

*Building
Lifestyles
Building*

THRUST

ANNUAL
REPORT
2022

**LETTER TO
SHAREHOLDERS**

OVERVIEW

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

FY2022 was the second consecutive full year in which the pandemic has resulted in significant, negative impacts on business operations and consumer sentiment in Malaysia as well as globally. These impacts have flowed through to our financial results in FY2022 and the ripples of these unprecedented disruptions will continue to be reflected in the Group's financial results for FY2023.

However, we have not allowed external events to determine our future prospects and performance. Over the past 12 months we have assembled a platform of new projects and operational efficiencies to re-establish our financial and operational momentum. This includes a major, new land acquisition and the adoption of new technologies that give us greater design and construction efficiencies.

DATO' BEH HUCK LEE

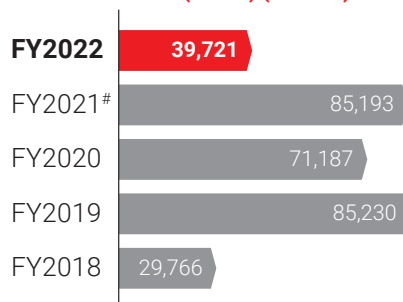
Group Managing Director
Eupe Corporation Berhad



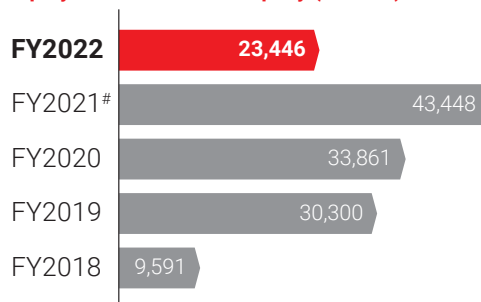
Financial Results

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

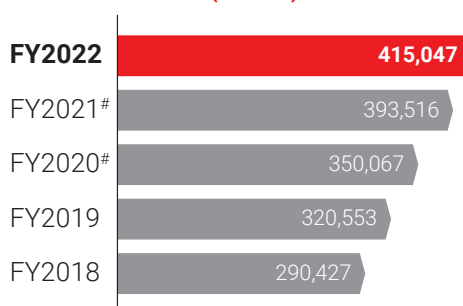
Profit Before Tax ("PBT") (RM'000)



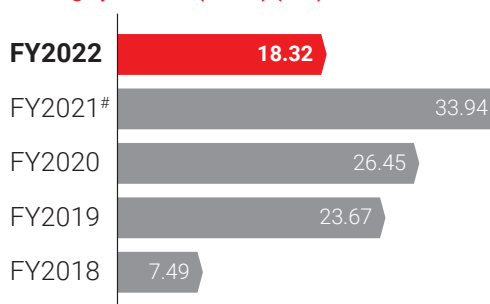
Profit attributable to equity holders of the Company (RM'000)



Shareholders' funds (RM'000)



Earnings per share ("EPS") (sen)



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



Parc3 has been successfully completed and handed over to buyers.



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



Helix2 will feature a range of innovative design features.

Property Development Division

Despite construction challenges due to movement restrictions, FY2022 saw the completion and commencement of handover of our second KL project, Parc3. The success of the project, which is now totally sold out, was underlined by the very positive response by buyers to their new home. Parc3 was also awarded Malaysia's Best Sustainable High-Rise Development award by iProperty Development Excellence Awards 2021. Our maiden KL project, Novum @ South Bangsar, likewise garnered another prestigious award during the year - The Edge Malaysia-PEPS Value Creation Excellence Award 2021.

Eupe latest KL residential project - Est8 @ Seputeh - was launched in November 2021 and has attracted a strong take-up. Work is also well-advanced on our fourth KL project - Helix2 @ PJ South which we aim to launch in the second half of 2022.

Our Northern property division experienced a strong turnaround in sales and revenue over the past financial year. This was a pleasing result given the challenges the division faced the previous year with buyer sentiment in our core markets of Sungai Petani particularly impacted by the COVID-19 pandemic. In addition, our project pipeline has expanded significantly. A

53.74-acre parcel of land was purchased in January 2022 in Sungai Petani. We have also secured a parcel of land in the sought-after Kuala Lumpur precinct of Belfield and we are actively identifying a number of other land parcels in strategic locations in Klang Valley.

As a result of the COVID-related challenges outlined above, total PDD revenue for FY2022 was **RM207.2 million**, compared to FY2021's revenue outcome of **RM289.3 million**. This translated into a pre-tax profit for the Division of **RM44.1 million** compared to a pre-tax profit of **RM90.5 million** in FY2021.

Other Divisions

The Property Construction Division recorded revenue for the Division for FY2022 of **RM8.4 million, compared to RM8.2 million** for the previous financial year. Its full year pre-tax loss increased to **RM1.2 million**, compared to **RM0.6 million** recorded for FY2021, primarily due to the rising cost of building materials. The Chalet and Golf Management Division continue to be significantly disrupted by continuing movement restrictions and subdued consumer sentiment resulting from COVID-19. The Division recorded total revenue of **RM5.0 million** for the full financial year, **an increase of RM0.9 million** compared to FY2021. These changes resulted in a pre-tax loss of **RM2.7 million for FY2022**, an improvement of **RM2.6 million** compared to pre-tax loss of **RM5.3 million** recorded for the preceding year.

Market Outlook

The impacts of COVID-19 will continue to cast a high degree of uncertainty over market conditions for the foreseeable future. Malaysia's economy is expected to continue its gradual recovery over the current year. At the same time, market sentiment and in particular consumer confidence is likely to be influenced by inflationary pressures.

Despite these uncertainties and challenges, the Group remains committed to focusing on what we can control. Design innovation has been the foundation of our success in recent years, as evidenced by the sought-after industry awards we have recently won. We will continue to sharpen our focus on these key points of differentiation while continuing to make sure our products remain competitively priced in a market where buyers remain highly focused on both product differentiation and value for money.

Conclusion

In summary, COVID-related disruptions over the past year have had a direct impact on our operations in the short-term. But they have also encouraged us to build strategic and operational thrust into our operations that will allow us to recover lost ground and underpin the Group's financial growth in the medium and longer-term.

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

Dear Shareholders of Eupe Corporation Berhad,

We are pleased to invite you to the 26th Annual General Meeting (AGM) of the Company, which will be held as follows:

Date & Time :

25 August 2022 (Thursday)
11:00 a.m.

Meeting Venue :

Jasper Jr Ballroom, AVANTÉ Hotel,
No. 1, Persiaran Bandar Utama, Bandar Utama,
47800 Petaling Jaya, Selangor Darul Ehsan

Please scan the QR code for the Company's documents below.

They are also accessible via

<https://www.eupe.com.my/annual-report-2022>



1. Annual Report 2022 (also available at www.bursamalaysia.com)
2. Corporate Governance Report 2022 (also available at www.bursamalaysia.com)
3. Notice of 26th AGM
4. Proxy Form
5. Statement/Circular to Shareholders

Should you require a printed copy of the Annual Report 2022 or Statement/Circular to Shareholders, please contact us via telephone or e-mail below:

Contact Person : Ms. Felycia Ooi

Tel. : +604-441 4888

Email : felyciaooi@eupe.com.my

If you require any assistance or clarification on the above, kindly contact our Share Registrar:

Mega Corporate Services Sdn. Bhd.

Tel. : +603-2692 4271

+6012-9122 734 Alfred

+6012-2529 136 Hisham

Email : sharereg@megacorp.com.my

Thank you for your continued support to Eupe Corporation Berhad.

Yours faithfully,

Dato' Beh Huck Lee

Group Managing Director

30 June 2022



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