



# TRUST

**INNOVATIVE DESIGNS**  
**SUSTAINABLE LIFESTYLES**



Building Lifestyles, Building Trust

ANNUAL REPORT 2015





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# CORPORATE INFORMATION

## ***BOARD OF DIRECTORS***

Managing Director

**Dato' Beh Huck Lee**

Non-Independent 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

**Dato' Paduka Haji Rasli Bin Basir**

Independent Non-Executive Director

**Kek Jenny**

Independent Non-Executive Director

**Datuk Tan Hiang Joo**

## ***AUDIT COMMITTEE***

Chairman

**Datuk Tan Hiang Joo**

Members

**Dato' Paduka Haji Rasli Bin Basir**

**Dato' Paduka Haji Ismail Bin Haji Shafie**

**Kek Jenny**

## ***COMPANY SECRETARY***

Ng Bee Lian (MAICSA 7041392)

Wong Wai Foong (MAICSA No. 7001358)

Kuan Hui Fang (MIA 16876)

## ***NOMINATING COMMITTEE***

Chairman

**Dato' Paduka Haji Rasli Bin Basir**

Members

**Datuk Tan Hiang Joo**

**Kek Jenny**

## ***STOCK EXCHANGE LISTING***

Main Market of the Bursa Malaysia Securities Berhad (6815)

## ***REGISTERED OFFICE***

5th Floor, Wisma Ria, Taman Ria,

08000 Sungai Petani,

Kedah Darul Aman, Malaysia.

Tel : +604-441 4888 Fax : +604-441 4548

## ***PRINCIPAL BANKERS***

RHB Bank Berhad

CIMB Bank Berhad

Malayan Banking Berhad

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

AmBank Malaysia Berhad

United Overseas Bank (M) Berhad

## ***AUDITORS***

RSM Robert Teo, Kuan & Co

Penthouse, Wisma RKT

No 2 and 4, Jalan Raja Abdullah

Off Jalan Sultan Ismail

50300 Kuala Lumpur

Tel : +603-2610 2888 Fax : +603-2698 6600

## ***REGISTRAR***

Mega Corporate Services Sdn Bhd (187984-H)

Level 11-2, Faber Imperial Court,

Jalan Sultan Ismail,

50250 Kuala Lumpur

Tel: +603-2692 4271 Fax: +603-2732 5388

## ***SOLICITORS***

Wong, Beh & Toh

Haji Mahmud & Partners

Syarikat Ng & Anuar

Wong-Chooi & Mohd. Nor

## MESSAGE FROM THE MANAGING DIRECTOR

The last 12 months have seen Eupe move on a number of fronts to advance its new strategic direction of moving into Malaysia's biggest property market. Progress with Eupe's first two residential developments in Kuala Lumpur - Novum at South Bangsar and The Weave in Cheras - remains on track.

It has been pleasing to see that initial buyer response to Novum and The Weave, particularly through pre-registrations for both projects, has been solid. The response has come despite a good deal of uncertainty in the property market, resulting from the introduction of the Goods and Services Tax, a tightening of borrowing limits and a general softening of the Malaysian economy.

There continues to be areas in the company's overall activities that are the subject of additional focus to ensure they are contributing more positively and on a sustainable basis to the company's overall financial performance. I am also pleased to report that the Group continues to advance its sustainability efforts over the past year.

We have now captured Eupe's various efforts under our new Sustainability Plus program which seeks to go beyond sustainability benchmarks that are standard in the property development sector.

### FINANCIAL RESULTS

Generally, the Group's overall financial results reflect what has been a challenging economic and business environment, particularly in the second half of the year.

For the full financial year, the Group achieved a slightly lower revenue result and pre-tax profit. The Group's pre-tax profit for the full year was RM18.4 million, compared to RM20.5 million for the preceding financial year.

The profit result was achieved on the back of total revenue of RM167.7 million, compared to total revenue of RM186.1 million recorded for the preceding full financial year.

Property development continued to be the biggest contributor to the Group's financial results – a trend that will increase as the company focusses on bigger scale, higher-value property development projects in Malaysia's capital.

The Property Development Division recorded total revenue of RM77.9 million for the full year, compared to RM105.3 million for the previous financial year, a decrease of RM27.4 million (or 26.0%).

The Division achieved a pre-tax profit of RM16.2 million for the financial year, compared to RM19.0 million for the previous financial year, a decrease of RM 2.8 million (or 14.7%).

The decrease in revenue was mainly due to lower sales for the current financial year, compared to the previous financial year.





## MESSAGE FROM THE MANAGING DIRECTOR

(CONTINUED)

This lower sales was in turn the result of holding off the release of homes during what has been a subdued market environment. However, the shortfall in sales was partly offset by a good sale response for other high-end products.

Eupe's construction division, Riacon, posted total revenue of RM72.9 million, compared to RM64.0 million for the preceding year. This translated into pre-tax profit of RM3.1 million, against RM4.1 million for the previous year. The lower profit was largely due to some of the division's high margin projects moving towards completion stage.

We are continuing to work on delivering more efficiencies and greater margins within the construction division with new management focussing on greater cost disciplines and improved quality controls. Eupe has continued its dividend payment policy – which was resumed last year – with shareholders receiving an annualised dividend of 2 per cent.

While we expect this dividend trend to continue, we also remain alert to potential investment opportunities that enhance shareholder value.



Novum / South Bangsar - Artist Impression

### ***KUALA LUMPUR PROJECTS***

Eupe's entry into the Kuala Lumpur property market is central to the Group's long-term strategy to grow its revenue base and deliver increased shareholder value.

The official launch of both Novum and The Weave projects is scheduled for the second half of the calendar year, subject to final development approvals being given.

We have been focussed on a number of fronts to make sure our first two projects in Malaysia's capital are clearly positioned as innovative residential and lifestyle products in what continues to be a very competitive property market.



Novum / South Bangsar - Artist Impression

## MESSAGE FROM THE MANAGING DIRECTOR

(CONTINUED)



The Novum project has been carefully designed and market-tested to ensure it will be an iconic architectural presence and set new benchmarks for contemporary urban living in what is one of Kuala Lumpur's most sought after suburbs. Considerable effort has been made to create an integrated living experience through an innovative combination of first-class lifestyle facilities, high quality contemporary interior design and digital connectivity.

Likewise, with The Weave in Cheras, we are seeking to offer a unique residential product that stands out clearly as a high quality investment in this emerging suburb.



With both projects, we have focussed on clear points of differentiation around the quality of interior and exterior design, the integrated nature of facilities as well as security and connectivity features.

This strategy is particularly important because we believe that as the property market continues to divide into many smaller markets, buyers are not only looking for investment value, but are increasingly wanting a clearly differentiated design and lifestyle offering.



## MESSAGE FROM THE MANAGING DIRECTOR

(CONTINUED)

Eupe's experience in northern Malaysia in developing innovative, premium residential products - and in the process staying ahead of market trends - has proven very important in this regard. So too is our long-standing practice of actively seeking feedback from potential buyers and investors in the design and technical stages to ensure what we are offering in Kuala Lumpur directly meets what our target markets want.

In line with our Kuala Lumpur-focussed expansion strategy, we are actively seeking out new land and development opportunities. This is aimed at building a consistent pipeline of future projects in the Greater Kuala Lumpur area which will support our revenue growth into the longer-term.



Cinta Sayang Resort Villas / Sungai Petani - Artist Impression

### **PROPERTY PROJECTS IN NORTHERN MALAYSIA**

Our property development business in the northern region of Malaysia, centred around Eupe's home base of Sungai Petani in Kedah, continues to perform well despite market headwinds created by a softer economy.

Cinta Sayang Resort Villas – a project comprising 199 homes adjacent to Eupe's Cinta Sayang Resort – has begun construction, with the first stage of 90 homes due for completion by June 2016.



Cinta Sayang Resort Villas / Sungai Petani - Artist Impression



## MESSAGE FROM THE MANAGING DIRECTOR

(CONTINUED)

Market response to the project has been strong. As reported last year, the first stage of the project was sold out within the first weekend of it being opened for buyer registration.

We expect the next stage of the project to be released in the middle of the year and, despite ongoing uncertainty in the economy, we expect a good buyer response.

Reflecting the softness of the current market, sales at The Somerset have not been as strong as expected but we are confident this trend will pick up later in the year.



The Somerset / Sungai Petani - Artist Impression



The Somerset / Sungai Petani - Artist Impression



The Somerset / Sungai Petani - Artist Impression

Eupe's township developments continue to provide a consistent flow of revenue.

The launch of the next stage of the Astana Parkhomes project is scheduled for later this year, along with the next stage of Kelisa Ria, our other major township development in Sungai Petani.

## MESSAGE FROM THE MANAGING DIRECTOR

(CONTINUED)



### **OTHER BUSINESSES**

Eupe's other business recorded mixed results, largely the result of ongoing work to re-position these segments for future growth.

Cinta Sayang Resort has been focussed on strategies centred around securing higher value segments of the tourism and hospitality markets, improving its customer service offering and updating its internal operations. External consultants were enlisted during the course of the year to assist the Resort management team in restructuring operations and position the Resort for new markets.

The Chalet & Golf Management Division's full year revenue remained unchanged at RM14.7 million compared to last financial year. However, its pre-tax loss for the full year was reduced to RM1.5 million, compared to a pre-tax loss of RM1.8 million for the previous financial year.

This improvement was due partly to better returns from the Carnivall water park, as well as growth in room rates as part of the Resort's restructure which is aimed at attracting higher margin business.

Our other operations, including our property portfolio, recorded the same revenue as of last financial year at RM2.1 million.

This translated into a pre-tax profit of RM627,000 compared to a pre-tax loss of RM924,000 in the last financial year, due mainly to revaluations within the Group's property portfolio.

### **MARKET OUTLOOK**

We expect the outlook for property in Malaysia, particularly in Kuala Lumpur, to remain relatively subdued for some months to come.

Consolidation had been occurring in the property market for some time due to a tightening of credit policies. The softening in the property market has been further impacted in the short-term by the introduction of the Goods and Services Tax. Recent falls in global commodity prices which Malaysia relies upon for revenue have also been a flow-on factor.



## MESSAGE FROM THE MANAGING DIRECTOR

(CONTINUED)

At the same time, the fundamentals remain in place for consistent and long-term growth in the property market, particularly in Kuala Lumpur where population increases are projected to remain strong. Underlying population growth in Eupe's home market of Sungai Petani, which continues to be among the fastest growth areas in northern Malaysia, will also underpin strong demand for property and related services in the medium and longer-term.

### CONCLUSION

In summary, the past 12 months have been a period of uncertainty for the property market, yet we remain focussed on executing our longer-term strategy of building a strong and credible presence in Kuala Lumpur, Malaysia's biggest market.

Eupe is continuing to add to its senior management team to take the company into this next stage of expansion. The company has appointed a Chief Financial Officer, Mr Ng Kee Chye, with wide-ranging expertise and experience in the property sector to manage our capital resources as efficiently as possible.

Mr Ng's appointment is part of the development of our senior management team to reposition Eupe as a mid to large market capitalisation property company on the Bursa.

We are also building a strong internal sales team to position current and future projects and build Eupe's brand in Kuala Lumpur. We are continuing to build an internal culture based on achieving and building 'trust' with all our stakeholders which, as I reported last year, has become the company's key mission and vision.

Building trust is particularly important in the property sector which is often associated with chasing short-term profits at the expense of long-term value building for customers and investors. To focus our efforts on building trust, we have structured our property development offering around the joining of two key sustainability principles – setting new benchmarks for innovative homes and lifestyles, and building sustainable communities.

What we have called our Sustainability Plus strategy is based on our strong belief that being a property developer means being entrusted with important obligations and responsibilities – to build innovative, eco-friendly homes that stand the test of time, and to build communities that are safe and sustainable for the longer term.

Finally, I want to take this opportunity to again thank all our business partners, shareholders and most importantly our customers for their continuing support of the company over many years.

**Dato' Beh Huck Lee**

Managing Director

22 June 2015



## PROFILE OF DIRECTORS



### ***Dato' Beh Huck Lee***

DSDK, AMK  
Managing Director

Aged 45. Malaysian. Appointed to the Board on 19 May 1997.

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

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

## PROFILE OF DIRECTORS

(CONTINUED)



### ***Mubamad Faisal bin Tajudin***

Non-Independent Executive Director

Aged 45. Appointed to the Board on 30 June 2006.

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

Attended all four board meetings in the financial year. No conflict of interest with the Group and is the son of Dato' Tajudin bin Haji Hashim. Is also a director of Betaj Holdings Sdn Bhd, a major shareholder of the Company. Has not been convicted of any offence within the past ten years.

### ***Datuk Tan Hiang Joo***

PMW, DJN, LLB(Hons)Mal

Independent Non-Executive Director

Aged 52. Malaysian. Appointed to the Board on 19 May 1997.

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

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

He is the Vice President of Penang Chinese Chamber of Commerce, a member of Board of Governors of Han Chiang College and Han Chiang High School. He is an Independent Non-Executive Director of Seal Incorporated Berhad.



## PROFILE OF DIRECTORS

(CONTINUED)

### ***Datin Paduka Teoh Choon Boay***

Non-Independent Non-Executive Director

Aged 67. Malaysian. Appointed to the Board on 19 May 1997.

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

Attended all four meetings in the financial year. No conflict of interest with the Group and is the mother of Dato' Beh Huck Lee. Is also a director of Beh Heng Seong Sdn Bhd, a major shareholder of the Company. Has not been convicted of any offence within the past ten years.



### ***Kek Jenny***

Independent Non-Executive Director

Aged 51. Malaysian. Appointed to the Board on 28 March 2002.

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

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

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





## PROFILE OF DIRECTORS

(CONTINUED)



### ***Dato' Paduka Haji Ismail bin Haji Shafie***

DHMS, DSDK JMN, BCK, JP.

Independent Non-Executive Director

Aged 68. Malaysian. Appointed to the Board on 24 September 2010.

Holds a Higher School Certificate(HSC). 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 (1994-996).

Also a director of Permodalan Kedah Berhad and Supportive Resources Berhad. Attended all four board meetings in the financial year. No conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. Has not been convicted of any offence within the ten years.

### ***Dato' Paduka Haji Rasli bin Basir***

DHMS, DGMK, DSDK, PJN, SDK, AMK, BCK, BPL, JP

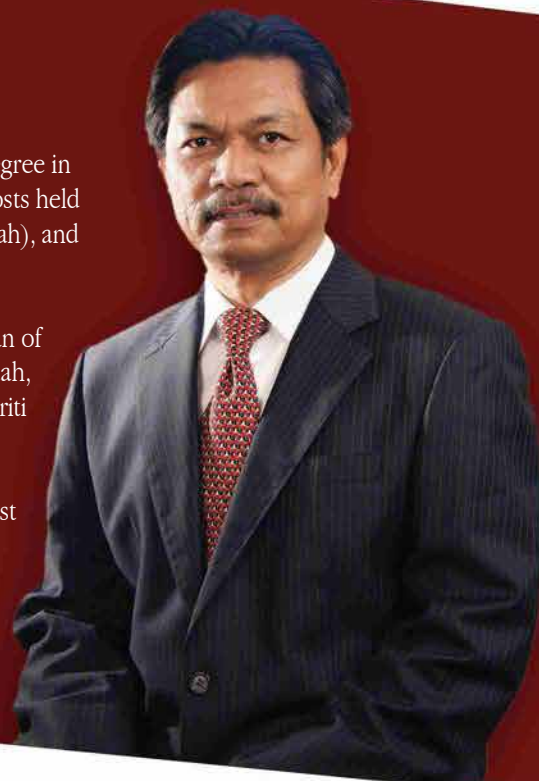
Independent Non-Executive Director

Aged 62. Appointed to the Board on 18 June 2013.

Holds a Bachelor of Arts (Hons) in Anthropology and Sociology and a Masters Degree in Administrative Study. Served as State Secretary of Kedah from 2009-2013. Other posts held include District Officer of various districts, State Director of Land and Mines (Kedah), and State Financial Officer.

Among his other capacities were as President of PBT Kulim Hi-tech Park, Chairman of Zakat Negeri Kedah, Chairman of Lembaga Kemajuan Penanam Padi Negeri Kedah, Chairman of Lembaga Tabung Masjid and Chairman of Institut Pengurusan dan Integriti Negeri Kedah.

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



## SENIOR MANAGEMENT

### ***Dato' Beh Huck Lee***

Managing Director - shooi@eupe.com.my

Dato' Beh 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 Kuala Lumpur Stock Exchange. He is also a non-independent executive director on the Board of Eupe Corporation Berhad.

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### ***Ng Kee Chye***

Chief Financial Officer - kcng17@eupe.com.my

Mr. Ng is an accountant by profession, holds a Bachelor in Accounting (Honours) and is a member (Chartered Accountant) of the Malaysia 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 joined Eupe Corporation Berhad as the Chief Financial Officer in early 2015.

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### ***Nichalous Foo***

General Manager (Kuala Lumpur) - nicfoo@eupe.com.my

Mr. Foo is a Civil Engineer with 27 years of local and international experience in property development and construction. He has been involved in planning and constructing a number of major landed and highrise residential, commercial and mixed developments throughout Asia. He was General Manager for a landscape design and build construction company in Dubai and Project Director for a major theme park and commercial mixed development in Beijing before returning to Malaysia to join Eupe as General Manager in 2013. Mr. Foo is responsible for the overall operations of property development and construction for the Company.

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### ***Datin Michelle Gan***

Head Of Marketing And Design - michelle@eupe.com.my

Datin Michelle heads the marketing and design division for Eupe. She has a Bachelor of Commerce from the University of Western Australia and a Bachelor of Law from 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.

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### ***Danniel Tan***

Head of Division, Property Investment And Management - daniel\_tan@eupe.com.my

Mr. Tan 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.

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### ***Jimmy Tan***

Head of Construction (North - Kedah and Penang) - JimmyTan@eupe.com.my

Mr. Tan has been involved in project construction management for nearly three decades, managing all phases of multimillion-dollar construction and infrastructure projects for both government and private sector clients in Malaysia as well as overseas. His project portfolio includes high-rise condominium, five-star hotels, gated residential projects as well as a variety of refurbishment projects. Mr. Tan joined Eupe in 2014.

## SENIOR MANAGEMENT

(CONTINUED)

### **Dion Lim**

Senior General Manager, Hotel and Golf Course Management - [dionlim@cintasayangresort.com](mailto:dionlim@cintasayangresort.com)

Mr. Lim joined Eupe in 2013 after 14 years in senior roles with the banking industry. In 1999, he joined Citibank where after five years he was appointed Sales Manager for credit cards in the Northern Region. In 2003, he was offered a founding position with RHB Bank to kick-start the credit card and personal loan sales division for the Northern Region and, as Regional Sales Manager, he was involved in setting up key sales structures and processes for the region. Mr. Lim worked in senior sales positions with two other major banks, including AmBank Group, before moving to Eupe.

### **Dr. Mark Triffitt**

Strategic Communications - [mtriffitt@eupe.com.my](mailto:mtriffitt@eupe.com.my)

Dr. Mark Triffitt worked as a strategic communications director as well as policy consultant advising Australian governments and corporates for more than two decades. He has been also a lecturer in strategic communications as well as a political journalist. He has a PhD in politics from the University of Melbourne.

### **Ng Su Fung**

Senior Manager, Cost and Control - [ngsf@eupe.com.my](mailto:ngsf@eupe.com.my)

Ms. Ng holds a Bachelor of Science In Construction Management and Diploma in Quantity Surveying. She also is a Member (Graduate) of Royal Institution of Surveyors Malaysia. Prior to joining Eupe in 2015, she was attached to a main contractor firm from 2006 to 2015 as Project Director. In addition to in-depth experience in the setting up and contract management of mixed-development property construction, she is also well-versed in various aspects of project management including all communication with law, finance and business team disciplines for claims and disputes resolution. At Eupe, she is responsible for the overall planning, controlling and co-ordinating budgets and cost plans.



**Eupe Senior Management**

(From left to right) : Nichalous Foo, Ng Su Fung, Dion Lim, Danniell Tan, Dato' Beh Huck Lee, Datin Michelle Gan, Ng Kee Chye, Dr Mark Triffitt, Jimmy Tan



## SUSTAINABILITY REPORT

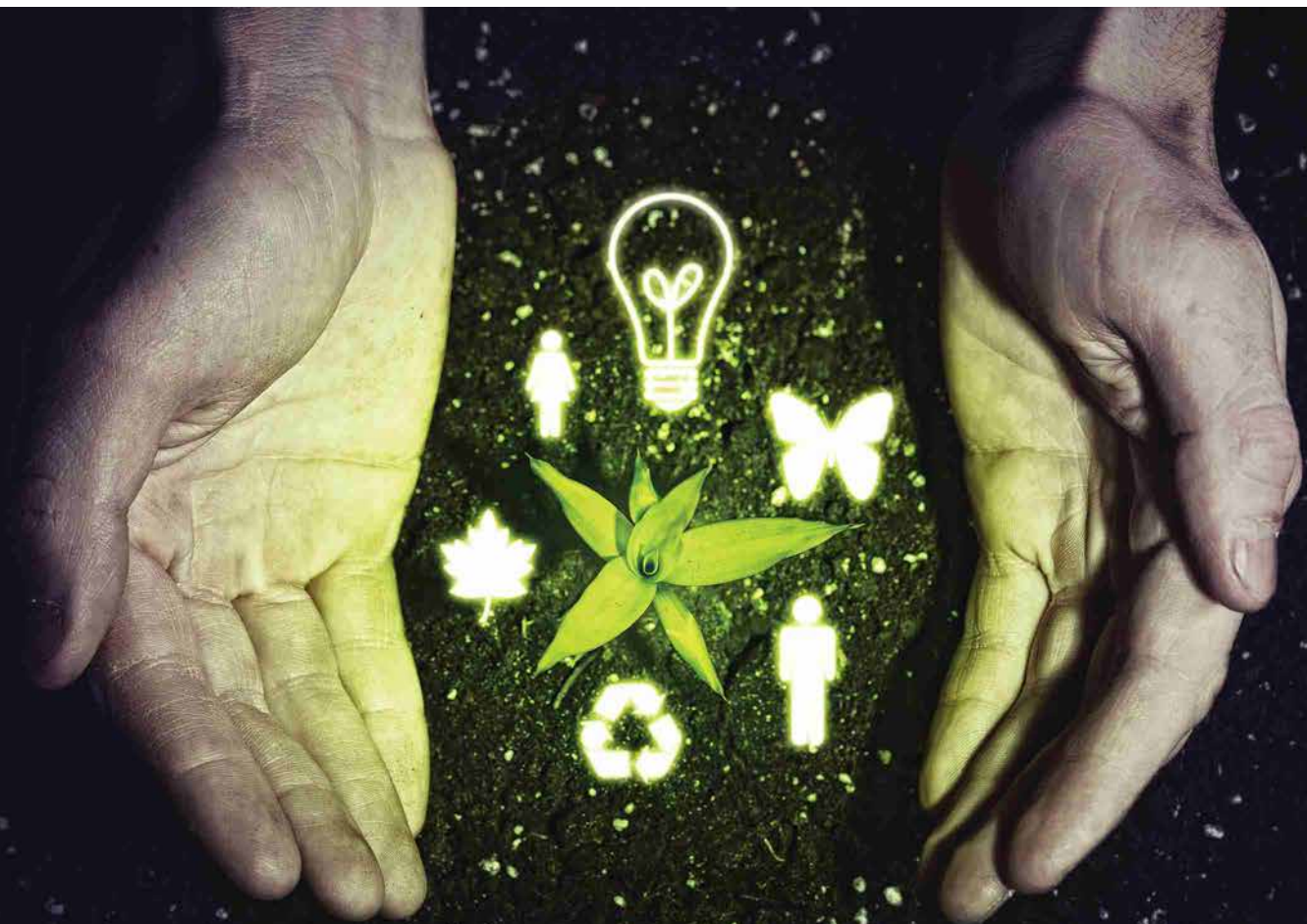


At Eupe, we believe that being a property developer brings important responsibilities and obligations. We not only have the opportunity to build projects that offer great lifestyles and good investment value for our customers. We also have an opportunity - as well as an obligation - to make these homes as friendly to the environment as possible.

This is the logic and objective behind Eupe's overarching sustainability program – *Sustainability Plus*. Eupe's *Sustainability Plus* program, which we developed and released this year, aims to meet conventional benchmarks of sustainability and community building - then go beyond them. This means taking an innovative approach to thinking about and planning property development.

Our *Sustainability Plus* program guides us in recognising the unique sustainable challenges and opportunities each new residential project offers. This allows us to address them in flexible, innovative ways through two linked approaches:

- Sustainable, 'green' planning and building practices and processes, and
- Strategies and investments to build strong communities



## SUSTAINABILITY REPORT

(CONTINUED)

### ***SUSTAINABLE, 'GREEN' DEVELOPMENT***

Eupe believes that developing environmentally sensitive homes creates value both for customers and the wider community. We have been leaders in setting new 'green' building standards in Malaysia. Eupe's Sky Residences was the first building in Malaysia to receive the prestigious LEED green accreditation.

Over the past 12 months we have been focussed on making sure our first two Kuala Lumpur projects – Novum in South Bangsar and The Weave in Cheras - showcase our unique approach of combining 'green' building design and construction with innovative ways to build stronger, connected communities.

Both projects will be designed and built according to the standards prescribed in the Green Building Index (GBI) – an internationally recognised framework of environmental building and management principles.

The GBI standard will mean the two projects will be highly recognised for their energy efficient design and construction, proximity to public transport, their use of environmentally-friendly construction and fit-out materials as well as high indoor environmental quality.







## SUSTAINABILITY REPORT

(CONTINUED)

Novum and The Weave will also feature Eupe's *New Digital Life* app. The app will provide residents in both projects a digital platform to stay connected and build stronger communities. The app will allow residents to source community information, like lifestyle, traffic and recreational news as well as book shared spaces and facilities.

Over time, we aim to expand the connectivity features of the *New Digital Life* app so residents can monitor their energy efficiency and learn ways they can become more energy efficient.

### ***BUILDING STRONGER COMMUNITIES***

Eupe strives to make each community it invests in a better place because we are there. Over the past 12 months we have continued to focus on three specific programs to achieve our objective of building stronger, sustainable communities.



## SUSTAINABILITY REPORT

(CONTINUED)



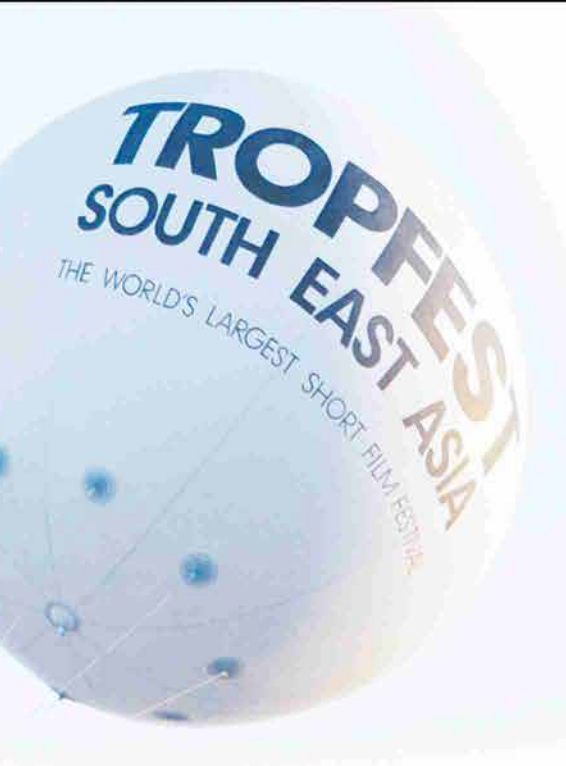
### ***BUILDING STRONGER COMMUNITIES - Planet Eupe Cultural Events***

Music and culture are an important way of bringing people together to celebrate common interests, as well as a bridge to understanding and appreciating cultural differences. The Planet Eupe program focusses on investing in music and cultural events that provide memorable, shared experiences for communities. The program focusses in particular on investing in international-class cultural and music events in northern Malaysia, which is often bypassed by such events.



That is why Eupe was a major sponsor of Tropfest South East Asia which was held at The Esplanade in Penang in February. Tropfest SEA unearths the best emerging young filmmakers in Malaysia and South-East Asia by inviting them to make and submit a 7-minute film based on a theme nominated by the organisers.

Similar Tropfest short-film competitions are held every year in America, Australia and the Middle East, attracting widespread attention from film lovers and film-makers alike. Tropfest 2015 attracted more than 1,000 entrants from Malaysia, Cambodia, Indonesia and Vietnam. Approximately 10,000 people attended the Tropfest finals in Penang where 16 finalists vied for the crown of 2015 Tropfest South East Asia winner.



# SUSTAINABILITY REPORT

(CONTINUED)

## ***BUILDING STRONGER COMMUNITIES - Trusted Neighbour Program***

With this program, Eupe directs a proportion of its residential project investment into improving the amenity and safety of surrounding neighbourhoods.

Under the Trusted Neighbour program for the proposed Cheras residential project in Kuala Lumpur, Eupe plans to build guard posts in various areas to improve community safety and ensure the security of the surrounding neighbourhoods.

Eupe is also contributing to the construction of a new roadway to directly link the South Bangsar area, where it is constructing its Novum project, with the adjacent Federal Highway, providing easier traffic egress for local residents and commuters.

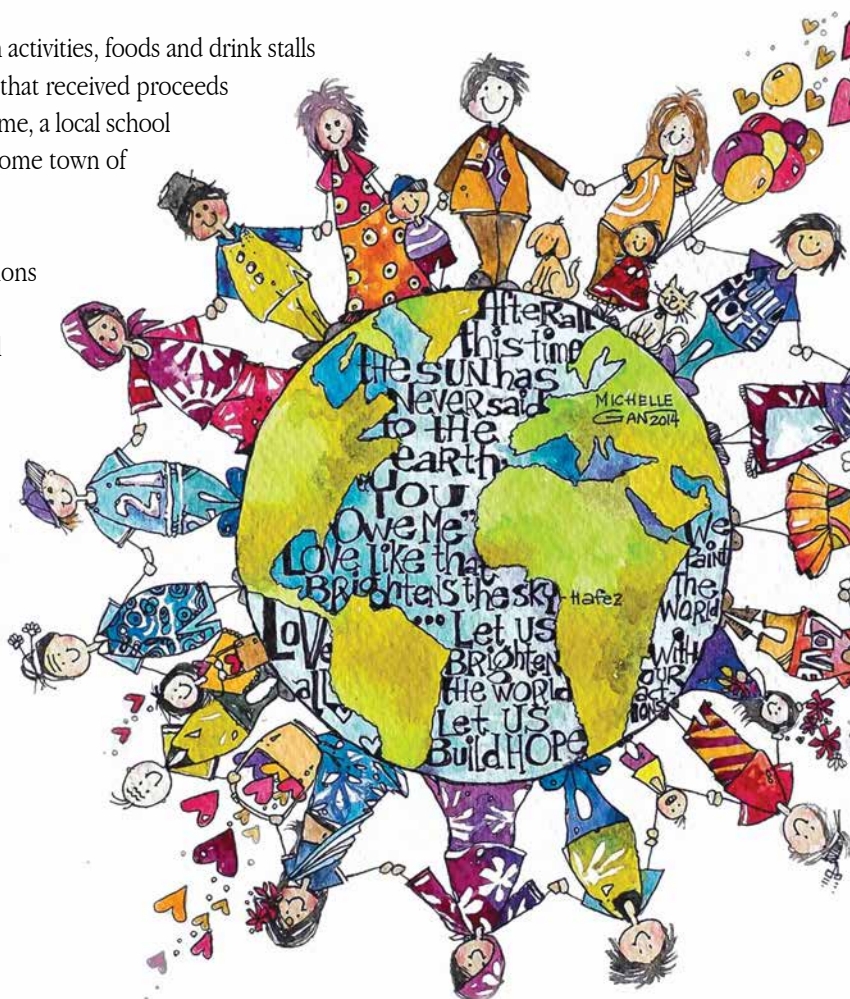
## ***BUILDING STRONGER COMMUNITIES - Building Hope Programs***

Through this program, Eupe raises and directs financial and other support to worthy community organisations and projects, in order to create more opportunities and better facilities for those in need. The Building Hope Charity Fair in December 2014 was a major highlight of this year's Building Hope program. The Fair was organised by Eupe staff and attracted more than 700 people.

Over RM 50,000 was raised from the Fair through family fun activities, foods and drink stalls and other fund-raising events and activities. Organisations that received proceeds from the Fair included an orphanage, an elderly people's home, a local school and a group providing dialysis services – all from Eupe's home town of Sungai Petani.

Over the past year, Eupe's other Building Hope contributions to the community have included:

- A total of RM 30,000 in donations to local schools as well as financial help with the educational and learning experiences of promising yet disadvantaged students as part of Eupe's Continuing Education Funds (ECEP) program.
- Over RM 175,000 in donations and financial aid to local communities serving the community through a wide range of support and community activities.
- A total of RM 82,000 provided to the Beh Yew Jin Foundation which also supports the community through a number of activities.



Building Hope Programs logo



## 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 shareholder value.

The Board is pleased to report the application of the underlying Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 (the “MCCG2012” or the “Code”). This Corporate Governance Statement covers the Company’s corporate governance for the financial year ended 28 February 2015. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof, 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:

- Review any strategic plans for the Company and its subsidiaries;
- Oversee the conduct of the Company’s businesses and the performance of management;
- Identify principal business risks faced by the Company and its subsidiaries and ensure the implementation of appropriate internal controls and mitigation measures;
- Consider succession planning for Senior Management positions;
- Develop and implement a shareholder communications policy; and
- Review the adequacy and the integrity of the Company’s internal control systems and management information systems; and
- Establish a Directors’ Code of Ethics 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 operates within defined terms of reference. These committees have the authority to examine particular issues and report to the Board on their proceedings, deliberations together with their recommendations. However the ultimate responsibility for the final decision on all matters lies with the Board.

The Board Committees are:

1. Nominating Committee
2. Audit Committee

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

### ***Board Charter***

The Board formalised its Board Charter in 2013 to align with Recommendation 1.7 of the Code as well as to set out the roles and functions of the Board and the Management. Whilst the Board is responsible for creating the framework and policies within which the Company should be operating, Management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Company’s corporate objectives.

The Board shall periodically update its Board Charter according to the latest developments in the Company as well as regulatory requirements and is available on the Company website at [www.eupe.com.my](http://www.eupe.com.my).

### ***Code of Ethics and Integrity (Whistle-blowing) Policy***

To enhance the standards of corporate governance and corporate behaviour, the Board formalised a Code of Ethics in 2013 to set out the standards of ethics and conduct expected from its Directors and employees.



# STATEMENT OF CORPORATE GOVERNANCE

(CONTINUED)

The Integrity (Whistle Blowing) policy which was formalised in April 2012 provides an avenue for a whistleblower to raise concerns about a breach in the Code of Ethics or corporate fraud involving any member of the Company. Concerns shall be addressed according to procedures determined by the policy.

A summary of the Code of Ethics and the Integrity (Whistle blowing) policy are made available on the Company's website at [www.eupe.com.my](http://www.eupe.com.my).

## ***Sustainability of Business***

The Board is mindful of the importance of business sustainability and has incorporated the Corporate Sustainability Policy (known as Sustainability Plus) into its corporate strategy, considering its impacts on environmental, social and governance aspects. Additionally, the Company's activities on corporate social responsibilities and sustainability are outlined on page 16-20 of this Annual Report and in the Company's website at [www.eupe.com.my](http://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.

Management provides the Board with Board papers which include, amongst others, the following:

- Minutes of the previous Board meetings;
- Minutes of the previous Audit Committee meeting;
- Quarterly financial results of the Company;
- Financial performance and operations of the divisions; and
- Future plans and projections of the Company.

Separate reports 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 procedures set out in the Board Charter.

The Board is also regularly updated and advised by a Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements. The Company Secretary briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Audit Committee 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 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***

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 the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent.

## STATEMENT OF CORPORATE GOVERNANCE

(CONTINUED)

### ***Nominating Committee***

The Board has set up a Nominating Committee comprising of wholly of Non-Executive, Independent Directors.

The Nominating Committee will meet as and when required at least once a year. The members of the Nominating Committee are:

1. Dato' Paduka Haji Rasli bin Basir (Chairman)
2. Jenny Kek
3. Datuk Tan Hiang Joo

The Nominating Committee is empowered by the Board 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 the Board's succession plans and training programs

Its duties include:

#### *Board composition*

- Review Board diversity policy by considering the mix of skills, expertise, knowledge, independence and diversity representation of the Board to optimise its effectiveness, creativity and capacity;
- Consider the size of the Board and Board Committees with a view of determining the impact of the number upon the Board's and Board Committees' effectiveness and recommend to the Board any improvement to be made; and
- Review and oversee the development of a succession planning framework for the Board chairman, Board of Directors and key management personnel.

#### *Board Nomination and Election Process*

- Review the nomination and election process of directors including that for candidature in Board Committees.
- Develop, maintain and review the criteria to be used in the recruitment process;
- Make recommendations to the Board, candidates for all directorships in the Company. All candidates shall be assessed for suitability based on the following criteria:
  - skills, knowledge, expertise and experience;
  - character, professionalism and integrity;
  - diversity;
  - commitment;
  - competence;
  - contribution and performance;
  - number of directorships and other external obligations held which may affect time commitment and value contribution; and
  - in the case of candidates for the position of ID, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from IDs.
- Set out and communicate the expectations of Directors regarding the level of contribution and time commitment, and obtain this commitment in writing including an indication of time that will be spent on the appointment, from the Directors upon appointment;
- Recommend to the Board, Directors to fill the seats on Board Committees; and
- Review the re-appointment and re-election process of Directors having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required.

#### *Assessment undertaken in respect of its Board, Committees and individual Directors*

- Develop, maintain and review the criteria to be used in the assessment of Board as a whole, Board Committees and individual Directors;

# STATEMENT OF CORPORATE GOVERNANCE

(CONTINUED)

- Conduct annual assessments on the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director;
- Conduct annual review on the required mix of skills, experience and other qualities of the Board, including core competencies which NEDs shall bring to the Board;
- Develop and review the criteria to assess the independence of INEDs.

## Training of Directors

- Recommend to the Board and facilitate appropriate education programme for Directors;
- Evaluate the training needs of Directors based on Directors' feedback and results from assessments and propose relevant training courses; and
- Ensure that the Directors are kept abreast of all regulatory changes and developments in the business environment

The details of the Nominating Committee' terms of reference are attached to the Board Charter under appendix VI.

During the financial year under review, two Nominating Committee Meeting was held of which all members has attended.

During the financial year under review, the Board has reviewed the size and composition of the Board, taking into consideration the changes to the Board and with particular consideration on the impact on the effective functioning of the Board. The Board 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 are deemed adequate in addressing the current business needs and issues faced by the Group.

## Induction

The Board Charter is the source and primary induction literature to provide insights to prospective board members and senior management. It serves to assist the Board in the assessment of its own performance and that of its individual directors. The Nomination Committee will set out and communicate the expectations of Directors regarding the level of contribution and time commitment, and obtain this commitment in writing including an indication of time that will be spent on the appointment, from the Directors upon appointment.

## Re-election of Directors

Article 82 of the Articles of Association 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 reelection. 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 renew their mandates. The election of each Director is voted on separately and sufficient information such as the personal profile and meeting attendance of each Director are furnished in the Annual Report to assist shareholders in their making their decision.

## Directors' Remuneration

The Board has not established a Remuneration Committee for 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 formalised a Remuneration Policy for its Directors in 2013 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 Directors of the quality required to manage the business of the Company.



# STATEMENT OF CORPORATE GOVERNANCE

(CONTINUED)

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 membership assumed on Board Committees. Any review or change to the existing package will be deliberated upon by the Board as a whole. The Directors will abstain from the deliberation of their individual remuneration.

The aggregate remuneration of Directors for the financial year ended 28 February 2015 is as follows:

	Executive RM'000	Non-Executive RM'000
Salaries and EPF	775	-
Bonuses	155	-
Allowances	29	122
<b>Total</b>	<b>959</b>	<b>122</b>

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

Remuneration bands (RM)	Executive	Non-Executive
0 - 50,000	-	5
50, 001 - 100,000	-	-
100, 001 - 150,000	-	-
150, 001 - 200,000	-	-
200, 001 - 250,000	-	-
250, 001 - 300,000	-	-
300, 001 - 350,000	-	-
350, 001 - 400,000	-	-
400, 001 - 450,000	-	-
450, 001 - 500,000	2	-
<b>Total</b>	<b>2</b>	<b>5</b>

## 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

Although the Board has not identified a permanent Chairman, the Board will at each of its meetings appoint a Chairman from the Independent Non-Executive Directors present.

The Chairman shall 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 has 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 MCCG 2012. This Independence Policy is set out in Appendix IV of the Board Charter. The criteria for such assessments have been adapted from definitions from Paragraph 1.01 of Bursa's Main Market Listing Requirements, the Companies Act 1965 and the MCCG 2012.

# STATEMENT OF CORPORATE GOVERNANCE

(CONTINUED)

The Board Charter also addresses 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 after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Board shall assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence.

Following the assessment and deliberation by the Board, the following Independent Non-Executive Directors of the Company who have served in that position for a cumulative term of more than 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:

Directors	Tenure of service
Datuk Tan Hiang Joo	17 years
Kek Jenny	12 years

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

Director	Number of meetings attended
Dato' Beh Huck Lee	4/4
Dato' Paduka Haji Ismail Bin Haji Shafie	4/4
Datuk Tan Hiang Joo	4/4
Dato' Paduka Haji Rasli bin Basir	4/4
Kek Jenny	4/4
Datin Paduka Teoh Choon Boay	3/4
Muhammad Faisal Bin Tajudin	3/4

## ***Directors' Training***

The Board acknowledges that continuous education and relevant training is important for the Directors to exercise its professional duties in the best interest of the company. The Nominating Committee supports the process by evaluating directors training needs, recommend and facilitate appropriate education programs and ensure that Directors are kept abreast of all regulatory changes and developments in the business environments.

# STATEMENT OF CORPORATE GOVERNANCE

(CONTINUED)

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

During the financial year ended 28 February 2015, Directors attended the following programs:

Director	Title of Programmes/Seminars/Courses/Forum
Dato' Beh Huck Lee Datin Paduka Teoh Choon Boay	Briefing Session On Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition-Ab Update)
Dato Paduka Haji Rasli Bin Basir	Risk Management & Internal Control Workshops
Dato Beh Huck Lee	The Application of New Laws to Stratified Development Areas
Jenny Kek	Nominating And Remuneration Committees-What Every Director Should Know
Jenny Kek	Risk Management - Achieving Sustainability & Shareholder Value
Dato' Beh Huck Lee Datin Paduka Teoh Choon Boay Dato' Paduka Haji Ismail Bin Haji Shafie Dato Paduka Haji Rasli Bin Basir Datuk Tan Hiang Joo Muhammad Faisal Bin Tajudin Kek Jenny	Goods and services tax

## 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 results. The Board is assisted by the Audit Committee to oversee the Company's financial reporting process and the quality of its financial reporting.

The 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 performances.

### Suitability and Independence of External Auditors

The Board, via the Audit Committee, has formalised policies and procedures to assess the suitability and independence of the external auditors. The policies set out the thresholds and procedures that need to be observed when contracting the external auditors to provide such services.

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

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company.

In preparing the financial statements, the Directors have:

- Ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 1965 have been met; and
- Selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

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



# STATEMENT OF CORPORATE GOVERNANCE

(CONTINUED)

## ***PRINCIPLE 6 - RECOGNISE AND MANAGE RISKS***

Recognising the importance of risk management, the Board has in past years formalised a structured Enterprise Risk Management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group. In March 2014, the Board commissioned an independent consultant to undertake a new independent review and assessment of the principle risks and ascertain the adequacy of the risk management system in place in managing the principal risks of the group.

In line with the MCGG 2012 and the Listing Requirements of Bursa, the Board has outsourced its internal audit function to an independent professional firm which reports directly to the Audit Committee. The scope of work covered by the internal audit function during the financial year under review is provided in Statement of Risk Management & Internal Control of the Company set out on pages 31 to 33 of this Annual Report.

## ***PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE***

During the financial year under review, the Board has undertaken means of formalising its existing internal corporate disclosure policies and procedures not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also in 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 in its Company website whereby shareholders can access information relating to the Group.

## ***PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS***

### ***Shareholder participation at general meeting***

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, lawyers and the press 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 or any competent officer 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. Usually, a press conference is held immediately after the AGM to answer questions on the Company.

The Company dispatches its notice of AGM to shareholders at least twenty one (21) days before the date of the meeting to enable shareholders to go through the annual report and papers supporting the resolutions proposed. Shareholders are invited 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 nineteenth (19<sup>th</sup>) AGM held on 28 August 2014 were put to vote by show of hands and were duly passed. The outcome of the AGM was announced to Bursa on the same meeting day. Going forward, the Board may consider poll voting for substantive resolutions, being resolutions for which circulars have been issued to shareholders as well as disclosing detailed results showing the number of votes cast for and against each resolution.

### ***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.

## STATEMENT OF CORPORATE GOVERNANCE

(CONTINUED)

Investors and members of the public who wish to assess corporate and financial information such as the quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirement of Bursa's Listing Requirements and other corporate information and events related to the Group can channel their queries via the website or the following telephone numbers:

Telephone number : +604 4414 888  
Fax number : +604 4414548  
Website : [www.eupe.com.my](http://www.eupe.com.my)

This Statement is issued in accordance with a resolution of the Board dated 22 June 2015.

## ADDITIONAL COMPLIANCE INFORMATION

### ***Status of utilisation of proceeds raised from any corporate proposal***

This is not applicable for the financial year ended 28 February 2015.

### ***Share buybacks***

There was no share buyback scheme implemented during the financial year ended 28 February 2015.

### ***Amount of options, warranties or convertible securities exercised in respect of the financial year***

This is not applicable for the financial year ended 28 February 2015.

### ***American Depositary Receipt (“ADR”) / Global Depositary Receipt (“GDR”)***

The Group has not sponsored any ADR or GDR programme during the financial year ended 28 February 2015.

### ***Sanctions and / or penalties***

There were no sanctions and / or penalties imposed on the Company, its other subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 28 February 2015.

### ***Variations in results***

There were no variances of 10 per cent or more between the results for the financial year ended 28 February 2015 and unaudited results previously announced.

### ***Non-audit fees***

There were no non-audit fees paid to the external auditors during the financial year ended 28 February 2015.

### ***Profit guarantees***

There were no profit guarantees given by the Company during the financial year ended 28 February 2015.

### ***Material Contracts***

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries which involves directors' and major shareholders' interests during the financial year ended 28 February 2015.

### ***Revaluation policy***

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

### ***Related party transactions of a revenue / trading nature***

All recurrent related party transactions entered into by the Group during the financial year are disclosed in Note 38 of the financial statement on pages 101 to 102.



## DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### **INTRODUCTION**

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

### **BOARD RESPONSIBILITIES**

The Board's key charter in balancing the business needs and strategic alignment of the Group is to review and approve the Group's system of risk management and internal control, to safeguard shareholders' investment and the Group's assets. In view of the limitations that are inherent in any system of risk management and internal control, this system is designed to manage rather than eliminate the risk of failure. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls and risk management procedures.

Following the publication of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the "Guidelines") in January 2013, the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board, through its Audit Committee, regularly reviews the result of this process including mitigating measures taken by Management, to address areas of key risks as identified. This process was in place throughout the financial year under review. The Board also confirms that, going forward, this process will be reviewed periodically to ensure it accords with the Guidelines.

Management is responsible for implementing the Board's framework, policies and procedures on risk and internal control. The Board has received assurance from the Managing Director and Chief Financial Officer that the Group risk management framework and internal control are operating adequately and effectively, in all material aspects. The Board is thus assured that the risk management and internal control system were in place during the financial year under review and up to the date of approval of this statement.

### **ENTERPRISE RISK MANAGEMENT FRAMEWORK**

The Group has in place an Enterprise Risk Management framework which seeks to identify principal risks affecting or likely to affect Eupe and help to enable the implementation of appropriate and adequate systems to manage these risks on prioritized basis. Regular Management and Board meetings were conducted to discuss amongst others, the success and risk factors.

The Group's Enterprise Risk Management Framework ("Framework") serves to inform and provide guidance to Directors, senior management, functional line management and staff in managing risk in the Group. Towards this end, the framework sets out:

- The fundamentals and principles of risk and risk management that is to be applied in all situations and throughout all levels of the organisation;
- The process of identifying, assessing, responding, monitoring and reporting risks and controls;
- The roles and responsibilities of each level of management in the Group; and
- The mechanisms, tools and techniques for managing risk in the Group.

The risk management process is an ongoing process and is applied at the beginning of any major new project or change in operational environment.

# DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

## ***KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES***

The Board exercises control through an organisation structure with clearly defined level of responsibility, authority and appropriate reporting procedures. Management comprised of the Executive Directors, is empowered by the Board and shall be responsible for identifying, evaluating, monitoring and managing significant risks affecting the achievement of business objectives of the Group. The process of identifying, evaluating, monitoring and managing risks is an ongoing process. All significant issues identified and affecting the business objectives of the Group are reported to the Board accordingly.

The key elements and processes of risk management and internal control system in place throughout the Group includes:-

- Establishment of a conducive control environment in respect to the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance to the Group;
- To monitor the recruitment of experienced, skilled and professional staff with the necessary calibre to fulfil the respective responsibilities and ensuring that minimum controls are put in place;
- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Establishment of an effective segregation of duties via independent check, review and reconciliation activities to prevent human error, fraud and abuse; and
- Effective monitoring of significant variance deviation from standard operating procedures and budget.

## ***INTERNAL AUDIT FUNCTION***

The group has outsourced its Internal Audit function to an independent professional Internal Audit service provider that reports to the Audit Committee. The group adopts a risk-based approach in identifying major operating unit areas that warrant internal audit review and assessment to be carried out. The Internal Auditor carry out reviews on areas which are identified by Management as risky and to assess the adequacy and effectiveness of the control processes to address the risks and recommend improvements to strengthen the control processes, where appropriate.

During the financial year under review, the Internal Audit function performed a cycle of internal audit on Property Development and Construction environment review on Human Resources Management function. The findings from the audit were presented to the Audit Committee., The cost incurred for the outsourced internal audit function for the financial year ended 28 February 2015 amounted to RM23,000.00.

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 as well as the hospitality arm (the resort and hotel division). The maintenance of the ISO 9001 certification requires annual independent surveillance by Lloyds Register Quality Assurance with the last surveillance being conducted on 30 April 2015. Additionally, ongoing reviews and deliberation of financial and operational reports during Board and Audit Committee meetings are carried out to ensure the effectiveness and adequacy of the Group's internal control system in safeguarding the shareholders' investment and the Group's assets. The Internal Audit function also monitors and reports on the status of Management follow ups on the implementation of Management action plans to improve areas where control deficiencies were noted during internal audit.

# DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

## ***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;

- The Audit Committee, chaired by an Independent Non-Executive Director reviews the internal control system and findings of the internal and external auditors;
- 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 regular 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 quarterly by the Board and the Audit Committee; 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***

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 28 February 2015 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the systems of risk management and internal controls.

## ***CONCLUSION***

Based on reviews of the effectiveness of the internal control and risk management frameworks, information and assurance provided to the Board, 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 ongoing process for identification, evaluation and management of significant risks in the Group and is committed to ongoing 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 Directors dated 22 June 2015.



# AUDIT COMMITTEE REPORT

## ***Composition***

The present members of the Audit Committee comprise :

Chairman:

Datuk Tan Hiang Joo

Independent Non-Executive Director

Members:

Dato' Paduka Haji Ismail bin Haji Shafie

Independent Non-Executive Director

Dato' Paduka Haji Rasli bin Basir

Independent Non-Executive Director

Kek Jenny

Independent Non-Executive Director

## ***Meetings***

The Audit Committee convened four meetings during the financial year. All the Audit Committee members have attended the 4 meetings. The Company Secretary and representatives of the external auditors and internal auditors also attended the meetings upon invitation.

## ***Summary of activities during the financial year***

The main activities undertaken by the Audit Committee were as follows:

- Reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors' the results of the audit, the audit report and the response of management;
- Reviewed the Group's quarterly and annual financial statements before recommending to the Board for approval;
- Reviewed the programme, plans, scope and results of work carried out by the internal audit function, which was outsourced to an independent firm of consultants, and the corrective actions taken by Management to address the findings outlined by the internal audit function;
- Reviewed pertinent issues which had a significant impact on the results of the Group;
- Reviewed key business proposals such as land acquisitions and investments and recommended proposals to the Board; and
- Reviewed the Company's compliance with the Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements, particularly with regards to the Group's quarterly and year end financial statements.

## ***Internal audit function***

The effectiveness of the system of internal control is reviewed in two ways; firstly through the internal audit function, and secondly through MS ISO 9001:2008 certification, under the civil engineering and construction arm of the Group, as well as its hospitality and resort division.

The internal audit function is currently outsourced to an independent firm of consultants, which is responsible for the review and appraisal of the internal control system within the Group. The scope and plan of their work, including the approach and the programme, is presented to the Audit Committee for approval before commencement of audit. The maintenance of the ISO 9001 certification requires two independent audits by Lloyds Register Quality Assurance and two internal quality audits per year.

These audits serve as platforms to ensure that the requisite internal controls are in place within the Group. More information on this is contained in the Statement on Internal Control set out on page 31 of the Annual Report.

## AUDIT COMMITTEE REPORT

(CONTINUED)

### *Terms of Reference*

#### Objectives

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

- Review the Group's processes relating to its governance, risk and control environment;
- Oversee the Group's corporate accounting and financial reporting practices; and
- Evaluate the Group's internal and external audit processes.

### *Membership*

The Audit Committee shall be appointed by the Board from among their number and be composed of no fewer than three (3) members, the majority of whom are to be Independent Directors.

All members of the Audit Committee must be Non-Executive directors.

All members of the Audit Committee shall be financially literate and at least one member of the Audit Committee :

- Must be a member of the Malaysia Institute of Accountants; or
- If not a member of the Malaysian Institute of Accountants, must have at least 3 years of working experience and:
  - must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
  - must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; and
  - must fulfill such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

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

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

### *Quorum and Committee's procedures*

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

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

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

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

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

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

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

# AUDIT COMMITTEE REPORT

(CONTINUED)

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

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

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

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

## Authority and Rights

- The Audit Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:
- Have the authority to investigate any matter within its terms of reference;
- Have the resources which are required to perform its duties;
- Have direct communication channels with the external and internal auditors;
- Be able to obtain independent professional or other advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary; and
- Be able to convene meetings with the external auditors, the internal auditors or both, without the presence of the other Directors and employees of the Company, whenever deemed necessary.

## Internal Audit

The Company must establish an internal audit function which is independent of the activities it audits.

The Company must ensure its internal audit function reports directly to the Committee.

## Responsibilities and Duties

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

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



## AUDIT COMMITTEE REPORT

(CONTINUED)

- the quarterly results and annual financial statements prior to the approval by the Board, focusing particularly on:
  - changes in or implementation of major accounting policy;
  - significant or unusual events;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- Any related party transaction and conflict of interest situation that may arise within the Company/Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- the nomination, appointment and performance (including objectivity and independence) of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board; including issues of suitability for re-appointment;
- with the external and internal auditors, major audit findings, reservations or material weaknesses and the Management's response in resolving the audit issues reported during the year; and any other activities,
- the non-audit services provided to the Company including the nature of non-audit services, fee levels (individually and in aggregate relative to the external audit fees) and the safeguards deployed to reduce or eliminate the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided; and
- the development of and review for recommendation to the Board, the Company's policy in relation to the provision of non audit services by the external auditors, which amongst others takes into consideration :
  - the skills and experience of the firm.
  - the safeguards to eliminate or reduce any threat to objectivity or independence in the conduct of the audit resulting from non-audit services provided by the external auditor.
  - the nature of the non-audit services and fee levels.

# DIRECTORS' REPORT

## ***DIRECTORS' REPORT***

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 28 February 2015.

## ***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.

There have been no significant changes in these activities during the financial year.

## ***RESULT OF OPERATIONS***

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Net profit for the financial year	13,344,596	533,758
Attributable to:		
Equity holders of the Company	13,462,786	533,758
Non-controlling interest	(118,190)	-
	<u>13,344,596</u>	<u>533,758</u>

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

## ***DIVIDEND***

An interim single tier dividend of 1.5 sen per ordinary share, amounting to RM1,920,000 was paid on 12 December 2014 in respect of the financial year ended 28 February 2015.

The directors do not recommend any final dividend in respect of financial year ended 28 February 2015.

## ***RESERVES AND PROVISIONS***

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

## ***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 new options were granted to any person to take up unissued shares of the Company since the end of the previous financial year.

## DIRECTORS' REPORT

(CONTINUED)

### **DIRECTORS**

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

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

Dato' Paduka Haji Rasli bin Basir

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.

### **DIRECTORS' INTEREST IN SHARES**

The directors holding office at the end of the financial year and their beneficial interest in the ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary share and debentures of its related corporations at the end of the financial year ended 28 February 2015 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965 were as follows:

	Number of ordinary shares of RM 1 each			
	At 1.3.2014	Bought	Sold	At 28.2.2015
<b>Shares in the Company</b>				
Direct interests				
Datin 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
<b>Indirect interests</b>				
Dato' Beh Huck Lee	53,314,989	-	-	53,314,989
Datin Teoh Choon Boay	53,514,389	-	-	53,514,389
Muhamad Faisal bin Tajudin	30,053,781	-	-	30,053,781

By virtue of their interest in the ordinary shares of the Company, all the directors except Kek Jenny, Dato' Paduka Haji Ismail bin Haji Shafie and Dato' Paduka Haji Rasli bin Basir, are deemed to have interest in the shares of all the subsidiaries to the extent the Company has an interest.

Other than disclosed above, none of the other directors holding office at the end of the financial year held any beneficial interests in the ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.



# DIRECTORS' REPORT

(CONTINUED)

## ***DIRECTORS' BENEFITS***

Since the end of the previous financial year, none of the directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 38 to the financial statements.

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

## ***OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY***

### ***(I) AS AT THE END OF THE FINANCIAL YEAR***

- (a) Before the Statements of Financial Position and Statements of Profit or Loss and Other Comprehensive Income of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (a) The directors are not aware of any circumstances:
  - (i) which would render the amount written off for bad debts and the amount of allowance 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 the current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (b) In the opinion of the directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

## DIRECTORS' REPORT

(CONTINUED)

### ***OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUE)***

#### ***(III) AS AT THE DATE OF THIS REPORT***

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

#### ***AUDITORS***

The auditors, Messrs RSM Robert Teo, Kuan & Co., have expressed their willingness to continue in office.

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

***MUHAMAD FAISAL BIN TAJUDIN***

***DATO' BEH HUCK LEE***

Sungai Petani, Kedah Darul Aman

28 May 2015

# STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2015

		GROUP		COMPANY	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	73,967,597	74,810,387	5	5
Investments in subsidiaries	7	-	-	116,920,129	116,920,129
Investments in joint venture	8	3,638,915	2,594,746	-	-
Other investments	9	12,987	12,654	-	-
Land held for property development	10	163,696,540	151,885,648	-	-
Investment properties	11	33,230,327	31,220,851	-	-
Deferred plantation expenditure	12	528	3,704	-	-
Deferred tax assets	13	1,121,085	1,116,880	-	-
		275,667,979	261,644,870	116,920,134	116,920,134
<b>Current assets</b>					
Property development costs	14	78,118,180	50,057,926	-	-
Inventories	15	14,377,071	15,754,017	-	-
Trade and other receivables	16	60,753,062	67,797,475	4,500	4,500
Amount owing from subsidiaries	17	-	-	33,376,331	36,871,781
Sinking funds	18	204,651	239,181	-	-
Tax recoverable		1,012,657	865,372	65,513	278,450
Cash and cash equivalents	19	16,719,241	22,079,216	13,812	19,226
		171,184,862	156,793,187	33,460,156	37,173,957
<b>TOTAL ASSETS</b>		446,852,841	418,438,057	150,380,290	154,094,091
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	20	128,000,000	128,000,000	128,000,000	128,000,000
Reserves	21	156,167,927	144,996,388	19,217,029	20,943,697
		284,167,927	272,996,388	147,217,029	148,943,697
<b>Non-controlling interest</b>		4,965,685	5,089,075	-	-
<b>TOTAL EQUITY</b>		289,133,612	278,085,463	147,217,029	148,943,697

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2015 (CONTINUED)

		GROUP		COMPANY	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	22	18,495,826	28,390,603	-	-
Deferred tax liabilities	13	15,772,070	16,776,022	-	-
		34,267,896	45,166,625	-	-
<b>Current liabilities</b>					
Trade and other payables	28	91,486,834	60,690,870	65,428	57,500
Amount owing to subsidiaries	17	-	-	3,097,833	5,092,894
Provisions	30	3,526,980	3,777,189	-	-
Borrowings	22	27,059,245	29,328,776	-	-
Current tax payable		1,378,274	1,389,134	-	-
		123,451,333	95,185,969	3,163,261	5,150,394
<b>TOTAL LIABILITIES</b>		157,719,229	140,352,594	3,163,261	5,150,394
<b>TOTAL EQUITY AND LIABILITIES</b>		446,852,841	418,438,057	150,380,290	154,094,091

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 2015

		GROUP		COMPANY	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
REVENUE	31	167,684,478	186,118,699	1,335,000	240,000
COST OF SALES	32	(133,455,932 )	(152,841,602 )	-	-
<b>GROSS PROFIT</b>		34,228,546	33,277,097	1,335,000	240,000
<b>OTHER OPERATING INCOME</b>		3,868,213	2,515,425	-	185,387
<b>MARKETING AND DISTRIBUTION COSTS</b>		(6,053,605 )	(2,533,678 )	-	-
<b>ADMINISTRATIVE EXPENSES</b>		(9,590,849 )	(9,809,764 )	(294,701 )	(242,654 )
<b>OTHER OPERATING EXPENSES</b>		(3,395,142 )	(2,738,661 )	(506,541 )	(320,086 )
<b>FINANCE COSTS</b>		(1,352,061 )	(1,523,805 )	-	-
<b>SHARE OF RESULTS IN JOINT VENTURE</b>		646,943	1,272,046	-	-
<b>PROFIT/(LOSS) BEFORE TAX</b>	33	18,352,045	20,458,660	533,758	(137,353 )
<b>TAX EXPENSE</b>	34	(5,007,449 )	(6,362,760 )	-	-
<b>NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		13,344,596	14,095,900	533,758	(137,353 )
<b>OTHER COMPREHENSIVE (EXPENSES)/INCOME</b>					
- UNREALISED LOSS ON FOREIGN EXCHANGE DIFFERENCE		(340,426 )	(589,601 )	(340,426 )	(589,601 )
- FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION		(30,821 )	13,207	-	-
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES)</b>		12,973,349	13,519,506	193,332	(726,954 )

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 2015 (CONTINUED)

		GROUP		COMPANY	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) attributable to:					
Equity holders of the Company		13,462,786	13,628,286	533,758	(137,353 )
Non-controlling interest		(118,190 )	467,614	-	-
		13,344,596	14,095,900	533,758	(137,353 )
Total comprehensive income/(expense) attributable to:					
Equity holders of the Company		13,091,539	13,051,892	193,332	(726,954 )
Non-controlling interest		(118,190 )	467,614	-	-
		12,973,349	13,519,506	193,332	(726,954 )
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	35	10.52	10.65		

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2015

Note	Attributable to equity holders of the Company						
	Non-distributable Ordinary share capital RM	Share premium RM	Translation reserve RM	Retained earnings RM	Distributable Total RM	Non-controlling interests RM	Total equity RM
<b>GROUP</b>							
Balance as at 1 March 2013	128,000,000	5,982,397	443	127,881,656	261,864,496	8,021,159	269,885,655
Dividends paid (Note 36)	-	-	-	(1,920,000)	(1,920,000)	-	(1,920,000)
Dividends paid to non-controlling interest of a subsidiary	-	-	-	-	-	(3,400,000)	(3,400,000)
Effects arising from changes in composition of the Group	-	-	-	-	-	302	302
Total comprehensive income for the financial year	-	-	13,207	13,038,685	13,051,892	467,614	13,519,506
Balance as at 28 February 2014/ 1 March 2014	128,000,000	5,982,397	13,650	139,000,341	272,996,388	5,089,075	278,085,463
Dividends paid (Note 36)	-	-	-	(1,920,000)	(1,920,000)	-	(1,920,000)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-
Effects arising from changes in composition of the Group	-	-	-	-	-	(5,200)	(5,200)
Total comprehensive income for the financial year	-	-	(30,821)	13,122,360	13,091,539	(118,190)	12,973,349
Balance as at 28 February 2015	128,000,000	5,982,397	(17,171)	150,202,701	284,167,927	4,965,685	289,133,612

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2015 (CONTINUED)

	Ordinary share capital RM	Non- distributable Share premium RM	Distributable Retained earnings RM	Distributable Total RM
<b>COMPANY</b>				
Balance as at 1 March 2013	128,000,000	5,982,397	17,608,254	151,590,651
Dividend paid (Note 36)	-	-	(1,920,000 )	(1,920,000 )
Total comprehensive expenses for the financial year	-	-	(726,954 )	(726,954 )
Balance as at 28 February 2014/ 1 March 2014	128,000,000	5,982,397	14,961,300	148,943,697
Dividend paid (Note 36)	-	-	(1,920,000 )	(1,920,000 )
Total comprehensive income for the financial year	-	-	193,332	193,332
Balance as at 28 February 2015	128,000,000	5,982,397	13,234,632	147,217,029

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



# STATEMENTS OF CASH FLOW

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	188,006,590	169,069,432	-	-
Cash payments to suppliers and creditors	(147,943,806 )	(137,848,160 )	-	-
Cash payments to employees and for expenses	(24,774,693 )	(26,672,552 )	(719,435 )	(562,240 )
<b>Cash generated from/(used in) operations</b>	15,288,091	4,548,720	(719,435 )	(562,240 )
Insurance claim received	112,560	110,072	-	-
Rental income received	410,755	451,856	-	-
Bank overdraft interest paid	(196,116 )	(127,417 )	-	-
Deposit received	592,352	(96,038 )	-	-
Tax refund	707,043	270,351	212,937	-
Tax paid	(6,454,913 )	(8,289,218 )	-	-
<b>Net cash from/(used in) operating activities</b>	10,459,772	(3,131,674 )	(506,498 )	(562,240 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Advances from joint venture partner	4,628,050	3,391,671	-	-
Advances to subsidiaries	-	-	1,086,084	2,257,915
Investment in subsidiaries	(5,202 )	-	-	-
Subsequent expenditure on investment properties	(250,209 )	(244,626 )	-	-
Deposit paid for acquisition of leasehold land	(1,470,642 )	(4,541,400 )	-	-
Deposit refund from cancellation of acquisition of leasehold land	-	3,735,270	-	-
Dividend received	-	-	1,335,000	240,000
Interest income received	814,605	1,117,880	-	-
Investment in joint venture	-	(149 )	-	-
Investment in unit trust	(334 )	(274 )	-	-
Proceeds from disposal of property, plant and equipment	32,300	43,500	-	-
Purchase of property, plant and equipment*	(2,456,071 )	(1,374,146 )	-	-
Proceeds from disposal of investment properties	520,000	960,966	-	-
Net placement of fixed deposits	(551 )	(466,404 )	-	-
<b>Net cash from investing activities</b>	1,811,946	2,622,288	2,421,084	2,497,915

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

# STATEMENTS OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2015 (CONTINUED)

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advances from directors	-	981	-	-
Discount paid on bankers' acceptances	(229,559)	(194,022)	-	-
Dividend paid	(1,920,000)	(1,920,000)	(1,920,000)	(1,920,000)
Dividend paid to non-controlling interest of a subsidiary company	-	(3,400,000)	-	-
Drawdown of revolving credit	10,482,000	9,600,000	-	-
Hire-purchase interest paid	(125,855)	(79,172)	-	-
Net creation of bankers' acceptances	(2,868,000)	1,351,000	-	-
Proceeds from issuance of ordinary shares to non-controlling interests of a subsidiary company	-	300	-	-
Repayments of term loan	(9,934,712)	(5,025,392)	-	-
Repayments of revolving credit	(10,392,000)	(3,700,000)	-	-
Repayments of hire-purchase	(523,330)	(241,209)	-	-
Revolving credit interest paid	(245,958)	(226,324)	-	-
Term loan interest paid	(1,944,761)	(2,274,898)	-	-
<b>Net cash used in financing activities</b>	<b>(17,702,175)</b>	<b>(6,108,736)</b>	<b>(1,920,000)</b>	<b>(1,920,000)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,430,457)</b>	<b>(6,618,122)</b>	<b>(5,414)</b>	<b>15,675</b>
<b>EFFECT OF TRANSLATION DIFFERENCE</b>	<b>(97,370)</b>	<b>(28,627)</b>	<b>--</b>	
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>18,211,178</b>	<b>24,857,927</b>	<b>19,226</b>	<b>3,551</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 19)</b>	<b>12,683,351</b>	<b>18,211,178</b>	<b>13,812</b>	<b>19,226</b>

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash	2,456,071	1,374,146	-	-
Hire purchase	718,446	2,029,700	-	-
	<b>3,174,517</b>	<b>3,403,846</b>	<b>-</b>	<b>-</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015

## 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. There have been no significant changes in these activities during the financial year.

## 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, 1965 in Malaysia except that supplementary information on the disclosure of realised and unrealised profit or loss 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 FRS 141 Agriculture. On 2 September 2014, the MASB announced that all transitioning entities shall comply with Malaysian Financial Reporting Standards (MFRSs) for annual period beginning on or after 1 January 2017, thus the Group and the Company will adopt the MFRS Framework for annual period beginning on or after 1 January 2017.

The Group and the Company continued to prepare these financial statements for annual period beginning on 1 March 2014 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 amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgments, estimates and assumptions are disclosed in Note 5 to the financial statements. 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 2015 (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 consolidated statement of 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.

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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### 3.2 **Basis of consolidation (continued)**

#### **(b) Joint arrangements (continued)**

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.

#### **(c) Translation of financial statements of foreign entities**

The assets and liabilities of foreign operations are translated into 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 a separate component of equity.

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 equity 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 2015 (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.

### 3.3 Property, plant and equipment and depreciation

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

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 *Property, plant and equipment and depreciation (continue)*

the asset and restoring the site on which it is located for which the Group and the Company is 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. Construction-in-progress represents farm house construction-in-progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for 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.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, the carrying amount is included in the 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 and expense in the period in which the decline is identified.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Other investments (continued)

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 and other comprehensive income.

#### 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<sup>2004</sup>. 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Property development activities (continued)

#### (b) Property development costs (continued)

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 and / or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. The cost comprises the purchase price and any directly attributable expenditure (eg professional fees for legal services, property transfer taxes).

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.

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

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Investment properties (continued)

##### (b) Reclassification to/from investment property (continued)

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.8 Leases and hire-purchase (continue)

#### (c) Leases of land and buildings (continued)

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 which has remaining lease period of 35 years are amortised over the original period of 54 years.

### 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 and intangible assets with finite useful lives

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.

#### (b) Impairment of goodwill and of intangible assets with an indefinite useful life

Irrespective of whether there is any indication of impairment, such assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.10 Impairment of non-financial assets (continued)

#### (b) Impairment of goodwill and of intangible assets with an indefinite useful life (continued)

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire were assigned to those units or groups of units. Each unit or group of units to which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

Goodwill impairment is not reversed in any circumstances.

### 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.

### 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 statement of cash flows only, cash and cash equivalents include bank overdrafts repayable on demand. Since the characteristics of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn, they are considered an integral part of the Group's and the Company's cash management.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### 3.13 **Interest bearing loans and borrowings (continued)**

#### (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 instruments**

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the profit or loss.

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.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.15 Provisions (continued)

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 recognised financial assets using settlement date accounting, thus an asset is recognised on the day it is received by the Group and the Company 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 classifies the financial assets in the following categories:

###### (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 designated and effective hedging instrument) 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 intends 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.



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.16 Financial instruments (continued)

#### A. Financial assets (continued)

##### (b) Subsequent measurement (continued)

##### (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 designates 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 year ended on 28 February 2015 and 2014, 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.

Except for foreign exchange gains and losses, 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

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.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.16 Financial instruments (continued)

##### A. Financial assets (continued)

##### (d) Regular way purchases or sales (continued)

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 assesses 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.

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 assesses 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.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.16 Financial instruments (continued)

#### 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.

##### (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 meet the conditions for designation in this category. All changes in fair value relating to liabilities at fair value through profit or loss are charge to profit or loss as they arise.

For the years that ended on 28 February 2015 and 2014, 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.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.16 Financial instruments (continued)

##### B. Financial liabilities (continued)

##### (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.

##### 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 contracts are 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.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.17 Revenue recognition (continued)

#### (b) Property development (continued)

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.

#### (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

Profits from contract works are 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.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.17 Revenue recognition (continued)

##### (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.

#### 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 plans

The Group and the Company's contributions to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company has no further payment obligations.

##### (c) Share-based payments

The Group and the Company operates an equity-settled share-based compensation plan, allowing the employees of the Group and the Company to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on the vesting date.

At each reporting date, the Group and the Company revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the statement of profit or loss and other comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share options reserve until the options are exercised, upon which it will be transferred to share premium, or until the options expires, upon which it will be transferred directly to retained earnings.



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### 3.18 **Employee benefits (continued)**

#### (c) **Share-based payments (continued)**

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

### 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 considers 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### 3.19 **Income taxes (continued)**

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 currency transactions**

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

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

##### (c) **Operations denominated in functional currencies other than Ringgit Malaysia**

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.20 Foreign currency (continued)

#### (c) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at the exchange rate at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

### 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 does not recognise a contingent liability but discloses its existence in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### 3.22 **Contingent liabilities and contingent assets (continued)**

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 does not recognise contingent assets but discloses 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 minority 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.

#### 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 uses 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 (ie as prices) or indirectly (ie derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (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 1 January 2014:

- Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosure of Interests in Other Entities and FRS 127 Separate Financial Statements - Investment Entities
- Amendments to FRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139 - Financial Instruments: Recognition and Measurement - Novation of Derivatives and
- Continuation of Hedge Accounting
- IC Interpretation 21 Levies

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 have not been adopted by the Group and the Company:

#### **FRSs, Amendments to FRSs and Interpretations effective for annual periods beginning on or after 1 July 2014**

- Amendments to FRS 2 Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 3 Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to FRS 8 Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 13 Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to FRS 116 Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 119 Employee Benefits - Defined Benefit Plans: Employee Contributions
- Amendments to FRS 124 Related Party Disclosure (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 138 Intangible Assets (Annual Improvements 2010-2012 Cycle)
- Amendments to FRS 140 Investment Property (Annual Improvements 2011-2013 Cycle)

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

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

#### 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 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 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
- 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 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 2015 (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.

#### **(ii) Contingent liabilities**

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matter in the ordinary course of the business.

### **(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 2015 (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, 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 recognises 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 consider factors such as analyse historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms.

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.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 5. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

### **(b) Key sources of estimation uncertainty (continued)**

#### **(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.

With regard to equity investments categorised as available-for-sale, the Group and the Company consider those assets to be impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of what is “significant” or “prolonged” requires significant judgement.

The impairment analysis of goodwill and tangible and other intangible 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 or 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 2015 (CONTINUED)

## 6. PROPERTY, PLANT AND EQUIPMENT

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

### GROUP

2015

	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
<b>Cost</b>									
At 1 March 2014	24,145,777	40,000,000	20,439,708	9,017,232	2,615,846	734,180	12,045,880	16,732,332	125,730,955
Additions	-	-	-	410,633	242,800	788,231	933,537	799,316	3,174,517
Written off	-	-	-	(13,439)	-	-	(105,345)	(129,586)	(248,370)
Disposals	-	-	-	-	(253,992)	-	(2,800)	(68,600)	(325,392)
At 28 February 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
<b>Accumulated depreciation</b>									
At 1 March 2014	-	13,292,931	8,088,527	6,518,229	1,745,368	110,166	9,604,645	11,560,702	50,920,568
Charge for the financial year	-	740,741	622,870	521,209	206,765	266,043	733,989	909,025	4,000,642
Written off	-	-	-	(13,439)	-	-	(100,058)	(118,980)	(232,477)
Disposals	-	-	-	-	(253,990)	-	(2,030)	(68,600)	(324,620)
At 28 February 2015	-	14,033,672	8,711,397	7,025,999	1,698,143	376,209	10,236,546	12,282,147	54,364,113
<b>Net carrying amount</b>									
At 28 February 2015	24,145,777	25,966,328	11,728,311	2,388,427	906,511	1,146,202	2,634,726	5,051,315	73,967,597

2014

### Cost

At 1 March 2013	24,145,777	40,000,000	20,326,953	8,713,941	2,567,347	90,104	10,964,471	16,453,325	123,261,918
Additions	-	-	108,255	352,571	795,644	644,076	1,144,213	359,087	3,403,846
Written off	-	-	-	(44,780)	(2,200)	-	(62,804)	(80,080)	(189,864)
Disposals	-	-	-	-	(744,945)	-	-	-	(744,945)
Reclassification	-	-	4,500	(4,500)	-	-	-	-	-
At 28 February 2014	24,145,777	40,000,000	20,439,708	9,017,232	2,615,846	734,180	12,045,880	16,732,332	125,730,955
<b>Accumulated depreciation</b>									
At 1 March 2013	-	12,552,190	7,402,548	6,069,219	2,393,400	48,056	9,061,491	10,448,924	47,975,828
Charge for the financial year	-	740,741	681,152	494,293	99,110	62,110	609,319	1,164,242	3,850,967
Written off	-	-	-	(44,763)	(2,198)	-	(58,785)	(55,537)	(161,283)
Disposals	-	-	-	-	(744,944)	-	-	-	(744,944)
Reclassification	-	-	4,827	(520)	-	-	(7,380)	3,073	-
At 28 February 2014	-	13,292,931	8,088,527	6,518,229	1,745,368	110,166	9,604,645	11,560,702	50,920,568
<b>Net carrying amount</b>									
At 28 February 2014	24,145,777	26,707,069	12,351,181	2,499,003	870,478	624,014	2,441,235	5,171,630	74,810,387

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

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

	<b>Furniture, fittings and equipment RM</b>
<b>COMPANY</b>	
2015	
<b>Cost</b>	
At 1 March 2014/28 February 2015	8,633
<b>Accumulated depreciation</b>	
At 1 March 2014/28 February 2015	8,628
<b>Net carrying amount</b>	
At 28 February 2015	5
2014	
<b>Cost</b>	
At 1 March 2013/28 February 2014	8,633
<b>Accumulated depreciation</b>	
At 1 March 2013/28 February 2014	8,628
<b>Net carrying amount</b>	
At 28 February 2014	5

Certain freehold land and buildings of the Group with net book value of RM22,049,940 (2014: RM22,216,056) 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*

	<b>COMPANY</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	116,920,129	116,920,129

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries which are all incorporated in Malaysia are as follows:-

Name of company	Group's effective interest		Principal activities
	2015	2014	
	%	%	
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
<b>Subsidiary of Eupe Kemajuan Sdn. Bhd.</b>			
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	-	Dormant
<b>Subsidiary of Bukit Makmur Sdn. Bhd.</b>			
Makmur Longan Farming Sdn. Bhd.	70	70	Fruit cultivation
<b>Subsidiary of Eupe Hotel Sdn. Bhd.</b>			
Millennium Pace Sdn. Bhd.*	100	100	Fruit cultivation
<b>Subsidiaries of Eupe Golf Recreation &amp; Tour Sdn. Bhd.</b>			
Tadika Pro-Dedikasi Sdn. Bhd.* #	100	51	Operating and management of a kindergarten
The Carnival Management Sdn. Bhd.*	100	100	Dormant
Cinta Sayang Management Sdn. Bhd.*	100	70	Restaurant operation & food catering

△

\* Companies not audited by RSM Robert Teo, Kuan & Co.

During the financial year,

- Eupe Kemajuan Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM 1 each, being the entire issued share capital of Oriental Plus Sdn. Bhd. ("OPSB"), a Company incorporated in Malaysia for a cash consideration of RM2. OPSB had not commenced operations since its incorporation.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- b) # Eupe Golf Recreation & Tour Sdn. Bhd., a wholly-owned subsidiary of the Company, has acquired the remaining 49% of the issued and paid-up share capital of Tadika Pro-Dedikasi Sdn. Bhd. for a total consideration of RM4,900. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration of RM45,139 has been recognised directly in equity.
- c) Δ Eupe Golf Recreation & Tour Sdn. Bhd., a wholly-owned subsidiary of the Company, has acquired the remaining 30% of the issued and paid-up share capital of Cinta Sayang Management Sdn. Bhd. for a total consideration of RM300. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration of RM26,691 has been recognised directly in equity.

The effects of these acquisitions on the financial results of the Group during the financial year are as follows:

	<b>Oriental Plus Sdn. Bhd. RM</b>	<b>Tadika Pro- Dedikasi Sdn. Bhd. RM</b>	<b>Cinta Sayang Management Sdn. Bhd. RM</b>	<b>Total RM</b>
Revenue	-	-	224,657	224,657
Net loss for the year	(909)	(37,432)	(557,866)	(557,895)
Total comprehensive expense	(909)	(37,432)	(557,866)	(557,895)

The acquisition had the following effects on the Group's assets on acquisition date:

	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Non-current assets	-	35,663	453,314	488,977
Current assets	7,753	36,021	84,301	128,075
Non-current liabilities	-	-	(16,735)	(16,735)
Current liabilities	(12,138)	(6,995)	(1,166,717)	(1,185,850)
Net (liabilities)/assets	(4,385)	64,689	(645,837)	(585,533)

### Fair value recognised upon acquisition

Purchase consideration				
discharged by cash	2	4,900	300	5,202
Fair value on pre-acquisition	(2)	(50,039)	26,391	(23,650)
Fair value recognised upon acquisition	-	(45,139)	26,691	(18,448)

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (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
<b>2015</b>					
NCI percentage of ownership interest and voting interest	40%	50%	30%		
	RM	RM	RM	RM	RM
Carrying amount of NCI	4,712,364	52,437	(86,583)	287,467	4,965,685
(Loss) / Profit allocated to NCI	(71,130)	(26,903)	(75,023)	54,866	(118,190)

Summarised financial information before intra-group elimination:

#### As at 28 February

Non-current assets	13,565,062	49,750,846	16,424,346
Current assets	4,774,552	1,148,166	97,644
Non-current liabilities	(375,000)	(12,962,960)	(203,280)
Current liabilities	(6,183,703)	(37,831,177)	(16,607,321)
Net assets / (liabilities)	11,780,911	104,875	(288,611)
Revenue	39,845	-	-
Loss for the year	(177,824)	(53,807)	(250,077)
Total comprehensive expense	(177,824)	(53,807)	(250,077)
Net cash generated from/(used in):			
- operating activities	(578,687)	6,764,202	(4,512,778)
- investing activities	922,300	(6,503,968)	(513,272)
- financing activities	(1,645,653)	229,848	5,063,272
Net (decrease)/increase in cash and cash equivalent	(1,302,040)	490,082	37,222
Dividends paid to NCI	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (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
<b>2014</b>					
NCI percentage of ownership interest and voting interest	40%	50%	30%		
	RM	RM	RM	RM	RM
Carrying amount of NCI	4,783,494	79,341	(11,560)	237,800	5,089,075
Profit/(Loss) allocated to NCI	74,780	(24,103)	(13,093)	430,030	467,614

Summarised financial information before intra-group elimination:

#### As at 28 February

Non-current assets	13,073,428	2,388,691	4,720
Current assets	6,483,734	41,571,093	10,030,873
Non-current liabilities	(1,879,096)	(16,666,667)	-
Current liabilities	(5,719,331)	(27,134,435)	(10,074,127)
Net assets / (liabilities)	11,958,735	158,682	(38,534)

Revenue	13,092,139	42,000	-
Profit/(Loss) for the year	186,949	(48,207)	(43,642)
Total comprehensive income/ (expense)	186,949	(48,207)	(43,642)

Net cash generated from/(used in):

- operating activities	5,540,388	2,026,734	(1,154,695)
- investing activities	1,590,407	(3,670,223)	(4,546,549)
- financing activities	(10,224,100)	1,671,127	5,710,905

Net (decrease)/increase in cash and

cash equivalent	(3,093,305)	27,638	9,661
Dividends paid to NCI	3,400,000	-	-

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 8. INVESTMENT IN JOINT VENTURE

	GROUP	
	2015 RM	2014 RM
At cost		
Unquoted shares	3,089	3,089
Share of post-acquisition reserves	3,635,826	2,591,657
	<u>3,638,915</u>	<u>2,594,746</u>

The joint venture company is incorporated in Australia as follows:-

Name of company	Group's effective interest		Principal activities
	2015 %	2014 %	
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 company, adjusted for Group's share is as follows:

	2015 RM	2014 RM
<b>Summarised financial information</b>		
<b>As at 28 February</b>		
Non-current assets	6,673	26,028
Current assets	4,332,076	5,074,271
Non-current liabilities	(5,947,814)	(3,238,244)
Current liabilities	(1,481,510)	(2,757,282)
Cash and cash equivalents	<u>3,071,983</u>	<u>883,343</u>
<b>Year ended 28 February</b>		
Profit from continuing operations	<u>1,286,678</u>	<u>2,477,503</u>
Total comprehensive income	<u>1,286,678</u>	<u>2,477,503</u>
<b>Included in the total comprehensive income:</b>		
Revenue	3,931,613	6,657,332
Interest income	660	14,968
Interest expense	<u>(9,900)</u>	<u>(6,049)</u>
<b>Group's share of results for the year ended 28 February</b>		
Group's share of profit from continuing operations	<u>646,943</u>	<u>1,272,046</u>

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 9. OTHER INVESTMENTS

	GROUP	
	2015 RM	2014 RM
Quoted in Malaysia, at cost		
Investment in fixed income unit trusts	12,987	12,654
Market value of fixed income unit trusts	12,987	12,654

## 10. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2015 RM	2014 RM
Cost		
Balance as at 1 March	151,885,648	144,989,813
Additions during the financial year	26,432,523	10,773,175
Transferred (to)/from property development costs	(13,724,519 )	7,247,871
Disposal during the financial year	(897,112 )	(11,125,211 )
Balance as at 28 February	163,696,540	151,885,648
Freehold land, at cost	110,024,049	109,475,548
Development cost	53,672,491	42,410,100
	163,696,540	151,885,648

Certain land held for future development with a carrying value of RM73,820,725 (2014: RM12,165,368) have been pledged to licensed banks for credit facilities granted to a subsidiary as disclosed in Note 23.

## 11. INVESTMENT PROPERTIES

	GROUP	
	2015 RM	2014 RM
Balance as at 1 March	31,220,851	32,225,986
Gains from fair value adjustments	2,335,657	-
Disposal during the financial year	(326,181 )	(1,005,135 )
Balance as at 28 February	33,230,327	31,220,851

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

The fair value of the investment properties was estimated by the management at RM33,230,327 (2014: RM31,220,851).

The investment properties with total carrying value of RM33,230,327 (2014: RM31,220,851) have been pledged to licensed banks for credit facilities granted to subsidiaries as disclosed in Notes 23, 24 and 26.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 11. INVESTMENT PROPERTIES (CONTINUED)

### Fair value information

The Group's investment properties and fair value hierarchy as at 28 February 2015 are as follows:

#### At 28 February 2015

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	-	6,586,637	-	6,586,637
	-	6,586,637	26,643,690	33,230,327

#### At 28 February 2014

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Commercial properties	-	-	18,438,691	18,438,691
Food court and plaza	-	-	5,869,342	5,869,342
Condominiums	-	6,912,818	-	6,912,818
	-	6,912,818	24,308,033	31,220,851

### 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 2015 (CONTINUED)

## 11. INVESTMENT PROPERTIES (CONTINUED)

### Fair value information

The following table shows a reconciliation of Level 3 fair values:

	2015 RM	GROUP 2014 RM
At 1 March	24,308,033	24,308,033
Fair value adjustments	2,335,657	-
At 28 February	26,643,690	24,308,033

The following shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

### Valuation technique

Investment method

### Significant unobservable inputs

Current occupancy rate and rental yield

## 12. DEFERRED PLANTATION EXPENDITURE

	2015 RM	GROUP 2014 RM
<b>Cost</b>		
Balance as at 1 March	1,248,940	1,248,940
Addition during the financial year	535	-
Balance as at 28 February	1,249,475	1,248,940
<b>Amortisation</b>		
Balance as at 1 March	(1,245,236)	(1,127,458)
Amortisation during the financial year	(3,711)	(117,778)
	(1,248,947)	(1,245,236)
Balance as at 28 February	528	3,704

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 13. DEFERRED TAX (CONTINUED)

### *Recognised deferred tax assets and liabilities (continued)*

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

	2015 RM	GROUP 2014 RM
Deferred tax assets, net	(1,121,085 )	(1,116,880 )
Deferred tax liabilities, net	15,772,070	16,776,022
	<u>14,650,985</u>	<u>15,659,142</u>

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

	2015 RM	GROUP 2014 RM
Balance as at 1 March	15,659,142	16,198,140
Recognised in profit or loss:-		
- crystallisation of deferred tax on revaluation surplus arise from subsidiaries' development properties	(22,684 )	(319,849 )
- shortfall of capital allowances over corresponding depreciation	(527,455 )	(111,260 )
- excess on revaluation of investment property in prior year	-	417,855
- unabsorbed capital allowances	(456,870 )	(1,172,206 )
- utilisation tax losses	20,643	621,519
- other deductible temporary differences	(21,791 )	24,943
	<u>(1,008,157 )</u>	<u>(538,998 )</u>
Balance as at 28 February	<u>14,650,985</u>	<u>15,659,142</u>

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 13. DEFERRED TAX (CONTINUED)

### Recognised deferred tax assets and liabilities (continued)

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

	GROUP	
	2015 RM	2014 RM
<b>Deferred tax assets</b>		
Unabsorbed capital allowance	2,425,023	192,055
Unabsorbed agricultural allowance	-	55,954
Unabsorbed tax losses	9,925	438,519
Provisions	-	434,647
Other deductible temporary differences	34,716	720,056
Deferred tax assets (before offsetting)	2,469,664	1,841,231
Offsetting	(1,348,579 )	(724,351 )
Deferred tax assets (after offsetting)	1,121,085	1,116,880
<b>Deferred tax liabilities</b>		
Revaluation surplus arise from subsidiaries' development properties	9,081,434	8,445,328
Revaluation surplus arise from subsidiaries' investment properties	-	417,855
Deferred plantations expenditure	-	6,063
Excess of capital allowances over corresponding depreciation	8,039,215	8,631,127
Deferred tax liabilities (before offsetting)	17,120,649	17,500,373
Offsetting	(1,348,579 )	(724,351 )
Deferred tax liabilities (after offsetting)	15,772,070	16,776,022

(c) Unrecognised deferred tax assets

	GROUP	
	2015 RM	2014 RM
Unabsorbed agricultural allowance	164,327	164,327
Unabsorbed capital allowance	32,038	27,484
Unabsorbed tax losses	689,318	603,107
Shortfall of capital allowances over corresponding depreciation not recognised	(21,177 )	(20,706 )
	864,506	774,212

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 2015 (CONTINUED)

### 14. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2015 RM	2014 RM
<b>Freehold land, at cost</b>		
Balance as at 1 March	26,895,088	36,894,816
Addition	-	8,808,000
Transferred from/(to) land held for property development during the financial year (Note 10)	8,631,833	(10,631,264)
Completed development project	(1,577,382)	(8,176,464)
Balance as at 28 February	33,949,539	26,895,088
<b>Development expenditure</b>		
Balance as at 1 March	209,539,854	245,998,114
Incurred during the financial year	71,312,708	71,906,503
Transferred from land held for property development during the financial year (Note 10)	5,092,686	3,383,393
Completed development project	(9,539,860)	(111,748,156)
	276,405,388	209,539,854
	310,354,927	236,434,942
<b>Accumulated costs charged to statement of profit or loss and other comprehensive income</b>		
Balance as at 1 March	(186,377,016)	(210,312,562)
Cost charged to profit or loss for the financial year	(55,101,163)	(90,214,976)
Reversal of cost of completed development project	9,241,432	114,150,522
Balance as at 28 February	(232,236,747)	(186,377,016)
	78,118,180	50,057,926

Included in development costs is rental of equipment capitalised during the financial year amounting to RM 2,040,601 (2014: RM1,734,676).

### 15. INVENTORIES

	GROUP	
	2015 RM	2014 RM
<b>At cost</b>		
Completed properties	13,228,089	14,068,128
Building materials	889,846	1,404,168
Food and beverages	206,875	231,005
Playground materials	21,336	21,336
Spare parts and consumables	30,925	29,380
	14,377,071	15,754,017

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 16. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Trade receivables</b>				
Third parties	35,252,364	44,064,748	-	-
Accrued billings in respect of property development	-	143,973	-	-
Amount due from customers for contract work (Note 29)	17,886,670	2,498,109	-	-
Less: Impairment loss - third parties	(191,719)	(148,940)	-	-
	52,947,315	46,557,890	-	-
<b>Other receivables, deposits and prepayments</b>				
Other receivables	5,075,488	8,477,701	-	-
Deposits	2,398,888	12,278,148	4,500	4,500
Prepayments	331,371	483,736	-	-
	7,805,747	21,239,585	4,500	4,500
	60,753,062	67,797,475	4,500	4,500

- (a) The credit term of trade receivables granted by the Group is 21 days (2014: 21 days) from date of progress billings or range from 30 to 90 days (2014: 30 to 90 days) from date of invoice.
- (b) The impairment loss of the Group is net of bad debts written off amounting to NIL (2014: RM92,190).
- (c) 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.

## 19. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed deposits with licensed banks	3,498,767	4,353,815	-	-
Cash and bank balances	13,220,474	17,725,401	13,812	19,226
As reported in the statement of financial positions	16,719,241	22,079,216	13,812	19,226
Less: Bank overdrafts (Note 22)	(2,327,913)	(2,160,609)	-	-
Fixed deposits pledged with licensed banks	(1,707,977)	(1,707,429)	-	-
As reported in cash flows statements	12,683,351	18,211,178	13,812	19,226

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 19. CASH AND CASH EQUIVALENTS (CONTINUED)

- (a) Included in the Group's cash and bank balances is an amount of RM5,349,855 (2014: RM11,747,047) 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 (2014: 30 to 365 days).
- (c) Included in fixed deposits with licensed banks of the Group is an amount of RM1,707,977 (2014: RM1,707,429) 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 statement of financial position date is as follows:

	GROUP	
	2015 %	2014 %
Fixed deposits with licensed banks	3.14	2.81

- (e) Information on repricing analysis of cash and cash equivalents are disclosed in Note 42.

### 20. SHARE CAPITAL

	GROUP/COMPANY	
	2015 RM	2014 RM
<b>Authorised</b>		
300,000,000 ordinary shares of RM1 each	300,000,000	300,000,000
<b>Issued and fully paid</b>		
128,000,000 ordinary shares of RM1 each	128,000,000	128,000,000

### 21. RESERVES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Non-distributable:</b>				
Share premium	5,982,397	5,982,397	5,982,397	5,982,397
Translation reserve	(17,171)	13,650	-	-
	5,965,226	5,996,047	5,982,397	5,982,397
<b>Distributable:</b>				
Retained earnings	150,202,701	139,000,341	13,234,632	14,961,300
	156,167,927	144,996,388	19,217,029	20,943,697

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 22. BORROWINGS

		GROUP	
	Note	2015 RM	2014 RM
<b>Current</b>			
<u>Secured</u>			
Term loans	23	12,349,118	12,182,545
Revolving credits	24	9,690,000	9,600,000
Bank overdrafts	25	2,327,913	2,160,609
Bankers' acceptance	26	1,900,000	4,768,000
Hire-purchase liabilities	27	336,953	180,985
		26,603,984	28,892,139
<u>Unsecured</u>			
Term loans	23	200,000	200,000
Hire-purchase liabilities	27	255,261	236,637
		455,261	436,637
Total current portion		27,059,245	29,328,776
<b>Non-current</b>			
<u>Secured</u>			
Term loans	23	16,459,487	26,410,705
Hire-purchase liabilities	27	987,742	682,791
		17,447,229	27,093,496
<u>Unsecured</u>			
Term loans	23	316,667	516,667
Hire-purchase liabilities	27	731,930	780,440
		1,048,597	1,297,107
Total non-current portion		18,495,826	28,390,603
<b>Total borrowings</b>		45,555,071	57,719,379
<u>Secured</u>			
Term loans	23	28,808,605	38,593,250
Revolving credits	24	9,690,000	9,600,000
Bank overdrafts	25	2,327,913	2,160,609
Bankers' acceptance	26	1,900,000	4,768,000
Hire-purchase liabilities	27	1,324,695	863,776
		44,051,213	55,985,635
<u>Unsecured</u>			
Term loans	23	516,667	716,667
Hire-purchase liabilities	27	987,191	1,017,077
		1,503,858	1,733,744
<b>Total borrowings</b>		45,555,071	57,719,379

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 23. TERM LOANS

	GROUP	
	2015 RM	2014 RM
<b>Secured</b>		
Term loan VI repayable by 96 monthly instalments of RM167,510 each commencing October 2011	3,211,246	4,910,600
Term loan VII repayable by 48 monthly instalments of RM125,000 each commencing June 2013	1,875,000	3,375,000
Term loan VIII repayable by 120 monthly instalments of RM58,333 each commencing September 2013	4,277,919	5,307,650
Term loan IX repayable by 36 monthly instalments of RM694,445 each commencing June 2014	19,444,440	25,000,000
	<u>28,808,605</u>	<u>38,593,250</u>

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 Note 10.
- (iii) certain investment properties as disclosed in Note 11.

#### **Repayment terms**

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

	GROUP	
	2015 RM	2014 RM
Not later than 1 year	12,549,118	12,382,545

#### **Non-current**

1-2 years	11,010,905	12,541,830
2-3 years	3,647,884	10,983,022
3-4 years	789,069	854,223
4-5 years	826,364	771,746
More than 5 years	501,932	1,776,551
	<u>16,776,154</u>	<u>26,927,372</u>
	<u>29,325,272</u>	<u>39,309,917</u>

The term loans bear interest at 4.54% to 8.35% (2014: 4.54% to 8.35%) per annum.

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

	GROUP	
	2015 %	2014 %
Term loans	<u>6.64</u>	<u>6.60</u>

Information on repricing analysis of term loans is disclosed in Note 42.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 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 credit that was effective as at reporting date is as follows:

	<b>GROUP</b>	
	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
Revolving credits	4.60	4.43

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

## 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 RM22,049,940 (2014: RM22,216,056) 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:

	<b>GROUP</b>	
	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
Bank overdrafts	8.35	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:

	<b>GROUP</b>	
	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
Bankers' acceptances	4.99	4.71

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

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 27. HIRE-PURCHASE LIABILITIES

	2015 RM	GROUP 2014 RM
Minimum hire-purchase instalments:-		
- not later than one year	717,851	519,994
- later than one year and not later than five years	1,877,587	1,616,396
	2,595,438	2,136,390
Less: Future interest charges	(283,552)	(255,537)
Present value of hire-purchase liabilities	2,311,886	1,880,853

	2015 RM	GROUP 2014 RM
Repayable as follows:		
Current liabilities		
- not later than one year	592,214	417,622
Non-current liabilities		
- later than one year and not later than five years	1,719,672	1,463,231
	2,311,886	1,880,853

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

	2015 %	GROUP 2014 %
Hire purchase liabilities	3.34	3.61

Information on repricing analysis of hire-purchase liabilities is disclosed in Note 42.

### 28. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Trade payables</b>				
Third parties	15,346,105	16,077,991	-	-
Progress billings in respect of property development	51,933,420	29,139,209	-	-
	67,279,525	45,217,200	-	-
<b>Other payables</b>				
Amounts owing to directors	25,500	25,500	25,500	25,500
Other payables, deposits and accruals	22,997,133	14,051,148	39,928	32,000
Member deposits	1,184,676	1,397,022	-	-
	24,207,309	15,473,670	65,428	57,500
	91,486,834	60,690,870	65,428	57,500

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 28. TRADE AND OTHER PAYABLES (CONTINUED)

- (a) The credit terms available to the Group in respect of trade payables range from 30 to 90 days (2014: 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 RM1,073,276 (2014: RM1,000,500) 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.

## 29. CONSTRUCTION CONTRACTS

	<b>GROUP</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
Aggregate cost incurred to date	82,657,679	38,927,636
Accrued profit to date	5,727,486	3,085,221
	88,385,165	42,012,857
Less: Progress billings	(70,498,495 )	(39,514,748 )
	17,886,670	2,498,109
Represented by:		
Amount due from customers for contract work (Note 16)	17,886,670	2,498,109

## 30. PROVISIONS

<b>GROUP</b>	<b>Infrastructure cost RM</b>	<b>Renovation cost RM</b>	<b>Building cost RM</b>	<b>Total RM</b>
Balance as at 1 March 2013	1,738,588	2,677,216	1,707,335	6,123,139
Addition during the financial year	-	238,600	-	238,600
Utilisation during the financial year	-	(877,215 )	(1,707,335 )	(2,584,550 )
Balance as at 28 February/ 1 March 2014	1,738,588	2,038,601	-	3,777,189
Utilisation during the financial year	-	(250,209 )	-	(250,209 )
Balance as at 28 February 2015	1,738,588	1,788,392	-	3,526,980

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.

The provision for building costs were made in respect of Taman Ria Mesra project for additional claims requested by the sub-contractors.



## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 31 REVENUE

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Gross dividend income from subsidiaries	-	-	1,335,000	240,000
Revenue from property development	73,098,598	101,725,167	-	-
Revenue from construction contracts	46,515,531	36,289,521	-	-
Revenue from water theme park and resort operations	12,528,817	12,364,465	-	-
Sale of completed properties	1,364,848	581,864	-	-
Sale of building materials	29,382,877	27,907,321	-	-
Sale of goods	255,024	411,585	-	-
Sale of land held for property development	-	2,800,060	-	-
Rental income	2,266,679	1,695,124	-	-
Sports and recreation services	1,660,248	1,759,510	-	-
Subscription and entrance fees	534,840	565,787	-	-
Sales of fruits and other supplies	77,016	18,295	-	-
	167,684,478	186,118,699	1,335,000	240,000

### 32. COST OF SALES

	GROUP	
	2015 RM	2014 RM
Building material sold	26,625,699	25,492,293
Property development cost	54,926,675	80,506,550
Completed properties	854,188	336,512
Construction contract cost	37,846,089	33,362,778
Land held for property development	-	1,098,338
Service rendered	10,793,845	10,632,672
Others	2,409,436	1,412,459
	133,455,932	152,841,602

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 33. **PROFIT/(LOSS) BEFORE TAXATION**

Profit/(Loss) before tax is stated after charging:-

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Amortisation of deferred plantation expenditure	3,711	117,778	-	-
Auditors' remuneration:				
- current financial year	160,540	150,220	32,800	32,000
- underprovision in prior financial year	14,386	16,870	800	-
Bad debts written off	-	7,274	-	-
Depreciation of property, plant and equipment	4,000,642	3,850,967	-	-
Directors' emoluments other than fees paid/payable to:				
- executive directors of the Company	29,500	29,000	29,500	29,000
- non-executive directors of the Company	121,500	119,967	121,500	119,967
- executive directors of the subsidiary companies	1,330,227	1,483,877	-	-
Impairment loss on trade receivables	42,779	97,672	-	-
Interest expense on:				
- bankers acceptances	229,559	194,022	-	-
- bank overdraft	196,116	128,731	-	-
- hire purchase liabilities	125,855	73,367	-	-
- term loans	798,531	1,127,685	-	-
- revolving credit	245,958	226,324	-	-
Property, plant and equipment written off	15,893	28,581	-	-
Rental expense on:				
- premises	270,285	131,756	-	-
- equipment	46,413	46,860	-	-
And crediting:				
Gain from disposal of property, plant and equipment	31,528	43,499	-	-
Gain from disposal of investment properties	193,819	77,893	-	-
Gains from fair value adjustment	2,335,657	-	-	-
Gross dividend income from a subsidiary company	-	-	1,335,000	240,000
Insurance compensation received	112,560	110,072	-	-
Interest income	814,605	1,303,266	-	185,387
Rental income from				
- investment properties	2,238,999	1,671,686	-	-
- others	561,463	446,145	-	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM985,494 (2014: RM881,508).

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 34. TAX EXPENSE

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Malaysian income tax:				
Current tax expense based on profit for the financial year	5,808,779	7,060,940	-	-
Under/(Over) provision in prior financial years	206,827	(159,182 )	-	-
	6,015,606	6,901,758	-	-
Deferred tax: (Note 13a)				
Relating to origination and reversal of temporary differences	(963,250 )	(582,119 )	-	-
(Over)/Underprovision in prior financial years	(44,907 )	43,121	-	-
	(1,008,157 )	(538,998 )	-	-
Total tax expense	5,007,449	6,362,760	-	-

The Malaysian income tax is calculated at the statutory tax rate of 25% 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before tax	18,352,045	20,458,660	533,758	(137,353 )
Tax at Malaysian statutory tax rate of 25%	4,588,011	5,114,665	133,400	(34,338 )
Tax effects in respect of:				
Crystallisation of deferred tax liabilities on revaluation surplus	(135,832 )	(179,301 )	-	-
Depreciation on nonqualifying property, plant and equipment	15,428	13,398	-	-
Deferred tax assets not recognised	100,510	112,109	-	-
Non-allowable expenses	1,093,680	1,093,078	200,350	140,685
Surplus on revaluation of investment property	-	417,855	-	-
Utilisation/(Unabsorbed) of deferred tax assets	162,238	(20,455 )	-	-
Temporary differences not recognised	(10,217 )	(17,203 )	-	-
Income not subject to tax	(718,983 )	(55,325 )	(333,750 )	(106,347 )
Others	(249,306 )	-	-	-
	4,845,529	6,478,821	-	-
(Over)/Underprovision in prior financial years				
- income tax	206,827	(159,182 )	-	-
- deferred tax	(44,907 )	43,121	-	-
Tax expense	5,007,449	6,362,760	-	-

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 35. EARNINGS PER ORDINARY SHARE

Basic

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	
	2015 RM	2014 RM
Profit attributable to ordinary equity holders of the Company (RM)	13,462,786	13,628,286
Number of ordinary shares in issue	128,000,000	128,000,000
Basic earnings per ordinary share (sen)	10.52	10.65

## 36. DIVIDENDS

	2015 RM	2014 RM
Interim single tier dividend of 1.5 sen per ordinary share, paid on 12.12.2014	1,920,000	-
Interim dividend of 2.0 sen per ordinary share, less tax at 25%, paid on 23.08.2013	-	1,920,000
	1,920,000	1,920,000

## 37. EMPLOYEE BENEFITS

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Operations				
- salaries and wages	8,012,656	5,044,270	-	-
- contributions to defined contribution plan	1,008,093	553,828	-	-
- other benefits	832,653	425,548	-	-
	9,853,40	6,023,646	-	-
Sales, marketing and distribution				
- salaries and wages	723,683	734,285	-	-
- contributions to defined contribution plan	166,792	109,323	-	-
- other benefits	548,255	178,720	-	-
	1,438,730	1,022,328	-	-
Administration				
- salaries and wages	804,712	2,581,750	-	-
- contributions to defined contribution plan	119,097	304,790	-	-
- other benefits	214,261	398,502	-	-
	1,138,070	3,285,042	-	-
	12,430,202	10,331,016	-	-

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 38. **RELATED PARTY DISCLOSURES**

#### **(a) Identities of related parties**

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

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

#### **(b) Significant related party transactions**

Related parties of the Group and the Company include:

- (i) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statement.
- (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 has related party's relationship with the following parties:

Substantial shareholder of the Company

- Perbadanan Kemajuan Negeri Kedah ("PKNK")
- Beh Heng Seong Sdn. Bhd.

Companies in which certain directors of the Company have financial interests:

- RJ Properties Sdn. Bhd.
- Sunrise Manner Sdn. Bhd.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 38. RELATED PARTY DISCLOSURES (CONTINUED)

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	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Subsidiaries</b>				
Gross dividend income	-	-	1,335,000	240,000
Interest income	-	-	-	185,387
<b>A substantial shareholder *</b>				
In respect of the acquisition of freehold land				
- repayments during the financial year	-	1,125,006	-	-
<b>An entity controlled by a close member of the family of a director</b>				
Printing, stationery, repair and maintenance	905	21,736	-	-
Progress billing on work done	30,983,748	34,127,438	-	-
Rental	183,759	154,790	-	-
Sales of bird nest	28,068	35,527	-	-
<b>Close member of the family of the directors</b>				
Advisory fees paid	240,000	240,000	-	-

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

### (c) Compensation of key management personnel

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

	GROUP		COMPANY	
	2015 RM	2014 RM	2015 RM	2014 RM
Short term employee benefits	1,315,977	1,436,588	151,000	148,967
Contributions to defined contribution plans	165,250	196,256	-	-
	1,481,227	1,632,844	151,000	148,967

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 39. CONTINGENT LIABILITIES – UNSECURED

	COMPANY	
	2015 RM	2014 RM
Corporate guarantees for bank facilities granted to subsidiaries - amount utilised	34,523,120	44,267,975
Corporate guarantees to suppliers of a subsidiary company - amount utilised	955,686	1,438,952
Total facilities available to subsidiaries which are guaranteed by the Company	178,463,280	100,617,300

### 40. CAPITAL COMMITMENTS

As at the end of the financial period, the Group and the Company has the following capital commitments:-

	GROUP	
	2015 RM	2014 RM
<b>Acquisition of leasehold lands</b>		
Authorised but not contracted for	-	72,438,936
Contracted but not provided for	72,438,936	-
	72,438,936	72,438,936

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## **41. OPERATING SEGMENTS (CONTINUED)**

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

### **Segment assets**

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group'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 2015 (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 2015	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
<b>Revenue</b>						
Revenue from						
external customer	77,909,169	14,723,905	72,911,874	2,139,530	-	167,684,478
Inter-segment revenue	-	-	66,993,703	1,862,991	(68,856,694)	-
Total revenue	77,909,169	14,723,905	139,905,577	4,002,521	(68,856,694)	167,684,478
<b>Results</b>						
Segment result	11,897,172	(1,449,259)	7,593,964	1,091,582	-	19,133,459
Interest income	582,434	194,929	27,601	9,641	-	814,605
Interest expense	(555,994)	(313,384)	(504,889)	(221,752)	-	(1,596,019)
Profit before tax						18,352,045
Tax expense						(5,007,449)
Profit for the financial year						13,344,596
<b>At 28 February 2015</b>						
<b>Assets</b>						
Segment assets	290,012,979	64,925,572	46,966,766	42,813,782	-	444,719,099
Tax assets	653,850	6,987	200,526	151,294	-	1,012,657
Deferred tax assets	1,090,669	-	-	30,416	-	1,121,085
Total assets	291,757,498	64,932,559	47,167,292	42,995,492	-	446,852,841
<b>Liabilities</b>						
Segment liabilities	74,255,615	2,017,055	16,526,133	2,215,011	-	95,013,814
Borrowings	25,251,245	3,827,201	12,158,130	4,318,495	-	45,555,071
Tax liabilities	1,058,346	312,948	-	6,980	-	1,378,274
Deferred tax liabilities	7,562,305	7,629,747	106,500	473,518	-	15,772,070
Total liabilities	108,127,511	13,786,951	28,790,763	7,014,004	-	157,719,229
<b>Other information</b>						
Capital expenditure	902,814	1,786,561	347,676	137,466	-	3,174,517
Depreciation of property, plant and equipment	300,685	3,092,849	283,397	323,711	-	4,000,642
Amortisation of deferred plantation	-	-	-	3,711	-	3,711
Impairment loss on trade receivables	-	42,779	-	-	-	42,779
Property, plant and equipment written off	-	15,893	-	-	-	15,893

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 41. OPERATING SEGMENTS (CONTINUED)

Financial year ended 28 February 2014	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
<b>Revenue</b>						
Revenue from external customer	105,280,782	14,689,762	64,023,151	2,125,004	-	186,118,699
Inter-segment revenue	8,808,000	-	64,573,696	828,842	(74,210,538)	-
Total revenue	114,088,782	14,689,762	128,596,847	2,953,846	(74,210,538)	186,118,699
<b>Results</b>						
Segment result	18,960,165	(1,729,941)	4,313,451	(864,476)	-	20,679,199
Interest income	860,740	193,766	36,063	212,697	-	1,303,266
Interest expense	(788,638)	(259,002)	(203,268)	(272,897)	-	(1,523,805)
Profit before tax						20,458,660
Tax expense						(6,362,760)
Profit for the financial year						14,095,900
<b>At 28 February 2014</b>						
<b>Assets</b>						
Segment assets	266,948,796	70,888,833	37,473,076	41,145,100	-	416,455,805
Tax assets	539,834	3,780	-	321,758	-	865,372
Deferred tax assets	1,079,632	-	-	37,248	-	1,116,880
Total assets	268,568,262	70,892,613	37,473,076	41,504,106	-	418,438,057
<b>Liabilities</b>						
Segment liabilities	42,375,515	3,731,786	15,908,642	2,452,116	-	64,468,059
Borrowings	33,661,709	3,831,455	14,855,667	5,370,548	-	57,719,379
Tax liabilities	453,654	146,390	764,708	24,382	-	1,389,134
Deferred tax liabilities	7,589,085	8,617,279	112,000	457,658	-	16,776,022
Total liabilities	84,079,963	16,326,910	31,641,017	8,304,704	-	140,352,594
<b>Other information</b>						
Capital expenditure	637,163	1,300,848	839,212	626,623	-	3,403,846
Depreciation of property, plant and equipment	151,373	3,325,787	130,021	243,786	-	3,850,967
Amortisation of deferred plantation expenditure	-	-	-	117,778	-	117,778
Impairment loss on trade receivables	-	97,672	-	-	-	97,672
Property, plant and equipment written off	29	27,868	682	2	-	28,581

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (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 FRS139 categories:-

GROUP 2015	Financial assets at fair value through profit or loss RM	Loans and receivables at amortised cost RM	Total  RM
Assets as per statement of financial position:			
- financial assets at fair value through profit or loss (marketable securities)	12,987	-	12,987
- trade and other receivables excluding pre-payments	-	60,421,691	60,421,691
- cash and cash equivalents	-	16,719,241	16,719,241
Total financial assets	12,987	77,140,932	77,153,919

	Other financial liabilities at amortised cost RM
Liabilities as per statement of financial position	
- borrowings excluding finance lease liabilities	43,243,185
- trade and other payables excluding statutory liabilities	91,486,834
	134,730,019

GROUP 2014	Financial assets at fair value through profit or loss RM	Loans and receivables at amortised cost RM	Total  RM
Assets as per statement of financial position:			
- financial assets at fair value through profit or loss (marketable securities)	12,654	-	12,654
- trade and other receivables excluding pre-payments	-	67,313,739	67,313,739
- cash and cash equivalents	-	22,079,216	22,079,216
Total financial assets	12,654	89,392,955	89,405,609

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 42. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial instruments by category (continued)

	Other financial liabilities at amortised cost RM
Liabilities as per statement of financial position	
- borrowings excluding finance lease liabilities	55,838,526
- trade and other payables excluding statutory liabilities	60,690,870
	<u>116,529,396</u>

#### COMPANY

	Loans and receivables at amortised cost 2015 RM	2014 RM
Assets as per statement of financial position:		
- trade and other receivables excluding prepayments (including intercompany balance)	33,380,831	36,876,281
- cash and cash equivalents	13,812	19,226
Total financial assets	<u>33,394,643</u>	<u>36,895,507</u>

	Other financial liabilities at amortised cost 2015 RM	2014 RM
Liabilities as per statement of financial position		
- trade and other payables excluding statutory liabilities	<u>3,163,261</u>	<u>5,150,394</u>

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 2015 (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	Total RM
<b>28 February 2015</b>			
<b>Financial liabilities</b>			
Trade and other payables	91,486,834	-	91,486,834
Borrowings	27,059,245	18,495,826	45,555,071
Total undiscounted financial liabilities	118,546,079	18,495,826	137,041,905
<b>28 February 2014</b>			
<b>Financial liabilities</b>			
Trade and other payables	60,690,870	-	60,690,870
Borrowings	29,328,776	28,390,603	57,719,379
Total undiscounted financial liabilities	90,019,646	28,390,603	118,410,249

#### (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 2015 (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 2015

##### Financial assets

Investment in joint venture	3,089
Other receivables, deposits and prepayments	4,332,076
Cash and cash equivalents	3,071,983
	<u>7,407,148</u>

##### At 28 February 2014

##### Financial assets

Investment in joint venture	3,089
Other receivables, deposits and prepayments	5,074,271
Cash and cash equivalents	883,343
	<u>5,960,703</u>

#### (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 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.

Sensitivity analysis for interest rate changes is unrepresentative as the Group does not use variable rates in managing its interest rate risk.

#### 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:

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 42. FINANCIAL INSTRUMENTS (CONTINUED)

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

#### (III) Market risk (continued)

##### (i) Interest rate risk (continued)

Group	NOTE	WAEIR	Within 1 year RM	Between 1-2 years RM	Between 2-3 years RM	Between 3-4 years RM	Between 4-5 years RM	More than 5 years RM	Total RM
<b>2015 Fixed rates</b>		%							
Fixed deposits with									
licensed banks	19	3.14	3,498,767	-	-	-	-	-	3,498,767
Bankers' acceptances	26	4.99	1,900,000	-	-	-	-	-	1,900,000
Hire purchase liability	27	3.34	592,214	607,282	470,526	429,047	212,817	-	2,311,886
<b>Floating rates</b>									
Bank overdrafts	25	8.35	2,327,913	-	-	-	-	-	2,327,913
Revolving credits	24	4.60	9,690,000	-	-	-	-	-	9,690,000
Term loans	23	6.64	12,549,118	11,010,905	3,647,884	789,069	826,364	501,932	29,325,272
<b>2014 Fixed rates</b>									
Fixed deposits with									
licensed banks	19	2.81	4,353,815	-	-	-	-	-	4,353,815
Bankers' acceptances	26	4.71	4,768,000	-	-	-	-	-	4,768,000
Hire purchase liability	27	3.61	417,622	443,032	406,667	432,261	181,271	-	1,880,853
<b>Floating rates</b>									
Bank overdrafts	25	8.10	2,160,609	-	-	-	-	-	2,160,609
Revolving credits	24	4.43	9,600,000	-	-	-	-	-	9,600,000
Term loans	23	6.60	12,382,545	12,541,830	10,983,022	854,223	771,746	1,776,551	39,309,917

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (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 2015 (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	
	2015	2014	2015	2014
	RM	RM	RM	RM
Neither past due nor impaired	1,938,912	14,535,495	-	-
Past due but not impaired:				
1 to 30 days past due	6,052,134	7,185,548	-	-
31 to 60 days past due	7,051,945	5,924,217	-	-
61 to 90 days past due	4,363,482	5,849,501	-	-
91 to 120 days past due	2,423,087	4,676,851	-	-
More than 120 days past due	13,231,085	5,744,196	-	-
	33,121,733	29,380,313	-	-
Impaired	191,719	148,940	-	-
	35,252,364	44,064,748	-	-

The movement of the allowance of impairment loss is as follows:

	GROUP	
	2014	2013
	RM	RM
At beginning of financial year	148,940	143,458
Charge during the financial year	42,779	97,672
Written off during the financial year	-	(92,190)
At end of financial year	191,719	148,940

#### 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 2015, trade receivables for the Group of RM33,121,733 (2014: RM29,380,313) 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.

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 42. FINANCIAL INSTRUMENTS (CONTINUED)

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

#### (IV) Credit risk (continued)

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 RM45,555,071 (2014: RM57,719,379) 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.

#### (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 Group'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.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

### 42. FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Fair value of financial instruments (continued)

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

	Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
		Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2015											
Financial assets											
Quoted shares	9	12,987	-	-	12,987	-	-	-	-	12,987	12,987
		12,987	-	-	12,987	-	-	-	-	12,987	12,987

#### 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	
<b>2014</b>											
<b>Financial assets</b>											
Quoted shares	9	12,654	-	-	12,654	-	-	-	-	12,654	12,654
		12,654	-	-	12,654	-	-	-	-	12,654	12,654

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (CONTINUED)

## 42. FINANCIAL INSTRUMENTS (CONTINUED)

### (c) Fair value of financial instruments (continued)

#### COMPANY

Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2015										
Financial assets										
Amount owing from subsidiaries	-	33,376,331	-	33,376,331	-	-	-	-	33,376,331	33,376,331
	-	33,376,331	-	33,376,331	-	-	-	-	33,376,331	33,376,331
Financial liabilities										
Amount owing to subsidiaries	-	(3,097,833)	-	(3,097,833)	-	-	-	-	(3,097,833)	(3,097,833)
	-	(3,097,833)	-	(3,097,833)	-	-	-	-	(3,097,833)	(3,097,833)

#### COMPANY

Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM		
<b>2014</b>										
<b>Financial assets</b>										
Amount owing from subsidiaries	-	36,871,781	-	36,871,781	-	-	-	-	36,871,781	36,871,781
	-	36,871,781	-	36,871,781	-	-	-	-	36,871,781	36,871,781
<b>Financial liabilities</b>										
Amount owing to subsidiaries	-	(5,092,894)	-	(5,092,894)	-	-	-	-	(5,092,894)	(5,092,894)
	-	(5,092,894)	-	(5,092,894)	-	-	-	-	(5,092,894)	(5,092,894)

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (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 (2014: 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:

	2015	2014
Bank borrowings	4.43% - 8.10%	4.43% - 8.10%

# NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (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.

	Note	2015 RM	GROUP 2014 RM
Borrowings		45,555,071	57,719,379
Less: Cash and cash equivalents		(12,683,351)	(18,211,178)
Net debt		32,871,720	39,508,201
Total equity		289,133,612	278,085,463
Debt-to-equity ratio		0.11	0.14

## 43. CARRYING AMOUNT OF MONIES HELD IN TRUST

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

	2015 RM	2014 RM
Monies held in trust	683,100	672,107

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 28 May 2015.

## NOTES TO THE FINANCIAL STATEMENTS

28 FEBRUARY 2015 (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 2015 are as follows:

	<b>GROUP 2015 RM</b>	<b>COMPANY 2014 RM</b>
Total retained earnings of the Group and Company		
- Realised	165,211,283	13,234,632
- Unrealised	(15,008,582 )	-
	<u>150,202,701</u>	<u>13,234,632</u>

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

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 42 to 118 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 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 2015 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 119 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  
28 May 2015

## STATUTORY DECLARATION

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 42 to 119 and supplementary information on the disclosure of realised and unrealised profit or loss 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 28 May 2015

Before me



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPE CORPORATION BERHAD

## Report on the Financial Statements

We have audited the financial statements of Eupe Corporation Berhad, which comprise the statements of financial position as at 28 February 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 118.

## *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 28 February 2015 and of its financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EUPE CORPORATION BERHAD

(CONTINUED)

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 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 financial statements 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.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Reporting Responsibilities

The supplementary information set out in Note 45 on page 119 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 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**RSM Robert Teo, Kuan & Co.**

AF: 0768

Chartered Accountants

Kuala Lumpur

28 May 2015

**Lou Hoe Yin**

3120/04/16(J)

Chartered Accountant

## ANALYSIS OF SHAREHOLDINGS

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

### ANALYSIS BY SIZE OF SHAREHOLDING AS AT 10 JUNE 2015

Category By Sizes Percentages	No. of Holders		No. of Shares			
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
100 To 1,000 Shares	1,966	3	1,939,777	3,000	1.5155	0.0023
1,001 To 10,000 Shares	1,775	13	8,369,800	49,000	6.5389	0.0383
10,001 To 100,000 Shares	511	7	16,310,900	197,000	12.7429	0.1539
100,001 To Less Than 5% Of Issued Shares	76	6	44,707,177	3,108,000	34.9275	2.4281
5% And Above Of Issued Shares	2		53,314,989		41.6523	0.0000
<b>Subtotal</b>	<b>4,330</b>	<b>29</b>	<b>124,642,643</b>	<b>3,357,000</b>	<b>97.3771</b>	<b>2.6227</b>
<b>Grand Total (Malaysian + Foreign)</b>	<b>4,359</b>		<b>127,999,643</b>		<b>99.9997</b>	

### TOP 30 LARGEST SHAREHOLDERS AS AT 10 JUNE 2015

Shareholders	Account Qualifier (Beneficial Owner)	Shareholdings	%
1 BETAJ HOLDINGS SDN BHD		30,053,781	23.48
2 BEH HENG SEONG SDN.BHD.		23,261,208	18.17
3 LIEW HOCK LAI		4,395,900	3.43
4 AHMAD ZAKIUDDIN BIN HARUN		4,000,000	3.13
5 TEH AH YAU RUBBER FACTORY SDN BERHAD		3,742,729	2.92
6 AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.	PLEDGED SECURITIESACCOUNT FOR BEH HUCK LEE (M01)	3,500,000	2.73
7 SUCCESS LEADS SDN BHD		2,781,794	2.17
8 FIRM ALLIANCE SDN BHD		2,622,538	2.05
9 TEO KWEE HOCK		2,540,600	1.98
10 THAM SAU KIEN		2,532,300	1.98
11 MAYBANK SECURITIES NOMINEES (ASING) SDN BHD	PLEDGED SECURITIES ACCOUNT FOR ONG HAR HONG	1,626,200	1.27
12 AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.	PLEDGED SECURITIES ACCOUNT FOR LIEW HOCK LAI (M01)	1,300,000	1.02
13 NG CHOR WENG		1,199,600	0.94
14 WONG HUNG NGIE		952,300	0.74
15 YEO KHEE NAM		796,500	0.62

# ANALYSIS OF SHAREHOLDINGS

(CONTINUED)

## TOP 30 LARGEST SHAREHOLDERS AS AT 10 JUNE 2015 (CONTINUED)

Shareholders	Account Qualifier (Beneficial Owner)	Shareholdings	%
16 JF APEX NOMINEES (TEMPATAN) SDN BHD	PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI (MARGIN)	763,600	0.60
17 CHUAH CHEW HING		620,900	0.49
18 SIM LIAN HING		575,000	0.45
19 INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD	PLEDGED SECURITIES ACCOUNT FOR YU AH SING @ YEO AH SING	568,500	0.44
20 MERCSEC NOMINEES (TEMPATAN) SDN BHD	PLEDGED SECURITIES ACCOUNT FOR SIOH WONG YEN @ SIOH KWANG HWA	534,000	0.42
21 YEO KHEE LIAN @ LUI PAO CHUEN		530,000	0.41
22 TAN HUNG CHEW SDN BHD		530,000	0.41
23 CITIGROUP NOMINEES (TEMPATAN) SDN BHD	PLEDGED SECURITIES ACCOUNT FOR SIOH WONG YEN @ SIOH KWANG HWA (472602)	500,000	0.39
24 PUBLIC INVEST NOMINEES (ASING) SDN BHD	EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	400,900	0.31
25 AMSEC NOMINEES (TEMPATAN) SDN BHD	AMARA INVESTMENT MANAGEMENT SDN BHD FOR YONG AIK FONG	378,100	0.30
26 PUBLIC NOMINEES (TEMPATAN) SDN BHD	PLEDGED SECURITIES ACCOUNT FOR YEW TEK HOON (E-BMM)	348,000	0.27
27 AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD.	PLEDGED SECURITIES ACCOUNT FOR TOH CHUN HOK (M01)	308,000	0.24
28 LIM ENG LENG		306,800	0.24
29 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD	PLEDGED SECURITIES ACCOUNT FOR NEO ENG HUI (8117181)	304,700	0.24
30 THAM YIT FOO		300,600	0.23
<b>TOTAL</b>		<b>92,274,550</b>	<b>72.09</b>

# ANALYSIS OF SHAREHOLDINGS

(CONTINUED)

## LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 10 JUNE 2015

Shareholders	Shareholdings	%
BEH HENG SEONG SDN.BHD.	23,261,208	18.1728
BETAJ HOLDINGS SDN BHD	30,053,781	23.4795

## LIST OF DIRECTORS SHAREHOLDINGS AS AT 10 JUNE 2015

	Direct Interest		Indirect Interest	
	Shareholdings	Percentage	Shareholdings	Percentage
1 Dato Beh Huck Lee	3,500,000 (d)	2.7344	53,314,989 (a)	41.6523
2 Datin Teoh Choon Boay	234,416	0.1831	53,454,389 (b)	41.7612
3 Datuk Tan Hiang Joo	10,000	0.0078	-	-
4 Muhamad Faisal Bin Tajudin	-	-	30,053,781(c)	23.4795

Note:

- (a) Deemed interested by virtue of Section 6A of Companies Act, 1965 through shareholdings in Beh Heng Seong Sdn. Bhd which in turn holds shares in Betaj Holdings Sdn. Bhd.
- (b) Deemed interested by virtue of Section 6A of Companies Act, 1965 through shareholdings in Beh Heng Seong Sdn. Bhd. which in turn holds shares in Betaj Holdings Sdn. Bhd. and Section 134(12)(c) of the Companies Act, 1965.
- (c) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through shareholdings in Betaj Holdings Sdn. Bhd.
- (d) Held through RHB Capital Nominees (Tempatan) Sdn. Bhd.

# LIST OF PROPERTIES HELD

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2015 (CONTINUED)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition	Existing use	Net Book Value as at 28/02/2015
						RM'000
<b>EUPE KEMAJUAN SDN BHD</b>						
1.	P.T. 66058, H.S.(M) 2434 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, within Taman Ria, Sungai Petani, Kedah [Vacant plot of commercial land - Wisma Central]	Freehold	1.07 acres (46,719 sq. ft.; 4,340 sq. m.)	Jul-2010	Land held for commercial development	426
2.	P.T. 99393 & 99394, H.S.(M) 25191 & 25192 Bandar Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort Sungai Petani, Kedah [Vacant condominium site]	Freehold	3.07 acres (133,882 sq. ft.: 12,438 sq. m.)	Feb-1996	Land held for residential development	3,607
3.	P.T. 09943, P.T. 09959 to P.T. 09962, P.T. 10134, P.T. 10252, P.T. 10256 to P.T. 10258, and P.T. 10389 to P.T. 10390 H.S.(M) 31/1989, H.S.(M) 47/1989 to H.S. (M) 50/1989, H.S.(M) 222/1989, H.S.(M) 340/1989, H.S.(M) 344/1989 to H.S.(M) 346/1989, and H.S.(M) 477/1989 to H.S.(M) Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah [12 vacant plots of bungalow land - PCS]	Freehold	2.47 acres (107,524 sq. ft.: 9,989 sq. m.)	Mar-1996	Land held for residential development	3,152
4.	P.T. 13453, H.S.(M) 2974/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah [Vacant commercial complex land - TRJ]	Freehold	3.35 acres (146,130 sq. ft.: 13,575 sq. m.)	Jul-2010	Land held for commercial development	4,970
5.	P.T. 13454 to P.T.13456 H.S.(M) 2975/1989 to H.S.(M) 2977/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah [3 vacant plots of commercial lands - TRJ]	Freehold	2.19 acres (95,453 sq. ft.: 8,868 sq. m.)	Feb-1996	Land held for commercial development	2,556
6.	P.T. 10713 to P.T. 10793 H.S.(M) 797/89 to H.S.(M) 877/89 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah [81 vacant plots of commercial land - TRJ]	Freehold	3.18 acres (138,643 sq. ft.: 12,880 sq. m.)	Mar-1996	Land held for commercial development	4,410
7.	P.T. 15778 to P.T. 15786 and P.T. 15788 to P.T. 15793 H.S.(M) 5299/1989 to H.S. (M) 5307/1989 and H.S.(M) 5309/1989 to Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah [15 vacant plots of detached land - The Somerset]	Freehold	2.76 acres (120,315 sq. ft.: 11,170 sq. m.)	Mar-1996	Land held for residential development	13,443
8.	P.T. 71109 to P.T. 71126 H.S.(M) 2973 to H.S.(M) 2990 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah [14 vacant plots of industrial land and 2 vacant plots of TNB sub-station land - PN]	Freehold	7.48 acres (325,651 sq. ft.: 30,254 sq. m.)	Apr-1991	Land held for mixed development	3,817

# LIST OF PROPERTIES HELD

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2015 (CONTINUED)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition	Existing use	Net Book Value as at 28/02/2015
						RM'000
<b>EUPE KEMAJUAN SDN BHD</b>						
9.	225 development lots within P.T. 69831 to P.T. 70776, P.T. 17 to P.T. 62 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Kelisa Ria, Sungai Petani [224 plots of land for mixed development]	Freehold	37.00 acres (1,611,799 sq. ft.: 149,741 sq. m.)	Mar-1996	Land held for mixed development	5,462
10.	P.T. 72202 to P.T. 72263, P.T. 72306 to P.T. 72385, P.T. 72402 to P.T. 72463, P.T. 72758 to P.T. 72805, P.T. 72808 to P.T. 72945, P.T. 72984, P.T. 72987, P.T. 72994 to P.T. 73045, P.T. 73124 to P.T. 73139, P.T. 73146 to P.T. 73147, P.T. 73166 to P.T. 73187, P.T. 73265 to P.T. 73266, P.T. 73304 to P.T. 73305, P.T. 73338 to P.T. 73529, P.T. 73557 to P.T. 73616 H.S.(D) 23071 to H.S.(D) 23132, H.S.(D) 23175 to H.S.(D) 23254, H.S.(D) 23271 to H.S.(D) 23332, H.S.(D) 23627 to H.S.(D) 23674, H.S.(D) 23677 to H.S.(D) 23814, H.S.(D) 23853 to H.S.(D) 23856, H.S.(D) 23863 to H.S.(D) 23914, H.S.(D) 23993 to H.S.(D) 24008, H.S.(D) 24015 to H.S.(D) 24016, H.S.(D) 24035 to H.S.(D) 24056, H.S.(D) 24134 to H.S.(D) 24135, H.S.(D) 24173 to H.S.(D) 24174, H.S.(D) 24207 to H.S.(D) 24398, H.S.(D) 24426 to H.S.(D) 24470 Mukim of Sungai Petani, District of Kuala Muda Located next to Taman Kelisa Ria and Aman Jaya [450 plots of land for mixed development - PS]	Freehold	49.82 acres (2,170,198 sq. ft.: 201,618 sq. m.)	Sep-2001	Land held for mixed development	11,740
11.	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 [757 plots of land currently under development - Puncak Surya & Sri Iora]	Freehold	64.23 acres (2,797,626 sq. ft.: 259,908 sq. m.)	Sep-2001	Development in progress	12,425

# LIST OF PROPERTIES HELD

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2015 (CONTINUED)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition	Existing use	Net Book Value as at 28/02/2015
						RM'000
<b>EUPE KEMAJUAN SDN BHD</b>						
12.	P.T. 82535 to 82558, P.T. 82590 to 82603, P.T. 83025 to P.T. 83039, P.T. 83079 to 83089, P.T. 83189 to 83191, P.T. 83245 to 83249, P.T. 83285 to 83287, P.T. 83385 to 83423, P.T. 83504, P.T. 83507 to 83509, P.T. 92167, P.T. 92370 to P.T. 92382, P.T. 92584 to P.T. 92591, P.T. 92666 to P.T. 92737, P.T. 92798 to P.T. 92803, P.T. 92908 to P.T. 92915, P.T. 92916 and P.T. 92921 to P.T. 92922 H.S.(D) 95138 to H.S.(D) 95161, H.S.(D) 95193 to H.S.(D) 95206, H.S.(D) 95628 to H.S.(D) 95642, H.S.(D) 95682 to H.S.(D) 95692, H.S.(D) 95792 to H.S.(D) 95794, H.S.(D) 95848 to H.S.(D) 95852, H.S.(D) 95888 to H.S.(D) 95890, H.S.(D) 95988 to H.S.(D) 96026, H.S.(D) 96107 to H.S.(D) 96112, H.S.(D) 96114, H.S.(D) 109664 to 109697, H.S. (D) 109900 to H.S.(D) 109912, H.S.(D) 110114 to H.S.(D) 110121, H.S.(D) 110196 to 110267, H.S.(D) 110328 to 110333, H.S.(D) 110438 to 110445, H.S.(D) 110446 and H.S.(D) 110451 to 110452 Mukim of Pinang Tunggal, District of Kuala Muda Located within Bandar Seri Astana, Sungai Petani [261 plots of land for mixed development & commercial land - Edge of Parcel B & C]	Freehold	29.40 acres (1,280,604 sq. ft.: 118,972 sq. m.)	Jun-2010	Land held for mixed development	10,963
13.	P.T. 5208 and P.T. 5210 H.S.(D) 120805 to H.S.(D) 121954, and H.S.(D) 27778 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Puteri Jaya [2 parcels of land for mixed development - Parcel D & F - 577 plots of land currently under development ]	Freehold	107.29 acres (4,673,668 sq. ft.: 434,198 sq. m.)	Mar-2008	Development in progress	42,645
14.	P.T. 558, GM 796 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Seri Astana [Vacant plot of agriculture land - Entrance to S.Astana]	Freehold	8.07 acres (351,420 sq. ft.: 32,647 sq. m.)	Mar-2003	Agriculture land	277
15.	P.T. 5209, P.T. 95045 to P.T. 95997 and P.T. 96026 H.S.(D) 27773 and H.S.(D) 27777 Mukim of Pinang Tunggal, District of Kuala Muda Located next to Bandar Puteri Jaya [currently under development - Parcel E]	Freehold	37.05 acres (1,613,995 sq. ft.: 149,945 sq. m.)	Mar-2008	Development in progress	(1,740)
16.	PT 93559 to PT 93645, PT 93811 to PT 93971, PT 94162 to PT 94341 & PT 94343, Seksyen 64 Bandar Sungai Petani, District of Kuala Muda Located next to Cinta Sayang Golf and Country Resort Persiaran Cinta Sayang, Sungai Petani, Kedah [2 parcels of vacant land for mix development - Resort Villa & shops]	Freehold	31.45 acres (1,369,783 sq. ft.: 127,257 sq. m.)	Oct-2010	Land held for mixed development	22,729



# LIST OF PROPERTIES HELD

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2015 (CONTINUED)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition	Existing use	Net Book Value as at 28/02/2015
						RM'000
<b>MERA-LAND (MALAYSIA) SDN BHD</b>						
17.	Lots 63, 65, 741 and 743, SP 27493, SP 27495, SP 30052, SPB 62192 Mukim of Gurun, District of Kuala Muda Located along the southern side of Gurun/Jeniang Main road, about 7 kilometres east of Gurun, Kedah [Currently under development - TRM2]	Freehold	291.97 acres (12,717,976 sq. ft.: 1,181,539 sq. m.)	Mar-1996	Development in progress	14,943
<b>EUPE DEVELOPMENT SDN BHD</b>						
18.	P.T. 94342, H.S.(D) 1113345, Bandar Sungai Petani, District of Kuala Muda Located next to Cinta Sayang Golf and Country Resort Persiaran Cinta Sayang, Sungai Petani, Kedah [1 plot of land currently under development - CSRH]	Freehold	0.13 acres (5,619 sq. ft.: 522 sq. m.)	Oct-2001	Development in progress	133
19.	P.T. 94344, P.T. 94345, P.T. 94347 to P.T. 94348, P.T. 94350 to P.T. 94351, P.T. 94353, P.T. 94355 & P.T. 94356 H.S.(D) 1113347, H.S.(D) 1113348, H.S.(D) 1113350 to H.S.(D) 1113351, H.S.(D) 1113354, H.S.(D) 1113356, H.S.(D) 1113357, H.S.(D) 1114415 & H.S.(D) 1114416 Bandar Sungai Petani, District of Kuala Muda Located next to Cinta Sayang Golf and Country Resort Persiaran Cinta Sayang, Sungai Petani, Kedah [The Carnival lands, commercial lands & golf lands]	Freehold	31.16 acres (1,357,329 sq. ft.: 126,100 sq. m.)	Oct-2010	Land held for mixed development	9,962
<b>ESTEEM GLORY SDN BHD</b>						
20.	P.T. 15797 to P.T.15812 H.S.(D) 5318/1989 to H.S.(D) 5333/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria Jaya, Sungai Petani, Kedah [17 vacant plots of detached land - The Somerset]	Freehold	5.3007 acres (230,897 sq. ft.: 21,451 sq. m.)	Mar-1996	Land held for residential development	1,708
21.	P.T. 211 to P.T. 283, P.T. 308 to P.T. 316, P.T. 329 to 340, P.T. 1435 to P.T. 1461, P.T. 1476 to P.T. 1514 and P.T. 1516 to P.T. 1681 H.S.(D) 48/89 to H.S.(D) 120/89, H.S.(D) 145/89 to H.S.(D) 153/89, H.S.(D) 166/89 to H.S.(D) 177/89, H.S.(D) 1255/89 to H.S.(D) 1281/89, H.S.(D) 1296/89 to H.S.(D) 1334/89, H.S.(D) 1336/89 to H.S.(D) 1501/89 Mukim of Naga Lilit, District of Kulim Located within Taman Ria, Padang Serai, Kedah [428 plots of land for mixed development - 13 Birds houses & 71 plots Terrace & Shops under development]	Freehold	47.36 acres (2,063,006 sq. ft.: 191,660 sq. m.)	May-1996	Land held for mixed development	10,795

# LIST OF PROPERTIES HELD

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2015 (CONTINUED)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition	Existing use	Net Book Value as at 28/02/2015
						RM'000
<b>EUPE BANGSAR SOUTH DEVELOPMENT (JV) SDN BHD</b>						
22.	Lot 2491 and Lot 2504 [GRN 45341 and GRN 45342] Mukim & District of Kuala Lumpur Federal Territory of Kuala Lumpur [2 plots of land for mixed development - Bangsar South]	Freehold	3.03 acres (131,801 sq. ft.: 12,245 sq. m.)	Feb-2012	Land held for mixed development	49,730
<b>TITIAN SAMA SDN BHD</b>						
23.	H.S.(D) 102913, Lot PT 15, Bandar Kuala Lumpur, District of Kuala Lumpur Federal Territory of Kuala Lumpur. [Located at Cheras]	Leasehold 99 years expiring 17/12/2101	2.9 acres			11,121
24.	Lot 660, Seksyen 94 Bandar Kuala Lumpur, Daerah Wilayah Persekutuan Kuala Lumpur [Located at Seputeh]	Leasehold 99 years expiring 21/09/2086	3.22 acres			4,882
<b>EUPE HOMES (MM2H) SDN BHD</b>						
24.	P.T. 55443 to P.T. 55445 H.S.(D) 648 to H.S.(D) 650 Mukim of Sungai Petani, District of Kuala Muda Located next to Taman Ria, Sungai Petani [3 vacant plots of bungalow land - Tmn Ria]	Freehold	0.38 acres (16,533 sq. ft.: 1,536 sq. m.)	Mar-1996	Land held for residential development	64
<b>EUPE GOLF MANAGEMENT BERHAD</b>						
25.	P.T. 17698 and P.T. 17699 H.S.(D) 1073/90 and H.S.(D) 1074/90 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah [Cinta Sayang Golf and Country Resort]	Leasehold for 60 years expiring 31/07/2051 25 years	190.88 acres (8,314,733 sq. ft.: 772,438 sq. m.)	Feb-2010	Golf and Country Resort	25,966
<b>EUPE GOLF RECREATION &amp; TOUR SDN BHD</b>						
26.	P.T. 10398 and P.T. 10422 H.S.(D) 486/89 to H.S.(D) 510/89 P.T. 10447 to P.T. 10457 H.S.(M) 535/1989 to H.S.(M) 545/1989 Mukim of Sungai Petani, District of Kuala Muda Located within Cinta Sayang Hotel Persiaran Cinta Sayang, Sungai Petani, Kedah [218 rooms within Cinta Sayang Golf and Country Resort]	Freehold 18 to 25 years	8.62 acres (375,487 sq. ft.: 34,897 sq. m.)	Sep-2006	Golf and Country Resort	22,049

# LIST OF PROPERTIES HELD

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2015 (CONTINUED)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition	Existing use	Net Book Value as at 28/02/2015
						RM'000
<b>EUPE REALTY SDN BHD</b>						
27.	P.T. 21648, H.S.(M) 3/94 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, Sungai Petani, Kedah [Commercial land erected with a 6-storey building known as Wisma Ria]	Freehold 17 years	1.67 acres (72,642 sq. ft.: 6,748 sq. m.)	Feb-2010	Commercial building held for rental income	15,500
28.	P.T. 21646, H.S.(M) 1/94 Mukim of Sungai Petani, District of Kuala Muda Located along the eastern side of Jln Badlishah, within Taman Ria, Sungai Petani, Kedah [Vacant plot of freehold commercial land - Wisma Jaya]	Freehold	1.08 acres (47,207 sq. ft.: 4,386 sq. m.)	Feb-2010	Land held for commercial development	2,460
29.	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 LOT 600002, Section 63, Bandar Sungai Petani, Daerah Kuala Muda, Kedah. Located within Cinta Sayang Golf and Country Resort Sungai Petani, Kedah [17 units of Sky Res - Block A]	Freehold	-	Jun-2011	Apartments held for rental income	6,587
<b>PASAR TAMAN RIA SDN BHD</b>						
30.	P.T. 05925 to P.T. 05944 H.S.(M) 278/1986 to H.S.(M) 297/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah [2 rows of 56 stalls within Pasar Taman Ria]	Freehold 25 years	0.70 acres (30,574 sq. ft.: 2,840 sq. m. )	Feb-2010	Commercial lots held for rental income	3,300
<b>RIA PLAZA SDN BHD</b>						
31.	P.T. 05945 to P.T. 05954 H.S.(M) 298/1986 to H.S.(M) 307/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah [Single storey plaza known as Ria Plaza]	Freehold 24 years	0.37 acres (16,307 sq. ft.: 1,515 sq. m. )	Feb-2009	Commercial lots held for rental income	1,525

# LIST OF PROPERTIES HELD

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2015 (CONTINUED)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition	Existing use	Net Book Value as at 28/02/2015
						RM'000
<b>RIA FOOD CENTRE SDN BHD</b>						
32.	P.T. 05916 to P.T. 05924 H.S.(M) 269/1986 to H.S.(M) 277/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah [9 contiguous shoplots known as Ria Food Centre]	Freehold 24 years	0.34 acres (14,995 sq. ft.: 1,393 sq. m. )	Sep-2010	Commercial lots held for rental income	1,470
<b>EUPE HOTEL SDN BHD</b>						
33.	P.T. 09297, H.S.(M) 3632/1986 Mukim of Sungai Petani, District of Kuala Muda Located within Taman Ria, Sungai Petani, Kedah [Approved hotel site]	Freehold	1.80 acres (78,468 sq. ft.: 7,290 sq. m. )	Feb-1996	Land held for hotel development	4,040
<b>MILLENNIUM PACE SDN. BHD.</b>						
34.	Lots 3329 and 3330, GM 4442 and GM 4443 Mukim of Sungai Petani, District of Kuala Muda Located within Chengai [2 contiguous parcels of agriculture land - Longan Farm]	Freehold	47.86 acres (2,084,782 sq. ft.: 193,683 sq. m. )	May-2002	Agriculture land	3,672

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the NINETEENTH Annual General Meeting of EUPE CORPORATION BERHAD will be held at Garuda, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman, on Monday, 27 July 2015 at 10 a.m. to transact the following purposes:-

### AGENDA

- 1 To receive and adopt the Audited Financial Statements for the year ended 28 February 2015 together with the Reports of the Directors and Auditors thereon.  
*(Please refer to explanatory note below)*
- 2 To re-elect the following Directors who retire by rotation in accordance with the Article 82 of the Company's Articles of Association:-
  - (i) Muhamad Faisal Bin Tajudin
  - (ii) Datuk Tan Hiang Joo
  - (iii) Kek Jenny
- 3 To re-appoint Messrs RSM Robert Teo, Kuan & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary  
Resolution 1**

**Ordinary  
Resolution 2**

**Ordinary  
Resolution 3**

**Ordinary  
Resolution 4**

### AS SPECIAL BUSINESS

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

#### 4 Ordinary Resolution I

##### **Authority to Issue Shares Pursuant to Section 132D of the Companies Act 1965**

**Ordinary  
Resolution 5**

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

#### 5 Ordinary Resolution II

##### **Proposed Renewal of Authority to Purchase its Own Shares by the Company**

**Ordinary  
Resolution 6**

"THAT, subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad and the approvals of all relevant authorities (if any), the Board of Directors of the Company be and is hereby unconditionally and generally authorized, to the extent permitted by law, to make purchase of the Company's issued and paid up ordinary share capital from time to time through Bursa Securities, subject further to the following:-

- (i) The maximum aggregate number of ordinary shares which may be purchase and held by the Company must not exceed ten per centum (10%) of the total issued and paid up share capital of the Company at any point in time. ("Proposed Buy-Back");
- (ii) The maximum amount to be allocated for the Proposed Share Buy-Back shall not exceed the Company's total retained profits and the share premium account at the time of purchase of the Proposed Share Buy-Back;

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

- (iii) The approval conferred by this resolution will commence immediately upon the passing of this resolution 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) Expiration of the period within which the next AGM of the Company is required by law to be held; or
  - (c) The authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

Whichever occurs first but not as to 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

- (d) Upon completion of the purchase(s) of the EUPE Shares or any part thereof by the Company, the Directors be and are hereby authorised to cancel all the EUPE Shares so purchased, retained the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities or retain part thereof as treasury shares and cancelling the balance and in any other manner as prescribed by the Act, rules and regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force;

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 of 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 revaluations, 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 (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities."

## 6 Ordinary Resolution III

**Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading nature ("Proposed Shareholders' Mandate Renewal")**

**Ordinary  
Resolution 7**

"THAT approval be and is hereby given for the renewal of the Existing Shareholders' Mandate for the Company and its subsidiaries ("Eupe Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations of the Eupe Group from time to time, the nature and the contracting parties are set out in a table under Section 2.3 of the Circular to Shareholders dated 3 July 2015 PROVIDED THAT the transactions are in ordinary course of business on an arms' length basis, on normal commercial terms and no terms not more favorable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of next Annual General Meeting of the Company following this Nineteenth Annual General Meeting, at which time it will lapse, unless by a resolution passed at the said next Annual General Meeting, the authority is renewed;

## NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

(b) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("the Act") but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or

(c) revoke or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier.

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

### 7 ORDINARY RESOLUTION IV CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

Ordinary  
Resolution 8

"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."

### 8 ORDINARY RESOLUTION V CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

Ordinary  
Resolution 9

"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."

9 To consider any other business of which due notice shall have been given in accordance with the Act.

### BY ORDER OF THE BOARD EUPE CORPORATION BERHAD

NG BEE LIAN (MAICSA NO. 7041392)  
WONG WAI FOONG (MAICSA NO. 7001358)  
KUAN HUI FANG (MIA 16876)  
Company Secretaries

Sungai Petani  
Kedah Darul Aman  
3 July 2015

#### Notes:

- 1 A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- 2 Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
- 3 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if his appointer is a corporation, either under seal or under the hands of an officer or attorney duly authorised.

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

- 4 The Instrument appointing a proxy must be deposited at the Company's Registered Office, 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than 48 hours before the time for the Meeting or any adjournment thereof.
- 5 Only members whose name appear in the Record of Depositors as at 21 July 2015 (at least 3 market days before AGM date) will be entitled to attend and vote at the meeting.
- 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 (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.
- 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.

## **Explanatory Notes on Ordinary Businesses:**

### **1 Item 1 of the Agenda**

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 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.

## **Explanatory Notes on Special Business:-**

### **1 Ordinary Resolution 5**

#### **Authority to issue and allot shares**

Your Board would like to act expeditiously on opportunities to expand your Group's business, if and when they arise. The proposed resolution No. 5, if passed, is to authorize the Directors to issue up to 10% of the paid-up capital 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 any delay and cost involved in convening a general meeting to approve such an issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company up to any amount not exceeding in total ten (10) per centum of the issued share capital of the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier. 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 August 2014.

### **2 Ordinary Resolution 6**

#### **Proposed Renewal of Authority for the Company to purchase its own shares**

The purchase of Company's shares up to ten percent (10%) of the issues and paid-up share capital of the Company by utilizing the funds allocated which shall not exceed the total retained profits and share premium account of the Company. 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 August 2014. Further information on the Proposed renewal of authority for the Share Buy-Back is set out in the Statement to shareholders dated 3 July 2015 which is despatched together with the Company's 2015 Annual Report.

### **3 Ordinary Resolution 7**

#### **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

For further information on proposed Resolution No. 7, please refer to Circular To Shareholders dated 3 July 2015 accompanying the Company's 2015 Annual Report.



## NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

### 4 Ordinary Resolution 8

Continuing in Office as Independent Non-Executive Director - Datuk Tan Hiang Joo

Datuk Tan Hiang Joo has served the Board as an Independent Non-Executive Director of the Company for more than nine years since 19 May 1997. The Board recommends retaining his designation as Independent Non-Executive Director 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 and therefore, is able to bring independent and objective judgment on the Board;
- His experience in the legal and property sector enable him to provide the Board and Audit Committee, as the case may be, 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 Audit Committee and Board meetings, as the case may be.

### 5 Ordinary Resolution 9

Continuing in Office as Independent Non-Executive Director - Kek Jenny

Ms Kek Jenny has served the Board as an Independent Non-Executive Director of the Company for more than nine years since 28 March 2002. The Board recommends retaining her designation as Independent Non-Executive Director of the Company based on the following reasons:-

- She fulfills the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa and therefore, is able to bring independent and objective judgment to the Board;
- Her experience in the audit, financial due diligence and corporate advisory enable her to provide the Board and Audit Committee, as the case may be, 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 Audit Committee and Board meetings, as the case may be.

### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no Director standing for election as Director of the Company at Nineteenth Annual General Meeting

# STATEMENT ACCOMPANYING

Notice Of Nineteenth Annual General Meeting Of Eupe Corporation Berhad

1. The names of directors who are standing for re-election in accordance with Articles of Association of the Company:-

Article 82

Muhamad Faisal Bin Tajudin

Datuk Tan Hiang Joo

Kek Jenny

The details of the abovenamed Directors who are seeking for re-election are set out in their respective profiles which appear in the Directors' Profile on pages 10 to 13 of the Annual Report 2015. The Directors' shareholdings in the Company are set out in the Analysis of Shareholdings which appear on page 123 of the Annual Report 2015

2. The details of attendance of existing Directors at Board meetings.  
During the financial period, four (4) Board meetings were held.

Name	Total Board Meetings attended
Dato' Beh Huck Lee	4/4
Dato' Paduka Haji Ismail Bin Haji Shafie	4/4
Datuk Tan Hiang Joo	4/4
Dato' Paduka Haji Rasli bin Basir	4/4
Kek Jenny	4/4
Datin Paduka Teoh Choon Boay	3/4
Muhamad Faisal Bin Tajudin	3/4

3. Nineteenth Annual General Meeting of Eupe Corporation Berhad

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

Date & Time : 27 July 2015 at 10.00 a.m.

## PROXY FORM

No. of Shares held

I/We, \_\_\_\_\_ NRIC No. \_\_\_\_\_ of \_\_\_\_\_

being a member / members of Eupe Corporation Berhad hereby appoint \_\_\_\_\_

NRIC No. \_\_\_\_\_ of \_\_\_\_\_

or failing him, the **Chairman of the meeting** as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Garuda, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman on Monday 27 July 2015 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, Muhamad Faisal Bin Tajudin pursuant to Article 82 of the Company's Articles of Association	Resolution 1		
2.	To re-elect the retiring Director, Datuk Tan Hiang Joo pursuant to Article 82 of the Company's Articles of Association	Resolution 2		
3.	To re-elect the retiring Director, Kek Jenny in pursuant to Article 82 of the Company's Articles of Association	Resolution 3		
4.	To re-appoint Auditors and to authorize the Directors to fix their remuneration.	Resolution 4		
5.	Special Business: Authority to issue shares pursuant to Section 132(D) of the Companies Act 1965 (Ordinary Resolution)	Resolution 5		
6.	Special Business : Proposed Renewal of Authority to Purchase its own Shares by the Company (Ordinary Resolution)	Resolution 6		
7.	Special Business: Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Ordinary Resolution)	Resolution 7		
8.	To retain Datuk Tan Hiang Joo as an Independent Non-Executive Director (Ordinary Resolution)	Resolution 8		
9.	To retain Ms Kek Jenny as an Independent Non-Executive Director (Ordinary Resolution)	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).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of Shareholder or Common Seal

Note:

- A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if his appointer is a corporation, either under seal or under the hands of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Company's Registered Office, 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than 48 hours before the time for holding the Meeting or any adjournment thereof.
- Only members whose name appear in the Record of Depositors as at 21 July 2015 will be entitled to attend and vote at the meeting.
- 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 (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
- 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.

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](http://www.eupe.com.my)

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**THE WEAWE**  
 Cheras - Kuala Lumpur



**SRI IORA**  
 SUNGAI PETANI



**ASTANA Park Homes**

**KELISA RIA II**  
 SUNGAI PETANI

**SKY**  
 RESIDENCES

**Puncak Surya**

**CINTA SAYANG RESORT**  
 Golf & Theme Park & Convention Centre  
 The Most Amazing Place Around

**hill PARK**  
 Luxury Resort Living  
 Petang, Penang

**ASTANA**  
 SUNGAI PETANI

**THE CARNIVAL**  
 SUNGAI PETANI