

This unique architectural arrangement provides a number of spaces for natural air to circulate around the building structure, helping to cool it naturally.

In addition, the central core of the building has been designed with multiple spaces at each level. Together with extensive cross-ventilation, this will allow natural air to circulate freely throughout and within all Novum residences.

SUSTAINABILITY REPORT
(CONTINUED)

Novum - A Building that Breathes (continued)

This natural cooling process will be helped by a 60,000 square foot urban park designed into the project which will reduce the temperature of the natural air entering the building.

The urban park will house a myriad of facilities for resident enjoyment as well as plants and shrubs that promote local bird population. Sky courts and sky gardens will increase the green ratio of the structure.

Novum will represent an iconic presence in the Bangsar skyline. The pixelated architecture façade is inspired by digital code. This artistic representation of the modern digital life is juxtaposed with the building's fluid lines, highlighting its inspiration from, and relationship with nature.

Artist impression of Novum lap pool and floating gym.

SUSTAINABILITY REPORT
(CONTINUED)

Building Stronger Communities

Eupe's *Building Stronger Communities* program is a key part of the Group's sustainability efforts.

The program involves the company investing in a range of community programs, ranging from support to assist deserving students with their education costs, assisting worthy community groups with funds and in-kind support to help those in need, as well as investing in cultural programs to build stronger community bonds.

The Group's community investment program over the past year was focused on giving young musicians a platform to showcase their talents to a wider audience and perform to international standards of competition.

With Eupe as a major sponsor, the Euroasia Strings Competition aimed to unearth the best classical musical talent in Malaysia as well as Asia and attracted a total of more than 300 musicians from around Malaysia and as far afield as Japan.

The Competition comprised two stages – the first stage involved preliminary competitions held across Malaysia, in major cities and regional centres. The second stage involved the winners of the preliminary competitions performing in the Competition's national finals in Kuala Lumpur.

Eupe plans to be a major sponsor of the competition again this year.

This report is issued in accordance with a resolution of the Board dated 8 June 2017.

Contestants in the 2016 Euroasia Strings Competition, which was sponsored by Eupe as part of its *Sustainability Plus* program

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (the "Board") of EUPE Corporation Berhad (the "Company") is fully committed to maintaining the highest standards of corporate governance, professionalism and integrity to create and deliver long-term, sustainable value.

The Board is pleased to report on the application of the underlying Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 (the "Code"). This Corporate Governance Statement covers the Company's corporate governance for the financial year ended 28 February 2017. Where a specific Recommendation of the Code has not been observed during the financial year under review, the non-observation, including the reasons thereof and alternatives adopted by the Company, if any, is included in this statement.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Group is headed by a Board, comprising Executive, Independent Non-executive and Non-Independent Non-executive Directors who are collectively responsible for the following:

- to review any strategic plans for the Company and its subsidiaries;
- to oversee the conduct of the Company's businesses and the performance of management. The Board meets every quarter together with the Management, namely the Managing Director, Executive Director, Chief Financial Officer and the external Company Secretaries to discuss and deliberate on the agenda items put forth at the Board meetings. Key agenda items comprise the Interim Progress Report and Quarterly Financial Report which detail the operations of each of the business divisions, development projects status and the financial performance of the Group;
- to identify principal business risks faced by the Company and its subsidiaries through the Internal Auditors and reviewed by the Risk Management and Audit Committee to ensure the implementation of appropriate internal controls and mitigation measures are carried out by the Management;
- to consider succession planning for Senior Management positions;
- to develop and implement a shareholder communications policy. The Group has a comprehensive Company website, which is updated regularly, where shareholders and other stakeholders are able to communicate with the Company and vice versa;
- to review the adequacy and the integrity of the Company's internal control systems and management information systems; and
- to establish a Directors' Code of Ethics, which is set out in the Board Charter, and to initiate action should they believe that the code has been breached.

In discharging its fiduciary duties, the Board has delegated specific tasks to Board Committees which operate within defined terms of reference. These Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations, together with their recommendations. However, the ultimate responsibility and decision-making on all matters lies with the Board.

The functions reserved for the Board and delegation to Management are set out in the Board Charter, which is available on the Company website at **www.eupe.com.my**.

The Board Committees are:

1. Nomination Committee
2. Risk Management and Audit Committee

STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)

Although all Directors owe fiduciary duties towards the shareholders, the Executive Directors oversee the daily business operations, whereas the Independent Non-Executive Directors' main role is to bring objective and independent insight to Board's decisions.

Board Charter
The Board Charter, which aligns with Recommendation 1.7 of the Code, sets out the roles and functions of the Board and the Management.

The Board Charter is informed by latest developments in the Company as well as regulatory requirements. The current Charter has served the Board well since it was subject to a full review and revision in 2013. Due to the strategic expansion of the Group, the Charter will be subject to a full review during the current financial year to ensure it aligns with ongoing changes to governance standards, as well as strategic changes within the Group. The current Charter is available on the Company website at **www.eupe.com.my**.

Code Of Ethics And Integrity (Whistle-Blowing) Policy
To enhance the standards of corporate governance and corporate behaviour, the Board has a Code of Ethics that sets out the standards of ethics and conduct expected from its Directors and employees.

The Group's Integrity (Whistle-Blowing) policy provides an avenue for a whistle-blower to raise concerns about a breach in the Code of Ethics or corporate fraud involving any members of the Company. Concerns shall be addressed according to procedures and feedback channels as set out by the policy.

A summary of the Code of Ethics of Directors and the Integrity (Whistle-Blowing) policy are made available on the Company's website at **www.eupe.com.my**.

Sustainability Of Business
The Board is mindful of the importance of business sustainability and has incorporated the Corporate Sustainability Policy into its corporate strategy, considering its impacts on environmental, social and governance aspects. Additionally, the Company's activities on corporate social responsibilities and sustainability – which are organised under the Group's *Sustainability Plus* program - are outlined on pages 18 to 22 of this Annual Report and on the Company's website at **www.eupe.com.my**.

Supply of, and Access to, Information
The Board has full and independent access to Management, external consultants and the Company Secretary for information needed to effectively carry out its duties according to the procedures set out in the Board Charter.

Management provides the Board, at least seven (7) days or a shorter period where unavoidable, prior to the meeting, with Board papers which include, amongst others, the following:
- Minutes of the previous Board meetings;
- Minutes of the previous Risk Management and Audit Committee meeting;
- Quarterly financial results of the Company;
- Financial performance and operations of the divisions; and
- Future plans and projections of the Company.

STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)

Separate reports with a brief statement of findings and/or recommendations are prepared as and when needed for the Board's deliberation on strategic and policy issues, major investments and major financial decisions.

Independent professional advice may be sought in the furtherance of the Directors' duties and responsibilities at the Company's expense, if considered necessary, in accordance with established procedure as set out in the Board Charter. The Board is also regularly updated and advised by Company Secretaries who are qualified to act as such under Section 235(2) of the Companies Act, 2016, being experienced and competent on statutory and regulatory requirements. Two (2) of them are members of Malaysian Institute of Chartered Secretaries and Administrators whilst the other is a member of Malaysian Institute of Accountants. The Company Secretaries brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees' meetings to ensure that the meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The Company Secretaries also follow-up on matters arising and maintain a secured retrieval system which stores meeting papers and minutes of Board and Board committees. The appointment and removal of the Company Secretary, if any, is a matter for the Board as a whole to decide.

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

As at the date of this Statement, the Board consists of seven (7) members, comprising two (2) Executive Directors and five (5) Non-Executive Directors, four (4) of whom are Independent. This composition fulfills the requirements set out under Paragraph 15.02 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"), which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 10 to 13 of this Annual Report.

Nomination Committee

The Board has a Nomination Committee ("NC") comprising wholly of Non-Executive Directors, a majority of whom are Independent Directors.

The NC meets as and when required at least once a year. The members of the Nomination Committee are:

Chairman:	
Kek Jenny	Independent Non-Executive Director
Members:	
Datin Paduka Teoh Choon Boay	Non-Independent Non-Executive Director
Datuk Tan Hiang Joo	Independent Non-Executive Director
Iskandar Abdullah @ Sim Kia Miang	Independent Non-Executive Director

The NC is empowered by the Board to assist the Board in discharging its fiduciary and leadership functions through clearly-defined terms of reference to oversee the assessment of Directors, nominate to the Board the candidature of Directors, appoint Directors to Board Committees and review training programs for Directors that embrace good corporate governance and best practice in the Group.

STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)

The terms of reference require the NC to review annually the required mix of skills and experience of Directors; succession plans and board diversity as well as core-competencies which the Independent Non-Executive Directors should bring to the Board. The Committee is also entrusted to assess annually the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director.

In the nomination and selection of new candidacy of Directors and in the annual assessment of the Board, the criteria of the NC's evaluation is based on the candidates' competency, character, industry skills, knowledge and experience, time commitment, integrity, professionalism, experience and performance in discharging his or her role as a Director and in meeting the needs of the Company. In the case of Independent Non-Executive Directors, the Committee shall further evaluate whether the candidate is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. In line with Paragraph 15.08A(2) of the MMLR, the NC's full terms of reference and roles and responsibilities are available on the Company's website at **www.eupe.com.my**.

Board Diversity Policy
The Board strongly endorses board diversity as it is of the view that a diversified Board provides constructive debate and discussion which lead to greater effectiveness, creativity and capacity to thrive in a challenging and uncertain business environment. The Board does not practise any form of gender, ethnicity and age bias as the Board believes that both genders are to be given fair and equal treatment but rather to take into consideration and aim to make good use of the differences in the skills, regional and industry experience, background and other qualities of its Directors.

Nevertheless, during the financial year under review, there are two female Non-Executive Directors on Board namely Datin Paduka Teoh Choon Boay and Ms Kek Jenny, representing 29 percent of the total Board members.

The current Directors' age distribution is as follows:

Age Group	41-49 years	50-59 years	60 and above
Number of Directors	2 (28.6%)	3 (42.8%)	2 (28.6%)

Induction
The Board Charter is the source and primary induction literature to provide information and insights to prospective Board members and senior management. It also serves to assist the Board in the assessment of its own performance and that of its individual directors. The NC sets out and communicates the expectations of Directors regarding the level of contribution and time commitment.

STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)

Re-election of Directors
Article 82 of the Constitution of the Company provides that one-third (1/3) of the Directors, or if their number is not a multiple of three (3), the number nearest to one-third (1/3), shall retire from office at each Annual General Meeting and may offer themselves for re-election. All Directors 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 exercise their rights with regard to re-election of Directors. The election of each Director is voted on as a separate resolution and sufficient information such as personal profile and meeting attendance of each Director are furnished in the Annual Report to assist shareholders in making their decision.

During the financial year under review, the NC had conducted an assessment of performance of the Board as a whole, the Board Committees and individual Directors, based on self and peer assessment approach and reviewed the size and composition of the Board, taking into consideration the changes to the Board and with particular consideration on the impact of Directors' capacity and capability to exercise independent and objective judgement with integrity on the effective functioning of the Board.

The effectiveness of the Board and Board Committee is assessed in terms of Board mix and composition, ability to give input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process and boardroom activities through a questionnaire evaluation form.

The NC conducts assessment of individual Directors based on performance criteria which are incorporated in the Director self and peer assessment evaluation form under three main areas, i.e. (i) fit and proper, (ii) contribution and performance and (iii) calibre and personality.

The NC has also adopted the same criteria of "Independence" used in the definition of "independent directors" prescribed by the MMLR. The NC carries out the evaluation on the independence of each independent Director on an annual basis.

The NC is of the view that the required mix of skills and experience of existing Directors, including the core competencies which Non-Executive Directors bring to the Board in addressing the current business needs and issues faced by the Group. From the results of the assessment, including mix of skills and experience possessed by the Directors, the Board considered and endorsed the recommendations from the NC on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting ("AGM").

Directors' Remuneration
The Board has not established a Remuneration Committee as it is of the opinion that the roles and responsibilities of a Remuneration Committee can be assumed by the Board as a whole. Nevertheless, the Board, in observing Recommendation 2.3 of the Code, has formalised a Remuneration Policy for its Directors which is included in Appendix VII of the Board Charter. Broadly, the Directors' remuneration packages are dictated by market competitiveness and the level of experience or responsibilities involved.

The remuneration packages of the Executive Directors are aligned with the business strategy and performance of the Company and are tailored to attract, retain and motivate Director of the quality required to manage the business of the Company.

In deciding on the appropriate level of fees for each Non-Executive Director, the Board takes into consideration the experience, the level of responsibilities undertaken, time commitment required in attending both the scheduled and special Board meetings, deliberation time required for Board papers as well as the number of memberships of Board Committees. Any review or change to the existing package is deliberated upon by the Board as a whole. Directors abstain from the deliberation of their individual remuneration.

STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)

The aggregate remuneration of Directors for financial year ended 28 February 2017 was as follows:

	Executive RM'000	Non-Executive RM'000	Total RM'000
Salaries & EPF	832	-	832
Bonuses	119	-	119
Directors' Fee		47	47
Allowances & Others	34	72	106
Total	985	119	1,104

The allowances and meeting fee approved by the Board for financial year ended 28 February 2017 was as follows:

	Executive	Non Executive	
		Non-Independent	Independent
Allowance (per month)	RM1,000	RM1,000	RM2,000
Meeting Fee (per meeting)	RM500	RM500	RM500

The number of Directors whose remuneration fall within the following bands is as follows:

Remuneration bands (RM)	Executive	Non-Executive	Total
0 - 50,000	-	5	5
450,001 - 500,000	2	-	2
Total	2	5	7

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The Board comprises seven (7) directors with a majority of Independent Directors as follows:

- Two (2) Executive Directors
- One (1) Non-Independent Non-Executive Director
- Four (4) Independent Non-Executive Directors

As the Board has not identified a permanent Chairman, the Board at each of its meetings appoints a Chairman from the Independent Non-Executive Directors present. In the absence of the Chairman, the Independent Non-Executive Directors collectively function as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that there is no unfettered decision making by Executive Directors. The Board formalised its Directors' independence policy in mid- 2013, setting out the requirement for the Board to undertake an assessment on its Independent Directors annually to align itself with the Code. This Independence Policy is set out in Appendix IV of the Board Charter which is available on the Company's website at **www.eupe.com.my**. The criteria for such assessments have been adapted from definition of independent director from Paragraph 1.01 of MMLR.

The Board Charter also includes the recommendation of the Code to restrict the tenure of an Independent Director to a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to re-designation as a Non- Independent Non-Executive Director. Should the Board intend to retain the Director as Independent Non-Executive Director after serving a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting. In justifying the decision, the NC assesses the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence and recommends the Board for consideration.

STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)

Following assessment by the NC and deliberation by the Board, Datuk Tan Hiang Joo and Kek Jenny, being the Independent Non-Executive Directors of the Company who have served in that position for a cumulative term of more than nine (9) years as at the end of the financial year under review, shall be recommended by the Board to continue to act as Independent Non-Executive Directors subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

The Board believes that the above Directors possess the right balance of experience, expertise, skills and competencies to contribute independent and objective judgment to the Board. Additionally, they have exercised due care during their tenure and have carried out their professional duties in the best interests of the Company and its shareholders. They hold a solid understanding of the Company's business operations from the time already spent with the Board to continue to effectively contribute to its deliberations.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

It is the policy of the Company for Directors to devote sufficient time and effort in carrying out their responsibilities. Among ways of ensuring this are by obtaining the Director's commitment upon appointment and requiring all Directors to attend at least half of the meetings held for the financial year under review. Additionally, Directors shall notify the Board before accepting any new directorship in listed issuers; the notification of which shall include an indication of time that will be spent on the new appointment. All the Directors of the Company have not held directorships in more than five (5) public listed companies, as prescribed under Paragraph 15.06 of the MMLR.

During the financial year under review, four (4) Board meetings were held and details of Directors' attendance are as follows:

Name	Board Meetings	AGM
Dato' Beh Huck Lee	4/4 (100%)	1/1
Datin Paduka Teoh Choon Boay	4/4 (100%)	1/1
Dato' Paduka Haji Ismail bin Haji Shafie	4/4 (100%)	1/1
Kek Jenny	4/4 (100%)	1/1
Muhamad Faisal bin Tajudin	3/4 (75%)	1/1
Datuk Tan Hiang Joo	3/4 (75%)	1/1
Iskandar Abdullah @ Sim Kia Miang	4/4 (100%)	1/1

To facilitate the Directors' time planning and commitment, a corporate meeting calendar which is organised with the meeting dates, times and venue of the Board, Board Committees and Annual General Meeting is prepared and circulated to the Board at the beginning of each calendar year.

Directors' Training

The Board acknowledges that continuous education and relevant training are important for the Directors to exercise their professional duties in the best interests of the Company. The NC supports the process by evaluating Directors' training needs, recommending and facilitating appropriate education programs and ensuring that Directors are kept abreast of all regulatory changes and developments in the business environment.

All Directors have completed the Mandatory Accreditation Programs under the auspices of Bursa Securities and have been briefed on current regulatory issues as well as new relevant laws and regulations by the Company's auditors and Company Secretary.

STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)

During the financial year ended 28 February 2017, the Directors attended the following programmes:

Name of Directors	Date of Training	Title of Programs/ Seminars/ Courses/Forum
Dato' Beh Huck Lee	27 July 2016	Business Sustainability and Risk Management and Internal Control
Muhamad Faisal bin Tajudin	27 July 2016	Business Sustainability and Risk Management and Internal Control
Datin Paduka Teoh Choon Boay	27 July 2016	Business Sustainability and Risk Management and Internal Control
Dato' Paduka Haji Ismail bin Haji Shafie	27 July 2016	Business Sustainability and Risk Management and Internal Control
Kek Jenny	27 July 2016	Business Sustainability and Risk Management and Internal Control
Datuk Tan Hiang Joo	30 May 2016 28 June 2016	Dealing with Income Tax Audits and Investigations Compliance Training Series: AMC/CFT – Meeting Your Obligations & Overcoming the Vulnerabilities of the Legal Profession
Iskandar Abdullah @ Sim Kia Miang	13 & 14 July 2016 27 July 2016	Mandatory Accreditation Programme for Directors of Public Listed Companies Business Sustainability and Risk Management and Internal Control

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY COMPANY
Financial Reporting
The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the Annual Report and the quarterly announcement of financial results. The Board is assisted by the Risk Management and Audit Committee in reviewing the quarterly and yearly financial statements to ensure that appropriate accounting policies have been adopted and applied consistently, and the Company's financial statements give a true and fair view of the financial position of the Group.

The Committee, also through discussions with senior management, analyses the Group's income and expenditures against budget, quarter to quarter as well as year to date, and seeks explanations from management on financial performance as well as any major discrepancies from forecast budget, together with strategies to address them.

The Committee also receives assurances from the Chief Financial Officer that the financial statements are prepared in full compliance with Malaysian accounting standards and disclosures as per MMLR and, give a true and fair view of the financial position of the Group.

In line with the MMLR, the Risk Management and Audit Committee's full terms of reference and roles and responsibilities are available on the Company's website at **www.eupe.com.my** and pages 39 to 46 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)

The Risk Management and Audit Committee members meet on a quarterly basis to review the integrity and reliability of the Company's financial statements prior to recommending them for the Board's approval. The Board deliberates on these financial statements before they are publicly released together with explanatory notes on the Group's quarterly and year-end performance.

Suitability and Independence of External Auditors
The Board, via the Risk Management and Audit Committee, has established policies and procedures, which is made available on the Company's website, to assess the suitability and independence of the external auditors. In ensuring that the provision of non-audit services to the Company does not impair the external auditors' independence or objectivity, the policy sets out the thresholds and procedures that need to be observed when contracting the external auditors to provide such services. These include conducting an annual assessment on the suitability and independence of external auditors which take into account of factors such as independence, experience, competency and resources available to the auditors to ensure their role is discharged effectively. (Please also refer to the Risk Management and Audit Committee Report on pages 39 to 46 for further details).

Directors' responsibility statement in respect of the preparation of the audited financial statements
The Board has overall responsibility to ensure that the financial statements of the Group give a true and fair view of the state of affairs of the Company and the Group.

In preparing the financial statements, the Directors have:
- Ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been met; and
- Selected and applied suitable accounting policies consistently and made reasonable and prudent judgments and estimates.

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

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS
Recognising the importance of risk management, the Board had formalised a structured Enterprise Risk Management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group.

In line with the Code and the MMLR, the Board has outsourced its internal audit function to an independent professional firm which reports directly to the Risk Management and Audit Committee. The scope of work covered by the internal audit function during the financial year under review is provided in the Directors' Statement on Risk Management and Internal Control of the Company as set out on pages 34 to 38 of this Annual Report.

Processes are put in place to ensure that full risk management assessment includes a comprehensive risk management framework that identifies and locates specific risks within a risk matrix. The matrix provides a framework which prioritises the potential impact of each risk to the operations of specific Divisions and the Group in generally, and set out strategies which the Group can implement to manage each of the risks identified. Risk identification and mitigation strategies are developed by the Group's external risk consultants in consultation with senior management. These are in turn provided by the external consultations to the Risk Management and Audit Committee for their review, analysis and approval.

STATEMENT OF CORPORATE GOVERNANCE
(CONTINUED)

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

During the financial year under review, the Board has undertaken steps to formalise its existing internal corporate disclosure policies and procedures not only to comply with the disclosure requirements as stipulated in the MMLR, but also setting out the protocols for disclosing material information to shareholders and stakeholders. 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.

For the purpose of ensuring effective dissemination, the Company has dedicated a section i.e. Investor Relations in its Company's website **www.eupe.com.my** whereby shareholders can access information relating to the Group.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIPS BETWEEN COMPANY AND SHAREHOLDERS

Shareholder participation at Annual General Meetings

The Annual General Meeting ("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 and lawyers are invited to attend the AGM. It is an appropriate avenue to obtain feedback directly from shareholders and to inform them of the Company's direction and performance. The Managing Director addresses the shareholders on the review of the Company's performance for the financial year and outlines the prospects of the Company 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.

The Company dispatches its notice of AGM to shareholders at least twenty-one (21) days before the date of the meeting to enable shareholders sufficient time to go through the annual report and information supporting the resolutions proposed.

At the Twentieth (20th) AGM, the Chairman invited shareholders to ask questions regarding the resolutions being proposed before putting a resolution to vote as well as matters relating to the Company's operations in general. All the resolutions set out in the Notice of the Twentieth (20th) AGM held on 28 July 2016 were put to vote by poll and were duly passed. The outcome of the AGM was announced to Bursa Securities on the same day.

Dialogue between companies and investors

The Company ensures that it maintains an open communications policy with its shareholders, individuals or institutional members and welcomes feedback from them. Whenever deemed appropriate, the Board or the relevant management personnel will respond to these queries or opinions on an individual level.

Investors and members of the public who wish to assess or seek clarification on corporate and financial information such as the quarterly announcement of the Group's financial results, announcements and disclosures made pursuant to the disclosure requirements of MMLR and other corporate information and events related to the Group can contact the Company through the following website or contact numbers:

Phone: +604 4414 888
Fax: +604 4414 548
Website: www.eupe.com.my

This Statement is issued in accordance with a resolution of the Board dated 8 June 2017.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

AUDIT AND NON-AUDIT FEES

The amount of audit fees paid or payable to the external auditors for the financial year ended 28 February 2017 are as follows:

	Group (RM'000)	**Company (RM'000)**
Audit fees	196	36
Non-audit fees	-	-
Total	**196**	**36**

There were no non-audit fees paid or payable to the external auditors during the financial year ended 28 February 2017.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors, chief executive and major shareholders, either still subsisting at the end of the financial year ended 28 February 2017 or entered into since the end of previous financial year ended 29 February 2016.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

28 FEBRUARY 2017

INTRODUCTION

The Board of Directors ("the Board") of Eupe Corporation Berhad ("Eupe") is committed to nurture and maintain a sound risk management framework and systems of internal control throughout its group of companies ("the Group"). The Board's Statement on Risk Management and Internal Control for the financial year ended 28 February 2017 ("the Statement") features the Group's risk management framework and its state of internal control. The Statement is made in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")("MMLR"), the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Securities and Recommendation 6.1 under Principle 6 of the Malaysian Code on Corporate Governance ("MCCG") 2012.

BOARD RESPONSIBILITIES

The Board recognises the importance of sound system of risk management and internal control to safeguard shareholders' investment and the Group's asset. The Board acknowledges its primary responsibility to ensure that risks in the Group are identified, measured and managed with appropriate system of risk management and internal controls, and to ensure that the effectiveness, adequacy and integrity of the risk management and internal control systems are reviewed on an on-going basis. The review covers, inter alia, financial, operational and compliance system controls and risk management procedures of the Group. However, such procedures are designed to manage rather than to eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, a sound system of risk management and internal control can only provide reasonable, and not absolute, assurance against material errors, misstatement, losses or fraud.

The Board has established key activities to ensure the process for reviewing and reporting on the adequacy and integrity of the system of risk management and internal controls are defined, appropriately documented and monitored on regular basis to ensure proper management of risks and measures are taken to mitigate any weaknesses in the control environment. The review of the adequacy and effectiveness of risk management and internal control processes is delegated by the Board to Risk Management and Audit Committee ("RMAC").

The RMAC continuously evaluates and monitors the significant risks that are relevant to the Group and appraises and assesses the efficacy of controls implemented to mitigate those risks through a formalised monitoring and reporting process. Reviews are conducted by the RMAC on a yearly basis, with additional reviews as and when required.

Internal control and risk-related matters which warranted the attention of the Board were recommended by the RMAC to the Board for its deliberation and approval and matters or decisions made within the RMAC's purview were escalated to the Board for its notation.

These initiatives would ensure that the Group has in place a formalised on-going process for identifying, evaluating, managing and monitoring the significant risks affecting the achievement of its business objectives.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

28 FEBRUARY 2017 (CONTINUED)

ENTERPRISE RISK MANAGEMENT ("ERM") FRAMEWORK

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

The Board, RMAC, Top Management and Head of Departments of the Group play an important role in ensuring the effective management of risks. The risk management governance structure sets out the structure used to assign responsibility for managing risks and is based on the following key principles:-

1. ***Head of Department***
    a) The responsibility of risk identification, evaluation and management of each operating unit lies with the respective Head of Department, with the assistance of ERM Service Provider, Bridge Corporate Advisory Sdn. Bhd. Any significant risks identified with the corresponding risk management activities are communicated to Top Management and Heads of Departments during monthly management meetings before the results are being communicated to the Board;
    b) Involvement in identification, assessment, mitigation, monitoring and reporting of risks that are appropriate to the needs of the organisation; and
    c) Implement, manage and monitor various controls designed

2. ***Top Management***
    a) Provide further input on identification, assessment, mitigation, monitoring and reporting of risks;
    b) Moderate risk scoring based on group level risk tolerance; and
    c) Consider and recommend changes of risk profile to RMAC by looking into the significant and impact of the risk on the overall Group operation with the assistance from the ERM Service Provider.

3. ***RMAC***
    a) Ensure that there is a structured risk management framework in place;
    b) Review the status of implementation of the policies approved by the Board;
    c) Review the key risks profile of the Group and ensure adequate allocation of resources, appropriate measurements are in place for managing the prioritised risks;
    d) Communicate to the Board on the changes to the Key Risk Profiles and the course of action to be taken by Top Management and/or Head of Department in mitigating these risks on periodic basis; and
    e) Approve changes to Risk Profiles based on recommendation by Top Management and assisted by ERM Service Provider.

4. ***Board of Directors***
    Assumes ultimate accountability over the effectiveness of the risk management and internal control system of the Group by establishing and supervising the operation of the risk management framework.

5. ***Internal Audit***
    Review risk management activities adopted to ensure implementation and effectiveness.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

28 FEBRUARY 2017 (CONTINUED)

The ERM process adopted is as follows:-

SIGNIFICANT OR MAIN PRINCIPAL RISK RELATING TO GROUP'S BUSINESS

The Group has identified the following significant risks that have high potential of impact and likelihood to the overall Group's operation and at the same time maintains the risk management system to ensure that the corporate objectives and strategies are achieved within the acceptable risk appetite of the Group:

1. ***Economic Slowdown***

   Arises from the extended depreciation of Ringgit Malaysia, decline in Gross Domestic Product growth, and global recession or depression have negative consequences in property development and construction industry.

   While economic slowdown is an external factor which is beyond control, the Group mitigates such risk by adopting innovative marketing and financing strategies with appropriate product differentiation and flexibility in product offerings to suit the market demand and buyer's budget and ensure the contract awarded within the cost plan and review the cost information from time to time and cost down initiatives to contain rising production costs such as sourcing cheaper alternative raw materials.

2. ***Changes In Credit Policies and Other Regulations***

   Arises from the adverse policies adopted and tightening of lending requirements by the banks which may affect the eligibility of property buyer to obtain loan, hence leads to drop in sales of property and failure to achieve the expected market penetration rate and garner sales of new developments.

   The Group mitigates such risks by consistently keep itself abreast with changes in regulation and negotiation with bank for better interest rate.

3. ***Fluctuation In Price of Building Materials***

   Arises from the unfavourable movement in international commodities prices, high demand for steel, impact due to Goods and Services Tax ("GST") implementation, and extended depreciation of Ringgit Malaysia. The Group may have to absorb high construction material price, experience shortage in material which leads to urgency in confirming material order, lower profit margin, and delay in completion due to contractor's inability to meet payment of materials.

   The Group mitigates such risk by practising advanced planning and ordering, fixed contract is signed between the developer and contractor / supplier. In addition, material prices are compared by obtaining quotations from various suppliers in the market.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
28 FEBRUARY 2017 (CONTINUED)

SIGNIFICANT OR MAIN PRINCIPAL RISK RELATING TO GROUP'S BUSINESS (CONTINUED)

4. ***Shortage of Labour and Reliance on Foreign Workers***

   Arises from shortage of local and legal workers, heavy reliance on foreign workers, keeping illegal workers, and changes in government policies. The consequences of this risk are disruption of construction work due to detention of illegal foreign workers, tarnished image of the Company as a whole, and summons / penalty from local authority.

   The Group mitigates such risk by making sure the contract documentation clearly states restriction of hiring of illegal foreign workers, secondment of Company's workers to contractor to hasten the project completion.

5. ***Lack of Determination of Time To Market***

   Arises due to inability to determine the shelf life of a property product. This is due to inadequate market projection, policy changes, and unclear path on when is the right time to market the right product which may lead to loss of business opportunity, disruptions to operations, financial and non–financial losses, poor property sale and subsequent cash flow difficulty.

   The Group mitigates such risk by working on a standard timeline in order to get an approximate time to market together with quarterly market update and review.

The ERM policy is mandatory for all operating units and forms an integral part of good management practice for the Group. Its purpose is to foster a proactive risk management culture and embed it in all aspects of activities within the Group's companies and departments.

INTERNAL AUDIT FUNCTIONS

The internal audit function of the Group was carried out by Bridge Corporate Advisory Sdn. Bhd., an independent professional services provider which provided the Board with much of the assurance it requires regarding the adequacy and effectiveness of the Group's system of controls, procedures and operations and carry out the function according to International Standards for the Professional Practice of Internal Auditing.

Internal audits are undertaken to provide independent assessments of the adequacy, efficiency and effectiveness of the Group's internal control systems, and reports are made to the RMAC on a quarterly basis. The RMAC also has full access to both internal and external auditors and receives reports on all audits performed.

The internal audit function reviews the internal controls in key activities of the Group's business based on the annual audit plan, which is presented to the RMAC for approval. Since the adoption of the Enterprise Risk Management Framework, the internal audit function has taken on a risk-based approach when preparing its audit strategy and plans, after having considered the risk profiles of the operating companies and divisions of the Group. The system of internal control has been structured in such a manner that it has provided reasonable assurance that the likelihood of a significant adverse impact on objectives arising from a future event or situation is at a level acceptable to the business. It achieved this through a combination of preventive, detective and corrective measures. The effectiveness of the system of internal control is also reviewed through an on-going management appraisal of the effectiveness of its operations and the MS ISO 9001:2008 certification of the civil engineering and construction arm. The maintenance of the ISO 9001 certification requires annual independent surveillance by a Business Assurance Service Provider.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

28 FEBRUARY 2017 (CONTINUED)

INTERNAL AUDIT FUNCTIONS (CONTINUED)

The audit reports that were tabled to the RMAC for their deliberation on quarterly basis include management response and corrective actions taken or to be taken in regards to the specific findings and recommendations. The management as a whole is responsible for ensuring that the necessary corrective actions on reported weaknesses are promptly taken. The RMAC presents its findings regularly to the Board.

OTHER RISK AND CONTROL PROCESSES

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

- The Group has in place an organisation structure with clearly defined reporting lines aligned with business and operational requirements;
- Policies and procedures for key processes are documented and communicated to employees for application across the Group. These are supplemented by operating procedures set by individual companies, as required for the type of business of each company;
- A half-yearly review of Key Performance Indicators is undertaken by the management to identify, and where appropriate, to address significant variances;
- An effective reporting system, which ensures the timely generation of financial information for management review has been put in place. Financial Results are reviewed and approved quarterly by the RMAC and the Board respectively; and
- The Group has in place continuous quality improvement initiatives to ensure accreditation such as ISO certification for selected businesses

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 28 February 2017 and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the annual report of the Group, in all material respects:

1. has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
2. is factually inaccurate.

CONCLUSION

Based on reviews of the effectiveness of the internal control and risk management frameworks, information and assurance provided to the Board by the Managing Director and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, the Board is satisfied that the systems of internal control and risk management in place are adequate in safeguarding the shareholders' interests and assets of the Group. The Board also confirms that there is an effective on-going process for identification, evaluation and management of significant risks in the Group and is committed to on-going review of the internal control and risk management frameworks to meet the changing operating environment.

This statement is issued in accordance with a resolution of the Board dated 8 June 2017.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT
28 FEBRUARY 2017

The Audit Committee was established on 21 May 1997 to assist the Board in fulfilling its fiduciary responsibilities relating primarily to overseeing financial reporting process, business ethics, policies and practices, financial management, internal auditors and external auditors. With effect from 28 July 2016, the Audit Committee was renamed to Risk Management and Audit Committee ("RMAC") with added scope of oversight and review of risk management of the Group.

COMPOSITION
The RMAC comprises four (4) members of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR").

The present members of the RMAC comprise of:

Chairman:	
Datuk Tan Hiang Joo	Independent Non-Executive Director
Members:	
Dato' Paduka Haji Ismail bin Haji Shafie	Independent Non-Executive Director
Kek Jenny*	Independent Non-Executive Director
Iskandar Abdullah @ Sim Kia Miang	Independent Non-Executive Director

** Member of Malaysian Institute of Accountants*

ATTENDANCE AT MEETINGS
During the financial year ended 28 February 2017 ("financial year"), the RMAC convened four meetings attended by the members as follows:

Name of RMAC Member	Meeting Attendance
Datuk Tan Hiang Joo	3/4
Dato' Paduka Haji Ismail bin Haji Shafie	4/4
Kek Jenny	4/4
Iskandar Abdullah @ Sim Kia Miang *(Appointed on 27 April 2017)*	Not Applicable

The representatives of External Auditors and Internal Auditors, the Company Secretaries, the Managing Director, and the Chief Financial Officer were invited to attend those meetings, which required their input and advice.

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

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT
28 FEBRUARY 2017 (CONTINUED)

TERMS OF REFERENCE ("TOR")
1. CONSTITUTION

The Board of Directors of the Company ("Board") has established the RMAC to assist the board in:

a) Overseeing the corporate accounting and financial reporting practices to ensure that:
   i) the financial statements of the Company and its subsidiaries ("Group") present a true and fair view of the financial position and financial performance of the Company and of the Group; and
   ii) the financial statements are prepared in accordance with applicable approved accounting standards,
b) Identifying, assessing and monitoring the Group's risk management strategy, processes and key business risks to ensure that the Group has established a sound risk management framework and internal control system, to safeguard shareholders' investments and the Group's assets,
c) Implementing and reviewing the Group's processes relating to its governance and internal control system; and
d) Evaluating the effectiveness and efficiency of the Group's internal and external audit procedures and processes.

2. MEMBERSHIP

2.1 RMAC shall be appointed by the Board from amongst their number and shall be composed of no fewer than three (3) members with a majority of them being Independent Directors.

2.2 All members of RMAC must be non-executive directors.

2.3 All members of RMAC shall be financially literate and at least one member of the RMAC:-
   a) must be a member of the Malaysian Institute of Accountants ("MIA"); or
   b) if he/she is not a member of the MIA, he/she must have at least three (3) years' working experience and:
      i) he/she must have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967; or
      ii) he/she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
   c) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

2.4 All members should be financially literate and are able to understand matters under the purview of the RMAC including the financial reporting process.

2.5 No alternate Director shall be appointed as a member of the RMAC.

2.6 The members of the RMAC shall elect a Chairman (must not be the Chairman of the Board) from amongst their number who shall be an independent Director ("Chairman").

2.7 In the event of any vacancy in the RMAC resulting in the non-compliance of paragraphs 2.3 and 2.5 above, the vacancy must be filled within three (3) months from the date of such vacancy.

3. MEETINGS

3.1 Frequency of meetings

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

3.2 Chairman

The Chairman shall preside at the meetings. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

3.3 Quorum

In order to form a quorum for the meeting, the majority of the members present must be Independent Directors.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT
28 FEBRUARY 2017 (CONTINUED)

TERMS OF REFERENCE ("TOR") (CONTINUED)
3. MEETINGS (CONTINUED)

3.4 Secretariat

a) The Company Secretary shall be appointed Secretary of RMAC and shall be responsible for drawing up the agenda in the consultation with the Chairman, and distributing the same to all members of RMAC.

b) Management provides meeting papers to all members of RMAC seven (7) days in advance before the meetings for perusal and deliberating at the meetings. However, confidential papers may be distributed during the meeting but presentations or briefings will be made by Management to aid RMAC members in making well-informed decisions.

3.5 Attendance of other Directors, management and persons

a) RMAC may invite other Directors, management and any persons to attend any particular meetings for specific matters.

b) Upon request of any member of RMAC, the external auditors or the internal auditors, the Chairman of RMAC shall convene a meeting of RMAC to consider any matters brought to its attention.

3.6 RMAC may regulate the proceedings of its meetings, in particular:

a) the calling of meetings;

b) the notice to be given of such meetings;

c) the voting and proceedings of such meetings;

d) the keeping of minutes; and

e) the custody, production and inspection of such minutes.

4. AUTHORITY AND RIGHTS

RMAC shall, in accordance with the procedure determined by the Board and at the cost of the Company, have the following authority and rights:

a) Have the authority to investigate any matters within its terms of reference;

b) Have the resources which are required to perform its duties;

c) Have full and unrestricted access to any information pertaining to the Group;

d) Be fully informed about significant matters related to the Company's audit and its financial statements and to address these matters;

e) Have direct communication channels with the external and internal auditors;

f) Be able to obtain independent professional or other advice and to secure the attendance of any persons with relevant experience and expertise if it considers necessary;

g) Be able to convene meetings with the external auditors, the internal auditors or both, without the presence of the other Directors, management and employees of the Company, whenever deemed necessary;

h) It is at RMAC's discretion to meet with the external auditors at least twice a year without the presence of the executive Directors, management or any employees. If RMAC 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; and

i) Report a matter which was brought up but has not been satisfactorily resolved by the Board which results in breach of MMLR.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT
28 FEBRUARY 2017 (CONTINUED)

TERMS OF REFERENCE ("TOR") (CONTINUED)
5. RESPONSIBILITIES AND DUTIES

In fulfilling its primary objectives, RMAC shall undertake the following responsibilities and duties:

5.1 Financial reporting

a) Review the quarterly results and annual financial statements prior to the approval by the Board, focusing particularly on:
  i) changes in or implementation of accounting policies and practices;
  ii) significant matters highlighted in the financial statements, including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and evaluate how these matters are being addressed by management;
  iii) significant adjustments arising from the external audit;
  iv) appropriateness of going concern assumptions used in preparation of financial statements; and
  v) compliance with applicable approved accounting standards and other legal requirements.
  vi) demonstrate an appropriate level of vigilance and scepticism towards, among others, detection of any financial anomalies or irregularities in the financial statements.

b) Review any related party transactions and conflict of interest situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity.

5.2 External audit

a) Review the following with the external auditors and report the same to the Board:
  i) The audit scope and plan;
  ii) Evaluation of the quality and effectiveness of the accounting system;
  iii) Evaluation of the system of internal controls;
  iv) Audit report;
  v) The assistance given by the employees of the Company to the external auditors to facilitate the discharge of the role of the external auditors;
  vi) Coordination of their audit works with reference to the internal audit plans and reports;
  vii) External auditors' management letter and management's response thereto; and
  viii) Any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditor.

b) Review the annual performance assessment (including suitability, objectivity and independence) of external auditors and report the findings and observation to the Board.

c) Recommend appointment, re-appointment or removal of the external auditors and their audit fees.

d) Review the scope and nature of non-audit services provided by the external auditors to the Company and Group including recurring and non-recurring audit services to ensure that they are not likely to create conflicts of interest, so as to maintain the objectivity and independence in the conduct of the external audit resulting from the non-audit services provided and report the findings to the Board.

e) Review any letter of resignation or suggestions for removal of external auditors and recommend the appropriate next course of action to the Board.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT
28 FEBRUARY 2017 (CONTINUED)

TERMS OF REFERENCE ("TOR") (CONTINUED)
5. RESPONSIBILITIES AND DUTIES (CONTINUED)

5.3 Internal audit

a) Establish an internal audit function which is independent of the activities it audits;
b) Ensure the internal auditors report directly to the RMAC;
c) Review the following with the internal auditors and report the same to the Board:
   i) The adequacy of the scope, functions, competency, experience and resources of the internal audit function and that it has the necessary authority and resources to carry out its work;
   ii) The internal audit programme and processes, results of the internal audit programme and processes, investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
   iii) The adequacy and effectiveness of the internal control system and the efficiency of the Group's operations and efforts taken to reduce the Group's financial, operational, controls and compliance risks; and
   iv) Major audit findings, reservations or material weaknesses and the Management's response and actions undertaken to resolve the audit issues reported during the year; and other activities as authorised by the Board.
d) Review the annual performance assessment (including suitability, objectivity and independence) of internal auditors and report the findings and observation to the Board.
e) Recommend appointment or re-appointment of the internal auditors and their fee.
f) Review any letters of resignation or suggestions for change of internal auditors and recommend the appropriate next course of action to the Board.
g) Ensure that the internal audit function is carried out in accordance with a recognised framework.

5.4 Risk Management

a) Oversight of risk management matters relating to the activities of the Group in order to assist the Board to manage the overall risk exposure of the Group.
b) Define and recommend the principles, framework and process for managing risks within the Group, for consideration and approval by the Board.
c) Review and assess the Group's risk management strategies, policies and risk tolerance based on the recommendation of the management so that the Group continues to meet best practices.
d) Annual review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which they are operating effectively to safeguard shareholders' investments and the Group's assets.
e) Review and approve on new policies or changes to risk management policies, and to consider their risk implications.
f) Ensure adequate infrastructure, resources and systems are in place for an effective risk management framework.
g) Review and evaluate reports (on periodic basis) outlining the risk exposure, risk portfolio composition and risk management activities presented by the Risk Management Consultant after having reviewed and approved by Senior Management.
h) Communicate with the Board on the Key Risks Profile and review action plans to be undertaken by management in effectively managing the risks identified on periodic basis.
i) Review annual risk management report on adequacy and effectiveness of risk management within the Group.

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT
28 FEBRUARY 2017 (CONTINUED)

TERMS OF REFERENCE ("TOR") (CONTINUED)
5. RESPONSIBILITIES AND DUTIES (CONTINUED)

5.4 Risk Management

j) Evaluate key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability and the controls are in place to mitigate or manage these risks.

k) Ensure that the risk management framework adopted by the company is based on an internationally recognised risk management framework.

6. REVIEW OF COMMITTEE

The Nomination Committee of the Company must review the term of office and performance of RMAC and each of its members annually to determine whether such RMAC and members have carried out their duties in accordance with their terms of reference.

The TOR was revised and approved by the Board on 27 April 2017.

On 27 April 2017, the Board through the Nomination Committee reviewed the terms of office of the RMAC members and assessed the performance of the RMAC and its members through an annual Board Committee effectiveness evaluation. The Board was satisfied that the RMAC and its members discharged their functions, duties and responsibilities in accordance with the RMAC's TOR, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards. The TOR of the RMAC was also reviewed and amended during the year to reflect the changes in line with the MMLR and the Malaysian Code on Corporate Governance.

In compliance with the MMLR, the terms of reference of the RMAC is made available at the Company's website: **www.eupe.com.my**.

SUMMARY OF WORK OF THE RISK MANAGEMENT AND AUDIT COMMITTEE

During the financial year ended 28 February 2017 ("FY 2017"), the work of the RMAC covered, among others, the following:

1. Financial Reporting

a) Reviewed financial statements including unaudited quarterly financial statements, which were prepared in compliance with the Malaysian Financial Reporting Standards ("FRS") 134 Interim Financial Reporting and Paragraph 9.22, including Appendix 9B of the MMLR. When reviewing the interim financial results in the quarterly meetings, the Managing Director and Chief Financial Officer were invited to present these statements to RMAC. During the meeting, the Managing Director and Chief Financial Officer had clarified to the RMAC and provided explanations for any material changes in financial performance as well as given assurance to the RMAC that appropriate accounting standards and accounting policies had been adopted and applied consistently.

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

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT
28 FEBRUARY 2017 (CONTINUED)

SUMMARY OF WORK OF THE RISK MANAGEMENT AND AUDIT COMMITTEE (CONTINUED)

1. *Financial Reporting (continued)*

b) Reviewed the annual audited financial statements of the Group for the financial year ended 29 February 2016, Directors' and Auditors' Reports together with the External Auditors. The key considerations in the deliberation of these financial statements included the following:
   i. The financial statements prepared by the Management were complied with the financial reporting standards;
   ii. The annual financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group;
   iii. The audit opinion given by the External Auditors stating that the financial statements give a true and fair view of the financial position of the Company as at 29 February 2016 and of its financial performance and cash flows for the financial year then ended in accordance with FRS and the requirements of the Companies Act 1965 in Malaysia.

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

2. *External Audit*

a) Reviewed the External Auditors' reports in relation to key audit matters with regard to the relevant disclosures in the annual audited financial statements for the financial year ended 29 February 2016. The External Auditors also shared to RMAC their observations and areas for improvement opportunities.
b) Conducted two private meetings with the External Auditors on 21 April 2016 and 19 January 2017 without the presence of the Executive Directors and the Management. The RMAC enquired about Management's co-operation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions, particularly in relation to the compliance with applicable FRSs.
c) Reviewed Annual Audit Plan for the FY2017, prepared and presented by the External Auditors on 19 January 2017. The Annual Audit Plan outlined their scope of work, the engagement team, audit timeline, the areas of audit emphasis and their focus on key audit matters.
d) Reviewed the proposed audit fees for the statutory audit and recommended for the Board of Directors' approval.
e) The External Auditors also updated RMAC on new financial reporting standards, changes to the new auditor's report format and changes to the auditor's responsibilities regarding other information.
f) The RMAC was satisfied with the suitability of the External Auditors in terms of the professional staff assigned to the audit, based on the quality of services and sufficiency of resources they provided to the Group.

3. *Internal Audit*

a) Reviewed the annual internal audit plan including its scope, basis of assessments and risks ratings of the proposed areas of audit to ensure adequate scope and comprehensive coverage over the activities of the Group, which included:
   (i) Central Region property development and construction operation on:
   - tendering and awarding of contract, and project management systems; and
   - purchases, claim and payments systems

   (ii) Northern Region Property Development & Construction operations on:
   - tender and selection of consultants, contractors and suppliers;
   - project planning and monitoring;
   - sales and marketing management;
   - non-contract procurement management; and
   - cash management

RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

28 FEBRUARY 2017 (CONTINUED)

SUMMARY OF WORK OF THE RISK MANAGEMENT AND AUDIT COMMITTEE (CONTINUED)

3. Internal Audit (continued)

b) Reviewed audit reports prepared by the Internal Auditors and the consideration of the major findings and the Management's response thereto.

c) Reviewed the updated risk profile of the Group and the adequacy and integrity of the internal control systems to manage these risks.

d) Reviewed the performance of the internal audit function and effectiveness of the internal auditor.

4. Risk Management

Please refer to Statement on Risk Management and Internal Control on page 34 of the Annual Report.

5. Others

a) Reviewed the RMAC Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control prior to the recommendation of their adoption to the Board and inclusion in the Annual Report.

b) Reviewed the related party transactions entered into by the Group and conflicts of interest on a quarterly basis, if any, to ensure that they were not detrimental to the interests of the minority shareholders.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group was carried out by Bridge Corporate Advisory Sdn. Bhd., an independent professional services provider whose principal responsibility is to undertake systematic reviews of the system of internal controls and risk management framework every quarter, so as to provide reasonable assurance that such system and framework continue to operate effectively and efficiently. The internal audit function is to assist the Board and the RMAC to evaluate the system of internal control and risk management framework and to provide their recommendation to the Board and the Management for further improvement. The costs incurred for the Internal Audit Function in respect of the FY 2017 was RM32,000.00.

The Internal Auditors had carried out audits according to the internal audit plan and carry out the function according to International Standards for the Professional Practice of Internal Auditing.

The resulting reports from the audits undertaken were reviewed by RMAC and the Management were responsible for ensuring that the necessary corrective actions had been taken. The Internal Auditors conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately. In this respect, the internal audit has added value by enhancing the governance, risk management and control processes within the Group.

Please also refer to the Statement on Risk Management and Internal Control as set out in this Annual Report for further details.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 28 February 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are described in Note 7 to the financial statements.

RESULTS

	GROUP RM	COMPANY RM
(Loss)/Profit for the year attributable to:		
Equity holders of the Company	(7,389,518)	1,450,534
Non-controlling interest	3,254,311	-
	(4,135,207)	1,450,534

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

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT
(CONTINUED)

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

THE COMPANY
Dato' Beh Huck Lee (Managing Director)
Datin Paduka Teoh Choon Boay
Datuk Tan Hiang Joo
Kek Jenny
Muhamad Faisal bin Tajudin
Dato' Paduka Haji Ismail bin Haji Shafie
Iskandar Abdullah @ Sim Kia Miang

SUBSIDIARY COMPANIES
Y.A.M Dato' Seri Sharifah Fariza binti DYMM Syed Sirajuddin
Y. Bhg. Dato' Hj Abd Rahim bin Man
Datuk Seri Chiau Beng Teik, PJN
Dato' Beh Huck Lee
Datin Paduka Teoh Choon Boay
Tuan Hj Mohd Subri bin Ahmad @ Md Ludin
Chiam Tow Heng
Chiau Haw Choon
Lee Kam Choon
Lee Koon Peng
Muhamad Faisal bin Tajudin
Noordihan bin Hashim
Tan Soon Huat
Teoh Li Fung
Yeong Chee Fun

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

The directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year ended 28 February 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Number of shares			
	At 1.3.2016	**Acquired**	**(Ceased)**	**At 28.2.2017**
THE COMPANY				
Direct interests				
Datin Paduka Teoh Choon Boay	234,416	-	-	234,416
Datuk Tan Hiang Joo	10,000	-	-	10,000
Dato' Beh Huck Lee	3,500,000	-	-	3,500,000

DIRECTORS' REPORT
(CONTINUED)

DIRECTORS (CONTINUED)

	Number of shares			
	At 1.3.2016	Acquired	(Ceased)	At 28.2.2017
THE COMPANY (CONTINUED)				
Indirect interests				
Dato' Beh Huck Lee	53,314,989	-	-	53,314,989
Datin Paduka Teoh Choon Boay	53,454,389	-	-	53,454,389
Muhamad Faisal bin Tajudin	30,053,781	-	(30,053,781)	-
Iskandar Abdullah @ Sim Kia Miang	-	40,000	-	40,000

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

Encik Muhamad Faisal bin Tajudin has ceased to have indirect interests in the Company pursuant to Section 8 of the Companies Act 2016.

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

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

DIRECTORS REMUNERATION

The directors' remuneration is disclosed in the Note 34 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

The total amount of insurance premium paid for the director, officer or auditor of the Group and of the Company is as follows:

	GROUP RM	COMPANY RM
Directors and officers	18,058	18,058

SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

AUDITORS REMUNERATION

The auditors' remuneration is disclosed in Note 34 to the financial statements.

DIRECTORS' REPORT
(CONTINUED)

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances:
   (i) which would render the amount written off for bad debts and the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
   (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
   (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.

(c) At the date of this report, there does not exist:
   (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
   (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the directors:
   (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

AUDITORS

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

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

MUHAMAD FAISAL BIN TAJUDIN

DATO' BEH HUCK LEE

Sungai Petani, Kedah Darul Aman
8 June 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2017

		GROUP		COMPANY	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	6	72,189,864	71,992,600	5	5
Investments in subsidiaries	7	-	-	116,920,129	116,920,129
Investments in joint venture	8	3,410,348	3,018,039	-	-
Other investments	9	6,656	6,656	-	-
Land held for property development	10	188,184,259	123,602,168	-	-
Investment properties	11	33,437,308	33,327,236	-	-
Deferred plantation expenditure	12	-	-	-	-
Deferred tax assets	13	891,790	1,021,206	-	-
		298,120,225	232,967,905	116,920,134	116,920,134
Current assets					
Property development costs	14	182,249,471	165,608,859	-	-
Inventories	15	13,919,287	13,302,647	-	-
Trade and other receivables	16	61,397,685	74,434,016	4,500	4,500
Amount owing from subsidiaries	17	-	-	33,684,963	33,803,202
Sinking funds	18	184,444	212,861	-	-
Tax recoverable		2,446,215	1,152,491	-	-
Cash and cash equivalents	19	29,608,941	38,394,483	11,861	21,016
		289,806,043	293,105,357	33,701,324	33,828,718
TOTAL ASSETS		587,926,268	526,073,262	150,621,458	150,748,852

STATEMENTS OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2017 (CONTINUED)

		GROUP		COMPANY	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	20	128,000,000	128,000,000	128,000,000	128,000,000
Reserves	21	153,315,628	160,154,782	21,771,199	20,320,665
		281,315,628	288,154,782	149,771,199	148,320,665
Non-controlling interests		8,631,556	5,114,465	-	-
TOTAL EQUITY		289,947,184	293,269,247	149,771,199	148,320,665
LIABILITIES					
Non-current liabilities					
Borrowings	22	102,073,000	67,397,951	-	-
Deferred tax liabilities	13	13,618,745	14,074,967	-	-
		115,691,745	81,472,918	-	-
Current liabilities					
Trade and other payables	29	133,720,516	119,626,389	63,300	58,800
Amount owing to subsidiaries	17	-	-	786,959	2,369,387
Provisions	31	3,301,526	3,357,030	-	-
Borrowings	22	43,159,958	27,519,882	-	-
Current tax payable		2,105,339	827,796	-	-
		182,287,339	151,331,097	850,259	2,428,187
TOTAL LIABILITIES		297,979,084	232,804,015	850,259	2,428,187
TOTAL EQUITY AND LIABILITIES		587,926,268	526,073,262	150,621,458	150,748,852

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

		GROUP		COMPANY	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
REVENUE	32	166,994,831	129,329,953	999,990	1,174,584
COST OF SALES	33	(126,843,443)	(105,546,639)	-	-
GROSS PROFIT		40,151,388	23,783,314	999,990	1,174,584
OTHER OPERATING INCOME		2,500,798	1,548,518	945,200	-
MARKETING AND DISTRIBUTION COSTS		(15,704,623)	(5,330,060)	-	-
ADMINISTRATIVE EXPENSES		(19,498,071)	(9,693,530)	(186,828)	(218,545)
OTHER OPERATING EXPENSES		(4,833,636)	(4,113,532)	(307,828)	(421,295)
FINANCE COSTS		(2,055,423)	(1,465,893)	-	-
SHARE OF RESULTS IN JOINT VENTURE		27,167	80,992	-	-
PROFIT BEFORE TAX	34	587,600	4,809,809	1,450,534	534,744
TAX EXPENSE	35	(4,722,807)	(1,624,493)	-	-
NET (LOSS) / PROFIT FOR THE FINANCIAL YEAR		(4,135,207)	3,185,316	1,450,534	534,744
OTHER COMPREHENSIVE INCOME					
- UNREALISED GAIN ON FOREIGN EXCHANGE DIFFERENCE		-	568,892	-	568,892
- FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION		813,144	79,963	-	-
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE FINANCIAL YEAR		(3,322,063)	3,834,171	1,450,534	1,103,636

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017 (CONTINUED)

		GROUP		COMPANY	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
(Loss) / Profit attributable to:					
Equity holders of the Company		(7,389,518)	3,338,000	1,450,534	534,744
Non-controlling interest		3,254,311	(152,684)	-	-
		(4,135,207)	3,185,316	1,450,534	534,744
Total comprehensive (expense) / income attributable to:					
Equity holders of the Company		(6,839,154)	3,986,855	1,450,534	1,103,636
Non-controlling interest		3,517,091	(152,684)	-	-
		(3,322,063)	3,834,171	1,450,534	1,103,636
Basic (loss) / earnings per ordinary share attributable to equity holders of the Company (sen)	36	(5.77)	2.61		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

	← Attributable to equity holders of the Company →						
	← Non-distributable →			Distributable			
	Ordinary share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
GROUP	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Balance as at 1 March 2015	128,000,000	5,982,397	(17,171)	150,202,701	284,167,927	4,965,685	289,133,612
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	(220,536)	(220,536)
Ordinary shares issued to non-controlling interests by subsidiary companies	-	-	-	-	-	522,000	522,000
Net profit for the financial year	-	-	-	3,338,000	3,338,000	(152,684)	3,185,316
Other comprehensive income for the financial year	-	-	79,963	568,892	648,855	-	648,855
Total comprehensive income for the financial year	-	-	79,963	3,906,892	3,986,855	(152,684)	3,834,171
Balance as at 29 February 2016/ 1 March 2016	128,000,000	5,982,397	62,792	154,109,593	288,154,782	5,114,465	293,269,247
Net loss for the financial year	-	-	-	(7,389,518)	(7,389,518)	3,254,311	(4,135,207)
Other comprehensive income for the financial year	-	-	550,364	-	550,364	262,780	813,144
Total comprehensive expenses for the financial year	-	-	550,364	(7,389,518)	(6,839,154)	3,517,091	(3,322,063)
Balance as at 28 February 2017	128,000,000	5,982,397	613,156	146,720,075	281,315,628	8,631,556	289,947,184

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017 (CONTINUED)

		Non-distributable	Distributable	
	Ordinary share capital	Share premium	Retained earnings	Total
	RM	RM	RM	RM
COMPANY				
Balance as at 1 March 2015	128,000,000	5,982,397	13,234,632	147,217,029
Net profit for the financial year	-	-	534,744	534,744
Other comprehensive income for the financial year	-	-	568,892	568,892
Total comprehensive income for the financial year	-	-	1,103,636	1,103,636
Balance as at 29 February 2016/ 1 March 2016	128,000,000	5,982,397	14,338,268	148,320,665
Net profit and total comprehensive income for the financial year	-	-	1,450,534	1,450,534
Balance as at 28 February 2017	128,000,000	5,982,397	15,788,802	149,771,199

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	168,974,047	139,634,679	-	-
Cash payments to suppliers and creditors	(106,535,767)	(142,567,578)	-	-
Cash payments to employees and for expenses	(44,078,456)	(21,754,127)	(490,155)	(616,871)
Cash generated from/(used in) operations	18,359,824	(24,687,026)	(490,155)	(616,871)
Insurance claim received	265,998	-	-	-
Rental income received	783,841	400,106	-	-
Bank overdraft interest paid	(236,090)	(256,001)	-	-
Deposit (paid)/received	(67,003)	187,718	-	-
Tax refund	-	755,142	-	65,513
Tax paid	(5,060,463)	(4,663,433)	-	-
Net cash from/(used in) operating activities	14,046,107	(28,263,494)	(490,155)	(551,358)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of leasehold lands	(65,372,600)	(2,140,200)	-	-
Advance to subsidiaries	-	-	(518,990)	(616,022)
Subsequent expenditure on investment properties	(213,403)	(174,185)	-	-
Dividend received	-	-	999,990	1,174,584
Interest income received	996,514	679,824	(8,859)	-
Investment in unit trust	-	6,331	-	-
Management fees received	58,316	-	-	-
Proceeds from disposal of property, plant and equipment	421,168	50,566	-	-
Purchase of property, plant and equipment*	(4,446,182)	(1,970,505)	-	-
Net placement of fixed deposits pledged	(19,440)	(90,456)	-	-
Net cash (used in)/from investing activities	(68,575,627)	(3,638,625)	472,141	558,562

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017 (CONTINUED)

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from joint venture partner	-	3,302,595	-	-
Advances from other payables	-	2,140,200	-	-
Advance from subsidiaries	-	-	8,859	-
Discount paid on bankers' acceptances	(103,860)	(140,074)	-	-
Discount paid on invoice financing	(165,894)	(105,079)	-	-
Dividend paid to non-controlling interest of a subsidiary company	-	(220,536)	-	-
Drawdown of term loans	71,970,056	64,863,106	-	-
Hire purchase interest paid	(103,262)	(134,761)	-	-
Net drawdown of revolving credit	16,000,000	4,800,000	-	-
Net drawdown/(repayment) of bankers' acceptances	381,000	(17,000)	-	-
Net (repayment)/drawdown of invoice financing	(1,207,000)	4,281,000	-	-
Non-controlling interest's share of returns on investment in joint venture	-	(197,469)	-	-
Proceeds from issuance of ordinary shares to non-controlling interests of subsidiary companies	-	522,000	-	-
Repayments of term loans	(37,629,853)	(24,224,304)	-	-
Repayments of hire purchase liabilities	(756,853)	(620,684)	-	-
Revolving credit interest paid	(715,280)	(42,748)	-	-
Term loans interest paid	(3,388,761)	(787,230)	-	-
Net cash from financing activities	44,280,293	53,419,016	8,859	-
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(10,249,227)	21,516,897	(9,155)	7,204
EFFECT OF TRANSLATION DIFFERENCE	80,469	100,245	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	34,300,493	12,683,351	21,016	13,812
CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 19)	24,131,735	34,300,493	11,861	21,016

* Acquisition of property, plant and equipment of the Group and of the Company during the financial year are financed by:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cash	4,446,182	1,970,505	-	-
Hire purchase	194,000	313,000	-	-
	4,640,182	2,283,505	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017

1. *PRINCIPAL ACTIVITIES*

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are indicated in Note 7 to the financial statements.

2. *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 Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") and the requirements of the Companies Act, 2016 in Malaysia except that Note 45 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive issued by Bursa Malaysia Securities Berhad.

The Group and the Company fall under the Transitioning Entities provision granted by the MASB because it is within the scope of IC 15 Agreements for the Construction of Real Estate and MFRS 141 Agriculture. On 28 October 2015, the MASB announced that all transitioning entities shall comply with Malaysian Financial Reporting Standards ("MFRSs") for annual period beginning on or after 1 January 2018, thus the Group and the Company will adopt the MFRS Framework for annual period beginning on or after 1 January 2018.

The Group and the Company continued to prepare these financial statements for annual period beginning on 1 March 2016 in accordance with the FRSs issued by the MASB.

3. *SIGNIFICANT ACCOUNTING POLICIES*

3.1 Basis of accounting

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

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

3.2 Basis of consolidation

(a) Subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

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

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

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

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

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

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

(b) Joint arrangements

A joint arrangement (i.e. either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the Group is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In a joint operation, the parties with joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. Therefore, the Group recognises its share of the operation's assets, liabilities, income and expenses that are combined line by line with similar items in the Group's financial statements.

In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The Group's interests in joint ventures are recognised using the equity method in accordance with FRS 128 *Investments in Associates and Joint Ventures*.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of consolidation (continued)

(c) Translation of financial statements of foreign entities

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

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

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

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

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

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

(d) Business combinations

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

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of consolidation (continued)

(d) Business combinations (continued)

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

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

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

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

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

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

(e) Transactions eliminated on consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

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

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

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

After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

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

Freehold land is not depreciated as it has an infinite life. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

At each reporting date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 3.10 to the financial statements on impairment of non-financial assets).

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. *SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

3.3 Property, plant and equipment (continued)

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

3.4 Other investments

Non-current investment other than investments in subsidiaries and investment properties are stated at cost and an allowance for diminution in value is made where, in the opinion of the directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Market value is calculated by reference to quoted market selling price at the close of business on the reporting date.

Upon disposal of such investment are the difference between net disposal proceeds and its carrying amount is recognised in the profit or loss.

3.5 Property development activities

(a) Land held for property development

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

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at a revalued amount it continues to retain this amount as its surrogate cost as allowed by FRS 201_{2004}. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

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

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the property development costs incurred to date compared to the estimated total costs of the development.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. *SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

3.5 Property development activities (continued)

(b) Property development costs (continued)

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that are probable of recovery.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected foreseeable loss is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset and are stated at the lower of cost and net realisable value.

Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as progress billings under trade and other payables (within current liabilities).

3.6 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

3.7 Investment properties

(a) Investment property carried at fair value

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

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Investment properties (continued)

(a) Investment property carried at fair value (continued)

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

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

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

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

(b) Reclassification to/from investment property

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

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

3.8 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determined; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases and hire purchase (continued)

(a) Finance leases and hire purchase (continued)

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in the profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interest in the land element and the buildings element of the lease at the inception of the lease.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront payments made on entering into or acquiring leasehold land are accounted as prepaid lease payments and are amortised over the lease term on a straight line basis.

The buildings element is classified as a finance or operating lease in accordance with Note 3.8 (a) or Note 3.8 (b) to the financial statements. If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

Leasehold golf course and club building are amortised over the remaining lease period.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Deferred plantation expenditure

New planting expenditure which is incurred from land clearing to the point of harvesting and replanting expenditure which is incurred in replanting old planted areas, are capitalised under deferred plantation expenditure and amortised to the profit or loss on a systematic basis of 10 years commencing from the year of harvesting.

3.10 Impairment of non-financial assets

(a) Impairment of property, plant and equipment

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

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

3.11 Inventories

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

(a) Unsold completed properties

The cost of unsold completed properties held for sale comprises cost associated with the acquisition of land, direct costs, appropriate proportions of common costs and other costs of bringing the inventories to their present location and condition.

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

(b) Building materials and resort operating supplies

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

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdraft, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

For the purpose of the statements of cash flows only, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3.13 Interest bearing loans and borrowings

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

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

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

(b) Capitalisation of borrowing costs

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

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

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

3.14 Equity

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2017 (CONTINUED)

3. *SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

3.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

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

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

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

3.16 Financial instruments

A. Financial assets

Description

A financial instrument is any contract that gives rise to both a financial asset on one enterprise and a financial liability or equity instrument of another enterprise.

(a) Initial recognition and measurement

A financial asset is recognised on the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. When the financial asset is recognised initially, it is measured at fair value which is normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss is expensed immediately. The transactions are recorded at the trade date.

The Group and the Company recognise financial assets using settlement date accounting, thus an asset is recognised on the day it is received by the Group and the Company and derecognised on the day that it is delivered by the Group and the Company.

(b) Subsequent measurement

Subsequent measurement of financial assets depends on the classification of the financial assets on initial recognition and the purpose for which the financial assets were acquired. The Group and the Company classify the financial assets in one of the following categories:

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Financial instruments (continued)

A. Financial assets (continued)

(b) Subsequent measurement (continued)

(i) Financial assets at fair value through profit or loss ("FVTPL")

Assets are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or contingent consideration in a business combination or meet the conditions for designation in this category at initial recognition.

Gains or losses arising on remeasurement of financial assets at FVTPL incorporate any dividend or interests earned and are recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the Group and the Company intend to sell immediately or in the near term cannot be classified in this category. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility.

Typically trade and other receivables (excluding prepayments and non-refundable deposits) and cash and cash equivalents are classified in this category.

(iii) Held-to-maturity financial assets

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Financial assets that upon initial recognition the Group and the Company designate as at fair value through profit or loss or available-for-sale and those that meet the definition of loans and receivables cannot be classified in this category. Similar to loan and receivables, these assets are carried at amortised cost using the effective interest method minus any reduction for impairment or uncollectibility.

For the financial year ended on 28 February 2017 and 29 February 2016, the Group and the Company did not carry any financial asset classified in this category.

(iv) Available-for-sale ("AFS") financial assets

These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. They are carried at their fair value. However, unquoted equity instruments are carried at cost, where it is not possible to reliably measure their fair value.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Financial instruments (continued)

A. Financial assets (continued)

(b) Subsequent measurement (continued)

(iv) Available-for-sale ("AFS") financial assets (continued)

Except for foreign exchange gains and losses on debt instruments, interest income and dividends that are recognised in profit or loss, changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated in revaluation reserve, until the investment is disposed of or is determined to be impaired. At that time, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified from equity to profit or loss.

(c) Derecognition of financial assets

Irrespective of the legal form of the transactions, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by FRS 139. That test comprises two different types of evaluations which are applied strictly in sequence:

- Evaluation of the transfer of risks and rewards of ownership
- Evaluation of the transfer of control

Whether the assets are recognised/derecognised in full or recognised to the extent of Group's and the Company's continuing involvement depends on accurate analysis which is performed on a specific transaction basis.

(d) Regular way purchases or sales of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(e) Impairment of financial assets

At the end of each reporting period, the Group and the Company assess whether its financial assets (other than those at FVTPL) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected. Objective evidence of impairment could include significant financial difficulty of the counterparty, breach of contract, probability that the borrower will enter bankruptcy, disappearance of an active market for that financial asset because of financial difficulties, etc.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Financial instruments (continued)

A. Financial assets (continued)

(e) Impairment of financial assets (continued)

For AFS equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered also to be objective evidence of impairment.

In addition, for trade receivables that are assessed not to be impaired individually, the Group and the Company assess them collectively for impairment, based on the Group's and the Company's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

For AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. In respect of AFS equity securities, an increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve; impairment losses are not reversed through profit or loss.

B. Financial liabilities

(a) Initial recognition and measurement

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. On initial recognition, the financial liability is recognised at fair value. The fair value is normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss is expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Financial instruments (continued)

B. Financial liabilities (continued)

(b) Subsequent measurement

Financial liabilities falling within the scope of FRS 139 are classified according to the substance of the contractual arrangements entered into.

Subsequent measurement based on the Group and Company's classification of the financial liabilities in one of the following two categories:

(i) Liabilities at fair value through profit or loss ("FVTPL")

Liabilities are classified in this category when they are held principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or contingent consideration in a business combination or meet the conditions for designation in this category at initial recognition. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as they arise.

For the financial year ended on 28 February 2017 and 29 February 2016, the Group and the Company did not classify any financial liabilities held for trading or designated as at fair value through profit or loss.

(ii) Other financial liabilities

All liabilities which have not been classified in the previous category fall into this residual category.

These liabilities are carried at amortised cost using the effective interest method.

Typically, trade and other payables and borrowings are classified in this category.

Items classified within trade and other payables are not usually remeasured, as the obligation is known with a high degree of certainty and settlement is short term.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Financial instruments (continued)

C. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contract is classified as deferred income and is amortised to profit or loss using straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

3.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's and the Company's activities as follows:

(a) Sale of completed properties

Revenue from sale of completed properties is recognised in the profit or loss when significant risks and rewards of ownership have been transferred to the customers.

(b) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is affected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the reporting date. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to-date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue recognition (continued)

(c) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(d) Revenue from rendering of services

Revenue from the provision of tuition, sports and recreation services is recognised upon rendering of these services unless collectibility is in doubt.

(e) Construction contracts

Revenue from contract works is recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to-date against total estimated costs where the outcome of the project can be estimated reliably.

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

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

(f) Sale of building materials and playground materials

Revenue from sale of building and playground materials are recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery of goods and acceptance by customers.

(g) Revenue from water theme park

Entrance fees collected for right of enjoyment of facilities are recognised when tickets are sold.

(h) Club subscription fees

Club subscription fees are recognised on the accrual basis.

(i) Rental income

Rental income is recognised on a straight line basis over the term of an ongoing lease.

(j) Dividend income

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

(k) Interest income

Interest income is recognised as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. *SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

3.18 Employee benefits

(a) Short term employee benefits

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

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

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

(b) Defined contribution plan

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

3.19 Income taxes

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

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

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Income taxes (continued)

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

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

3.20 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currencies transactions and balances

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Foreign currency (continued)

(b) Foreign currencies transactions and balances (continued)

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

3.21 Earnings per share

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

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

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

3.22 Contingent liabilities and contingent assets

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

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

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

3.23 Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2017 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Fair value measurement

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

4. *ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS*

4.1 *FRSs, Amendments to FRSs and Interpretations adopted*

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the FRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2016:

- FRS 14 *Regulatory Deferral Accounts*
- Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Changes in Method of Disposal (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7 *Financial Instruments: Disclosures – Servicing Contracts and Applicability of the Amendments to FRS 7 to Condensed Interim Financial Statements (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10 *Consolidated Financial Statements,* FRS 12 *Disclosure of Interests in Other Entities* and FRS 128 *Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11 *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101 *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116 *Property, Plant and Equipment* and FRS 138 *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119 *Employee Benefits – Discount Rates: Regional Market Issue (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127 *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134 *Interim Financial Reporting – Disclosure of Information 'Elsewhere in the Interim Financial Report' (Annual Improvements 2012-2014 Cycle)*

The adoption of the above mentioned accounting standards, amendments and interpretations are not expected to have any significant impact on the financial statements of the Group and the Company.

4.2 *New/ Revised FRSs, Amendments to FRSs and Interpretations not adopted*

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the MASB but not yet effective in current financial reporting period of the Group and the Company ended 28 February 2017, thus have not been adopted in these financial statements:

FRSs, Amendments to FRSs and Interpretations effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 107 *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*
- Amendments to FRS 12 *Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)*

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

4. ADOPTION OF FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS (CONTINUED)

4.2 New/ Revised FRSs, Amendments to FRSs and Interpretations not adopted (continued)

FRSs, Amendments to FRSs and Interpretations effective for annual periods beginning on or after 1 January 2018

- FRS 9 *Financial Instruments (2014)*
- Amendments to FRS 2 *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4 *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- Amendments to FRS 128 *Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)*
- Amendments to FRS 140 – *Transfers of Investment Property*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

As provided by paragraph 7.1.1AA of FRS 9 *Financial Instruments* (2014), 63DAA of FRS 2 *Share-based Payment*, 47AA of FRS 4 *Insurance Contracts*, 39ADAA of FRS 1 First-time *Adoption of Financial Reporting Standards*, 45EAA of FRS 128 *Investments in Associates and Joint Ventures*, 85GAA of FRS 140 *Investment Property* and A1AA of IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*, an entity that has in the alternative applied the Financial Reporting Standards Framework shall apply the MFRS Framework on 1 January 2018.

Therefore, the Group and the Company shall instead apply MFRS 9 *Financial Instruments* (2014), Amendments to MFRS 2, Amendments to MFRS 4, Amendments to MFRS 1 (Annual Improvement 2014-2016 Cycle), Amendments to MFRS 128 (Annual Improvement 2014-2016 Cycle), Amendments to MFRS 140 and IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* under MFRS Framework, instead of FRS 9 Financial Instruments (2014), Amendments to FRS 2, Amendments to FRS 4, Amendments to FRS 1 (Annual Improvement 2014-2016 Cycle), Amendments to FRS 128 (Annual Improvement 2014-2016 Cycle), Amendments to FRS 140 and IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* under FRS Framework, on or after 1 January 2018.

FRSs, Amendments to FRSs and Interpretations effective a date yet to be confirmed

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

The directors anticipate that the above mentioned accounting standards, interpretations and amendments will be adopted by the Group and the Company when they become effective.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

5. *SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS*

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

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

(a) *Critical judgements made in applying accounting policies*

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

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

The Group has developed certain criteria based on FRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purpose. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) *Key sources of estimation uncertainty*

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

(i) *Depreciation and amortisation of property, plant and equipment*

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives based on common life expectancies applied in the industry. Change in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; and therefore future depreciation and amortisation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Key sources of estimation uncertainty (continued)

(ii) Recognition of property development profits

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

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(iii) Recognition of revenue from construction contracts

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

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred and the estimated total construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists.

(iv) Income tax and deferred tax estimation

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

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

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

(v) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as analyse historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Key sources of estimation uncertainty (continued)

(v) Impairment of loans and receivables (continued)

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(vi) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(vii) Asset impairment tests

A financial asset or a group of financial assets, other than those categorised at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Impairment exists only when the Group and the Company ascertain that a "loss event" affecting the estimated future cash flows of the financial asset has occurred. It may not be possible to identify a single, discrete event that caused the impairment and moreover to determine when a loss event has occurred might involve the exercise of significant judgement.

The amount of impairment loss recognised for financial assets carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The impairment analysis of tangible assets requires an estimation of the value in use of the asset or the cash-generating unit to which the assets are allocated. Estimation of the value in use is primarily based on discounted cash flow models which require the Group and the Company to make an estimate of the expected future cash flows from the asset or the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of the cash flows.

(viii) Fair value of investment properties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Key sources of estimation uncertainty (continued)

(ix) Fair value measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

6. *PROPERTY, PLANT AND EQUIPMENT*

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

GROUP

2017	Freehold land	Leasehold land	Buildings	Renovation, electrical and amusement equipment	Motor vehicles	Motor vehicles under hire purchase	Furniture, fittings and equipment	Sports equipment, machinery and others	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost									
At 1 March 2016	24,145,777	40,000,000	20,450,118	9,675,105	1,943,014	2,515,130	13,122,292	17,413,988	129,265,424
Additions	-	-	154,264	3,943,903	85,000	243,000	138,326	75,689	4,640,182
Written off	-	-	-	(2,099)	-	-	(67,086)	-	(69,185)
Disposals	-	-	(109,739)	(40,671)	(102,800)	(195,000)	(482,698)	-	(930,908)
At 28 February 2017	24,145,777	40,000,000	20,494,643	13,576,238	1,925,214	2,563,130	12,710,834	17,489,677	132,905,513
Accumulated depreciation									
At 1 March 2016	-	14,774,413	9,319,188	7,318,182	1,669,273	920,103	10,070,392	13,201,273	57,272,824
Charge for the financial year	-	740,741	538,394	495,910	91,112	503,826	763,653	868,017	4,001,653
Written off	-	-	-	(1,890)	-	-	(58,570)	-	(60,460)
Disposals	-	-	(98,710)	(33,747)	(49,733)	(78,000)	(238,178)	-	(498,368)
At 28 February 2017	-	15,515,154	9,758,872	7,778,455	1,710,652	1,345,929	10,537,297	14,069,290	60,715,649
Net carrying amount									
At 28 February 2017	24,145,777	24,484,846	10,735,771	5,797,783	214,562	1,217,201	2,173,537	3,420,387	72,189,864
2016									
Cost									
At 1 March 2015	24,145,777	40,000,000	20,439,708	9,414,426	2,604,654	1,522,411	12,871,272	17,333,462	128,331,710
Additions	-	-	10,410	514,171	67,600	340,979	1,269,819	80,526	2,283,505
Reclassification	-	-	-	-	(651,740)	651,740	-	-	-
Written off	-	-	-	(253,492)	(4,500)	-	(1,003,399)	-	(1,261,391)
Disposals	-	-	-	-	(73,000)	-	(15,400)	-	(88,400)
At 29 February 2016	24,145,777	40,000,000	20,450,118	9,675,105	1,943,014	2,515,130	13,122,292	17,413,988	129,265,424
Accumulated depreciation									
At 1 March 2015	-	14,033,672	8,711,397	7,025,999	1,698,143	376,209	10,236,546	12,282,147	54,364,113
Charge for the financial year	-	740,741	607,791	545,598	98,388	469,802	839,514	919,126	4,220,960
Reclassification	-	-	-	-	(74,092)	74,092	-	-	-
Written off	-	-	-	(253,415)	(4,499)	-	(1,002,331)	-	(1,260,245)
Disposals	-	-	-	-	(48,667)	-	(3,337)	-	(52,004)
At 29 February 2016	-	14,774,413	9,319,188	7,318,182	1,669,273	920,103	10,070,392	13,201,273	57,272,824
Net carrying amount									
At 29 February 2016	24,145,777	25,225,587	11,130,930	2,356,923	273,741	1,595,027	3,051,900	4,212,715	71,992,600

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

6. *PROPERTY, PLANT AND EQUIPMENT (CONTINUED)*

	Furniture, fittings and equipment RM
COMPANY	
2017	
Cost	
At 1 March 2016/28 February 2017	8,633
Accumulated depreciation	
At 1 March 2016/28 February 2017	8,628
Net carrying amount	
At 28 February 2017	5
2016	
Cost	
At 1 March 2015/29 February 2016	8,633
Accumulated depreciation	
At 1 March 2015/29 February 2016	8,628
Net carrying amount	
At 29 February 2016	5

Certain freehold land and buildings of the Group with net book value of RM14,478,472 (2016: RM7,294,608) have been pledged to licensed banks for credit facilities granted to a subsidiary as disclosed in Note 23 and 25 to the financial statements.

7. *INVESTMENTS IN SUBSIDIARIES*

	COMPANY	
	2017	**2016**
	RM	**RM**
Unquoted shares, at cost	116,920,129	116,920,129

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

7. *INVESTMENTS IN SUBSIDIARIES (CONTINUED)*

The details of the subsidiaries are as follows:-

Name of company	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Eupe Realty Sdn. Bhd.	100	100	Property investment and management
Riacon Sdn. Bhd.	100	100	Building construction and sale 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
Eupe Kemajuan Sdn. Bhd.	100	100	Property development
Puncak Central Sdn. Bhd.	100	100	Dormant
Eupe Homes (MM2H) Sdn. Bhd.*	100	100	Provision of services allowed under MM2H to non-residents
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 Bhd.*	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
Australasia Development (M) Pte Ltd*	70	70	Property development
Australasia Development Pte Ltd*	70	70	Property development
Subsidiary of Eupe Kemajuan Sdn. Bhd.			
Eupe Development Sdn. Bhd.	60	60	Property development
Eupe Bangsar South Development (JV) Sdn. Bhd.	50	50	Property development
Titian Sama Sdn. Bhd.	70	70	Property development
Oriental Plus Sdn. Bhd.	100	100	Property development
Subsidiary of Bukit Makmur Sdn. Bhd.			
Makmur Longan Farming Sdn. Bhd.	70	70	Fruit cultivation
Subsidiary of Eupe Hotel Sdn. Bhd.			
Millennium Pace Sdn. Bhd.*	100	100	Fruit cultivation
Subsidiaries of Eupe Golf Recreation & Tour Sdn. Bhd.			
Tadika Pro-Dedikasi Sdn. Bhd.*	100	100	Dormant
The Carnival Management Sdn. Bhd.*	100	100	Dormant
Cinta Sayang Management Sdn. Bhd.*	100	100	Restaurant operation & food catering

* Companies not audited by RSM Malaysia.

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

7. *INVESTMENTS IN SUBSIDIARIES (CONTINUED)*

Non-controlling interests in subsidiaries

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

	Eupe Development Sdn. Bhd.	Eupe Bangsar South Development (JV) Sdn. Bhd.	Titian Sama Sdn. Bhd.	Other individually immaterial subsidiaries	Total
2017					
NCI percentage of ownership interest and voting interest	40%	50%	30%		
	RM	RM	RM	RM	RM
Carrying amount of NCI	4,607,178	3,977,704	(87,999)	134,673	8,631,556
(Loss) / Profit allocated to NCI	(79,148)	3,533,829	(90,426)	(109,944)	3,254,311

Summarised financial information before intra-group elimination:

As at 28 February			
Non-current assets	13,672,596	2,464,287	98,798,720
Current assets	3,604,252	84,424,095	976,770
Non-current liabilities	-	(31,735,755)	(58,074,810)
Current liabilities	(5,758,904)	(47,197,203)	(41,994,009)
Net assets	11,517,944	7,955,424	(293,329)
Revenue	5,566	70,506,317	-
(Loss)/Profit for the year	(197,870)	7,067,673	(301,419)
Total comprehensive (expense)/income	(197,870)	7,067,673	(301,419)
Net cash (used in)/generated from:			
- operating activities	(90,803)	20,983,837	(9,547,916)
- investing activities	(246,051)	43,345	(65,073,244)
- financing activities	(378,436)	(27,347,957)	73,354,896
Net decrease in cash and cash equivalent	(715,290)	(6,320,775)	(1,266,264)

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

7. *INVESTMENTS IN SUBSIDIARIES (CONTINUED)*
Non-controlling interests in subsidiaries (continued)

	Eupe Development Sdn. Bhd.	**Eupe Bangsar South Development (JV) Sdn. Bhd.**	**Titian Sama Sdn. Bhd.**	**Other individually immaterial subsidiaries**	**Total**
2016					
NCI percentage of ownership interest and voting interest	40%	50%	30%		
	RM	RM	RM	RM	RM
Carrying amount of NCI	4,686,326	443,875	2,427	(18,163)	5,114,465
(Loss) / Profit allocated to NCI	(26,039)	16,438	(57,990)	(85,093)	(152,684)

Summarised financial information before intra-group elimination:

As at 29 February				
Non-current assets	13,617,139	2,418,142	26,326,437	
Current assets	4,425,113	97,789,547	1,916,321	
Non-current liabilities	-	(56,363,106)	(144,003)	
Current liabilities	(6,326,438)	(42,956,832)	(28,090,665)	
Net assets	11,715,814	887,751	8,090	
Revenue	233,616	6,517,185	-	
(Loss)/Profit for the year	(65,097)	32,876	(193,299)	
Total comprehensive (expense)/income	(65,097)	32,876	(193,299)	
Net cash generated from/(used in):				
- operating activities	689,375	(18,033,443)	(9,532,054)	
- investing activities	1,231,487	1,627,369	55,162	
- financing activities	(1,566,291)	39,329,098	11,248,998	
Net increase in cash and cash equivalent	354,571	22,923,024	1,772,106	
Dividends paid to NCI	-	-	-	(220,536)

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

8. *INVESTMENT IN JOINT VENTURE*

	GROUP	
	2017	**2016**
	RM	**RM**
Unquoted shares, at cost	3,089	3,089
Share of post-acquisition reserves	3,407,259	3,014,950
	3,410,348	3,018,039

The joint venture companies are incorporated in Australia as follows:-

Name of company	**Group's effective interest**		**Principal activities**
	2017	**2016**	
	%	%	
Clover Kilmore Pty Ltd	50	50	Property development
The Surrey Sunbury Pty Ltd	50	50	Property development

The summarised financial information of the joint venture companies, adjusted for Group's share is as follows:

	2017	**2016**
	RM	**RM**
Summarised financial information		
As at 28 February/29 February		
Non-current assets	84,627	4,264
Current assets	11,636,542	5,229,313
Non-current liabilities	(11,637,670)	(5,947,814)
Current liabilities	(234,474)	(1,481,510)
Cash and cash equivalents	13,873	176,873
Year ended 28 February/29 February		
(Loss)/Profit from continuing operations	(52,342)	125,614
Total comprehensive (expense)/income	(52,342)	125,614
Included in the total comprehensive income:		
Revenue	-	1,188,083
Interest expense	-	(2,579)
Group's share of results for the year ended 28 February/29 February		
Group's share of profit from continuing operations	27,167	80,992

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

9. *OTHER INVESTMENTS*

	GROUP	
	2017	**2016**
	RM	**RM**
At cost		
Investment in fixed income unit trusts	6,656	6,656
Market value of fixed income unit trusts	6,656	6,656

10. *LAND HELD FOR PROPERTY DEVELOPMENT*

	GROUP	
	2017	**2016**
	RM	**RM**
Cost		
Balance as at 1 March	123,602,168	163,696,540
Additions during the financial year	73,780,485	10,581,328
Transferred to property development costs (Note 14)	(9,164,478)	(50,675,700)
Transferred to inventory	(33,916)	-
Balance as at 28 February/29 February	188,184,259	123,602,168
Freehold land, at cost	134,590,066	74,353,893
Development cost	53,594,193	49,248,275
	188,184,259	123,602,168

Certain land held for future development with a carrying value of RM89,923,629 (2016: RM19,517,099) have been pledged to licensed banks for credit facilities granted to subsidiaries as disclosed in Note 23.

11. *INVESTMENT PROPERTIES*

	GROUP	
	2017	**2016**
	RM	**RM**
Balance as at 1 March	33,327,236	33,230,327
Addition during the financial year	110,072	96,909
Balance as at 28 February/29 February	33,437,308	33,327,236

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

The fair value of the investment properties was determined by the management at RM33,437,308 (2016: RM33,327,236) based on comparison of recent transacted price of similar properties and desktop valuation performed by an independent valuer adopting market value comparison method.

The investment properties with total carrying value of RM29,685,071 (2016: RM30,938,545) have been pledged to licensed banks for credit facilities granted to subsidiaries as disclosed in Notes 23, 24, 26 and 27.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

11. *INVESTMENT PROPERTIES (CONTINUED)*

Fair value information

The Group's investment properties and fair value hierarchy as at 28 February 2017 are as follows:

At 28 February 2017

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Commercial properties	-	20,348,691	-	20,348,691
Food court and plaza	-	6,294,999	-	6,294,999
Condominiums	-	6,793,618	-	6,793,618
	-	33,437,308	-	33,437,308

At 29 February 2016

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Commercial properties	-	20,348,691	-	20,348,691
Food court and plaza	-	6,294,999	-	6,294,999
Condominiums	-	6,683,546	-	6,683,546
	-	33,327,236	-	33,327,236

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

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

Transfer between Level 1 and 2 fair values

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

Level 3 fair value

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

12. DEFERRED PLANTATION EXPENDITURE

	GROUP	
	2017	**2016**
	RM	**RM**
Cost		
Balance as at 1 March/28 February/29 February	1,249,475	1,249,475
Accumulated amortisation		
Balance as at 1 March	(1,249,475)	(1,248,947)
Amortisation during the financial year	-	(528)
Balance as at 28 February/29 February	(1,249,475)	(1,249,475)
	-	-

13. DEFERRED TAX

Recognised deferred tax assets and liabilities

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

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

	GROUP	
	2017	**2016**
	RM	**RM**
Deferred tax assets, net	(891,790)	(1,021,206)
Deferred tax liabilities, net	13,618,745	14,074,967
	12,726,955	13,053,761

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

	GROUP	
	2017	**2016**
	RM	**RM**
Balance as at 1 March	13,053,761	14,650,985
Recognised in profit or loss:-		
- crystalisation of deferred tax on revaluation surplus arise from subsidiaries' development properties	(63,213)	(378,397)
- shortfall of capital allowances over corresponding depreciation	(239,962)	(721,339)
- (unabsorbed)/utilisation of capital allowances	(56,975)	303,547
- unabsorbed tax losses	-	(7,682)
- other deductible temporary differences	33,344	(793,353)
	(326,806)	(1,597,224)
Balance as at 28 February/29 February	12,726,955	13,053,761

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

13. DEFERRED TAX (CONTINUED)

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

	GROUP	
	2017	2016
	RM	RM
Deferred tax assets		
Unabsorbed capital allowance	1,151,661	1,040,685
Unabsorbed tax losses	9,925	67,284
Other deductible temporary differences	1,205,642	1,897,776
Deferred tax assets (before offsetting)	2,367,228	3,005,745
Offsetting	(1,475,438)	(1,984,539)
Deferred tax assets (after offsetting)	891,790	1,021,206
Deferred tax liabilities		
Revaluation surplus arise from subsidiaries' development properties	7,981,034	8,703,037
Excess of net book value over tax written down value of property, plant and equipment	7,113,149	7,356,469
Deferred tax liabilities (before offsetting)	15,094,183	16,059,506
Offsetting	(1,475,438)	(1,984,539)
Deferred tax liabilities (after offsetting)	13,618,745	14,074,967

(c) Unrecognised deferred tax assets

	GROUP	
	2017	2016
	RM	RM
Unabsorbed agricultural allowance	157,754	157,754
Unabsorbed capital allowance	45,807	106,464
Unabsorbed tax losses	891,075	983,537
Excess of net book value over tax written down value of property, plant and equipment	(24,091)	(33,313)
	1,070,545	1,214,442

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

14. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2017	**2016**
	RM	**RM**
Freehold land, at cost		
Balance as at 1 March	70,294,894	33,949,539
Transferred from land held for property development during the financial year (Note 10)	5,122,498	36,345,355
Completed development project	(4,126,010)	-
Balance as at 28 February/29 February	71,291,382	70,294,894
Development expenditure		
Balance as at 1 March	395,233,266	276,405,388
Incurred during the financial year	104,837,150	104,497,533
Transferred from land held for property development during the financial year (Note 10)	4,041,980	14,330,345
Completed development project	(101,765,699)	-
Balance as at 28 February/ 29 February	402,346,697	395,233,266
	473,683,079	465,528,160
Accumulated costs charged to statement of profit or loss and other comprehensive income		
Balance as at 1 March	(299,919,301)	(232,236,747)
Cost charged to profit or loss for the financial year	(97,361,016)	(67,682,554)
Reversal of cost of completed development project	105,891,709	-
Balance as at 28 February/29 February	(291,388,608)	(299,919,301)
	182,249,471	165,608,859

Included in development costs is rental of equipment and interest expense capitalised during the financial year amounting to RM464,189 and RM2,559,315 (2016: RM704,562 and RM1,468,938) respectively.

The freehold land with total carrying value of RM35,564,012 (2016: RM35,564,012) have been pledged to a licensed bank for credit facilities granted to a subsidiary as disclosed in Note 23.

15. INVENTORIES

	GROUP	
	2017	**2016**
	RM	**RM**
At cost		
Completed properties	12,832,803	12,873,640
Building materials	842,786	211,656
Food and beverages	103,400	83,483
Playground materials	16,027	21,335
Spare parts and consumables	124,271	112,533
	13,919,287	13,302,647
Recognised in profit or loss:		
Inventories recognised as cost of sales	12,449,552	18,433,980

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

16. *TRADE AND OTHER RECEIVABLES*

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade receivables				
Third parties	26,936,168	30,987,607	-	-
Accrued billings in respect of property development	1,716,667	1,614,215	-	-
Amount due from customers for contract work (Note 30)	13,178,032	30,545,244	-	-
Less: Impairment loss - third parties	(76,772)	(569,412)	-	-
	41,754,095	62,577,654	-	-
Other receivables, deposits and prepayments				
Other receivables	15,345,490	7,359,027	-	-
Deposits	4,049,930	4,064,283	4,500	4,500
Prepayments	248,170	433,052	-	-
	19,643,590	11,856,362	4,500	4,500
	61,397,685	74,434,016	4,500	4,500

(a) The credit terms of trade receivables granted by the Group is 21 days (2016: 21 days) from date of progress billings or range from 30 to 90 days (2016: 30 to 90 days) from date of invoice.

(b) Included in the trade receivables of the Group is an amount of RM16,487,030 (2016: RM38,993,877) due from a company in which a director has interest.

(c) Included in trade receivables are retentions of RM2,015,847 (2016: RM3,628,173) relating to construction work-in-progress.

(d) The impairment loss of the Group is net of bad debts written off amounting to RM492,640 (2016: RM14,541).

(e) Information on financial risk of trade and other receivables are disclosed in Note 42 to the financial statements.

17. *AMOUNT OWING FROM/(TO) SUBSIDIARIES*

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

18. *SINKING FUNDS*

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

19. *CASH AND CASH EQUIVALENTS*

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Fixed deposits with licensed banks	2,577,605	4,292,978	-	-
Cash and bank balances	27,031,336	34,101,505	11,861	21,016
As reported in the statement of financial positions	29,608,941	38,394,483	11,861	21,016
Less: Bank overdrafts (Note 22)	(3,659,333)	(2,295,557)	-	-
Fixed deposits pledged with licensed banks	(1,817,873)	(1,798,433)	-	-
As reported in statements of cash flows	24,131,735	34,300,493	11,861	21,016

(a) Included in the Group's cash and bank balances is an amount of RM9,568,110 (2016: RM7,052,486) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

(b) The fixed deposits of the Group have maturity periods ranging between 30 to 365 days (2016: 30 to 366 days).

(c) Included in fixed deposits with licensed banks of the Group is an amount of RM1,817,873 (2016: RM1,798,433) pledged to licensed banks for bank guarantee facilities granted to the Group.

(d) The weighted average interest rate per annum of fixed deposits that was effective as at reporting date is as follows:

	GROUP	
	2017	2016
	%	%
Fixed deposits with licensed banks	3.15	3.14

(e) Information on repricing analysis of cash and cash equivalents are disclosed in Note 42 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

20. SHARE CAPITAL

	GROUP/COMPANY 2017 RM	GROUP/COMPANY 2016 RM
Issued and fully paid		
128,000,000 ordinary shares	128,000,000	128,000,000

21. RESERVES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable:				
Share premium	5,982,397	5,982,397	5,982,397	5,982,397
Foreign currency translation reserve	613,156	62,792	-	-
	6,595,553	6,045,189	5,982,397	5,982,397
Distributable:				
Retained earnings	146,720,075	154,109,593	15,788,802	14,338,268
	153,315,628	160,154,782	21,771,199	20,320,665

The new Companies Act 2016 ("the Act"), which come into enforcement on 31 January 2017, abolished the concept of authorised share capital and introduced "no par value shares" regime. Consequently, the amounts standing to the credit of the share premium account shall become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM5,982,397 for purposes as set out in Section 618 (3) of the Act. As at the date of financial statements, the directors have yet to decide on any utilisation of the share premium.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

22. BORROWINGS

		GROUP	
		2017	2016
	Note	RM	RM
Current			
Secured			
Term loans	23	2,991,535	3,717,932
Revolving credits	24	30,490,000	14,490,000
Bank overdrafts	25	3,659,333	2,295,557
Bankers' acceptances	26	2,264,000	1,883,000
Invoice financing	27	3,074,000	4,281,000
Hire purchase liabilities	28	387,299	382,897
		42,866,167	27,050,386
Unsecured			
Term loans	23	-	200,000
Hire purchase liabilities	28	293,791	269,496
		293,791	469,496
Total current portion		43,159,958	27,519,882
Non-current			
Secured			
Term loans	23	101,312,741	65,929,476
Hire purchase liabilities	28	614,694	908,989
		101,927,435	66,838,465
Unsecured			
Term loans	23	-	116,666
Hire purchase liabilities	28	145,565	442,820
		145,565	559,486
Total non-current portion		102,073,000	67,397,951
Total borrowings		145,232,958	94,917,833
Secured			
Term loans	23	104,304,276	69,647,408
Revolving credits	24	30,490,000	14,490,000
Bank overdrafts	25	3,659,333	2,295,557
Bankers' acceptances	26	2,264,000	1,883,000
Invoice financing	27	3,074,000	4,281,000
Hire purchase liabilities	28	1,001,993	1,291,886
		144,793,602	93,888,851
Unsecured			
Term loans	23	-	316,666
Hire purchase liabilities	28	439,356	712,316
		439,356	1,028,982
Total borrowings		145,232,958	94,917,833

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

23. TERM LOANS

	GROUP	
	2017	2016
	RM	RM
Secure		
Term loan I repayable by 96 monthly instalments of RM167,510 each commencing October 2011	-	1,383,112
Term loan II repayable by 48 monthly instalments of RM125,000 each commencing June 2013	-	375,000
Term loan III repayable by 120 monthly instalments of RM58,333 each commencing September 2013	2,879,253	3,597,083
Term loan V repayable by 84 monthly instalments of RM101,190 each commencing June 2016	6,707,014	7,929,107
Term loan VI repayable by 30 monthly instalments of RM566,667 each commencing April 2018	-	13,363,106
Term loan VII repayable by 30 monthly instalments of RM1,433,334 each commencing April 2018	23,836,984	43,000,000
Term loan VIII repayable by 44 monthly instalments of RM569,672 each commencing May 2018	24,500,000	-
Term loan IX repayable by 6 monthly instalments of RM118,463 each commencing October 2016	16,711	-
Term loan X repayable by 60 monthly instalments of RM567,000 each commencing February 2018	34,060,000	-
Term loan XI repayable by 179 monthly instalments of RM38,888 each and final instalments of RM39,048 commencing first day of full drawdown	4,420,443	-
Term loan XII repayable by 30 monthly instalments of RM1,500,000 each commencing April 2018	7,883,871	-
	104,304,276	69,647,408

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

(i) certain freehold land and building as disclosed in Note 6.

(ii) certain freehold land as disclosed in Notes 10 and 14.

(iii) certain investment properties as disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

23. *TERM LOANS (CONTINUED)*

Repayment terms

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

	GROUP	
	2017	**2016**
	RM	**RM**
Not later than 1 year	2,991,535	3,917,932
Non-current		
1-2 years	28,401,575	2,076,651
2-3 years	33,162,821	23,997,308
3-4 years	16,570,068	26,036,489
4-5 years	13,435,310	12,114,234
More than 5 years	9,742,967	1,821,460
	101,312,741	66,046,142
	104,304,276	69,964,074

The term loans bear interest at 4.53% to 7.60% (2016: 5.11% to 8.10%) per annum.

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

	GROUP	
	2017	**2016**
	%	%
Term loans	5.76	6.01

Information on repricing analysis of term loans is disclosed in Note 42 to the financial statements.

24. *REVOLVING CREDITS – SECURED*

The revolving credits of the Group are secured by way of legal charges over certain investment properties as disclosed in Note 11.

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

	GROUP	
	2017	**2016**
	%	%
Revolving credits	4.76	4.71

Information on repricing analysis of revolving credits is disclosed in Note 42 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2017 (CONTINUED)

25. BANK OVERDRAFTS – SECURED

The bank overdrafts of the Group are secured by first legal charges over certain freehold land of the Group with net book value of RM14,478,472 (2016: RM7,294,608) as disclosed in Note 6 and corporate guarantees issued by the Company.

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

	GROUP	
	2017	**2016**
	%	%
Bank overdrafts	7.99	8.10

Information on repricing analysis of bank overdrafts is disclosed in Note 42 to the financial statements.

26. BANKERS' ACCEPTANCES - SECURED

The bankers' acceptances of the Group are secured by way of legal charges over certain investment properties (Note 11) and corporate guarantees issued by the Company.

The weighted average interest rate per annum of bankers' acceptances that was effective as at reporting date is as follows:

	GROUP	
	2017	**2016**
	%	%
Bankers' acceptances	4.93	5.19

Information on repricing analysis of bankers' acceptances is disclosed in Note 42 to the financial statements.

27. INVOICE FINANCING – SECURED

The invoice financing of the Group are secured by way of legal charges over certain investment properties (Note 11) and corporate guarantees issued by the Company.

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

	GROUP	
	2017	**2016**
	%	%
Invoice financing	6.24	6.62

Information on repricing analysis of invoice financing is disclosed in Note 42 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

28. *HIRE PURCHASE LIABILITIES*

	GROUP	
	2017	**2016**
	RM	**RM**
Minimum hire purchase instalments:-		
- not later than one year	749,004	755,738
- later than one year and not later than five years	810,255	1,440,928
	1,559,259	2,196,666
Less: Future interest charges	(117,910)	(192,464)
Present value of hire purchase liabilities	1,441,349	2,004,202
Repayable as follows:		
Current liabilities		
- not later than one year	681,090	652,393
Non-current liabilities		
- later than one year and not later than five years	760,259	1,351,809
	1,441,349	2,004,202

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

	GROUP	
	2017	**2016**
	%	**%**
Hire purchase liabilities	4.57	4.01

Information on repricing analysis of hire purchase liabilities is disclosed in Note 42 to the financial statements.

29. *TRADE AND OTHER PAYABLES*

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Trade payables				
Third parties	24,167,462	22,211,373	-	-
Progress billings in respect of property development	78,510,473	61,974,410	-	-
Amount due to customers for contract work (Note 30)	-	30,879	-	-
	102,677,935	84,216,662	-	-
Other payables				
Amounts owing to directors	25,500	21,000	25,500	21,000
Other payables, deposits and accruals	30,006,331	34,346,450	37,800	37,800
Member deposits	1,010,750	1,042,277	-	-
	31,042,581	35,409,727	63,300	58,800
	133,720,516	119,626,389	63,300	58,800

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

29. TRADE AND OTHER PAYABLES (CONTINUED)

(a) The credit terms available to the Group in respect of trade payables range from 30 to 90 days (2016: 30 to 90 days) from date of invoice.

(b) The amounts owing to directors represent advances and payments made on behalf which are unsecured, interest-free and repayable upon demand.

(c) Included in member deposits of the Group is a balance of RM1,010,750 (2016: RM993,150) for golf memberships which are transferable.

(d) Information on financial risk of trade and other payables is disclosed in Note 42 to the financial statements.

30. CONSTRUCTION CONTRACTS

	GROUP	
	2017	**2016**
	RM	**RM**
Aggregate cost incurred to date	93,768,143	100,179,102
Accrued (loss)/profit to date	(5,433,742)	5,742,660
	88,334,401	105,921,762
Less: Progress billings	(75,156,369)	(75,407,397)
	13,178,032	30,514,365
Represented by:		
Amount due from customers for contract work (Note 16)	13,178,032	30,545,244
Amount due to customers for contract work (Note 29)	-	(30,879)

31. PROVISIONS

GROUP	**Infrastructure cost**	**Renovation cost**	**Total**
	RM	**RM**	**RM**
Balance as at 1 March 2015	1,738,588	1,788,392	3,526,980
Utilisation during the financial year	-	(169,950)	(169,950)
Balance as at 29 February/1 March 2016	1,738,588	1,618,442	3,357,030
Utilisation during the financial year	-	(55,504)	(55,504)
Balance as at 28 February 2017	1,738,588	1,562,938	3,301,526

The provision for infrastructure cost made in the previous financial year was in respect of a housing development project undertaken by a subsidiary for which the subsidiary is legally obligated to incur to meet the requirements of the house buyers' agreements for the completion of the development projects.

The provision for renovation cost was made in respect of a completed project of the Group, Sky Residence Condominium which the Group is obliged to incur.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

32. REVENUE

	GROUP		COMPANY	
	2017	2016	2017	2016
	RM	RM	RM	RM
Gross dividend income from subsidiaries	-	-	999,990	1,174,584
Revenue from property development	142,064,495	84,354,620	-	-
Revenue from construction contracts	48,966	8,146,335	-	-
Revenue from water theme park and resort operations	7,784,561	12,545,548	-	-
Sale of completed properties	534,000	370,000	-	-
Sale of building materials	12,321,743	19,136,605	-	-
Sale of goods	77,585	172,385	-	-
Rental income	2,157,769	2,014,242	-	-
Sports and recreation services	1,992,808	1,928,127	-	-
Subscription and entrance fees	-	612,565	-	-
Sales of fruits and other supplies	12,904	49,526	-	-
	166,994,831	129,329,953	999,990	1,174,584

33. COST OF SALES

	GROUP	
	2017	2016
	RM	RM
Building material sold	10,859,824	16,459,090
Property development cost	97,361,016	67,682,554
Completed properties	343,912	256,221
Construction contract cost	11,406,227	7,051,788
Service rendered	5,077,160	11,977,912
Others	1,795,304	2,119,074
	126,843,443	105,546,639

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

34. *PROFIT BEFORE TAX*

Profit before tax is stated after charging:-

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Amortisation of deferred plantation expenditure	-	528	-	-
Auditors' remuneration:				
- current financial year	195,649	189,947	36,000	36,000
- underprovision in prior financial year	-	17,300	-	3,200
Bad debts written off	998,958	136,492	-	-
Cash in hand written off	-	90,093	-	-
Depreciation of property, plant and equipment (Note 6)	4,001,653	4,220,960	-	-
Directors' emoluments other than fees paid/payable to:				
- executive directors of the Company	29,000	29,000	29,000	29,000
- non-executive directors of the Company	118,500	114,500	118,500	114,500
- executive directors of the subsidiary companies	1,077,944	1,032,225	-	-
Impairment loss on trade receivables	-	392,234	-	-
Interest expense on:				
- bankers' acceptances	103,860	140,074	-	-
- bank overdraft	236,090	256,001	-	-
- hire purchase liabilities	103,262	134,761	-	-
- invoice financing	165,894	105,079	-	-
- revolving credit	715,280	42,748	-	-
- term loans	731,037	787,230	-	-
Property, plant and equipment written off	8,725	1,146	-	-
Loss on disposal of property, plant and equipment	11,368	-	-	-
Rental expense on:				
- premises	2,354,372	1,310,857	-	-
- equipment	69,336	72,868	-	-
And crediting:				
Gain from disposal of property, plant and equipment	-	14,170	-	-
Dividend income from a subsidiary company	-	-	999,990	1,174,584
Insurance compensation received	265,998	-	-	-
Interest income	996,514	679,824	114,021	-
Rental income from				
- investment properties	2,547,463	1,987,442	-	-
- others	508,688	414,209	-	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM1,235,928 (2016: RM1,188,629).

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

35. TAX EXPENSE

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysian income tax:				
Current tax expense based on profit for the financial year	5,197,084	2,983,174	-	-
(Over)/under provision in prior financial years	(147,470)	238,543	-	-
	5,049,614	3,221,717	-	-
Deferred tax: (Note 13a)				
Relating to origination and reversal of temporary differences	(456,754)	(1,542,161)	-	-
Under/(over) provision in prior financial years	129,947	(55,063)	-	-
	(326,807)	(1,597,224)	-	-
Total tax expense	4,722,807	1,624,493	-	-

The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profit for the fiscal year.

A reconciliation of income tax expense on the financial results with the applicable statutory tax rate is as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	587,600	4,809,809	1,450,534	534,744
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	141,024	1,154,354	348,128	128,339
Tax savings as a result of excess taxable income as compared to immediate preceding financial year being taxed at 20% (2016: NIL)	(652,157)	-	-	-
Tax effects in respect of:				
Crystalisation of deferred tax liabilities on revaluation surplus	(232,949)	(557,700)	-	-
Depreciation on nonqualifying property, plant and equipment	36,228	26,911	-	-
Deferred tax assets not recognised	1,291,547	140,324	-	-
Non-allowable expenses	3,636,067	1,332,736	(80,765)	153,561
Utilisation of deferred tax assets	2,377	32,847	-	-
Temporary differences not recognised	567,398	(16,505)	-	-
Effect of change in tax rates	-	(168,684)	-	-
Income not subject to tax	(49,205)	(24,960)	(267,363)	(281,900)
Others	-	(478,310)	-	-
	4,740,330	1,441,013	-	-
(Over)/Under provision in prior financial years				
- income tax	(147,470)	238,543	-	-
- deferred tax	129,947	(55,063)	-	-
Tax expense	4,722,807	1,624,493	-	-

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

36. *EARNINGS PER ORDINARY SHARE*

Basic earnings per ordinary share of the Group is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2017	**2016**
	RM	**RM**
(Loss)/Profit attributable to ordinary equity holders of the Company (RM)	(7,389,518)	3,338,000
Number of ordinary shares in issue	128,000,000	128,000,000
Basic (loss)/earnings per ordinary share (sen)	(5.77)	2.61

37. *EMPLOYEE BENEFITS*

The employee benefits excluding key management personnel during the financial year are as follows:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Operations				
- salaries and wages	10,199,908	7,711,365	-	-
- contributions to defined contribution plan	1,368,398	909,756	-	-
- other benefits	799,204	185,264	-	-
	12,367,510	8,806,385	-	-
Sales, marketing and distribution				
- salaries and wages	1,602,110	1,385,702	-	-
- contributions to defined contribution plan	260,046	208,652	-	-
- other benefits	586,115	369,322	-	-
	2,448,271	1,963,676	-	-
Administration				
- salaries and wages	3,257,486	4,129,379	-	-
- contributions to defined contribution plan	415,236	527,115	-	-
- other benefits	240,584	232,341	-	-
	3,913,306	4,888,835	-	-
	18,729,087	15,658,896	-	-

38. *RELATED PARTY DISCLOSURES*

(a) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

38. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions

Related parties of the Group and the Company include:

(i) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements.

(ii) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the directors of the Company and certain members of senior management of the Group and the Company.

The Group and the Company have related party's relationship with the following parties:

Substantial shareholder of the Company
- Beh Heng Seong Sdn. Bhd.

Company in which a director of the Company has interests:
- Sunrise Manner Sdn. Bhd.

Companies controlled by a close member of the family of certain director
- Padang Serai Birdnest Sdn. Bhd.
- Tian Ma Birdnest Sdn. Bhd.

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Subsidiaries				
Gross dividend income	-	-	999,990	1,174,584
Company in which a director of the Company has interest				
Progress billing on work done	13,162,298	4,668,374	-	-
Companies controlled by a close member of family of certain directors				
Rental	72,000	2,000	-	-
Sales of bird nest	42,864	33,757	-	-
Close member of the family of the directors				
Advisory fees paid	240,000	240,000	-	-

The related party transactions described above were carried out on negotiated and mutually agreed terms and conditions.

Significant related party balances related to the above transactions are disclosed in notes 16 and 29.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

38. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel

The remuneration of key management personnel comprising directors of the Company and subsidiaries during the financial year are as follows:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Short term employee benefits	1,075,140	1,051,532	147,500	143,500
Contributions to defined contribution plans	126,020	118,184	-	-
Other benefits	24,284	5,658	-	-
	1,225,444	1,175,374	147,500	143,500

39. CONTINGENT LIABILITIES – UNSECURED

	COMPANY	
	2017	**2016**
	RM	**RM**
Corporate guarantees for bank facilities granted to subsidiaries		
- amount utilised	151,612,252	100,382,021
Corporate guarantees to suppliers of a subsidiary company		
- amount utilised	293,264	520,054
Total facilities available to subsidiaries which are guaranteed by the Company	400,530,780	275,653,280

40. CAPITAL COMMITMENTS

As at the end of the financial year, the Group has the following capital commitments:-

	GROUP	
	2017	**2016**
	RM	**RM**
Acquisition of leasehold lands		
Contracted but not provided for	19,262,000	84,634,400

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

41. *OPERATING SEGMENTS*

The Group comprises the following main business segments which are based on the Group's management and internal reporting structure:

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

Performance is measured based on the segment revenue and profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Managing Director (the Chief Operating Decision Maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment, as include in the internal management reports that are reviewed by the Group Managing Director.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

Allocation basis and inter-segment pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These segments are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

41. *OPERATING SEGMENTS (CONTINUED)*

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

Financial year ended 28 February 2017	Property development	Chalet and golf operation and management	Property construction	Others	Eliminations	Total
	RM	RM	RM	RM	RM	RM
Revenue						
Revenue from external customer	142,598,495	9,777,369	12,370,709	2,248,258	-	166,994,831
Inter-segment revenue	-	146,497	67,053,724	1,408,782	(68,609,003)	-
Total revenue	142,598,495	9,923,866	79,424,433	3,657,040	(68,609,003)	166,994,831
Results						
Segment result	21,264,947	(7,679,707)	(11,751,613)	(187,118)	-	1,646,509
Interest income	803,758	70,010	4,245	118,501	-	996,514
Interest expense	(1,173,863)	(348,186)	(377,009)	(156,365)	-	(2,055,423)
Profit before tax	20,894,842	(7,957,883)	(12,124,377)	(224,982)	-	587,600
Tax expense	(4,901,093)	320,057	116,709	(258,480)	-	(4,722,807)
Loss for the financial year	15,993,749	(7,637,826)	(12,007,668)	(483,462)	-	(4,135,207)
At 28 February 2017						
Assets						
Segment assets	449,624,468	63,524,193	30,360,492	41,079,110	-	584,588,263
Tax assets	148,600	-	2,279,433	18,182	-	2,446,215
Deferred tax assets	891,790	-	-	-	-	891,790
Total assets	450,664,858	63,524,193	32,639,925	41,097,292	-	587,926,268
Liabilities						
Segment liabilities	114,230,004	3,099,031	17,616,714	2,076,293	-	137,022,042
Borrowings	120,985,813	8,519,132	12,848,760	2,879,253	-	145,232,958
Tax liabilities	1,903,456	109,262	-	92,621	-	2,105,339
Deferred tax liabilities	7,141,730	5,146,106	-	1,330,909	-	13,618,745
Total liabilities	244,261,003	16,873,531	30,465,474	6,379,076	-	297,979,084
Other information						
Capital expenditure	424,196	3,811,067	170,077	198,842	-	4,604,182
Depreciation of property, plant and equipment	501,950	2,861,173	421,679	216,851	-	4,001,653
Bad debts written off	10,670	776,061	212,227	-	-	998,958
Property, plant and equipment written off	1,503	-	7,222	-	-	8,725

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

41. OPERATING SEGMENTS (CONTINUED)

Financial year ended 29 February 2016	Property development	Chalet and golf operation and management	Property construction	Others	Eliminations	Total
	RM	RM	RM	RM	RM	RM
Revenue						
Revenue from external customer	84,724,620	15,086,240	27,282,940	2,236,153	-	129,329,953
Inter-segment revenue	-	-	67,279,967	1,702,349	(68,982,316)	-
Total revenue	84,724,620	15,086,240	94,562,907	3,938,502	(68,982,316)	129,329,953
Results						
Segment result	5,345,232	(1,275,948)	2,645,055	(1,118,461)	-	5,595,878
Interest income	478,768	185,386	5,866	9,804	-	679,824
Interest expense	(643,399)	(262,744)	(364,932)	(194,818)	-	(1,465,893)
Profit before tax	5,180,601	(1,353,306)	2,285,989	(1,303,475)	-	4,809,809
Tax expense	(1,686,258)	918,644	(592,804)	(264,075)	-	(1,624,493)
Profit for the financial year	3,494,343	(434,662)	1,693,185	(1,567,550)	-	3,185,316
At 29 February 2016						
Assets						
Segment assets	358,603,302	63,357,553	59,649,213	42,289,497	-	523,899,565
Tax assets	106,658	-	1,013,224	32,609	-	1,152,491
Deferred tax assets	963,926	-	-	57,280	-	1,021,206
Total assets	359,673,886	63,357,553	60,662,437	42,379,386	-	526,073,262
Liabilities						
Segment liabilities	96,181,966	2,597,575	22,045,155	2,158,723	-	122,983,419
Borrowings	68,109,415	3,324,539	19,870,061	3,613,818	-	94,917,833
Tax liabilities	404,994	329,028	-	93,774	-	827,796
Deferred tax liabilities	7,190,065	6,327,006	75,500	482,396	-	14,074,967
Total liabilities	171,886,440	12,578,148	41,990,716	6,348,711	-	232,804,015
Other information						
Capital expenditure	1,174,813	177,658	667,962	263,072	-	2,283,505
Depreciation of property, plant and equipment	434,287	3,101,547	363,154	321,972	-	4,220,960
Amortisation of deferred plantation	-	-	-	528	-	528
Impairment loss on trade receivables	-	392,234	-	-	-	392,234
Property, plant and equipment written off	1,146	-	-	-	-	1,146
Cash in hand written off	-	90,093	-	-	-	90,093

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by categories:-

GROUP 2017	**Financial assets at fair value through profit or loss RM**	**Loans and receivables at amortised cost RM**	**Total RM**
Assets as per statements of financial position:			
- financial assets at fair value through profit or loss (marketable securities)	6,656	-	6,656
- trade and other receivables excluding prepayments	-	61,149,515	61,149,515
- cash and cash equivalents	-	29,608,941	29,608,941
Total financial assets	6,656	90,758,456	90,765,112

	Other financial liabilities at amortised cost RM
Liabilities as per statements of financial position	
- borrowings excluding finance lease liabilities	143,791,609
- trade and other payables excluding statutory liabilities	133,720,516
	277,512,125

GROUP 2016	**Financial assets at fair value through profit or loss RM**	**Loans and receivables at amortised cost RM**	**Total RM**
Assets as per statements of financial position:			
- financial assets at fair value through profit or loss (marketable securities)	6,656	-	6,656
- trade and other receivables excluding prepayments	-	74,000,964	74,000,964
- cash and cash equivalents	-	38,394,483	38,394,483
Total financial assets	6,656	112,395,447	112,402,103

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)
(a) Financial instruments by category (continued)

	Other financial liabilities at amortised cost RM
Liabilities as per statements of financial position	
- borrowings excluding finance lease liabilities	92,913,631
- trade and other payables excluding statutory liabilities	119,626,389
	212,540,020

Company	**Loans and receivables at amortised cost**	
	2017	**2016**
	RM	**RM**
Assets as per statements of financial position:		
- trade and other receivables excluding prepayments (including intercompany balance)	33,689,463	33,807,702
- cash and cash equivalents	11,861	21,016
Total financial assets	33,701,324	33,828,718

	Other financial liabilities at amortised cost	
	2017	**2016**
	RM	**RM**
Liabilities as per statements of financial position		
- trade and other payables excluding statutory liabilities	850,259	2,428,187

Further quantitative disclosures are included throughout this financial statement.

(b) Financial risk management objective 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 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:

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (continued)

(I) Liquidity and cash flow risk

The Group is actively managing its operating cash flow to suit the debt maturity so to ensure all commitments and funding needs are met. As part of the overall liquidity management, it is the Group's policy to ensure continuity in servicing its cash obligations in the future by forecasting its cash commitments and maintaining sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the Group also maintains available banking facilities sufficient to meet its operational needs.

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contracted undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
28 February 2017				
Financial liabilities				
Trade and other payables	133,720,516	-	-	133,720,516
Borrowing	43,159,958	92,330,033	9,742,967	145,232,958
Total undiscounted financial liabilities	176,880,474	92,330,033	9,742,967	278,953,474
29 February 2016				
Financial liabilities				
Trade and other payables	119,626,389	-	-	119,626,389
Borrowings	27,519,882	65,576,491	1,821,460	94,917,833
Total undiscounted financial liabilities	147,146,271	65,576,491	1,821,460	214,544,222

(II) Foreign currency risk

The Group is exposed to currency exchange risk as a result of the foreign currency denominated transactions entered into by the Group during the course of business. The currencies involved are Australian Dollar. In addition, subsidiaries operating in Australia have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposure.

The Group monitors the movement in foreign currency exchange rates closely to ensure its exposures are minimised. The Group does not enter into any hedging contract to hedge this risk. The directors are of the view that there is no material impact and hence no sensitivity analysis could be presented.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:-

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (continued)

(II) Foreign currency risk (continued)

	Net financial assets/ (liabilities) held in non-functional currencies Australian Dollar RM
Functional currencies	
At 28 February 2017	
Financial assets	
Investment in joint venture	3,089
Other receivables, deposits and prepayments	7,302,112
Cash and cash equivalents	715,293
	8,020,494
Financial liabilities	
Trade and other payables	(11,811,422)
At 29 February 2016	
Financial assets	
Investment in joint venture	3,089
Other receivables, deposits and prepayments	5,229,313
Cash and cash equivalents	176,873
	5,409,275
Financial liabilities	
Trade and other payables	(7,429,324)

(III) Market risk

(i) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and is managed through the use of fixed and floating rate debts. The fixed rate borrowings exposes the Group to fair value interest rate risk which is partially offset by borrowings obtained at floating rate. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk. The Group does not use derivative financial instruments to hedge its risk.

The Group also earns interest income derived from the placement of short-term deposits with licensed banks and financial institutions.

The Group regularly reviews these risks and takes proactive measures to mitigate the potential impact of such risk.

NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (continued)

(III) Market risk (continued)

(i) Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

Sensitivity analysis for floating rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the profit net of tax to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables remain constant.

	GROUP	
	2017	**2016**
	RM	**RM**
Profit net of tax		
Floating rate instruments		
25 basis point (0.25%) increase	(273,204)	(176,536)
25 basis point (0.25%) decrease	273,204	176,536

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

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)
(b) Financial risk management objective and policies (continued)
(III) Market risk (continued)
(i) Interest rate risk (continued)

Weighted average effective interest rates ('WAEIR') and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their weighted average effective interest rates at the statement of financial position date and the period in which they reprice or mature, whichever is earlier:

Group	NOTE	WAEIR	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
2017		%	RM	RM	RM	RM	RM	RM	RM
Fixed rates									
Fixed deposits with licensed banks	19	3.15	2,577,605	-	-	-	-	-	2,577,605
Hire purchase liability	28	4.57	681,090	451,589	185,571	79,309	43,790	-	1,441,349
Floating rates									
Bankers' acceptances	26	4.93	2,264,000	-	-	-	-	-	2,264,000
Bank overdrafts	25	7.99	3,659,333	-	-	-	-	-	3,659,333
Invoice financing	27	6.24	3,074,000	-	-	-	-	-	3,074,000
Revolving credits	24	4.76	30,490,000	-	-	-	-	-	30,490,000
Term loans	23	5.76	2,991,535	28,401,575	33,162,821	16,570,068	13,435,310	9,742,967	104,304,276
2016									
Fixed rates									
Fixed deposits with licensed banks	19	3.14	4,292,978	-	-	-	-	-	4,292,978
Hire purchase liability	28	4.01	652,393	679,865	449,967	183,857	38,120	-	2,004,202
Floating rates									
Bankers' acceptances	26	5.19	1,883,000	-	-	-	-	-	1,883,000
Bank overdrafts	25	8.10	2,295,557	-	-	-	-	-	2,295,557
Invoice financing	27	6.62	4,281,000	-	-	-	-	-	4,281,000
Revolving credits	24	4.71	14,490,000	-	-	-	-	-	14,490,000
Term loans	23	6.01	3,917,932	2,076,651	23,997,308	26,036,489	12,114,234	1,821,460	69,964,074

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (continued)

(III) Market risk (continued)

(ii) Other price risk

Equity price risk arises from the Group's investments in equity securities.

There are no material investments in equity securities to the Group and hence no sensitivity analysis has been presented.

(IV) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group controls these risks by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

The credit quality of trade receivables that are neither past due nor impaired are substantially amounts due from customers with good collection track record with the Group. Management will continuously monitor closely the trade receivables which are past due.

Credit risk arising from property development

The Group does not have any significant credit risk from its property development activities as its services and products are predominantly rendered and sold to a large number of property purchasers using financing from reputable end-financiers.

Trade receivables are monitored on an on-going basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does the Group have any major concentration of credit risk related to any financial instruments. Credit risk with respect to trade receivables are limited as the ownership and rights to the properties revert to the Group in the event of default.

Credit risk arising from investment properties

Credit risks arising from outstanding receivables from the tenants are minimised and monitored by strictly limiting the Group's association to business partners with high creditworthiness. Furthermore, the tenants have placed security deposits with the Group which acts as collateral. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

Credit risk arising from other activities of the Group

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers. The Group's historical experience in collection of trade receivables fall within the recorded allowances. Due to these factors, no additional credit risk beyond amounts allowed for collections losses is inherent in the Group's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (continued)

(IV) Credit risk (continued)

Credit risk arising from deposits with licensed banks

Concentration of credit risk arising from deposits with licensed banks is limited as bank deposits are held with banks with strong financial strength.

(i) the ageing analysis of trade receivables as at the end of the reporting date was:

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	8,918,796	8,423,913	-	-
Past due but not impaired:				
1 to 30 days past due	2,125,287	2,153,128	-	-
31 to 60 days past due	1,414,465	1,910,991	-	-
61 to 90 days past due	1,387,644	2,284,301	-	-
91 to 120 days past due	881,814	1,186,002	-	-
More than 120 days past due	12,131,390	14,459,860	-	-
	17,940,600	21,994,282	-	-
Impaired	76,772	569,412	-	-
	26,936,168	30,987,607	-	-

The movement of the allowance of impairment loss is as follows:

	GROUP	
	2017	**2016**
	RM	**RM**
At beginning of financial year	569,412	191,719
Charge during the financial year	-	392,234
Written off during the financial year	(492,640)	(14,541)
At end of financial year	76,772	569,412

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objective and policies (continued)

(IV) Credit risk (continued)

(i) the ageing analysis of trade receivables as at the end of the reporting date was: (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

As at 28 February 2017, trade receivables for the Group of RM17,940,600 (2016: RM21,994,282) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default, have met the Group's credit approved policies and are monitored on an on-going basis.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

(ii) Investments

The investment in quoted securities is minimal to the Group. As at the end of the reporting date, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

(iii) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries.

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

The maximum exposure to credit risk amounts to RM145,232,958 (2016: RM94,917,833) representing the outstanding banking facilities of the subsidiaries as at end of the reporting date.

As at end of the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)
(b) Financial risk management objective and policies (continued)
(IV) Credit risk (continued)
(iv) Inter-company balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at end of the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting date, there was no indication that the loans and advances to the subsidiaries are not recoverable.

(c) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

GROUP

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2017											
Financial assets											
Fixed income unit trusts	9	6,656	-	-	6,656	-	-	-	-	6,656	6,656
		6,656	-	-	6,656	-	-	-	-	6,656	6,656

GROUP

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2016											
Financial assets											
Fixed income unit trusts	9	6,656	-	-	6,656	-	-	-	-	6,656	6,656
		6,656	-	-	6,656	-	-	-	-	6,656	6,656

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value of financial instruments (continued)

Policy of transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2016: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Fair value which is determine for disclosure purposes, is calculated based on the present value of future principal and interest cash flow, discounted at the market rate of interest at the reporting period.

Interest rates used to determine fair value.

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2017	2016
Bank borrowings	4.76% - 7.99%	4.71% - 8.10%

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

42. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	GROUP	
	2017	**2016**
	RM	**RM**
Borrowings	145,232,958	94,917,833
Less: Cash and cash equivalents	(29,608,941)	(38,394,483)
Net debt	115,624,017	56,523,350
Total equity	289,947,184	293,269,247
Debt-to-equity ratio	0.40	0.19

43. CARRYING AMOUNT OF MONIES HELD IN TRUST

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

	2017	**2016**
	RM	**RM**
Monies held in trust	895,817	711,373

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

44. GENERAL INFORMATION

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

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

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 8 June 2017.

NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2017 (CONTINUED)

45. *SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES*

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 28 February 2017 are as follows:

	GROUP 2017 RM	COMPANY 2017 RM
Total retained earnings of the Group and Company		
- realised	159,447,030	15,219,910
- unrealised	(12,726,955)	568,892
	146,720,075	15,788,802

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the directors of **EUPE CORPORATION BERHAD (377762-V)** do hereby state that, in the opinion of the directors, the financial statements set out on pages 51 to 127 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 28 February 2017 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

In the opinion of the directors, the information set out in note 45 on page 128 to the financial statements has been complied in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listings Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

MUHAMAD FAISAL BIN TAJUDIN

DATO' BEH HUCK LEE
Sungai Petani, Kedah Darul Aman
8 June 2017

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I , **NG KEE CHYE**, being the Chief Financial Officer primarily responsible for the financial management of **EUPE CORPORATION BERHAD (377762-V)** do solemnly and sincerely declare that the financial statements set out on pages 51 to 127 and supplementary information on the disclosure of realised and unrealised profit or loss as set out in note 45 on page 128 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

NG KEE CHYE

Subscribed and solemnly declared
by the abovenamed at Sungai Petani
in the State of Kedah on 8 June 2017

Before me
Shazlin Iznina binti Oemar (K110)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPE CORPORATION BERHAD

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Eupe Corporation Berhad., which comprise the statements of financial position as at 28 February 2017 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 127.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 28 February 2017 and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion
We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities
We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue and cost of sales from property development activities *Refer to Note 3.17(b) – Significant Accounting Policies, Note 5(b)(ii) – Significant Accounting Estimates and Judgements, Note 32 – Revenue and Note 33 – Cost of sales* For the financial year ended 28 February 2017, revenue of RM142,064,495 and cost of sales of RM97,361,016 from property development activities accounted for approximately 85% and 77% of the Group's total revenue and cost of sales respectively. The Group uses stage of completion method to account for the recognition of revenue and cost of sales from property development activities.	The details of our work performed are as follows: - We obtained understanding and tested the Group's internal controls over the accuracy and timing of recognition of revenue and cost of sales in the financial statements; - We evaluated the management's key judgements used in the estimation of budgeted property development costs by examining documentation such as letter of awards issued to contractors; - We verified the gross development value by examining the signed sales and purchase agreement and intended selling price of the unsold units to the latest transacted selling price;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPE CORPORATION BERHAD
(CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Recognition of revenue and cost of sales from property development activities (continued)</u> We identified this area as area requires audit focus due to the involvement of significant management's judgement and estimates in the estimation of budgeted property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities of the Group). Estimation of budgeted property development costs requires management to exercise significant judgement in considering the completeness and accuracy of forecast costs to complete, including obligations to contract variations and cost contingencies.	The details of our work performed are as follows: - We verified the capitalisation of property development costs to ascertain they were in compliance with FRS 201_{2004} : Property Development Activities; - We performed re-computation on the calculation of percentage of completion to ascertain there is no mathematical error which may render in the over/ understatement of profit recognition; and - We reviewed the stage of completion of all on-going development projects to determine if there is any exposure to the late ascertained damages and ascertain the adequacy of provision for late ascertained damages, if any. Based on the above procedures performed, we did not identify any material exceptions.
<u>Borrowings</u> *Refer to Note 3.13 – Significant Accounting Policies, Note 22 – Borrowings and Note 42(b)(III)(i) – Financial Instruments* For the financial year ended 28 February 2017, the Group has total borrowings of approximately RM145,232,958 which shows an increase of 53% as compared to last financial year, resulted increase in debt-to-equity ratio from 0.19 to 0.40 on year-to-year comparison. The additional facilities obtained were for the purpose of acquisition of land for development properties which the development has not commenced. High financial leverage may pose significant risk on the going concern of the Group in the event of any default or breach of covenants.	The details of our work performed are as follows: - We performed assessment on the assets pledged by the Group in obtaining the borrowings, whether it would be sufficient to discharge the Group from its obligations without incurring any additional liabilities;- - We assessed the ability of the Group to service its borrowings for a period of twelve (12) months after the financial year end; - We reviewed the loan covenants to ascertain there is no breach of covenants which may result in the borrowings facilities recalled by the financial institutions; and - We checked the repayment of borrowings to ascertain there is no default in repayment. Based on the above procedures performed, we did not identify any material exceptions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPE CORPORATION BERHAD
(CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<u>Impairment of receivables</u> *Refer to Note 3.16(A)(e) - Significant Accounting Policies, Note 5(b)(v) - Significant Accounting Estimates and Judgements, Note 16(b) - Trade and Other Receivables* Included in the trade receivables of the Group of RM41,754,095 is an amount of RM16,487,030 due from a company in which a director has interest (related party). The project undertaken for the related party had been significantly completed during the last financial year, but the amount has yet to be recovered (except the retention sum).	The details of our work performed are as follows: - We reviewed the historical repayment trend of the related party to assess the ability of the related party to repay the outstanding balances; - We checked to the latest audited financial statements of the related party to assess its financial ability in settling the outstanding balances; and - We inquired with the management regarding the plans and actions in place to recover the outstanding balances. Based on the above procedures performed, we did not identify any material exceptions.

Information Other than the Financial Statements and Auditors' Report Thereon
The directors of the Company are responsible for the other information. The other information comprises the Managing Director's Statement and Directors' Reports included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPE CORPORATION BERHAD
(CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPE CORPORATION BERHAD
(CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements, being accounts that have been included in the consolidated accounts.

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

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 266(3) of the Act.

Other Reporting Responsibilities
The supplementary information set out in Note 45 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters
This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RSM Malaysia
AF: 0768
Chartered Accountants

Lou Hoe Yin
3120/04/18(J)
Chartered Accountant

Kuala Lumpur
8 June 2017

ANALYSIS OF SHAREHOLDINGS
AS AT 2 JUNE 2017

Share Capital : RM128,000,000 comprising 128,000,000 ordinary shares
Class of shares : Ordinary shares
Voting rights : One vote per ordinary share

SHAREHOLDERS BY SIZE OF HOLDINGS

Category By Sizes	No. of Holders		No. of Shares		Percentages (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100 shares	9	1	307	51	0.0002	0.0000
100 to 1,000 shares	1,879	3	1,849,954	3,000	1.4453	0.0023
1,001 to 10,000 shares	1,585	17	7,247,351	65,500	5.6620	0.0512
10,001 to 100,000 shares	458	7	15,016,700	263,500	11.7318	0.2059
100,001 to less than 5% of issued shares	106	2	49,408,748	829,900	38.6006	0.6484
5% and above of issued shares	2	0	53,314,989	0	41.6523	0.0000
SUBTOTAL	**4,039**	**30**	**126,838,049**	**1,161,951**	**99.0922**	**0.9078**
GRAND TOTAL (MALAYSIAN + FOREIGN)	**4,069**		**128,000,000**		**100.0000**	

TOP THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	Shares	%
1	Betaj Holdings Sdn Bhd	30,053,781	23.48
2	Beh Heng Seong Sdn.Bhd.	23,261,208	18.17
3	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Beh Huck Lee (M01)	3,500,000	2.73
4	Liew Hock Lai	3,095,900	2.42
5	Success Leads Sdn Bhd	2,781,794	2.17
6	Firm Alliance Sdn Bhd	2,622,538	2.05
7	Tham Sau Kien	2,532,300	1.98
8	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Beh Chan Pin	1,864,300	1.46
9	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Siu Wah (REM 181-Margin)	1,841,900	1.44
10	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Wan Koon	1,806,000	1.41
11	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liew Hock Lai (M01)	1,290,000	1.01
12	Ng Chor Weng	1,199,600	0.94
13	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledge Securities Account for Neo Eng Hui (7001308)	1,106,600	0.86
14	Maybank Nominees (Tempatan) Sdn Bhd Beh Chan Sin	1,000,000	0.78
15	Wong Hung Ngie	952,300	0.74
16	Yeo Khee Nam	796,500	0.62
17	Janet Lai Wei Ying	700,000	0.55
18	Chan Ai Lin	675,000	0.53

ANALYSIS OF SHAREHOLDINGS
AS AT 2 JUNE 2017 (CONTINUED)

TOP THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No.	Shareholders	Shares	%
19	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledge Securities Account for Neo Eng Hui (7003415)	600,700	0.47
20	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Moi Peng	600,000	0.47
21	Maybank Nominees (Tempatan) Sdn Bhd Beh Chan Mua	600,000	0.47
22	Sim Lian Hing	591,500	0.46
23	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Ah Sing @ Yeo Ah Sing	568,500	0.44
24	Teo Kwee Hock	538,200	0.42
25	Yeo Khee Lian @ Lui Pao Chuen	530,000	0.41
26	Beh Siam Kee	530,000	0.41
27	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Chee Siong (MY1819)	525,000	0.41
28	Maybank Nominees (Tempatan) Sdn Bhd Beh Siok Hock	520,000	0.41
29	Ng Thong Pin	483,100	0.38
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Beh Chan Soon (E-BPJ)	476,000	0.37
	TOTAL	**87,642,721**	**68.47**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct	%	Indirect	%
Betaj Holdings Sdn Bhd	30,053,781	23.48	-	-
Beh Heng Seong Sdn Bhd	23,261,208	18.17	30,053,781[a]	23.48
Dato' Beh Huck Lee	3,500,000	2.73	53,314,989[b]	41.65
Datin Paduka Teoh Choon Boay	234,416	0.18	53,314,989[b]	41.65

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	%	Indirect	%
Dato' Beh Huck Lee	3,500,000	2.73	53,314,989[b]	41.65
Datin Paduka Teoh Choon Boay	234,416	0.18	53,314,989[b]	41.65
Datuk Tan Hiang Joo	10,000	0.01	-	-
Iskandar Abdullah @ Sim Kia Miang	-	-	40,000[c]	0.03

Notes:
(a) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through shareholdings in Betaj Holdings Sdn Bhd.
(b) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through shareholdings in Beh Heng Seong Sdn Bhd which in turn hold shares in Betaj Holdings Sdn Bhd.
(c) Deemed interested by virtue of Section 59(11)(c) of the Companies Act 2016.

LIST OF TOP TEN PROPERTIES
HELD BY GROUP AS AT 28 FEBRUARY 2017

No.	Location & Description	Tenure & Age	Land Area or Build-up Area#	Date of acquisition or last revaluation*	Existing use	Net Book Value as at 28/02/2017
1.	Lot 660, Seksyen 94 Bandar Kuala Lumpur, Daerah Wilayah Persekutuan Kuala Lumpur [Located at Seputeh]	Leasehold 99 years expiring 9/21/2086	3.22 acres (140,469 sq ft. 13,050 sq.m.)	Oct-2014	Land held for development	45,414
2.	PT20000 Seksyen 90A, H.S.(D) 120253, Bandar Kuala Lumpur, District of Kuala Lumpur Federal Territory of Kuala Lumpur. [Located at Cheras]	Leasehold 99 years expiring 12/17/2114	2.67 acres (116,358 sq ft. 10,810 sq.m.)	Feb-2016	Land held for development	32,306
3.	PT 9403, H.S.(D) 120037 Mukim & District of Kuala Lumpur Federal Territory of Kuala Lumpur. [Located at Bangsar South]	Freehold	2.51 acres (109,501 sq ft. 10,173 sq.m.)	Feb-2012	Development in progress	35,564
4.	P.T. 17698 and P.T. 17699 H.S.(D) 73395 and H.S.(D) 73398 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah [Cinta Sayang Golf Club]	Leasehold for 60 years expiring 31/7/2051 29 years	190.88 acres (8,314,645 sq ft. 772,456 sq.m.)	Mar-2015*	Golf and Country Resort	24,485
5.	P.T. 10398 to P.T. 10422 H.S.(D) 5511 to H.S.(D) 5535 P.T. 10447 to P.T. 10457 H.S.(D) 5541 to H.S.(D) 5550 Mukim of Sungai Petani, District of Kuala Muda Persiaran Cinta Sayang, Sungai Petani, Kedah [209 rooms within Cinta Sayang Golf and Country Resort]	Freehold 22 to 29 years	8.61 acres (375,087 sq ft. 34,847 sq.m.)	Jul-2016*	Golf and Country Resort	21,768

LIST OF TOP TEN PROPERTIES
HELD BY GROUP AS AT 28 FEBRUARY 2017 (CONTINUED)

No.	Location & Description	Tenure & Age	Land Area or Build-up Area#	Date of acquisition or last revaluation*	Existing use	Net Book Value as at 28/02/2017
6.	P.T. 72264 to P.T. 72295, P.T. 72394 to P.T. 72401, P.T. 72484 to P.T. 72757, P.T. 72806 to P.T. 72807, P.T. 72950 to P.T. 72983, P.T. 72988 to P.T. 72993, P.T. 73046 to P.T. 73123, P.T. 73140 to P.T. 73145, P.T. 73148 to P.T. 73160, P.T. 73188 to P.T. 73264, P.T. 73267 to P.T. 73303, P.T. 73306 to P.T. 73337 H.S.(D) 23133 to H.S.(D) 23164, H.S.(D) 23263 to H.S.(D) 23270, H.S.(D) 23353 to H.S.(D) 23626, H.S.(D) 23675 to H.S.(D) 23676, H.S.(D) 23819 to H.S.(D) 23852, H.S.(D) 23857 to H.S.(D) 23862, H.S.(D) 23915 to H.S.(D) 23992, H.S.(D) 24009 to H.S.(D) 24014, H.S.(D) 24017 to H.S.(D) 24029, H.S.(D) 24057 to H.S.(D) 24133, H.S.(D) 24136 to H.S.(D) 24172, H.S.(D) 24175 to H.S.(D) 24206, 204, 3630, 3631, 5503, 5504 and 5505 Mukim of Sungai Petani, District of Kuala Muda Located next to Taman Kelisa Ria and Aman Jaya [895 plots of land currently under development - Puncak Surya]	Freehold	63.17 acres (2,751,708 sq ft. 255,642 sq.m.)	Sep-2001	Development in progress	15,650
7.	P.T. 21648, H.S.(M) 3/94 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, within Taman Ria, Sungai Petani, Kedah [Commercial land erected with a 6-storey building known as Wisma Ria]	Freehold 21 years	1.67 acres (72,640 sq ft. 6,748 sq.m.)	Apr-2014*	Commercial building held for rental income	15,500
8.	P.T.94344 to P.T.94345, P.T.94347 to P.T.94351, P.T.94353, P.T.94356 H.S.(D) 113347 to H.S.(D) 113348, H.S.(D) 113350 to H.S.(D) 113352, H.S.(D) 113354, H.S.(D) 114415 to H.S.(D) 114416 & H.S.(D) 113357 Bandar Sungai Petani, District of Kuala Muda Located next to Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah [3 plots of commercial lands with golf & recreation land]	Freehold	30.47 acres (1,327,319 sq ft. 123,312 sq.m.)	Oct-2010	Land held for mixed development	9,686

LIST OF TOP TEN PROPERTIES
HELD BY GROUP AS AT 28 FEBRUARY 2017 (CONTINUED)

No.	Location & Description	Tenure & Age	Land Area or Build-up Area#	Date of acquisition or last revaluation*	Existing use	Net Book Value as at 28/02/2017
9.	P.T.60041 to P.T.60298 H.S.(D) 128362 to H.S.(D) 128619 Bandar Sungai Petani, District of Kuala Muda Located next to Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah [256 plots of land for mix development - Resort Villa & shops]	Freehold	31.36 acres (1,366,166 sq ft. 126,921 sq.m.)	Oct-2010	Development in progress	8,808
10.	GM 13959/M1/2/5 to GM 13959/M1/2/7, GM 13959/M1/2/9 to GM 13959/M1/3-6, GM 13959/M1/4/20, GM 13959/M1/4/22, GM 13959/M1/5/26, GM 13959/M1/6/31, GM 13959/M1/8/43, GM 13959/M1/9/47, GM 13959/M1/11/59 Cinta Sayang Sky Residences, Persiaran Cinta Sayang, Sungai Petani, Kedah Located within Cinta Sayang Golf and Country Resort [17 units of Sky Res - Block A]	Freehold 7 years	0.53 acres# (23,035 sq ft. 2,140 sq.m.)	Jun-2011	Apartments held for rental income	8,441

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the TWENTY-FIRST Annual General Meeting of EUPE CORPORATION BERHAD will be held at Nadia, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman, on Thursday, 27 July 2017 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 28 February 2017 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**

2. To re-elect the following Directors who retire by rotation in accordance with the Article 82 of the Constitution of the Company:-
   (i) Datuk Tan Hiang Joo **Ordinary Resolution 1**

   (ii) Dato' Paduka Haji Ismail Bin Haji Shafie **Ordinary Resolution 2 (Please refer to Explanatory Note 2)**

3. To re-appoint Messrs RSM Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 3**

AS SPECIAL BUSINESS

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

4. **APPROVAL OF THE PAYMENT OF DIRECTORS' BENEFITS**

   (i) "THAT the payment of Directors' allowance of RM11,000 payable to the Directors after 31 January 2017 to the financial year ended 28 February 2017 be and is hereby approved." **Ordinary Resolution 4 (Please refer to Explanatory Note 3)**

   (ii) "THAT the payment of Directors' allowance and meeting fees payable to the Directors from 1 March 2017 until the conclusion of the next Annual General Meeting in 2018 be and is hereby approved." **Ordinary Resolution 5 (Please refer to Explanatory Note 3)**

5. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 6 (Please refer to Explanatory Note 4)**

   "THAT authority be and is hereby given to Datuk Tan Hiang Joo who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company."

6. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** **Ordinary Resolution 7 (Please refer to Explanatory Note 5)**

   "THAT authority be and is hereby given to Kek Jenny who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to serve as an Independent Non-Executive Director of the Company."

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

7. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT")**

Ordinary Resolution 8 (Please refer to Explanatory Note 6)

"THAT, subject always to the Act, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued during the preceding 12 months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company, or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by a resolution of the Company at a general meeting."

8. **PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY**

Ordinary Resolution 9 (Please refer to Explanatory Note 7)

"THAT, subject always to the Companies Act, 2016 ("Act"), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approvals of all relevant authorities (if any), the Board of Directors of the Company be and is hereby unconditionally and generally authorised, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) The maximum aggregate number of shares which may be purchased and held by the Company must not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time ("Proposed Share Buy-Back");

(ii) The maximum amount to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of the Company's retained profits based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back; and

(iii) The shares of the Company so purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, or be dealt with in such manner allowed by the Act and Listing Requirements from time to time.

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

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution is passed at which time the authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

(c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but shall not prejudice the completion of the purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority;

AND THAT authority be and is hereby unconditionally and generally given to the Directors to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depositor account(s) under the Securities Industry (Central Depositors) Act 1991, and the entering into all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the provisions of the Constitution of the Company, the Listing Requirements and all other relevant governmental and/or regulatory authorities."

9. To transact any other business of which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD
EUPE CORPORATION BERHAD

TAN BEE HWEE (MAICSA NO. 7021024)
WONG WAI FOONG (MAICSA NO. 7001358)
KUAN HUI FANG (MIA 16876)
Company Secretaries

Sungai Petani
Kedah Darul Aman
28 June 2017

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

Notes:
1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Twenty-First Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 20 July 2017. Only a depositor whose name appears on the Record of Depositors as at 20 July 2017 shall be entitled to attend and vote at the meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.

2. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and a proxy appointed to attend, speak and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor 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.

4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at or by facsimile transmission to the Company's Registered Office, 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.

5. Where a member appoints more than one proxy, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.

8. Where a member or the authorised nominee or an exempt authorised nominee appoints two or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

EXPLANATORY NOTES:

1. Item 1 of the Agenda

   This Agenda item is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward to the shareholders for voting.

2. Ordinary Resolution 2
   Re-election of Director who retire pursuant to Article 82 of the Constitution of the Company

   The Nomination Committee has assessed the independence of Dato' Paduka Haji Ismail Bin Haji Shafie, who is Independent Non-Executive Director ("INED") and reaffirmed his independence based on the independence criteria applied by the Company which is also used in the yearly assessment of INEDs independence and fulfilled the independence definition as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3. Ordinary Resolution 4 and Ordinary Resolution 5
   Approval of the Payment of Directors' Benefits

   The Ordinary Resolution 4 and Ordinary Resolution 5 are proposed to seek the shareholders' approval for the payment of the Directors' allowance and meeting fees as follows:

	31 January 2017 - 28 February 2017		Financial year ending 28 February 2018		
	Directors' allowance	Meeting allowance	Directors' allowance	Meeting allowance	Meeting fee
Executive Director	Nil	RM1,000 per month	Nil	RM1,000 per month	RM500 per meeting
Independent Non-Executive Director	RM1,000 per month	RM1,000 per month	RM1,000 per month	RM1,000 per month	RM500 per meeting
Non-Independent Non-Executive Director	Nil	RM1,000 per month	Nil	RM1,000 per month	RM500 per meeting

4. Ordinary Resolution 6
   Continuing in Office as Independent Non-Executive Director – Datuk Tan Hiang Joo

   Datuk Tan Hiang Joo has served the Board as an INED of the Company for more than nine years since 19 May 1997. The Board has through the Nomination Committee recommended retaining his designation as INED of the Company based on the following reasons:-

   - He fulfills the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and is able to bring independent and objective judgment on the Board;
   - His experience in the legal and property sector has enabled him to provide the Board and Risk Management and Audit Committee ("RMAC") with pertinent expertise, skills and competence; and
   - He had been with the Company long and therefore understands the Company's business operations which enable him to contribute actively and effectively during deliberations or discussions at RMAC and Board meetings.

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

5. Ordinary Resolution 7
   Continuing in Office as Independent Non-Executive Director – Kek Jenny

   Ms Kek Jenny has served the Board as an INED of the Company for more than nine years since 28 March 2002. The Board has through the Nomination Committee recommended retaining her designation as INED of the Company based on the following reasons:-

   - She fulfills the criteria under the definition on Independent Director as stated in the MMLR and is able to bring independent and objective judgment to the Board;
   - Her experience in the audit, financial due diligence and corporate advisory has enabled her to provide the Board and RMAC with pertinent expertise, skills and competence; and
   - She has been with the Company long and therefore understands the Company's business operations which enable her to contribute actively and effectively during deliberations or discussions at RMAC and Board meetings.

6. Ordinary Resolution 8
   Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Act

   Your Board would like to act expeditiously on opportunities to expand your Group's business, if and when they arise. The proposed Ordinary Resolution 8, if passed, will authorise the Directors to allot ordinary shares up to 10% of the total number of the issued shares (excluding treasury shares) of the Company and will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future investment project(s), working capital and/or acquisition.

   In order to avoid incurring additional cost and time involved in convening a general meeting to approve such an allotment of shares, it is thus considered appropriate that the Directors be empowered to issue and allot shares in the Company up to any amount not exceeding in total ten (10) per centum of the total number of the issued shares of the Company in the forthcoming Annual General Meeting. The new General Mandate will commence from the date of the Twenty-First Annual General Meeting and such authority shall continue to be in force until the conclusion of the next Annual General Meeting or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier, unless such approval is revoked or varied by a resolution of the Company at a general meeting.

   The general mandate for the allotment of shares is a renewal mandate. No shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 28 July 2016.

7. Ordinary Resolution 9
   Proposed Renewal of Authority to purchase its own shares of up to 10% of the total number of issued shares in the Company

   The Ordinary Resolution 9, if passed, will enable the Directors of the Company to purchase Company's shares up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back. The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last Annual General Meeting held on 28 July 2016.

   Further information on the Proposed renewal of authority to purchase its own shares is set out in the Statement to Shareholders dated 28 June 2017 which is despatched together with the Company's 2017 Annual Report.

This page had been deliberately left blank

Building Lifestyles, Building Trust

EUPE CORPORATION BERHAD 377762-V
(Incorporated In Malaysia)

Number of Shares Held	
CDS Account No. of Authorised Nominee*	

PROXY FORM

I/We, ______________________ NRIC No. ______________ of ______________
being a member / members of the abovenamed Company, hereby appoint ______________________
NRIC No. ______________ of ______________________

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at Nadia, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman on Thursday 27 July 2017 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:-

NO.	RESOLUTION		FOR	AGAINST
1.	To re-elect the retiring Director, Datuk Tan Hiang Joo pursuant to Article 82 of the Constitution of the Company	Ordinary Resolution 1		
2.	To re-elect the retiring Director, Dato' Paduka Haji Ismail Bin Haji Shafie pursuant to Article 82 of the Constitution of the Company	Ordinary Resolution 2		
3.	To re-appoint Messrs RSM Malaysia as Auditors and to authorise the Directors to fix their remuneration	Ordinary Resolution 3		
4.	To approve payment of Directors' allowance payable to the Directors after 31 January 2017 to the financial year ended 28 February 2017	Ordinary Resolution 4		
5.	To approve the payment of Directors' allowance and meeting fees payable to the Directors from 1 March 2017 until the conclusion of the next Annual General Meeting in 2018	Ordinary Resolution 5		
6.	To retain Datuk Tan Hiang Joo as an Independent Non-Executive Director	Ordinary Resolution 6		
7.	To retain Ms Kek Jenny as an Independent Non-Executive Director	Ordinary Resolution 7		
8.	Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 8		
9.	Proposed Renewal of Authority to Purchase its own Shares of up to 10% of the total number of issued shares in the Company	Ordinary Resolution 9		

(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).

Date .... day of , ... 2017

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100 %

....

Signature of Shareholder or Common Seal

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and a proxy appointed to attend, speak and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor 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.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at or by facsimile transmission to the Company's Registered Office, 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
4. Where a member appoints more than one proxy, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.
7. Where a member or the authorised nominee or an exempt authorised nominee appoints two or more proxies, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

* applicable to shares held through nominee account.

Affix
Stamp

The Company Secretary

EUPE CORPORATION BERHAD (377762-V)

5th Floor,
Wisma Ria, Taman Ria,
08000 Sungai Petani,
Kedah Darul Aman, Malaysia.

EUPE CORPORATION BERHAD
(377762-V)

5th Floor, Wisma Ria, Taman Ria,
08000 Sungai Petani,
Kedah Darul Aman, Malaysia.

T. +604-441 4888
F. +604-441 4548

www.eupe.com.my