Building Lifestyles, Building Trust

A YEAR OF CONSOLIDATION

Building on Our Breakthroughs

ANNUAL REPORT 2019

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Non-Independent Non-Executive Director
Beh Yeow Seang

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

Independent Non-Executive Director
Alfian bin Tan Sri Mohamed Basir
Iskandar Abdullah @ Sim Kia Miang
Kek Jenny

RISK MANAGEMENT AND AUDIT COMMITTEE

Chairman
Iskandar Abdullah @ Sim Kia Miang

Members
Dato' Paduka Haji Ismail bin Haji Shafie
Alfian bin Tan Sri Mohamed Basir
Kek Jenny

NOMINATION COMMITTEE

Chairperson
Kek Jenny

Members
Beh Yeow Seang
Iskandar Abdullah @ Sim Kia Miang

REMUNERATION COMMITTEE

Chairman
Datuk Tan Hiang Joo

Members
Iskandar Abdullah @ Sim Kia Miang
Kek Jenny

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SOLICITORS

Wong, Beh & Toh
Sidek Teoh Wong & Dennis
Syarikat Ng & Anuar
J.M. Chong, Vincent Chee & Co
Jeff Leong, Poon & Wong

COMPANY SECRETARIES

Tan Bee Hwee (MAICSA 7021024)
Wong Wai Foong (MAICSA 7001358)

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad (6815)

PRINCIPAL BANKERS

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

REGISTRAR

Mega Corporate Services Sdn Bhd
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CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the Annual Report and the Audited Financial Statements of Eupe Corporation Berhad for the financial year ended 28 February 2019. Details of the Group's performance are further presented under the Management Discussion and Analysis Report.

Despite a challenging year for the Malaysian property market and the economy in general, Eupe's overall financial and operational performance has been pleasing. Due to the continued success of the Property Development Division's expansion into Kuala Lumpur, the Group has recorded improved revenue and profit for the second successive year.

It has been particularly pleasing to see the Group achieve a number of milestones over the past year. These consolidated important financial and operational breakthroughs achieved by Eupe the previous year.

Key milestones for FY2019 include the construction 'topping out' of Novum@South Bangsar, Eupe's first project in Kuala Lumpur; continuing strong demand for its second Klang Valley project, Parc3@KL South, and securing land for its fourth project in Malaysia's capital. These milestones are creating the momentum for continued success for the coming years.

The property market will continue to present challenges over the course of this year. However, the Board and I are confident that Eupe's growing brand recognition in the Klang Valley, combined with its very distinctive product offering and focus on affordability, will help the Group overcome current market headwinds.

I wish to thank the Board for their continuing support and readiness to provide valuable guidance to both myself and management. In particular I want to welcome Ms Beh Yeow Seang to the Board as a new Non-Independent Non-Executive Director. Ms Beh replaces Datin Paduka Teoh Choon Boay who has served on the Eupe Board since 1997. I would like to take the opportunity to thank Datin Paduka for her many committed years of service to the Board and for her invaluable contribution to the Group overall.

On behalf of the Board of Eupe Corporation Berhad

DATUK TAN HIANG JOO
Independent Non-Executive Chairman

The Group has recorded improved revenue and profit for the second successive year.

DATUK TAN HIANG JOO
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

We have worked in a diligent and focused way over the previous 12 months to entrench the gains we made the previous year.

DATO' BEH HUCK LEE
Group Managing Director

In last year's Annual Report, I described Eupe's previous 12 months as a breakthrough year for the Group.

This referred to how the Group's expansion into the Kuala Lumpur property market was beginning to bear fruit in the form of significantly stronger revenue and profit. I noted at the time that breakthroughs do not occur by accident. They are preceded by a lot of planning and hard work. I also indicated that breakthroughs are of little value in themselves if they are not consolidated into a consistent pattern of improved performance.

That is why I describe the latest year for the Group as a year of consolidation. 'Consolidate' is not as an eye-catching word as 'breakthrough'. But the year should be viewed as equally significant for the Group and its future prospects as FY2018.

We have worked in a diligent and focused way over the previous 12 months to entrench the gains we made the previous year. Sales take up of our second project in the Klang Valley, Parc3@KL South, now exceeds 70 per cent – a pleasing result in a challenging market where competing products are struggling to achieve similar take-up rates. This demonstrates again that the product offering that has been compelling for buyers for our first KL project – Novum@ South Bangsar – has been replicated with Parc3@KL South.

Construction of our maiden project in KL is nearing completion and we are now increasingly focused on a successful handover to buyers. During FY2019, we celebrated the topping-out of Novum - a significant milestone for the Group given the project is a major shift from Eupe's traditional project profile of township housing.

Planning for our third project in another sought-after location in KL – Est8@Seputeh (formerly known as Vivus) – is well-advanced. A final decision on when the project will be launched will depend on market conditions over the next six months. The past year has also seen the Group expand its project pipeline in Klang Valley, securing land in Petaling Jaya for its fourth project in Klang Valley. The location of this land will allow us to tap directly into the large affordable housing market in Malaysia's capital.

All these key developments over the past year have consolidated the foundations of long-term growth and in particular, these milestones entrench the foundations of a strong and consistent revenue stream to fund future growth for the Group in the Klang Valley market.

Challenging market conditions, particularly a continual dampening in consumer demand, have meant the Group's performance in our Northern operations has not met expectations. Our Northern Property Development Division remains in a transition phase as oversupply and increasingly competitiveness in our home base market of Sungai Petani is driving a major relook at our efficiency and competitiveness, as well as accelerating plans to look for new opportunities beyond our traditional markets in Kedah. Likewise, our Hospitality and Hotel Division's performance has been again below par as it continues to face headwinds from competition and structural change in the hospitality sector.

Location of Our Key Business Operations

Since FY2016, the Group's pre-tax profit has recorded a 18-fold increase.

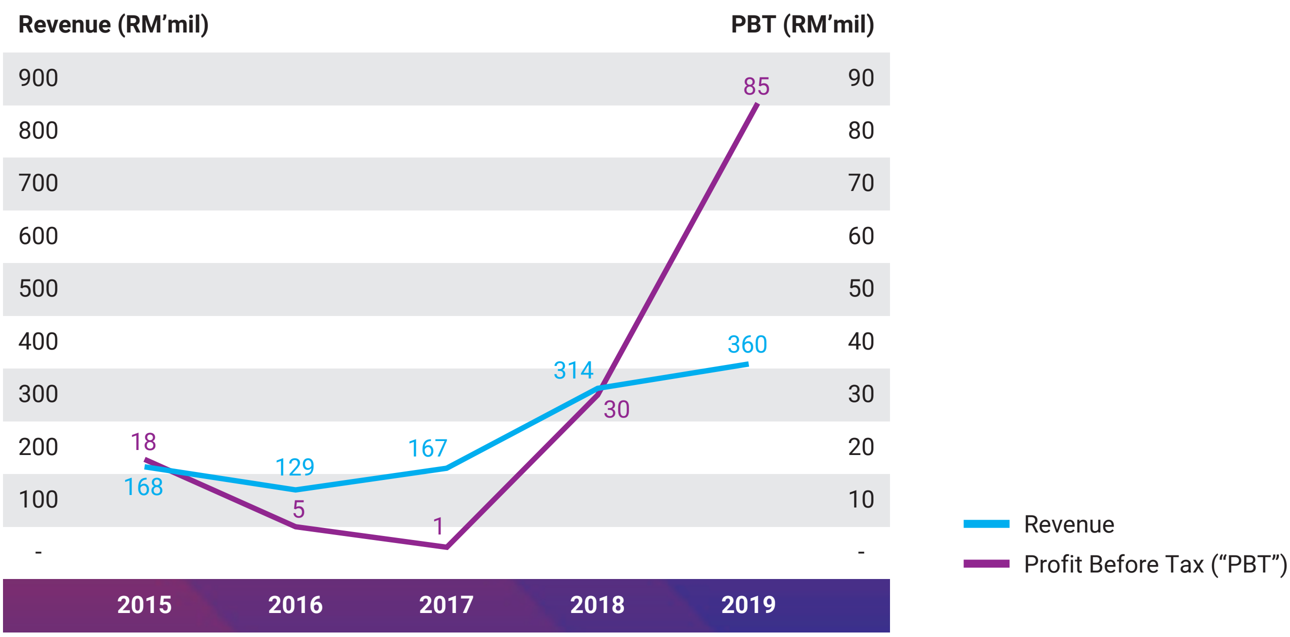
FINANCIAL RESULTS

As Eupe's expansion into Kuala Lumpur consolidated last financial year, revenue and profit for the Group for FY2019 continued to build on the upward trajectory of the financial results achieved in FY2018. The Group recorded overall revenue for FY2019 of RM359.9 million. This represented a RM45.9 milliion - or 15 per cent – increase on the total revenue recorded by the Group for the previous financial year. This significant lift in revenue resulted in a profit-before-tax for FY2019 of RM85.2 million. This represents a RM55.5 million – or 186 per cent - increase on the Group's profit-before-tax outcome from the previous financial year. Since FY2016, the Group's pre-tax profit has recorded a 18-fold increase, a significant measure of the success of its expansion strategy into Malaysia's capital.

As with last year, increases in revenue and profit are the result of a strong flow of proceeds from our first two KL projects. Proceeds from the Novum@South Bangsar project have remained steady as project construction enters its final stage. The 70 per cent sales take up rate of Parc3@ KL South, combined with construction of Parc3 now in full swing, has meant that proceeds from this project have grown significantly over the last financial year.

Earnings per share increased from 7.49 sen in FY2018 to 23.67 sen in FY2019. The Group's net gearing ratio – at 0.27 times - remains relatively steady compared to the previous financial year, with borrowings used to fund continuing development of its KL projects. Shareholders' funds of the Group increased from RM290.4 million in FY2018 to RM320.6 million in FY2019.

GROUP FIVE YEAR SUMMARY



PROPERTY DEVELOPMENT

The Group's Property Development Division continues to be the largest contributor in terms of product offering, revenue as well as profit. The Division is divided into two regions: the Klang Valley region focuses on high-rise residential projects in Malaysia's capital and the Northern region constructs and sells township residential projects for a range of market segments, focused in and around Sungai Petani, the largest population centre in Kedah.

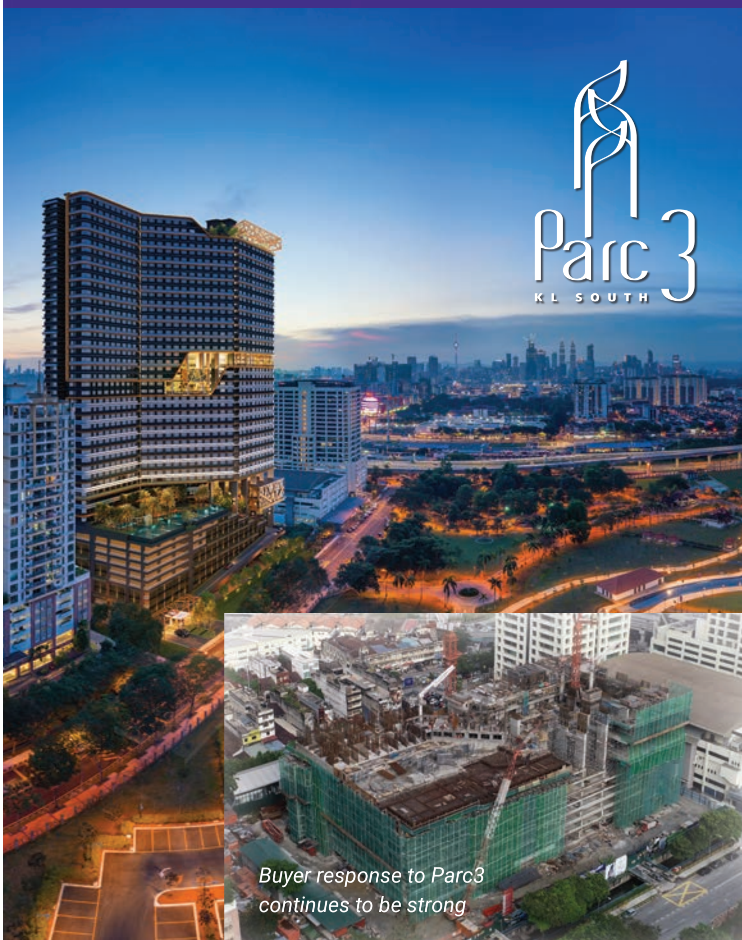
As highlighted above, our first two projects in Kuala Lumpur have been advancing successfully in FY2019. Construction of Novum@South Bangsar, which is more than 95% sold out, is now entering its final stage. The project remains on budget and on track to be completed in the second half of this calendar year. The Group is now focused on its customer service and property management system and procedures for a smooth handover of the project to its nearly 700 buyers.

The Group's second Klang Valley project - Parc3@ KL South which was launched in October 2017 – continues to sell well, amidst highly competitive and challenging market conditions. Sales take-up now exceeds 70 per cent, a result attributable to innovative product differentiation focused on design, affordability and sustainability.

This differentiation is exemplified by the *My Home Garden* concept which was launched in January 2019 to Parc3 buyers and customers. The concept, developed by one of Malaysia's premier landscape designers, offers a mix of innovative landscapes and communal gardens to create a seamless blend of nature and community. The concept underlines our goal and commitment as a Group to continually develop new products that stand out from the market and provide a compelling reason for buyers to invest in our projects.

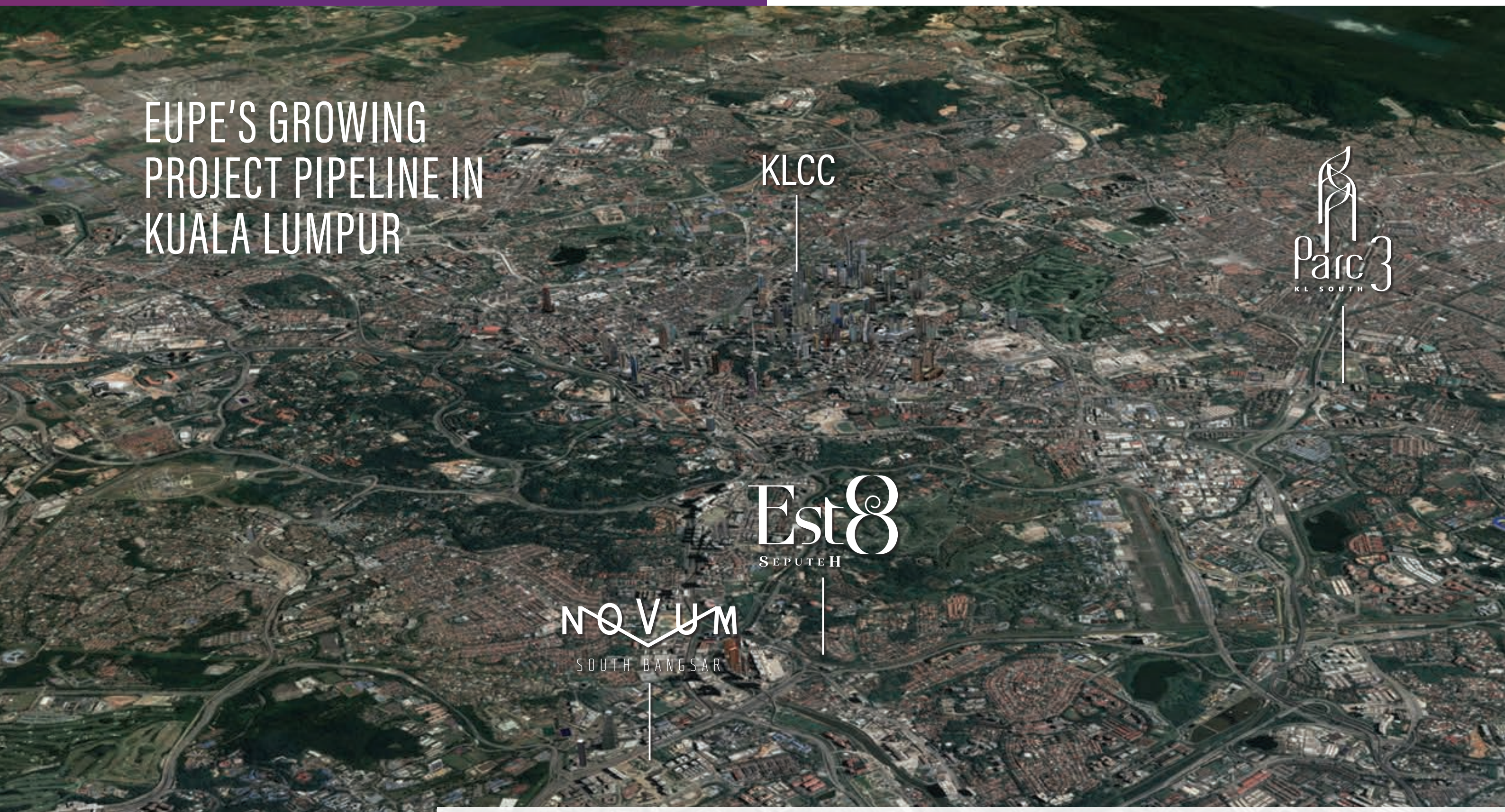
Construction work on Parc3, which started in September 2017, is advancing on schedule. The Group's third KL project – Est8@Seputeh – is close to receiving final planning and development approvals. Given the strategic nature of the location we are continuing to evaluate market conditions to establish the best launch date this calendar year.

Construction of Novum is nearing completion



Buyer response to Parc3 continues to be strong

EUPE'S GROWING PROJECT PIPELINE IN KUALA LUMPUR



The PJ South project will further diversify the Group's product offering in Kuala Lumpur.

In December 2018, the Group announced the purchase of a 2.9 acre site in Petaling Jaya (PJ South) which will allow it to diversify its market offering in Klang Valley to target a large and growing part of the KL property market where affordability continues to be a major point of product focus. In this way, the PJ South project will further diversify the Group's product offering in Klang Valley and provide a strategic hedge to what continues to be an uncertain market environment. Project planning is now well underway with a view to launching the project in the second half of next calendar year.

Total revenue from our Klang Valley property development operations was RM277.4 million, compared to RM155.0 million last financial year, translating into a profit-before-tax of RM87.5 million, compared to RM35.0 million from last year. The increases in revenue and profit was due to the acceleration of proceeds from Novum and the Parc3 project.

The Kedah property market, where our Northern Township Development Division is based, reflects an ongoing oversupply of product in the property sector, as well as subdued consumer demand. These challenging conditions were again reflected in its financial results for the full year. Total revenue for the Division was RM56.9 million, compared to RM132.0 million for the previous financial year. This translated into a pre-tax profit of RM4.8 million compared to loss of RM6.0 million from the previous financial year. The Group has sought to offset a softening in demand by continuing to focus on affordable housing products and is continuing to identify and put in place efficiency improvements, as well as identifying potential new niche markets and products.

Celebrating the 'topping out' of Novum. From left to right - En. Alfian bin Tan Sri Mohamed Basir (Board Member); En. Iskandar Abdullah@Sim Kia Miang (Board Member); Dato' Beh Huck Lee (Group Managing Director); Dato' Paduka Beh Heng Seong (Eupe founder); Ms Jenny Kek (Board Member); Mr Chan Boon Wah (Managing Director of Accord Construction - lead building contractor for Novum).

CHALET & GOLF MANAGEMENT DIVISION

The Group's Chalet and Golf Management Division is focused on Cinta Sayang Resort in Sungai Petani which offers hotel and function facilities and an 18-hole golf course. The Division has continued to underperform during the last financial year, despite improvements in its financial performance in FY2019. Structural changes to the hospitality sector that have introduced new entrants into the market, increasing competition and when combined with a softening in market demand, particularly from government clients, is creating strong headwinds for the Division. As a result, the turnaround in the Resort's performance, which has been planned for the past two years, has not eventuated.

We have terminated the arrangement with specialist hotel management group, InVision Hospitality, which was brought in to manage the Resort in 2016. Full management of the Resort will be brought in house and focus on incremental improvements including room modernization and various cost efficiencies.

The Resort recorded a loss before tax of RM3.8 million for the full year, an improvement on the previous year's loss of RM4.5 million. This result was on the back of, revenue of RM11.9 million, a slight decrease from the RM12.2 million recorded for the previous financial year.

PROPERTY CONSTRUCTION

For the last 12 months, the Property Construction Division has continued to be in a holding pattern as the Group focuses on its expansion strategy into Kuala Lumpur and addressing efficiency issues in its Northern property development operations. As a result, the Division continues to focus on carrying out in-house construction contract works for development projects in Northern Region as well as the supply of building materials to its sub-contractors.

The Division recorded a total revenue of RM11.1 million for FY2019 which translated into a RM1.5 million loss before tax.

OTHERS

The Others Division represents the rental from investment and tenanted properties in Sungai Petani in Kedah, including food courts, market and other rental properties, as well as fruit cultivation. Revenue for the full year was RM2.6 million, compared to RM2.5 million during the previous financial year, resulting in a RM0.7 million loss.

*The **My Home Garden** concept, a key feature of Parc3's lifestyle offering, was launched in January this year.*

MARKET OUTLOOK

Underlying conditions for the property market, and the Malaysian economy generally, remain strong. Population and employment growth as well as rising living standards and expectations all underpin a sustainable upward trajectory of demand in both the broader economy, and for property in the medium term.

In the shorter term, the current period of consolidation in the property market, which has been resulted in softer demand and a curtailing of returns, is now entering its third year. This consolidation period reflects the period of significant growth which led to a build-up of inventories that requires time to be absorbed into the market. This in turn has resulted in suppressed rental yields, and sluggish take-up rates for property, particularly with luxury and high-end projects. The number of launches and sales performance by developers has, in broad terms, declined over the period, and the current period of consolidation has been further influenced over the last year by Government fiscal policy as it seeks to rein in spending, as well as ongoing tightening of credit availability.

Based on the duration of past periods of consolidation, we expect the current phase will last another 18 months, with home buyers continuing to adopt a cautious, "wait-and-see" approach, reflecting the largely subdued consumer market environment following the General Election last year. Recovery in the residential sector will also be dependent on factors such as the rate of recovery in the commercial sector as well as the role of major infrastructure projects related to property demand and pricing, being a potential catalyst for growth. The rate of recovery could also be potentially facilitated by Government monitoring property developers' cost structures to assist in improving home affordability.

General uncertainty in the global market, particularly regarding trade tensions and a slow-down in global demand, will continue to play a role but again the underlying conditions shaping long-term demand in the Malaysian economy provides a solid foundation for future growth.

While structural changes in the economy - particularly in those areas where these changes have irrevocably altered demand patterns - mean some segments will not recover as quickly, generally we believe the consolidation process has been a positive for the sector as a whole in that it has spread the benefits of property ownership more widely through a greater emphasis on affordability, and makes future expansion in the sector more sustainable.

Greater focus by buyers on affordability has also encouraged developers to become more attuned to customer needs as well as focus on greater product innovation and improved efficiencies, which again is a longer-term positive for the property sector. Developers which simply compete on a 'low price' offering may not be safe from the dynamics of competition this period of consolidation has generated. Likewise, developers that simply seek to gear their product offering around maximising profits will have to more closely consider demands and expectations among buyers for more affordable residential products.

RISK MANAGEMENT

While economic cycles will repeat every few years, the fundamental need of people for comfortable living is permanent, together with increasing as well as diversifying buyer expectations as to what is defined as comfortable living and lifestyles. Within this context, the key risk for the Group is to anticipate and remain ahead of consumer expectations in terms of new lifestyle trends. This in turn means continual improvement in the planning and delivery of improved product offerings that stay ahead of competitors while at the same time, remaining sensitive to increasing public expectations that property developers play a sustainable role in enhancing the community and the environment.

In the immediate and medium term, a significant risk is effectively responding to the current sluggish condition of the property market. The Group has a number of processes in place that allow management to keep abreast of the latest market developments and trends, and incorporate this information and market feedback into our design and marketing strategies that aim to align product development and product promotion with ongoing changes in customer needs and market demand.

Another key risk in the current environment of credit tightening is attracting financing for purchase of new land. To mitigate this risk and maximise confidence levels in the Group's projects among potential lenders, the Group initially selects new land for its projects in strategic locations known to have strong underlying market demand. This is complemented by developing innovative products and pricing structures, together with well-designed marketing strategies, in order to maximise points of market differentiation with our competitors.

The Group is also actively focused on managing its financial resilience, particularly as it develops its pipeline of projects in Kuala Lumpur that require significant funding over a relatively extended period of time. The Group embeds a number of due diligence processes into its deliberations around potential new projects to protect and enhance its financial strength.

On the one hand, funding requirements are assessed on an individual project basis, in that different funding requirements for project financing are the result of the individual design and pattern of construction of specific projects. At the same time, careful deliberations are also made to ensure the requirements of individual projects do not adversely affect the financial integrity of the Group's other projects. Decisions around the type and size of land acquisitions in particular are made to align with the strengths of the Group's overall funding position.

As the property market becomes increasingly competitive and developers constantly need to seek out key points of differentiation, improving organisational efficiencies to deliver on this differentiation while maintaining prices and operational competitiveness is another key area of risk management. The Group is continuing to monitor its performance against innovative design and construction processes both here and overseas, particularly in relation to the streamlining and co-ordination of planning and design processes, as well as new construction methods.

These and other risks are part of a comprehensive risk assessment undertaken each year which forms the basis of the Group's risk management processes and strategies.

Astana Parkhomes, one of Eupe's affordable housing projects in Sungai Petani.

Eupe management and staff accepting two prestigious awards at the 2019 Property Guru Asia Property Awards for its first two KL developments. Novum won the Best Condo Architectural Design award while Parc3 was highly commended for Best Landscape Design.

CONCLUSION

In conclusion, the last 12 months have seen the Group, despite uncertain economic and market conditions, consolidate a number of importance advances it achieved during the previous year. In particular, we have consolidated key gains associated with the Group's overall financial performance, secured new land to advance our expansion strategy into Kuala Lumpur and advanced construction of key projects.

A pattern of success is now emerging that lays the foundations for future successes, but the Group needs to continue to focus on efficiency – particularly in its Northern operations - to consolidate this success Group-wide into the longer-term.

Again, I want to express my sincere thanks to our shareholders. The Group's financial successes are yet to translate into returns for shareholders, but I remain confident that the fruits of our current success will flow through to improved outcomes to those who have invested in us.

I want to also thank the Board for its continuing support and readiness to provide timely advice and guidance to management on important issues.

Finally, I would like to thank our suppliers and other business partners for helping us grow the company, as well as our many customers – new and old – who inspire us to continually improve to provide the best possible products and services.

A pattern of success is now emerging that lays the foundations for future successes.

BOARD OF DIRECTORS

DATUK TAN HIANG JOO

Independent Non-Executive Chairman
Age 56, male, Malaysian.

Datuk Tan was appointed to the Board on 19 May 1997. He is also the Chairman of the Remuneration Committee.

He holds a Law Degree (LLB(Hons)) from the University of Malaya and is an advocate and solicitor with the High Court of Malaya. He has been in practice since 1989 and is a partner of Syarikat Ng & Anuar. Datuk Tan is the Deputy President of Penang Chinese Chamber of Commerce. He sits in the Boards of Directors of Han Chiang University College of Communication, Penang and Han Chiang High School. He is also the Advisor of Penang Chinese Chamber of Commerce Charity Fund Committee.

He attended all the six (6) board meetings held during the financial year. He holds directorship in Seal Incorporated Berhad. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

DATO' BEH HUCK LEE

DSDK, AMK
Group Managing Director
Age 49, male, Malaysian.

Dato' Beh was appointed to the Board on 19 May 1997.

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

He attended all the six (6) board meetings held during the financial year. He is the brother of Ms Beh Yeow Seang, a Non-Independent Non-Executive Director and son of Datin Paduka Teoh Choon Boay, a major shareholder of the Company by virtue of her interest in Betaj Holdings Sdn Bhd and Beh Heng Seong Sdn Bhd, both of which are major shareholders of the Company where Dato' Beh is also a Director of these companies. He has no conflict of interest with the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

DATUK TAN HIANG JOO

DATO' BEH HUCK LEE

MUHAMAD FAISAL BIN TAJUDIN

Executive Director
Age 49, male, Malaysian.

En. Faisal was appointed to the Board on 30 June 2006.

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

He attended five (5) out of six (6) board meetings held during the financial year. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He is also a Director of Betaj Holdings Sdn Bhd, a major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

DATO' PADUKA HAJI ISMAIL BIN HAJI SHAFIE

DHMS, DSDK, JMN, BCK, JP
Senior Independent Non-Executive Director
Age 72, male, Malaysian.

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

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

He attended three (3) out of six (6) board meetings held during the financial year. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

MUHAMAD FAISAL BIN TAJUDIN

DATO' PADUKA HAJI ISMAIL BIN HAJI SHAFIE

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

Independent Non-Executive Director
Age 55, male, Malaysian.

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

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

He worked in management and other senior positions for a number of chartered accountancy practices in the United Kingdom over a nine-year period from 1986 to 1995. Thereafter, he spent 21 years with CIMB Investment Bank Berhad ("CIMB") in Corporate Finance and Equity Capital Markets ("ECM") Departments. He left CIMB after 21 years in March 2016 as Managing Director & Head of ECM (Malaysia). Subsequently, he joined ZJ Advisory Sdn. Bhd. in April 2016 as an Executive Director and left in October 2018. Mr Bingley Sim was appointed as a member of the Listing Committee of Bursa Malaysia Berhad on 1 October 2018.

He attended all six (6) board meetings held during the financial year. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

KEK JENNY

Independent Non-Executive Director
Age 54, female, Malaysian.

Ms. Jenny was appointed to the Board on 28 March 2002. She is also the Chairperson of the Nomination Committee, a member of Risk Management and Audit Committee and a member of Remuneration Committee.

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

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

She attended all the six (6) board meetings held during the financial year. She has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. She has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

ALFIAN BIN TAN SRI MOHAMED BASIR

Independent Non-Executive Director
Age 45, male, Malaysian.

En. Alfian was appointed as an Independent Non-Executive Director of the Company on 25 January 2018. He is also a member of Risk Management and Audit Committee.

He is a Chartered Accountant and a Member of Malaysian Institute of Accountants (MIA). He graduated from the University of Malaya with a Bachelor of Accounting (Hons) Degree.

He began his career in 1998 at Ernst & Young, Kuala Lumpur, a global accounting firm. Specialising in the financial institutions sector, he gained a wealth of experience managing financial audits and special due diligence assignments at various local financial institutions, as well as at overseas financial institutions. He left Ernst & Young in 2001 to pursue his interest in the field of ICT. He focused on providing ICT consultancy services, as well as being involved in the telecommunications industry, particularly in Malaysia and Cambodia. He has also ventured into the Oil and Gas industry from 2010, particularly in the offshore support services segment.

He is the Chairman and an Independent Non-Executive Director of Willowglen MSC Berhad and he is also a Non-Independent Non-Executive Director of WTK Holdings Berhad.

He attended all the six (6) board meetings held during the financial year. He has no conflict of interest with the Group and has no family relationship with any other Director or major shareholder of the Group. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

MS BEH YEOW SEANG

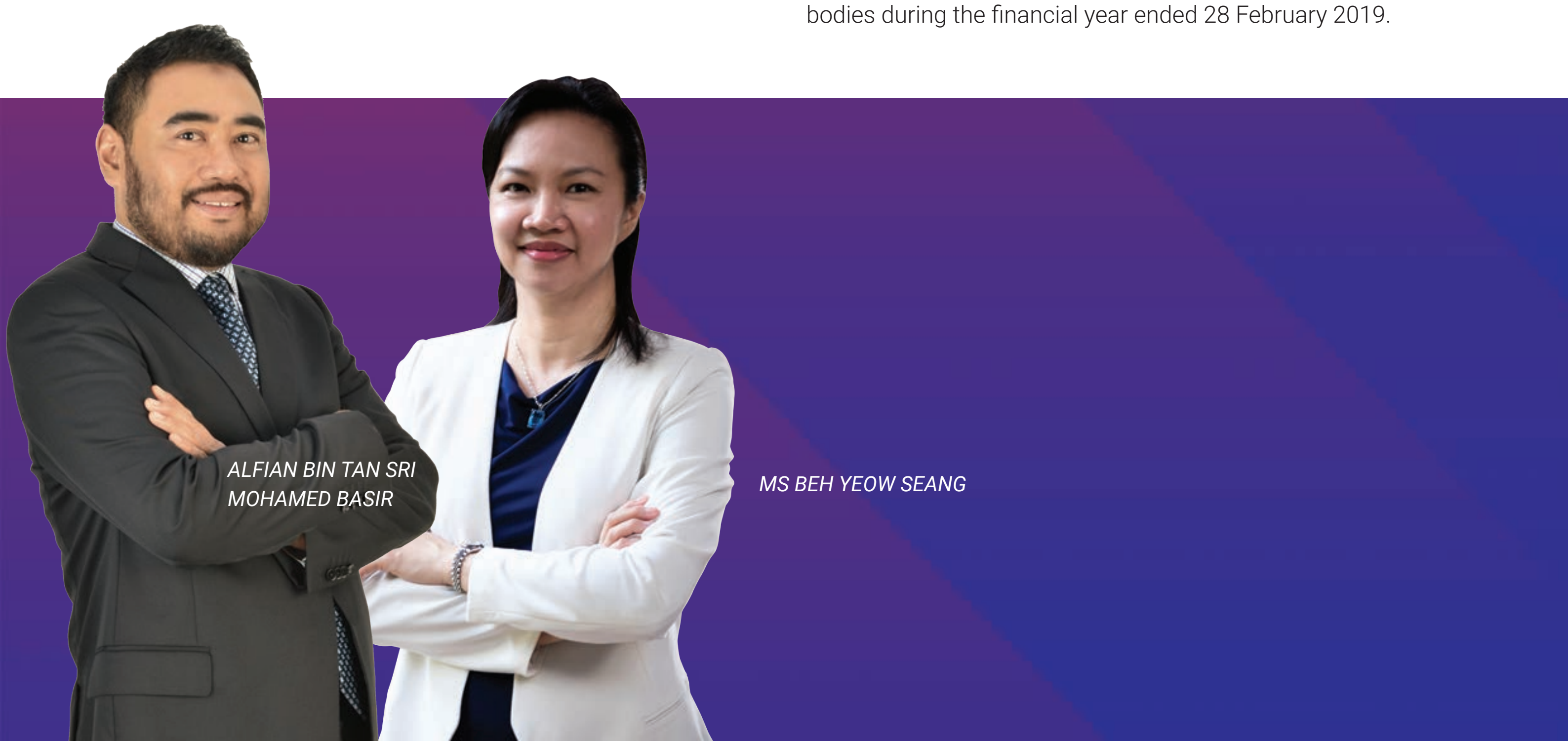
Non-Independent Non-Executive Director
Age 47, female, Malaysian.

Ms Beh was appointed to the Board on 26 July 2018. She is also a member of Nomination Committee.

She holds a Bachelor of Commerce (B.Com.) degree and a Bachelor of Laws (LL.B) degree from the University of Western Australia, and is an Advocate & Solicitor of the High Court of Malaya by profession.

Ms Beh has been in legal practice since 1997. She started as a legal assistant in Presgrave & Matthews, Penang before setting up her sole proprietorship, Y.S. Beh & Associates, in Sungai Petani, Kedah in year 2000. In year 2003, she formed Wong Beh & Toh, a legal firm which is well known for its capital markets and corporate commercial work, together with the other 3 founding partners. She has been the managing partner for the Sungai Petani branch ever since. Ms Beh is experienced in corporate finance and real estate matters, including conducting legal due diligence for corporate exercises. Besides being the legal adviser of various non-profit organisations, she is also a director of Just Bread Sdn. Bhd., a bakery chain with four outlets in Sungai Petani, Kedah.

She attended three (3) board meetings during the financial year ended 28 February 2019 since her appointment to the Board in July 2018. She is the sister of Dato' Beh Huck Lee, the Group Managing Director and daughter of Datin Paduka Teoh Choon Boay, a major shareholder of the Company by virtue of her interest in Betaj Holdings Sdn Bhd and Beh Heng Seong Sdn Bhd, both of which are major shareholders of the Company. Ms Beh is also a Director of Beh Heng Seong Sdn Bhd. Ms Beh has no conflict of interest with the Group. She has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.



SENIOR MANAGEMENT

DATO' BEH HUCK LEE

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

Age 49, male, Malaysian. Dato' Beh was appointed as Group Managing Director on 1 July 1997.
Dato' Beh's profile is set out in page 12 of this Annual Report.

NG KEE CHYE

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

Age 55, male, Malaysian. Mr. Ng was appointed as Chief Financial Officer on 29 January 2015.

Mr. Ng is an accountant by profession, holds a Bachelor in Accounting (Honours) and is a member (Chartered Accountant) of the Malaysia Institute of Accountants (MIA) since 1992. He was formerly the Chief Financial Officer of three publicly-listed property development companies, including Land & General Berhad. He began his career as an Auditor with one of the 'Big Four' accounting firms, before moving into the manufacturing sector as well as hospitality, leisure, property development and construction sectors with another two large diversified groups in Malaysia. He has more than twenty five (25) years of experience in professional accountancy, auditing and investigation, trading and manufacturing, hospitality and leisure, property development and construction, financial and risk management, strategic planning, as well as business evaluation and implementation.

Mr. Ng does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

PAUL CHANG

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

Age 50, male, Malaysian. Mr. Chang was appointed as Strategic Projects Director on 1 March 2016.

Mr. Chang has 20 years of experience in both public and private sectors in design consultancy and construction as well as in property development across market segments, asset classes and countries. He worked for seven (7) years in Singapore's Housing and Development Board and was responsible for the development of a new generation of Transport Oriented Development (TOD) in Clementi, Singapore. Working for Surbana International Consultancy, he was instrumental in opening up a range of new markets overseas for the company. He also worked for Keppel Land China for four years, during which time he was responsible for the design of more than 28 development projects in 11 different cities in China. He graduated with Honours and Distinction in Design at National University of Singapore.

Mr. Chang does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

DATIN MICHELLE GAN

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

Age 47, female, Malaysian. Datin Michelle was appointed as Senior Manager – Marketing and Design on 1 July 1997.

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 the University of Wolverhampton. She has held a number of management roles with Eupe since joining the company in 1997. Her key role is to ensure Eupe's property designs are a defining trademark of the Group. She also has overall responsibility for the Group's project marketing strategies.

Datin Michelle does not hold directorship in any other public company. She is a Director of Beh Heng Seong Sdn Bhd, a major shareholder of the Company. She has no conflict of interest with the Company and she is the wife of Dato' Beh Huck Lee, sister-in-law of Ms. Beh Yeow Seang and daughter-in-law of Datin Paduka Teoh Choon Boay, a major shareholder of the Company by virtue of her interest in Betaj Holdings Sdn Bhd and Beh Heng Seong Sdn Bhd, both of which are major shareholders of the Company. She has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

CHEONG CHEE HOONG

Senior General Manager, Projects (chcheong@eupe.com.my)

Age 60, male, Malaysian. Mr. Cheong was appointed as Senior General Manager, Projects on 1 June 2017.

Mr. Cheong holds a BSc in Civil Engineering as well as a MBA degree and has over 35 years of experience in the engineering and property development sector. He has been involved in the construction of a number of major building and infrastructure projects including the Johor Barat water supply scheme, Ipoh airport redevelopment, as well as a number of major residential high-rise, shopping mall and hotel developments in Malaysia. Prior to joining Eupe, he was the Senior Vice President in the property management division of a private company to develop Damansara Uptown Phase 2 in Petaling Jaya.

Mr. Cheong does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

SIMON SIM

General Manager, Projects (simonsim@eupe.com.my)

Age 60, male, Malaysian. Mr. Sim was appointed as General Manager – Projects on 1 November 2016.

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

Mr. Sim does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

CHUAN YEONG MING

Head of Construction (chuan@eupe.com.my)

Age 59, male, Malaysian. Mr Chuan was appointed as General Manager – Construction on 1 January, 2019

Mr. Chuan holds a BSc in Civil engineering (Houston, USA) and an MBA degree (University of Strathclyde). He is a Professional Engineer registered with the Board of Engineer Malaysia and a Corporate Member with The Institution of Engineers, Malaysia. His 34 years of experience in the property and construction industry has included senior roles in the construction and development of a number of major projects namely highway, hospitals, commercial complexes, stadium, port and condominiums. Prior to joining Eupe, he was in a senior management position for a publicly-listed property and construction company, managing that company's construction business in Kedah, Penang and Kuala Lumpur.

Mr. Chuan does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

DR. MARK TRIFFITT

Strategic Communications Director (mtriffitt@eupe.com.my)

Age 53, male, Australian. Dr. Triffit was appointed as Strategic Communications Director on 1 July 2013.

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

Dr. Triffitt does not hold directorship in any other public company and listed issuers. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 28 February 2019.

GROUP STRUCTURE

EUPE CORPORATION BERHAD AND ITS SUBSIDIARIES

DIVISION

INVESTMENT HOLDINGS

EUPE CORPORATION BERHAD

PROPERTY DEVELOPMENT

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

PROPERTY CONSTRUCTION

CHALET & GOLF OPERATION & MANAGEMENT

OTHERS

- 70% MAKMUR LONGAN FARMING SDN BHD
- 100% TADIKA PRO-DEDIKASI SDN BHD

70%
AUSTRALASIA DEVELOPMENT (M) PTE LTD

70%
AUSTRALASIA DEVELOPMENT PTE LTD

100%
RIACON SDN BHD

100%
EUPE GOLF MANAGEMENT BERHAD

100%
EUPE GOLF RECREATION & TOUR SDN BHD

100%
EUPE REALTY SDN BHD

100%
EUPE HOMES (MM2H) SDN BHD

100%
EUPE HOTEL SDN BHD

100%
MILLENNIUM PACE SDN BHD

100%
RIA PLAZA SDN BHD

100%
RIA FOOD CENTRE SDN BHD

100%
PASAR TAMAN RIA SDN BHD

100%
CINTA SAYANG MANAGEMENT SDN BHD

SUSTAINABILITY REPORT

1.0 OVERVIEW

Eupe's organises its sustainability planning and thinking around *Sustainability Plus*. *Sustainability Plus* has been developed by Eupe as an integrated, practical approach to guide its sustainability efforts. As a company whose operations and revenues are derived primarily from property development, *Sustainability Plus* comprises the following two overarching principles:

SUSTAINABLE DESIGN

This principle guides us in making sure that every home and project we build is designed with the best and most innovative green design ideas, values and practices. The principle recognises that each of our developments is different so a flexible approach is needed to create homes that maximise natural, healthy living for residents, as well as creating benefits for the broader community and the environment.

BUILDING STRONG COMMUNITIES

This principle recognises that sustainability is more than just building homes. Best-practice sustainability in the property sector needs to be complemented with investments in programs, events and organisations that build wider community interaction and strong community bonds.

1.1 CORE VALUES

Sustainability Plus, which was initially launched by Eupe in 2015 and updated in 2017, is also underpinned by the following values:

Role of the Property Developer - Eupe believes the role of the property developer is integral to the well-being and prosperity of the community. The largest and most important investment most people make is to buy a home. The home is the pivotal place where most people share life-shaping experiences and raise families. Homes build by property developers anchor whole communities. Homes also create major, lasting environmental impacts, both in the materials used to construct them, and their long-term performance in terms of providing safe, secure and environmentally friendly building. All this underlines the important responsibility that property developers have in designing and building homes that offer sustainable value not just for buyers, but have positive sustainability impacts for the surrounding community and the environment.

Creating Shared Value - Recognising this important role and acting effectively upon it means avoiding chasing short-term gains at the expense of creating long-term value for buyers and the community. This is why Eupe is committed to a philosophy of *Shared Value*. *Shared Value* means Eupe invests more in its projects - by way of innovative, sustainable eco-design that provides a healthier, more sustainable lifestyle for residents - so that buyers, the community and the environment benefit more.

The following report reflects these key principles and values and highlights why Eupe is committed not only to match existing sustainability benchmarks in the property sector, but through innovative thinking and design, go beyond them.

> *Shared Value means Eupe invests more in its projects so that buyers, the community and the environment benefit more.*

1.2 SUSTAINABILITY GOVERNANCE

The Sustainability Management Committee of Eupe is responsible for overseeing the formulation, implementation and effective management of Eupe's sustainability strategies, taking into consideration economic, environmental, social and governance matters.

2.0 MATERIAL SUSTAINABILITY MATTERS

2.1 STAKEHOLDER ENGAGEMENT

Eupe organises its stakeholder engagement and sustainability practices around the following categories and activities. This matrix assists Eupe in targeting its sustainability activities, engagement and communication in a focused manner:

KEY STAKEHOLDERS	ENGAGEMENT CHANNELS	KEY ISSUES
Local Community	• Relations + engagement with community + cultural groups • Community + cultural events • Social media engagement	• Community support through *Building Hope* program • Cultural development + support through *Planet Eupe Cultural Events* program • Affordable Housing
Employees	• Town Hall meetings • Employee surveys • Employee committees • *Sustainability Plus* planning days • Training and development	• Employee engagement • Staff development and career progression • Positive and productive workplace
Regulators	• Dialogue + discussion with government + other planning authorities • Timely disclosure of corporate + financial activities	• Compliance with regulatory, planning and financial disclosure frameworks
Customers/Buyers	• CSQ (Customer Service + Quality) channels • Social media engagement • Marketing events + customer promotions	• Company Responsiveness • Customer Satisfaction • Product Quality
Investors and Analysts	• Annual Report • Annual General Meetings • Quarterly Financial Statements • Company website • Annual Letter to Shareholders	• Timely disclosure of relevant corporate proposals and financial activities • Communication and promotion of Group strategy
Contractors and Suppliers	• Project management meetings • Tender evaluation • Transparent selection processes • Suppliers Code of Conduct	• Occupational Safety and Health • Quality delivery • Efficient construction processes • Sustainable products

2.2 MATERIALITY ASSESSMENT

As part of its sustainability obligations, Eupe reviews and organises its sustainability practices and policies around a materiality assessment. The following represents the Group's current assessment of sustainability issues in terms of their potential material impact on its business operations, as well as its key stakeholders. Eupe places a high priority on developing and advancing innovative eco-design concepts as it believes - in line with its *Sustainability Plus* strategy - these are key points of leverage in maximising the impacts and benefits of its sustainability practices. Although the assessment is broadly in line with that of last year's, changing demands of property buyers are placing an increasing premium on price and value, as such affordability has been introduced into this year's assessment as a 'critical issue'.

KEY MATERIAL ISSUES

- Sustainable Eco-Design Innovation
- Community Investment
- Resource Efficiency and Management

CRITICAL ISSUES

- Customer Engagement and Satisfaction
- Affordability
- Financial Sustainability
- Employee Engagement
- Product Quality

EMERGING ISSUES

- Compliance
- Employee Training and Development
- Occupational Safety and Health

> *"With changing demands of property buyers, 'affordability' has been introduced into this year's sustainability assessment as a 'critical issue'."*

3.0 ENVIRONMENT

3.1 SUSTAINABLE ECO-DESIGN

As part of its *Sustainability Plus* framework, Eupe designs its residential projects around four innovative eco-design frameworks.

The four frameworks have been chosen to anchor design and planning of Eupe's residential projects because they maximise their long-term sustainability impacts, as well as the investment and lifestyle value these projects provide to residents and the wider community.

These four frameworks are:

HEALTHY AIR

Harnessing and optimising natural air flows into Eupe buildings – through its 'Buildings that Breathe' architectural design concept – to create a long-term healthy and sustainable living environment for residents.

ICONIC DESIGN

Creating inspiring skylines that promote a common community identity through visual architectural and design innovation.

GREEN COMMUNITY

Linking nature with the community through providing more sustainable green spaces that exceed normal planning requirements.

SMART CONNECTIVITY

Locating projects close to connecting infrastructure, such as major roads and public transport, while harnessing digital technology to bring people closer to services.

Example 1

PARC3'S MY HOME GARDEN - BLENDING NATURE WITH COMMUNITY

Eupe designs its residential projects carefully and innovatively so that green areas are the central feature of its projects. *Green Community* - one of the Group's four eco-design principles - means Eupe allocates much more green space and other recreational and relaxation areas - up to double the amount - than that required by planning regulations. It also means Eupe is committed to engaging the best landscape and green design experts to give each of our projects the most innovative and sustainable green facilities.

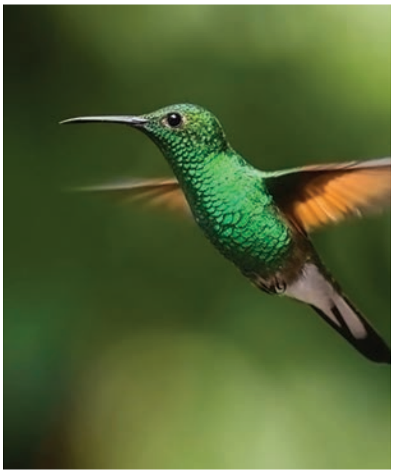
My Home Garden - launched in January 2019 - is a central feature of the Group's Parc3 project in Cheras and an innovative concept in natural urban living for Malaysia. In line with its *Green Community* principle, *My Home Garden* is aimed at seamlessly connecting residents with nature and expansive green spaces. Designed by MLA - one of Malaysia's leading landscape designers - the flowing parks and garden concept of Parc3's *My Home Garden* has two elements:

FLOWING GARDEN - a myriad of multi-level parks and landscapes which flow together to create a unique, rhythmic song of nature, play and relaxation.

HOME GARDEN - community-style garden facilities so residents can grow and harvest their own food the organic way. The concept works on a sharing basis. Neighbours and families come together to share access to soil set aside for home gardening. They can then share their produce among themselves, or they can sell it to supplement their income.

MY HOME GARDEN SUSTAINABILITY BENEFITS

NATURAL ECO-SYSTEMS



HEALTH-GIVING

COMMUNITY-BUILDING

Example 2

NOVUM@SOUTH BANGSAR - SHAPING SKYLINES THROUGH *ICONIC DESIGN*

Another of Eupe's Sustainable Eco-Design principles is *Iconic Design*. *Iconic Design* means that a key strategic objective for each Eupe project is to use iconic, artistic and inspiring architecture to visually redefine every precinct we develop in.

This is why Eupe dedicates more investment and focus on designing its residential projects to make creative and memorable architectural statements, and in the process, they become a focal point for community identity and pride.

Over the past year, Novum@South Bangsar has been entering final stages of construction, with its iconic design and striking architectural impact more apparent.

Novum, Eupe's maiden project in KL, was carefully conceptualised and designed to make a defining statement on the skyline of one of the city's newest precincts.

The facade is inspired by the pixels of computer screens and, contrasting with Novum's fluid lines that highlight the building's inspiration from nature, signify the New Bangsar, as well as 'new' which is the meaning of Novum in Latin.

Novum's design also embodies two other of Eupe's sustainable eco-design principles, *Green Community* and *Healthy Air*. By designing Novum around seven smaller blocks to form an urban village cluster, the building creates for itself a number of openings and spaces that attract and harness natural air flows. This breaking up of the design allows more room for open spaces and gardens, thereby increasing the building's green areas. These areas in turn cool the air that flows into the building's floors.

3.2 RESOURCE EFFICIENCY AND MANAGEMENT

Novum project

Construction of Parc3 is well underway

> *A combined total of nearly 3,800 tonnes of recycled steel was used to construct Novum and Parc3 project in FY2019.*

The construction of residential projects potentially creates a significant environment footprint, in terms of sourcing and utilizing a range of natural resources such as water, timber and metal, in large volumes for their construction.

This makes it imperative for property developers to embed and employ into their construction schedules, practices and protocols that maximise waste management and the efficient use of construction materials through recycling.

Over the previous year, Eupe's construction focus – and its resource efficiency and management practices - has been on its two high-rise residential projects in Kuala Lumpur, Novum and Parc3.

Both Novum and Parc3 are being constructed according to GBI (Green Building Index) certification standards. To align with these standards, both projects have set targets in terms of utilising recycled construction materials. For Novum, the total recycled steel content used to construct the project in FY2019 was 2,738 tonnes, valued at approximately RM5.7 million. For Parc3 (where construction started in September 2017), the total recycled content used to construct the project in FY2019 was 1,059 tonnes, valued at approximately RM2.8 million. The combined amount of unused metal sold for recycling for both projects for FY2019 was 82 tonnes.

As part of GBI certification for both projects, waste management plans are also required to ensure project waste is reused for construction purposes, or sent for recycling. The total amount of construction waste material, either re-used or recycled at site for the Novum project, was 1,020 tonnes for FY2019, while that for the Parc3 project totalled 32 tonnes.

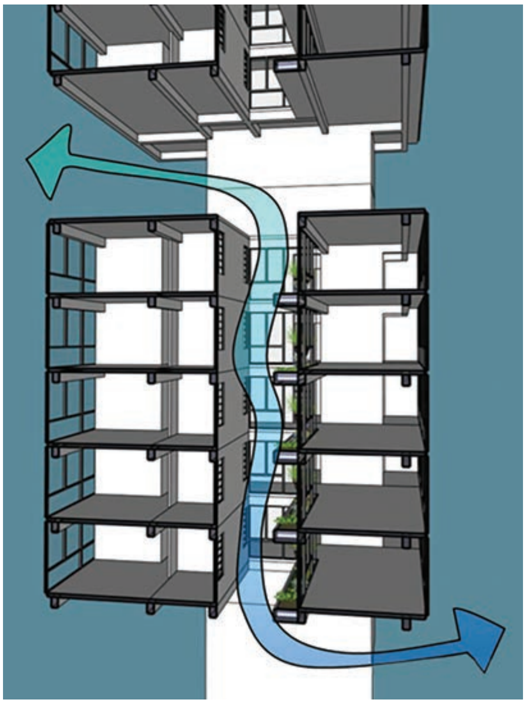
Example 3

SUSTAINABLE LIVING AT NOVUM

Resource efficiency in property development not only applies to the way projects are constructed. The way projects are designed to encourage long-term sustainable living practices and outcomes are equally critical.

Novum has been designed to reduce building and resident energy as well as water consumption in order to provide a sustainable living environment through the careful selection of sustainable materials and fixtures. Key features of Novum that relate to its overall sustainable living and resource efficiency features include:

- Roof top insulation to reduce heat gain through the roof by 80 per cent, compared to non-insulated roofing. Multiple gardens have been strategically designed to enhance natural ventilation, especially through the building's common area. Both features directly reduce the need for air conditioning to cool the building and its units;
- Energy efficient lighting fixtures utilised for the building's common areas such as LED lights will save up to 67% in electricity usage, compared to conventional, less efficient lighting options;
- Installation in all units of air conditioning with a 5-star energy efficiency rating;
- Regenerative drive-type passenger elevators in all towers that are up to 70% more energy efficient than conventional lifts;
- Installing water-efficient fixtures, such as shower fixtures, toilets, kitchen and bathroom faucets, in all units that are designed to save approximately more than 30 per cent in water usage compared to conventional water fixtures. These fittings are estimated to reduce water usage at Novum by 39,500 cubic metres a year.;
- Use of low VOC, environmentally-friendly paint, sealants and adhesive products in project construction;
- Rainwater harvesting tanks capable of capturing and storing 115 cubic metres of natural rainwater for landscape watering; and
- Recycling facilities provided on all floors and a main recyclable waste collection room at ground floor. Residents will be required to sort and pack their waste according to types such as plastic, glass, aluminium and food waste.



green building index

"Novum's water-efficient fittings are estimated to reduce water usage by 39,500 cubic metres a year."

4.0 SOCIAL

4.1 BUILDING STRONG COMMUNITIES

Eupe believes property developers need to look beyond the conventional 'four-walls' approach to sustainability, whereby sustainability practices and benefits of property developments are directed only to the residents who buy and/ or live within these projects.

Instead, Eupe believes in taking a more holistic approach to sustainability by investing in strengthening the wider community through community events that help build sustainable bonds. As part of building more resilient communities, it supports and invests in a range of worthy organisations that help those in the community who are in need.

The following section in this report, namely the Economic and Community section, highlights how Eupe's *Sustainability Plus*, other overarching principle, *Building Stronger Communities* program has been rolled out over the past 12 months.

4.2 HUMAN RESOURCES

Productive and committed employees are at the heart of every successful company. As such, building the capacity and capability of staff resources should be at the core of a company's sustainability efforts.

Eupe is committed to a range of policies that encourage diversity, promote merit-based appointments and ensure the workplace is a safe and harassment free environment for all its staff. It also has a formal policy that safeguards the rights of whistleblowers.

Regular communications with staff is enhanced through a staff newsletter as well as committees to organize staff events that build common goals and teamwork.

Staff from Eupe's KL office

4.2.1 OUR EMPLOYEES

Diversity in terms of differences in skills, experience, cultural background, age, gender and ethnicity is central to achieving a dynamic and committed workplace.

Eupe strives to ensure that there is no discrimination on age, gender, ethnicity or cultural background in its employment policy.

As of 28 February 2019, the diversity of our employees is as follows:

> *Eupe is committed to a range of policies that encourage diversity and promote merit-based appointments.*

EMPLOYEES BY JOBS TYPE

Level	Number	Percentage (%)
Senior Management	21	6%
Middle Management	35	9%
Junior Management	113	31%
Non-Executives	177	47%
Contract Staff	25	7%

EMPLOYEES BY GENDER

Gender	Number	Percentage (%)
Male	212	57%
Female	159	43%

EMPLOYEES BY ETHNICITY

Race	Number	Percentage (%)
Malay	209	56%
Chinese	98	26%
Indian	61	17%
Others/Foreign National	3	1%

As of 28 February 2019

4.2.2 TRAINING AND DEVELOPMENT

Central to a sustainable workforce is developing new employee skills that enable Eupe to meet new challenges and improve competitiveness.

To this end, Eupe invested in a diverse range of training programs for staff over the past 12 months in areas such as latest construction practices, social media marketing, tax changes, risk management and management system compliance.

In total 48 staff received specialised training in areas related to their work, costing approximately RM54,000. As the Company expands and develops projects and products that require new skills and capabilities, it continues to expand its training program and budget. Moving forward, Eupe plans to commit a fixed percentage of total staff payroll to training and development that includes both specialised training to develop individual capabilities, as well as broad-based skills training that support the culture and values of the organisation.

Eupe sales and marketing staff at a social media training workshop

4.2.3 HEALTH AND SAFETY

Health and safety is a key area of focus for Eupe in the construction of its high-rise projects in Kuala Lumpur. Over the course of FY2019, a total of 237 hours has been spent educating and keeping on-site construction workers apprised of health and safety issues at both the Novum and Parc3 construction sites.

These include 'tool-box' meetings held on a weekly basis to serve as a regular reminder to all workers on site on relevant health and safety matters and also highlighting how any non-compliance must be addressed.

"More than 230 hours were set aside for health and safety training and information sessions for Novum and Parc3 construction workers in FY2019."

4.3 CUSTOMER SERVICE

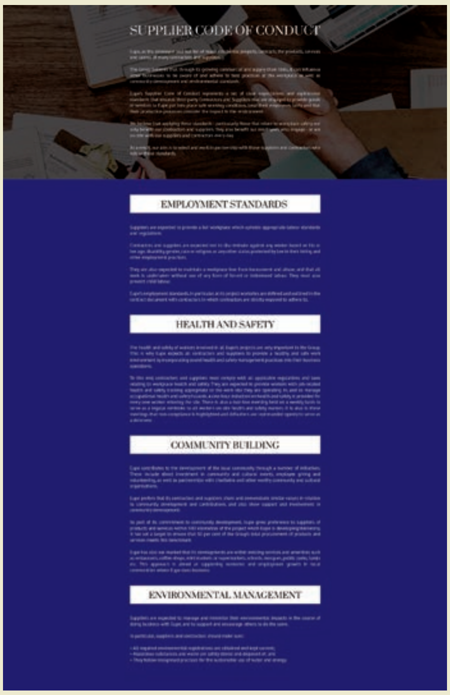
Engaging proactively with customers is not only an important facet of a Eupe's stakeholder engagement program but also a vital part of building trust and confidence in Eupe's products and brand. A proactive system of customer service also provides a valuable feedback mechanism and incentives for the Company to continually improve its product and service offering. In short, good customer service is not just an end in itself, but an important way to grow business in a sustainable way.

Eupe has a Customer Service division in its home office in Sungai Petani which services customers and buyers of its properties in Kedah. Last year, it formalised and expanded these operations into the Customer Service Quality department. As part of this change, Eupe launched a digital application called *i-Neighbour* to improve feedback and information flows between the Group and owners and occupiers of homes at its The Somerset and Cinta Sayang Resort Homes developments. The application provides a range of services to residents including e-billing, facilities booking and digital feedback channels.

With the Novum project nearing completion, the Company is expanding its Customer Service division in Kuala Lumpur to ensure a smooth handover of Novum units to buyers, along with servicing the needs of the growing number of buyers of Eupe properties as the Company's footprint expands into the Klang Valley. Eupe has begun a regular newsletter called *Eupe Connections* to buyers to keep them up to date with the Group's community and operational news. It is also moving toward the final stages of developing its New Digital Life ("NDL") application for Novum residents which will also be a feature of other Eupe residential projects in the Klang Valley. The NDL application for Novum residents will include services allowing them to pay their utility bills, book Novum facilities and provide real-time feedback to building management.

> *"Eupe is expanding its Customer Service Division in KL to ensure a smooth handover of Novum units to buyers."*

Eupe Connections which is sent to buyers of the Group's KL projects



4.4 SUPPLIERS

Suppliers, and the products and services Eupe sources from them, are a key part of the Group's business and sustainability efforts. Over the past year, the Group has developed a Suppliers Code of Conduct which sets out expectations and benchmarks for suppliers in terms of good sustainability practice.

In particular, the Code of Conduct stipulates that third-party Contractors and Suppliers that are engaged to provide goods or services to Eupe must put in place safe working conditions, treat their employees fairly and that their production processes consider the impact to the environment.

5.0 ECONOMIC AND COMMUNITY

5.1 COMMUNITY INVESTMENT

Eupe's 30-year history has been all about building the foundations of strong communities and giving to those less fortunate. That is why Eupe's second *Sustainability Plus* principle is *Building Stronger Communities*.

Eupe believes sustainable communities are strong communities that promote shared experiences, build community interaction and assist those less fortunate.

Eupe's *Building Stronger Communities* principle involves the Group investing in strengthening the wider community through community events that help to build sustainable bonds, as well as supporting worthy organisations that help those in the community who are in need.

It does this through two key frameworks that allow us to target our investments in the wider community in a clear, focused and consistent way.

The first is the *Planet Eupe Cultural Events Program* in which Eupe invests in cultural events that help to build shared experiences within communities. The second is the *Building Hope Program* in which Eupe invests in community groups that help the less fortunate and provides support-in-kind to those in need.

Central to these activities is staff involvement. Eupe staff are involved in all aspects of planning *Building Stronger Communities* events. There are also team-building exercises that build common goals and values within the Company.

Over the past year, Eupe staff in both Kuala Lumpur and Sungai Petani have contributed 1,268 hours to organising community events under the *Building Stronger Communities* programs.

5.2 PLANET EUPE CULTURAL EVENTS PROGRAM

5.2.1 STRING OF SUCCESS

The company's *Planet Eupe Cultural Events* program focused for the third successive year on the Euroasia Strings Competition - one of Malaysia's leading competitions to showcase young classical music talent. The competition is organised by the Euroasia Association of Performing Arts, an independent non-profit organisation, dedicated to the education, promotion and development of the performing arts in Malaysia.

Each year, the competition attracts hundreds of young musicians from around the country and as far afield as Japan, Korea and the Philippines.

The 2018 Competition, of which Eupe was a major sponsor, had more than 800 contestants.

Euroasia Strings Competition

eupe sustainability plus

All the finalists from this year's Competition as well as patrons and judges

5.2.2 PARC3 COMMUNITY BUILDING EVENTS

In addition, Eupe sales and marketing staff in Kuala Lumpur organised a number of other cultural events to build community spirit and bring families together to promote health and well-being in the Cheras area, the precinct in which Parc3, Eupe's second project in the Klang Valley, is being developed.

Events included:

- A Family Day Event in May 2018 to celebrate families and offering fun family activities such as 3D drawing competitions for kids, Cake-pop workshops for moms, and even free head and shoulder massages for dads.
- A 'Health is Wealth' day of activities in July 2018 aimed at promoting health and well-being. More than 200 people took part in fitness-oriented events such as zumba classes, yoga and body combat as well as recreational classes in coffee art, making healthy meals and building a terrarium.
- A 'Grow Your Wealth, Grow Your Health' event in September 2018 featuring three guest speakers with their own unique perspective of the day's theme. The event attracted a crowd of local Cheras residents who also enjoyed a free healthy lunch provided by Eupe.
- A series of school holiday events, featuring paint and art workshops, floral workshops and making art from recycled items, to allow parents and their children to spend quality time together.

Parc3 community events held during FY2019

5.3 BUILDING HOPE PROGRAM

Eupe strives to make each community it invests in a better place because we are there and this philosophy is articulated through its *Building Hope Program* The following are the range of *Building Hope Program* activities undertaken by Eupe in both Kuala Lumpur and Sungai Petani over the past year..

5.3.1 BUILDING HOPE CHARITY FAIR

On 31 August 2018, Eupe and Cinta Sayang Resort staff organised the Merdeka Building Hope Charity Fair at Eupe's Carnivall Waterpark ("Fair").

The Fair attracted a large turnout from Sungai Petani and raised a total of RM115,000.

The Fair featured food stalls, colouring competitions and games for children, car boot sales, Zumba dancing, foot massages, workshops and a range of other family fun activities and events.

The money raised from the Fair was donated to a range of groups includeing Pusat Hemodialisis Beng Siew, Buddist Tzu-Chi Merits Society Malaysia, The Association of Resource and Education for Autistic Children, Sungai Petani Chinese Methodist Church, Persatuan Kebajikan dan Pembangunan Komuniti Kuala Muda Kedah and Rumah Kesayangan Abuya.

A portion of the proceeds was also contributed to members from the community needing assistance with urgent medical treatment.

Building Hope Charity Fair logo drawn by Eupe's Head of Marketing and Sales, Datin Michelle Gan

Merchandise sold at the Fair

A big crowd turned out to the Fair to browse the 54 stalls

The Eupe team delivering groceries, dry food and contributions to the residents of Bodhi Homecare.

5.3.2 **BUILDING HOPE FOR ORPHANS**

As Eupe's *Building Hope Program* is all about assisting those most in need, sales and marketing staff from the company's Kuala Lumpur office decided to give a helping hand to Bodhi Homecare in Cheras.

Bodhi Homecare ("Home"), a registered NGO care home, is located in a temple within a low-cost housing area. The Home provides shelter for the old, infirm and homeless who have no one to take care of them as well as sick or mentally challenged children who were abandoned at their gates. The Home is also a sanctuary for animals and offers kindergarten classes for free to the local community.

The residents have to sleep on the floor of the prayer hall of the temple as the sleeping quarters were burnt down some years back by vandals.

As part of the Eupe's 'Share the Joy' Xmas community event at Parc3 Show Gallery in Cheras on 15 December 2018, those who participated in the event's activities were also asked to contribute either money or basic necessities for the Home.

The Charity Drive raised a total of RM1,160 in cash from those who attended the Xmas Celebration event as well as in-kind donations such as rice, coffee, sugar, flour, biscuits and cooking oil.

In addition, staff in Eupe's KL office donated a total of RM1,676, making a total of RM2,836 in donations to the Home.

> *"In FY2019 Eupe staff contributed 1268 hours to organising community events."*

YMM Che Puan Besar presenting awards at the dinner

The orphans enjoying the buffet

The Camelia ballroom abuzz with excited kids breaking fast with foundation members and guests

5.3.3 **COMMUNITY BUILDING IN KEDAH**

Other key community building events over the past 12 months organised by Eupe and/or Cinta Sayang Resort staff included:

- Sponsored the breaking of fast for 250 orphans all over Kedah during the Ramadhan with a dinner held at Cinta Sayang Resort. The event was held in conjunction with Yayasan Anak Yatim Sultanah Haminah (YAYSH), a foundation which aims to assist orphaned children and single mothers all over the country, especially in the state of Kedah.
- Giving out Blessing Bags to homeless people in Penang as well as handing out more than 200 portions of free bubur lambuk to members of the Sungai Petani community during the holy month of Ramadhan. The bubur lambuk, a rice porridge dish, was cooked on-site by staff at Cinta Sayang Resort's kitchen.
- Setting up *Building Hope* donation boxes at both Eupe's head office and Cinta Sayang Resort where staff and visitors drop off clothing, food, toys and other items which is then distributed to local community organisations who help those in need.

5.4 COMMUNITY CONTRIBUTIONS

In addition to the community building activities under its *Building Hope Program* led by Eupe's staff in both its Northern and KL offices, Eupe as a Group provides a range of direct contributions and support to assist the community.

In total, the Group donated RM231,257 to a range of community groups and organisations as well as individuals in need. Of this amount, RM70,400 was provided as financial support for young students in the Kedah region to meet their educational costs.

In addition, the Beh Yew Jin Foundation, established by the founders of the Eupe Group, also contributed RM48,000 to help support valuable community work.

5.5 AFFORDABLE HOUSING

Home ownership continues to be the key stepping stone for financial well-being for many Malaysians and their families. An accessible supply of affordable housing continues to be a major focus for both the government and the community.

Since, 1987, when it began as a company building low-cost housing communities in northern Malaysia, Eupe has built more than 9,000 affordable homes. While the Group continues to diversify its offering toward more higher-end property, it maintains a strong commitment to providing Malaysians on lower-incomes with affordable housing.

Over the previous financial year, Eupe sold 105 homes priced at RM350,000 and below in Kedah, with a combined value of RM30 million. This amounted to 66% of the total units sold in the Group's Northern Property Division.

Astana Parkhomes is one of Eupe's northern affordable housing projects

Corporate Governance Overview Statement

The Board of Directors of Eupe Corporation Berhad ("Eupe" or "the Company") ("the Board") is pleased to present this statement to provide an overview of the corporate governance ("CG") practices of the Company during financial year ended 28 February 2019 ("FY2019"). CG is an integral part of our way of working and underpins how we conduct our business every day, and in turn forms our culture and our behaviour throughout Eupe and its subsidiaries ("the Group").

This statement is prepared with the guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance ("MCCG") and is in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"). It is to be read in conjunction with the CG Report 2019 which is announced to the website of Bursa Securities and is available on Eupe's website. The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the FY2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The leadership of Eupe is driven by the Board, chaired by Datuk Tan Hiang Joo, an Independent Non-Executive Chairman, supported by one (1) Senior Independent Non-Executive Director, two (2) Executive Directors, three (3) Independent Non-Executive Directors ("INED") and one (1) Non-Independent Non-Executive Director ("NINED").

In order to ensure the effective discharge of its functions and responsibilities, the Board has established a Risk Management and Audit Committee ("RMAC"), a Nomination Committee ("NC") and a Remuneration Committee ("RC") and delegated the specific tasks to each committee according to their respective Terms of Reference ("TOR").

The Board is collectively responsible for the oversight of the strategic direction of the Group, the conduct of the Company's business and the performance of the senior management. The Board plays an active role in the development of the Group's strategies, taking into consideration sustainability matters such as economic, environmental and social factors, to support the Group's long-term value creation, monitoring implementation and performance of those strategies.

The Board meets at least quarterly together with the Group Managing Director ("GMD"), Chief Financial Officer ("CFO") and when required, Head of Departments ("HODs") of the respective operating units to review, deliberate and guide the management on the implementation of the Group's strategic plans. The Board also monitored the Group's businesses and performance of senior management through Key Performance Indicators, Interim Progress Report, Project Progress Update Report, Quarterly Financial Reports, and Audited Financial Statements to ensure that the Group's businesses are being properly managed and necessary resources were in place for the Group to meet its goals and targets.

The Board is fully committed to maintain the highest standards of corporate governance, professionalism and integrity to create and deliver long term sustainable value to its shareholders. The Board ensures that such tone on the Group's culture and values is set at the top.

The Chairman of the Board is responsible to lead and manage the Board in its collective oversight of management by focusing on strategy, governance and compliance. It is the GMD's responsibility to manage the day-to-day operations and businesses of the Group. He is supported by CFO and Senior Management that comprises HODs of various functions.

The position of the Chairman and GMD are held by different individuals which clear and distinct roles are formally defined in the Board Charter of Eupe. The Board Charter is the primary reference for prospective and existing Board members of their fiduciary duties as Director of the Company, and the functions of the Board Committees.

The Board members have full access to the two (2) Company Secretaries, both of whom qualified to act as company secretary under the Companies Act 2016 ("CA 2016"), who provide corporate secretarial advisory services to the Board, particularly on governance and Board processes, CG issues including compliance to relevant laws, rules and regulations.

Corporate Governance Overview Statement (cont'd)

Code of Conduct and Ethics

On 2 May 2018, the Company has reviewed and expanded the Code of Conduct and Ethics which articulated acceptable practices and guide on behaviour of Directors, management and employees, integrating the policies into Group wide management practices.

Whistleblowing Policy and Procedures

Integrity Policy (Whistleblowing Policy) and Procedures is established to provide avenue for employees of the Group and members of the public to disclose any improper conduct in a confidential manner. The Chairman of the Board and/or the Chairman of the RMAC is committed to investigate and address all cases of reported misconduct and recommend action to be taken by the Board (if any). The policy underscores the Group's commitment to developing a culture of openness and honesty, where a person who is aware of a potential malpractice or misconduct is encouraged to report such matters in good faith, without fear of reprisal.

II. Board Composition

The current Board composition is in compliance with the Constitution, exceeds the minimum of one-third (1/3) requirement of INEDs as set out in the MMLR with a majority of Independent Directors. In the event of any vacancy on the Board which results in non-compliance with these requirements, the Board will ensure such vacancy be filled within 3 months. The Directors' profiles are disclosed from pages 12 to 15 of this Annual Report.

The INEDs on the Board act as a caretaker for the minority shareholders' interest and their views carry significant weight in the Board's decision-making process. The INEDs are considered by the Board to be independent of management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement. During FY2019, the Board has formalised and in place a Directors' Independence Policy which gives a framework to guide and govern the INEDs and their objectivities.

A. Nomination Committee

The NC comprises wholly Non-Executive Directors, majority of whom are INEDs as follows:

Chairman : Kek Jenny (Independent Non-Executive Director)

Members : Iskandar Abdullah @ Sim Kia Miang (Independent Non-Executive Director)
Beh Yeow Seang (Non-Independent Non-Executive Director)
(Appointed w.e.f. 24 October 2018)
Datin Paduka Teoh Choon Boay (Non-Independent Non-Executive Director)
(Resigned w.e.f. 30 August 2018)

The main role of the NC is to review and ensure that the composition of the Board, Board Committee and Senior Management are balance and comprises with relevant skills, experience and knowledge.

B. Balance, Diversity and Skills

The Board continues to recognise that a balance of experience, competencies, expertise, diversity, professional experience, knowledge and skills on the Board and Senior Management are the key foundation for introducing different perspectives into the Board's discussions and for better anticipation of the risks and opportunities in building a long-term sustainable business. Our Board ensures the continuity of effective oversight, and informed decision-making with respect to issues affecting Eupe.

On 2 May 2018, the Board has adopted a Board and Senior Management Diversity Policy to ensure the drive of the Board's effectiveness by creating diversity perspective among Directors and Senior Management.

The Directors believe that the Board and Senior Management presently has an appropriate balance of skills, experience, knowledge and independence to deliver the Group's strategy.

The Board takes into account the diversity in gender, age, race or ethnicity and nationality of the existing Board members and Senior Management in seeking potential candidate(s). This helps to ensure an appropriate balance between the experienced perspectives of the long-term Directors and new perspectives that bring fresh insights to the Board.

Currently the Board has two (2) female Non-Executive Directors on Board namely Ms Kek Jenny and Ms Beh Yeow Seang, representing twenty-five (25) per cent of the total Board members.

Corporate Governance Overview Statement (cont'd)

The Existing Directors' age distribution falling within the respective age group is as follows:

Age Group	41-49 years	50-59 years	60 and above
Number of Directors	4 (50.0%)	3 (37.5%)	1 (12.5%)

The current diversity in the race/ethnicity and nationality of the existing Board is as follows:

	Race/ Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreigner
Number of Directors	3	5	-	-	8	-

C. Tenure of Independent Directors

The Company has in place a policy that the tenure for an INED shall not exceed nine (9) years. Upon completion of the ninth year, the INED may continue to serve on the Board as NINED. Where the Board intends to retain the INED beyond nine (9) years, it must justify and seek annual shareholders' approval. If the Board continues to retain the INED after the twelfth year, the Board shall seek annual shareholders' approval through a two-tier voting process.

As of to-date, the Company has two (2) INEDs namely Datuk Tan Hiang Joo and Ms Kek Jenny, who had been with the Board for a cumulative term of more than twelve (12) years whilst Dato' Paduka Haji Ismail bin Haji Shafie, the Senior INED will reach the nine (9) year term limit on 23 September 2019. The Board shall seek shareholders' approval for their retention as INED of the Company at this forthcoming Annual General Meeting ("AGM").

D. Criteria for Recruitment and Annual Assessment of Directors

The NC is responsible for screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board, taking into account the mix of skills, competencies, experience and other qualities required to discharge their duties and responsibilities. NC may obtain the services of professional recruitment firms to source for suitable candidates for directorship or seek independent professional advice whenever necessary.

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election at the next AGM subsequent to their appointment. It further provides that at least one-third of the Directors for the time being shall retire by rotation at each AGM at least once in each 3 years but shall be eligible for re-elections.

A new Non-Independent Non-Executive Director, Ms Beh Yeow Seang was appointed on 26 July 2018. Her profile is disclosed in page 15 of this Annual Report. The newly appointed Director shall retire from office and being eligible, has offered herself for re-election at the forthcoming AGM.

The Board assisted by NC undertakes an annual assessment on the effectiveness of the Board as a whole, its Committees, contribution of each individual Director and the Independent Directors in relation to their skills, experience and core competencies. The assessment is conducted based on a combination of self and peer assessment through questionnaires circulated to the Board. Additional questionnaires on the assessment of Independent Director were provided to all Independent Directors.

Outcomes of the evaluations are generated based on the Directors' feedback on the questionnaires. Upon assessment, the NC will consider and recommend measures to improve the effectiveness of the Board and its Committees. All assessments and evaluations carried out by the NC in the discharge of its function are properly documented.

Based on the results of the recent assessments, the Board is satisfied with its existing number and composition and is of the view that, with the current mix of skills, knowledge, experience and strength, the Board as a whole is able to discharge its duties effectively.

Corporate Governance Overview Statement (cont'd)

E. Induction and Professional Development

As required by the MMLR, all Directors have completed the Mandatory Accreditation Programme ("MAP") within the stipulated timeframe of four months from their respective date of appointment.

Through the course of their directorship, Directors are updated on any developments or changes affecting the Company and their obligations to it from time to time or at regular Board meetings.

In order to ensure that Directors continue to further their understanding of the issues faced by the Group, Management further strengthens the Directors' continuous professional development plan during the year, ranging from governance to industry trends. The following is a summary of professional development attended by Directors for FY2019. In addition to the activities internally organised by Eupe, Directors also attended other forms of training organised by third parties with appropriate emphasis on the roles, functions and duties of the Directors.

Trainings attended by the Board of Directors during FY2019 included:

1. GST Legislation & Impact of GST Abolishment;
2. Transition from FRS to MFRS and MFRS 15, Revenue from Contract with Customers;
3. BDO Tax Budget Seminar: (i) Opportunities and challenges from the transition to SST; (ii) Tax Audit and Investigation updates; and (iii) Current Tax Developments;
4. Global Environmental, Social and Governance (ESG) Trends;
5. CIMB 11th Annual Malaysia Corporate Day; and
6. MAP (Attended by Ms Beh Yeow Seang who was appointed to the Board on 26 July 2018).

F. Board and Board Committee Attendance

The Board requires all members to devote sufficient time to the working of the Board, to effectively discharge their duties as Directors, and to use their best endeavours to attend Board and Board Committee meetings.

The Board meetings as well as the Board Committee meetings are scheduled in advance before the end of each financial year so as to enable the Directors to plan accordingly and fit the year's

meetings into their schedules. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

During FY2019, there were six (6) Board meetings and ten (10) Board Committees' Meetings held as follows:

Director	Attendance in meeting of			
	BOARD	RMAC	NC	RC
Datuk Tan Hiang Joo	6/6			1/1
Dato' Beh Huck Lee	6/6			
Muhamad Faisal bin Tajudin	5/6			
Dato' Paduka Haji Ismail bin Haji Shafie	3/6	3/6		
Alfian bin Tan Sri Mohamed Basir	6/6	6/6		
Iskandar Abdullah @ Sim Kia Miang	6/6	6/6	3/3	1/1
Kek Jenny	6/6	6/6	3/3	1/1
Beh Yeow Seang (Appointed w.e.f. 26 July 2018)	3/3		-	
Datin Paduka Teoh Choon Boay (Resigned w.e.f. 30 August 2018)	3/4		2/2	

Corporate Governance Overview Statement (cont'd)

III. Remuneration

A. Remuneration Committee

The RC which was formed in January 2018, comprises entirely of INED as follows:

Chairman : Datuk Tan Hiang Joo (Independent Non-Executive Chairman)

Members : Iskandar Abdullah @ Sim Kia Miang (Independent Non-Executive Director)
Kek Jenny (Independent Non-Executive Director)

B. Directors' and Senior Management's Remuneration

In observing Practice 6.1 of MCCG, the Board has formalised a Directors' and Senior Management's Remuneration Policy to support the Group's key strategies and create a strong performance-orientated environment as well as to attract, motivate and retain talent. The Board has set up the RC to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and senior management in accordance with Practice 6.2 of MCCG.

i. Directors' Remuneration

In deciding on the appropriate level of fees for each Non-Executive Director, the Board takes into consideration the experience, the level of responsibilities, time commitment required in attending both scheduled and special Board meetings, deliberation time required for Board papers as well as membership of and responsibilities on Board Committees. Any review or change to the existing remuneration package will be deliberated upon by the RC before recommending it to the Board for approval. Directors have abstained from the deliberation of their individual remuneration.

The details of Directors' remuneration for the FY2019 including remuneration for services rendered to the Company and its subsidiaries are as follows:

	Remuneration received from			Total
	The Company	Subsidiaries Companies		
	Other emoluments	Salaries, bonus and defined contribution	Other emoluments	
	RM'000	RM'000	RM'000	RM'000
Datuk Tan Hiang Joo	50	-	-	50
Dato' Beh Huck Lee	10	771	3	784
Muhamad Faisal bin Tajudin	9	482	2	493
Dato' Paduka Haji Ismail bin Haji Shafie	37	-	-	37
Alfian bin Tan Sri Mohamed Basir	50	-	-	50
Iskandar Abdullah @ Sim Kia Miang	51	-	-	51
Kek Jenny	50	-	-	50
Beh Yeow Seang (Appointed w.e.f. 26 July 2018)	47	-	-	47
Datin Paduka Teoh Choon Boay (Resigned w.e.f. 30 August 2018)	13	-	-	13

Corporate Governance Overview Statement (cont'd)

ii. Remuneration of Senior Management

The profiles of the Senior Management personnel are disclosed in the Company's website under the caption "Senior Management" and pages 16 and 17 of this Annual Report. Senior Management are those primarily responsible for managing the business operations and corporate divisions of the Group.

The Board decided not to disclose on a named basis the top five (5) Senior Management's remuneration in bands of RM50,000 in order to allay valid concerns of intrusion on staff confidentiality as well as maintaining the Company's ability to retain talented senior management in view of the competitive employment environment, in particular for the Group's property business.

Notwithstanding that, the Board ensures that the remuneration of the Senior Management commensurate with their individual performances and level of responsibility as well as the demands, complexities and performance of the Company, with due consideration to attract, retain and motivating the Senior Management.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Risk Management and Audit Committee

The Board has set up RMAC comprising solely of INED. The members of the RMAC are:

Chairman : Iskandar Abdullah @ Sim Kia Miang (Independent Non-Executive Director)

Members : Dato' Paduka Haji Ismail bin Haji Shafie (Senior Independent Non-Executive Director)
Kek Jenny (Independent Non-Executive Director)
Alfian bin Tan Sri Mohamed Basir (Independent Non-Executive Director)

In adopting Practice 8.5 of MCCG, the Chairman of RMAC is a fellow of the Institute of Chartered Accountants in England and Wales and 2 of the other 3 RMAC members are members of Malaysian Institute of Accountant.

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

The RMAC, also through discussions with Senior Management, analyses the Group's income and expenditures against previous corresponding period, and seeks explanations from management on financial performance as well as any major discrepancies from forecast budget, together with strategies to address them.

The RMAC also received assurance from the CFO that the financial statements are prepared in full compliance with Malaysian accounting standards and disclosures as per MMLR and give a true and fair view of the financial position of the Group.

The Board, via the RMAC, has established policies and procedures to assess the suitability and independence of the External Auditors. In ensuring that the provision of non-audit services to the Company does not impair the External Auditors' independence or objectivity, the policy sets out the thresholds and procedures that need to be observed when contracting the External Auditors to provide such services. These include conducting an annual assessment on the suitability and independence of External Auditors which take into account factors such as independence, experience, competency and resources available to the auditors to ensure their role is discharged effectively without impair their independence.

Corporate Governance Overview Statement (cont'd)

II. Risk Management and Internal Control Framework

The Board is committed to nurture and maintain a sound risk management framework and systems of internal control throughout its group of companies.

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

Through the RMAC, the Board oversees the risk management matters of the Group, which include identifying, managing and monitoring, treating and mitigating significant risks across the Group. RMAC also assists the Board to fulfil its responsibilities with regard to the risk governance and risk management in order to manage the overall risk exposure of the Group.

The Board's Statement on Risk Management and Internal Control in pages 48 to 53 of this Annual Report features the Group's risk management framework and its state of internal control.

III. Directors' Responsibility Statement

The Board is to ensure that financial statements prepared for each financial year have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results and cash flows of the Company and the Group for the financial year.

In preparing the financial statements, the Board has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on a going concern basis, having made enquiries that the Group has adequate resources to continue in operations for the foreseeable future.

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

I. Communication with Stakeholders

The Company maintains an open communications policy with its shareholders and stakeholders, and welcomes feedback from them. Whenever deemed appropriate, the Board or the relevant management personnel will respond to these queries or opinions.

The Company has in place a Corporate Disclosure Policy which serves as a guide to on determination and dissemination of sensitive and material information to investors, stakeholders, local media, the investing public and other relevant persons in line with the applicable legal and regulatory requirements.

The communication channels used in the Company's engagement with its shareholders and stakeholders include:

- The Company's website;
- Announcement to Bursa Securities;
- Annual Reports;
- General meetings; and
- Investors, analysts and media briefings (as appropriate).

Corporate Governance Overview Statement (cont'd)

II. Conduct of General Meetings

The AGM is an important platform to inform the shareholders of the Group's direction and performance and to obtain their feedback directly. The notice of its Twenty-Second ("22nd") AGM in 2018 and the upcoming AGM in 2019 were served to shareholders at least 28 days before the AGM, well in advance of the 21 days required under the CA 2016 and MMLR. The additional time given to the shareholders allows them to make necessary arrangement to attend and participate in person or through corporate representative, proxies or attorney. More importantly, it enables the shareholders to have sufficient time to go through the annual report and information supporting the resolutions proposed.

During the 22nd AGM held on 26 July 2018, the GMD and CFO presented the performance of the Group for the financial year ended 28 February 2018 and updated the shareholders on current and future prospects of the Group. The Directors, Management, Company Secretaries and External Auditors were present to respond to all queries raised.

All the resolutions set out in the Notice of the 22nd AGM held on 26 July 2018 were put to vote by poll and were duly passed. The outcome of the AGM was announced to Bursa Securities on the same day.

This Corporate Governance Overview Statement is issued in accordance with a resolution of the Board dated 28 May 2019.

Additional Compliance Information

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Group and the Company's External Auditors for the financial year ended 28 February 2019 are as follows:

	Group (RM'000)	Company (RM'000)
Audit fees	214	40
Non-audit fees	44	5
Total	**258**	**45**

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of Directors, chief executive and major shareholders, either still subsisting at the end of the financial year ended 28 February 2019 or entered into since the end of previous financial year ended 28 February 2018.

RECURRENT RELATED PARTY TRANSACTIONS

At the Extraordinary General Meeting of the Company held on 26 July 2018, the Company obtained shareholders' mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature ("Shareholders' Mandate") which is necessary for its day-to-day operations. The Shareholders' Mandate shall expire at the conclusion of the forthcoming Annual General Meeting and is subject to renewal by the shareholders at the said Annual General Meeting.

The aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year ended 28 February 2019 is disclosed in Note 37 of the financial statements.

Directors' Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors (the "Board") of Eupe Corporation Berhad (the "Company") is committed to maintaining a sound system of risk management and internal control throughout its group of companies (the "Group"). The following Statement outlines the nature and scope of the Group's risk management framework and internal control system and is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"). It is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer issued by the Taskforce on Internal Control with the support and endorsement of Bursa Securities and Malaysian Code on Corporate Governance.

BOARD RESPONSIBILITIES

The Board recognises the importance of a sound and consistent system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Board acknowledges its primary responsibility in ensuring that risks in the Group are identified, measured and managed within the Group's risk tolerable level with an appropriate system of risk management, as well as ensuring that the effectiveness, adequacy and integrity of the Group's internal control systems are reviewed on an on-going basis. The review and periodic testing on the system undertaken by the Board covers, inter alia, financial, operational and compliance system controls and risk management procedures of the Group, taking into account changing business circumstances. It is important to note that such risk management and control procedures are designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, a sound system of risk management and internal control can only provide reasonable, and not absolute, assurance against material errors, misstatement, losses or fraud.

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

The RMAC continuously evaluates and monitors the significant risks that are relevant to the Group and appraises and assesses the efficiency of controls implemented to mitigate those risks through a formalised monitoring and reporting process. In July 2018, the RMAC conducted a yearly assessment and update of the Group's risk profile.

The effectiveness of internal controls were reviewed by the RMAC in relation to the audits conducted by Internal Auditors ("IA") during the financial year. Audit issues and actions taken by the Management to address those issues tabled by IA were deliberated during the RMAC meetings. Minutes of the RMAC meetings which recorded these deliberations were presented to the Board.

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

ENTERPRISE RISK MANAGEMENT ("ERM") FRAMEWORK

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

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

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

1. **HODs**
   a. The responsibility of risk identification, evaluation and management of each operating unit lies with the respective HODs, with the assistance of the ERM Service Provider, Bridge Corporate Advisory Sdn. Bhd.. Any significant risks identified from risk management activities are communicated to Top Management before it is escalated to the RMAC and the Board;
   b. Involvement in identification, assessment, mitigation, monitoring and reporting of risks that are appropriate to the needs of the organisation;
   c. Implement, manage and monitor various control designed to mitigate the risks identified; and
   d. The Group's internal policies, standards and procedures to ensure the effective management of risks and these documents are available on the Group's intranet for easy access by employees.

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

3. **RMAC**
   a. Ensure that there is a structured risk management framework in place;
   b. Review the status of implementation of the policies approved by the Board;
   c. Identify, assess and review the key business risks of the Group and ensure adequate allocation of resources and appropriate measurements are in place for managing the prioritised risks to safeguard shareholders' investment and the Group's assets;
   d. Communicate to the Board on changes to the Key Risk Profiles and the course of action to be taken by HODs in mitigating these risks on a periodic basis;
   e. Approve changes to the Risk Profiles based on recommendations by Top Management and assisted by the ERM Service Provider; and
   f. Responsible to review the Group's internal control framework to ensure implementation and effectiveness.

4. **Board of Directors**
   a. Determine the Group's level of risk tolerance to support the strategic objectives of the Group;
   b. Ensure a risk awareness and control optimised culture is embedded throughout the Group; and
   c. Assume accountability over the effectiveness of the risk management and internal control system of the Group by establishing and supervising the operation of the risk management framework.

The purpose of the risk management framework is to assist with integrating risk management into all Group activities and functions. The effectiveness of risk management will depend on integration into governance and all other activities of the organisation, including decision-making.

The Group adopts an ERM Framework with a clear governance structure that takes into account all significant aspects of internal control including risk assessment, the control environment and control activities, information and communication and monitoring. Key business risks have been categorised to highlight the source of the risk, and scored to reflect both financial and reputational impact of the risk and the likelihood of its occurrence. In addition, the Group also acknowledges on the risk appetite that the Group is willing to seek or accept in achieving its business objectives.

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

The ERM process adopted is as follows:

SIGNIFICANT OR PRINCIPAL RISK RELATING TO GROUP'S BUSINESS

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

Risk Profile	Causes	Mitigation control
Economic slowdown	Arises from global recession or depression, decline in Gross Domestic Product growth and extended low crude oil prices and depreciation of Ringgit Malaysia which have a negative impact on the property development and construction industry.	While economic slowdown is an external factor which is beyond control, the Group mitigates such risk by keeping abreast of marketing changes via market studies, networks with industry professionals and buyers, adopting innovative marketing and financing strategies with appropriate product differentiation and flexibility in product offerings to suit market demand and buyers' budgets, review cost information and cost down initiatives in order to contain rising production costs.
Changes in government policies and other regulations	Arises from changes of existing policies and regulations or adoption and implementation of new policies and regulations that may adversely affect the industry as well as the Group.	The Group mitigates this risk by continuously obtaining updated information on the new changes in government policies and regulations from the relevant authorities, consultants and business associates, and obtaining advice and input from government agencies and consultants in tackling those changes in the policies and regulations.

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

Risk Profile	Causes	Mitigation control
Funding constraint risk	Arises from uncertainty of global and Malaysia economy outlooks and soft condition of real estate market as well as financial market. These has impacted the sentiment and risk appetite of banks to grant new loans.	The Group mitigates this risk with track records in successful launch of property projects. The Group embedded a number of due diligence processes into its initial selection of new land, developing innovative products and pricing structures, together with well-designed marketing strategies, in order to maximise points of market differentiation with our competitors. This will boost the confidence level in the Group's project among the potential lenders.
Shortage of labour and reliance on foreign workers	Arises from a shortage of local and legal workers, heavy reliance on foreign workers, keeping illegal workers, and changes in government policies and leadership at Federal, States and also various ministries. The consequences of this risk are disruption to construction work due to detention of illegal foreign workers of subcontractors, tarnished image of the Group as a whole, and summons / penalty from local authorities.	The Group mitigates such risk by making sure contract documentation clearly states restrictions on hiring of illegal foreign workers by subcontractors as well as secondment of Group's workers to the contractor to hasten project completion.
Cost overrun and lack of monitoring	Arises due to weakness in cost estimation at the initial stage, cost checking and updating processes between budget and operational cost to meet the targeted gross development value, as well as poor quality of construction works.	The Group mitigates such risk by monitoring work within "design-to-cost". Contracts are awarded within the cost plan and review cost information from time to time. To have value engineering meetings with contractors and external consultants, update cost control account for Senior Management's review regularly.
Delay in handing over vacant possession	Arises due to weaknesses in monitoring project progress, as well as poor quality of construction works to ensure timely delivery and contractor not able to complete on time.	The Group mitigates such risk, together with the appointed consultants, by keeping track the on-going progress of construction works of main contractor and emphasis on quality of project management at site. Suggestions on improvement to contractor will be provided as required by Project Management team and consultants. In addition, qualified and competent contractors are selected.

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

Risk Profile	Causes	Mitigation control
Lack of determination of time to market	Arises due to inability to determine the shelf life of a property product. This is due to inadequate market study, policy changes, and unclear path on when is the right time to market the right product which may lead to loss of business opportunity, disruptions to operations, financial and non-financial losses, poor property sale and subsequent cash flow difficulty.	The Group mitigates such risk by developing a standard timeline in order to achieve an approximate time to market, together with regular market update and review, to maintain good rapport with sales agencies and constantly track official data and statistics.
Poor quality of constructed properties	Arises due to poor monitoring of project, shortage of skilled workers, rushed work due to delay in construction schedule and lack of pre-design input which affect the quality of the products.	The Group mitigates such risk by implementing periodic monitoring and reporting to management and quality control checklist, engaging competent and responsible site staff and consultants to conduct regular and timely site inspection and to benchmark product quality against international standards such as CONQUAS, QLASSIC and ISO.

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

During the financial year, the RMAC reviewed all existing risks as well as new emerging risks to assess their impact on the Group for the coming year. The RMAC found that all the above significant risks remain relevant for coming year.

INTERNAL AUDIT FUNCTIONS

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

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

The IA reviews the internal controls in key activities of the Group's business based on the annual internal audit plan as approved by the RMAC. Since the adoption of the ERM Framework, the internal audit function has taken on a risk-based approach when preparing its audit strategy and plans, after having considered the risk profiles of the operating companies and divisions of the Group.

Therefore, the IA assesses areas under the audit scope which include risk exposures, compliance with approved policies and procedures, and relevant laws and regulations. Where significant weaknesses are identified in the control and risk management processes during the audit, the IA provides recommendations to the management to address these weaknesses.

The system of internal control has been structured in such a manner that it can provide reasonable assurance that the likelihood of adverse impact on objectives arising from a future event or situation is at a level acceptable to the business. It achieves this through a combination of preventive, detective and corrective measures. The effectiveness of the system of internal control is also reviewed through an on-going management appraisal of the effectiveness of its operations and the MS ISO 9001:2015 certification of the civil engineering and construction arm. The maintenance of the ISO 9001 certification requires annual independent surveillance by a Business Assurance Service Provider.

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

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

OTHER RISK AND CONTROL PROCESSES

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

- The Group has in place an organisation structure with clearly defined authority and reporting lines aligned with business and operational requirements;
- Policies and procedures for key processes are documented and communicated to employees for application across the Group. These are supplemented by operating procedures set by individual companies, as required for the type of business of each company;
- Integrity Policy (Whistle-Blowing Policy) and Procedures are in place to enable individuals to raise genuine concerns without fear of retaliation;
- Formalised policy and procedures on Related Party Transactions and Recurrent Related Party Transactions to ensure that all RPT and RRPT are monitored and conducted in a manner that is fair and at arms' length basis, with the terms not more favourable to the related parties than to the public, not to the detriment of minority shareholders and in the best interest of Eupe;
- In place policy and procedures for External Auditors to outline the Company's policies and procedures in assessing the suitability, objectivity and independence of External Auditors and continuous monitor their performance;
- A half-yearly review of Key Performance Indicators is undertaken by the management to identify, and where appropriate, address significant variances;
- An effective reporting system which ensures the timely generation of financial information for management review has been put in place. Financial results are reviewed and approved on a quarterly basis by the RMAC and the Board respectively;
- Continuous quality improvement initiatives to ensure accreditation such as ISO certification for selected businesses.

Based on the above, the Board confirms that necessary actions have been taken to remedy any weaknesses identified from the above processes.

Thus, the Board is of the view that the Group's Risk Management and Internal Control System is operating adequately and effectively.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("AAPG 3") [previously Recommended Practice Guide ("RPG") 5 (Revised 2015)], Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 28 February 2019 and reported to the Board that nothing has come to their attention which causes them to believe that the Statement intended to be included in the annual report of the Group, in all material respects:

1. has not been prepared in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor
2. is factually inaccurate.

CONCLUSION

Based on reviews of the effectiveness of the internal control and risk management frameworks, information and assurance provided to the Board by the Group Managing Director and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, the Board is satisfied that the systems of internal control and risk management in place for the year under review, and up to the date of approval of this Statement, are adequate in safeguarding the shareholders' interests and assets of the Group. The Board also confirms that there is an effective on-going review of the internal control and risk management frameworks to meet the changing operating environment.

This statement is issued in accordance with a resolution of the Board dated 28 May 2019

Risk Management and Audit Committee Report

The Board of Directors is pleased to present the report of the Risk Management and Audit Committee ("RMAC") which provides insights into the manner in which the RMAC discharged its functions for the Group during the financial year ended 28 February 2019 ("FY2019").

The RMAC was established by the Board to assist in overseeing corporate accounting and financial reporting process of the Company and its subsidiaries (the "Group") including identifying, assessing and monitoring the Group's key business risks to safeguard stakeholders' interests and the Group's assets. The RMAC is therefore committed to implement and review the Group's processes relating to its risk management and internal control framework as well as evaluating their effectiveness and provide recommendations to the Board on the actions to be taken. The RMAC is also responsible for overseeing the implementation and monitoring the Integrity Policy (Whistle Blowing Policy), Policy and Procedures for External Auditors and Related Party Transactions ("RPT") & Recurrent Related Party Transactions ("RRPT") Policy & Procedures of the Group.

The RMAC is guided by its Terms of Reference ("TOR"), which is available at the Company's website at http://eupe.com.my/investors.

COMPOSITION OF THE RMAC AND ATTENDANCE OF MEMBERS AT MEETINGS

The RMAC comprises four (4) members, all of whom are Independent Non-Executive Directors. No alternate Director shall be a member of RMAC. This meets the requirements of Paragraphs 15.09(1) (a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Step Up 8.4 of the Malaysian Code on Corporate Governance ("MCCG").

The composition of the RMAC as of the date of this report are as follows:

Members	Designation
Iskandar Abdullah @ Sim Kia Miang (Chairman)	Independent Non-Executive Director
Dato' Paduka Haji Ismail bin Haji Shafie	Senior Independent Non-Executive Director
Kek Jenny	Independent Non-Executive Director
Alfian bin Tan Sri Mohamed Basir	Independent Non-Executive Director

En. Iskandar Abdullah @ Sim Kia Miang is a fellow of the Institute of Chartered Accountants in England and Wales while Ms. Kek Jenny and En. Alfian bin Tan Sri Mohamed Basir are members of the Malaysian Institute of Accountants. Therefore, the Company complies with the requirements of Paragraph 15.09(1)(c) of the MMLR and Practice 8.5 of MCCG.

The Board, through the Nomination Committee, reviewed the terms of office of the RMAC members and assessed the performance of the RMAC and its members through an annual Board Committee Effectiveness Evaluation. It also undertook a Self and Peer Assessment. The Board is satisfied that the RMAC and its members have discharged their functions, duties and responsibilities in accordance with the TOR of RMAC.

Risk Management and Audit Committee Report (cont'd)

MEETINGS AND ATTENDANCE

The RMAC held 6 meetings during the FY2019. The details of the attendance of each RMAC members are as follows:

RMAC Member	Meeting Attendance
Iskandar Abdullah @ Sim Kia Miang (Chairman)	6 / 6
Dato' Paduka Haji Ismail bin Haji Shafie	3 / 6
Kek Jenny	6 / 6
Alfian bin Tan Sri Mohamed Basir	6 / 6

The Group Managing Director, Chief Financial Officer and representatives of External Auditors and Internal Auditors were invited to attend those meetings, which required their input and advice. The RMAC also invited Heads of Department or relevant employees within the Group to assist in resolving and clarifying matters raised in relation to their areas of responsibility. The Chairman of the RMAC briefs the Board on matters discussed at every RMAC meeting.

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

ATTENDANCE OF PROFESSIONAL DEVELOPMENT COURSES

All RMAC members are aware of the need to continuously develop and increase their knowledge in the area of accounting and auditing standards, given the changes and developments in this area from time to time. In line with this and Practice 8.5 of MCCG, RMAC members have kept themselves abreast of relevant developments by attending various seminars, training programme and conferences related to financial and reporting standards, practices and rules during the FY2019.

Risk Management and Audit Committee Report (cont'd)

SUMMARY OF WORK OF THE RMAC

The RMAC carried out the following key activities during the FY2019:

1. Financial Reporting

a) Reviewed the unaudited quarterly financial statements for the first, second and third quarters of FY2019, which were prepared in compliance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22, including Appendix 9B of the MMLR, at RMAC meetings held on 26 July 2018, 24 October 2018 and 24 January 2019. During those meetings, the Group Managing Director and Chief Financial Officer were invited to present the unaudited quarterly financial statements and provide explanations in regards to any material changes in financial performance, as well as providing assurances to the RMAC that appropriate accounting standards and accounting policies had been adopted and applied consistently.

Post FY2019, on 25 April 2019, the RMAC reviewed the quarterly financial statements for the fourth quarter of FY2019.

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

b) Reviewed the annual audited financial statements of the Group and of the Company for FY2019, Directors' and Auditors' Reports, together with the External Auditors. The key considerations in the deliberations of these financial statements included the following:

i. The financial statements prepared by the Management, which is the first financial statements prepared in accordance with MFRS and MFRS1 *First-time Adoption of Malaysian Financial Reporting Standards*;

ii. The annual financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and of the Company;

iii. The audit opinion given by the External Auditors stating that the financial statements give a true and fair view of the financial position of the Company as at 28 February 2019 and of its financial performance and cash flows for the financial year then ended in accordance with MFRS and the requirements of the Companies Act 2016.

iv. The accounting policies and methods of computation adopted by the Group were consistent with those adopted in the previous audited financial statements except for the adoption of new or amended accounting standards that were effective for FY2019.

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

2. External Audit

a) Reviewed the Annual Audit Plan for FY2019 proposed by the External Auditors on 24 January 2019. The annual audit plan outlined the scope of works, engagement team, audit timeline and the potential Key Audit Matters.

b) Reviewed the proposed fees for audit and non-audit services to be provided by the External Auditors for FY2019 and recommended to the Board of Directors for approval.

c) Conducted three (3) private sessions with the External Auditors on 25 April 2018, 7 June 2018 and 24 January 2019 in the absence of the Executive Directors and the Management. The RMAC enquired about Management's co-operation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions, particularly in relation to the compliance with applicable MFRSs. During the private session with the External Auditors, it was noted that no critical issues were raised by the External Auditors and they conveyed that they had been receiving full cooperation from the Management throughout the audit.

d) Reviewed the External Auditors' reports in relation to Key Audit Matters with regards to the relevant disclosures in the annual audited financial statements for FY2019. The External Auditors also shared with the RMAC their observations and areas for improvement.

e) Reviewed non-audit services rendered and monitored the amount of fees paid or payable to ensure that the objectivity and independence of the External Auditors are not impaired.

Risk Management and Audit Committee Report (cont'd)

f) Evaluated and reviewed the performance and independence of the External Auditors.

Based on the annual assessment using questionnaires and feedback received from the Management, the RMAC was satisfied with the suitability and independence of the External Auditors in terms of the professional staff assigned to the audit, the quality of services and sufficiency of resources they provided to the Group, the nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

In addition, the RMAC obtained a written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Please refer to Additional Compliance Information on page 47 of the Annual Report 2019 for the amount of audit and non-audit fees paid or payable to the External Auditors for the FY2019.

3. Internal Audit

a) Reviewed and approved the annual internal audit plan for FY2019 proposed by the Internal Auditors to ensure adequacy of the scope and comprehensive coverage over the activities of the Group.

b) Reviewed internal audit reports prepared by the Internal Auditors, deliberation of major findings and Management's responses.

c) Conducted one (1) private session with the Internal Auditors on 26 July 2018 in the absence of the Executive Directors and the Management. The RMAC enquired about Management's co-operation and further details on the internal audit reports presented. During the private session with the Internal Auditors, it was noted that there were no major concerns from the Internal Auditors.

d) Reviewed updated risk profile of the Group and the adequacy and integrity of the internal control systems to manage these risks within the Group's acceptable risk tolerance range.

e) Reviewed the performance of the Internal Auditors pursuant to Paragraph 15.12(1)(e) of the MMLR of Bursa Securities and the TOR of RMAC. The areas being assessed are as follows:

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

Risk Management and Audit Committee Report (cont'd)

4. Risk Management

Please refer to Statement on Risk Management and Internal Control on pages 48 to 53 of the Annual Report 2019.

5. Related Party Transactions and Recurrent Related Party Transactions

a) The RMAC has reviewed and implemented a RPT and RRPT policy to ensure that all RPT and RRPT are monitored and conducted in a manner that is fair and at arm's length, with the terms not more favourable to the related parties than to the public, are not to the detriment of minority shareholders, and are in the bests interests of the Group.

b) Reviewed the RPT and RRPT entered into / to be entered into by the Group and conflict of interest situations on a quarterly basis, if any, to ensure that the transactions are at arm's length, and on normal commercial terms not more favourable to the related parties than those generally available to the public, and are not to the detriment of the Group's minority shareholders.

c) Reviewed the processes and procedures on RPT and RRPT to ensure that the related parties are appropriately identified and that they have declared and reported appropriately.

6. Others

The RMAC has also reviewed the RMAC Report and Statement on Risk Management and Internal Control prior to the recommendation to the Board for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the RMAC, is outsourced to Bridge Corporate Advisory Sdn. Bhd., an independent professional services provider whose principal responsibility is to undertake systematic reviews of internal controls and risk management framework every quarter, to provide reasonable assurance that the system and framework continue to operate effectively and efficiently. The internal audits were carried out according to the approved annual internal audit plan and International Standards for the Professional Practice of Internal Auditing.

The Engagement Director is Mr. Tam Kok Meng who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of The Institute of Internal Auditors Malaysia, and member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He is supported by a team of qualified and experienced internal audit professionals.

During the FY2019, the Internal Auditors performed audit reviews in accordance with the approved annual audit plan including an assessment on the Group's risk management framework and provided their recommendations to the Board and the Management for improvement. In addition to the audit in accordance to the approved annual audit plan, the RMAC has instructed the Internal Auditors to carry out additional scope of works based on the areas of concern.

The internal audit reports were issued to the RMAC and presented to the RMAC at their scheduled meetings. The audit report containing audit findings and recommendations together with Management's responses to address the control weaknesses identified during the course of internal audit and enhance the integrity of the Group's systems of internal controls ultimately. The Internal Auditors subsequently conducted follow-up audits to ensure that corrective action plans were implemented appropriately.

Bridge Corporate Advisory Sdn. Bhd. had on 3 December 2018 informed the RMAC that they would step down as the Company's Internal Auditors upon completion of the internal audit cycles for the FY2019 due to the cessation of its internal audit services department. In the interest of greater independence and objectivity, the internal audit function will continue to be outsourced. The RMAC has had on 25 April 2019 recommended to the Board and the Board had on the same day approved the appointment of Axcelasia Columbus Sdn. Bhd. as the new out-sourced Enterprise Risk Management consultant and internal audit service provider for the financial year ending 29 February 2020 and onwards.

The costs incurred for the Internal Audit Function for FY2019 was RM100,000 (FY2018: RM95,000).

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

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

RESULTS

	GROUP RM	COMPANY RM
Profit for the year attributable to:		
Equity holders of the Company	30,299,928	261,277
Non-controlling interests	31,201,188	-
	61,501,116	261,277

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

DIVIDEND

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

Directors' Report (cont'd)

DIRECTORS

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

THE COMPANY

Datuk Tan Hiang Joo (Chairman)
Dato' Beh Huck Lee (Group Managing Director)
Muhamad Faisal bin Tajudin
Dato' Paduka Haji Ismail bin Haji Shafie
Alfian bin Tan Sri Mohamed Bair
Iskandar Abdullah @ Sim Kia Miang
Kek Jenny
Beh Yeow Seang (appointed on 26 July 2018)
Datin Paduka Teoh Choon Boay (resigned on 30 August 2018)

SUBSIDIARY COMPANIES

Y.A.M. Dato' Seri Sharifah Fariza binti DYMM Syed Sirajuddin
Y. Bhg. Dato' Hj Abd Rahim bin Man
Datuk Seri Chiau Beng Teik, PJN
Dato' Beh Huck Lee
Datin Paduka Teoh Choon Boay
Tuan Hj Mohd Subri bin Ahmad @ Md Ludin
Chiau Haw Choon
Lee Kam Choon
Muhamad Faisal bin Tajudin
Noordihan bin Hashim
Tan Soon Huat
Teoh Ling Fong
Yeong Chee Fun
Mark Triffitt (appointed on 07 March 2019)
Lee Koon Peng (resigned on 25 May 2018)

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

The Directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and of its related corporations during the financial year ended 28 February 2019 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Number of shares			
	At 1.3.2018	**Acquired**	**Disposed**	**At 28.2.2019**
THE COMPANY				
Direct interests				
Datuk Tan Hiang Joo	10,000	-	-	10,000
Dato' Beh Huck Lee	3,500,000	-	-	3,500,000
Indirect interests				
Dato' Beh Huck Lee	53,314,989	-	-	53,314,989
Iskandar Abdullah @ Sim Kia Miang	60,000	43,000	-	103,000

Directors' Report (cont'd)

DIRECTORS (cont'd)

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

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

Since the end of the previous financial year, no Director has received or become entitled to receive any significant benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors shown in the notes to the financial statements) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which a Director is a member, or with a company in which a Director has substantial financial interest except for any benefits which may deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 37 to the financial statements.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed in the Note 33 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

The total amount of insurance premium paid for the Directors and officers of the Group and of the Company is as follows:

	GROUP RM	COMPANY RM
Directors and officers	19,500	19,500

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

SUBSIDIARY COMPANIES

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

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 33 to the financial statements.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts and the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

AUDITORS

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

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

MUHAMAD FAISAL BIN TAJUDIN

DATO' BEH HUCK LEE

Petaling Jaya, Selangor Darul Ehsan

Statements of Financial Position as at 28 February 2019

		GROUP		
		28.2.2019	28.2.2018	1.3.2017
	Note	RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment	6	65,722,462	68,812,441	72,189,864
Investments in joint venture	8	-	-	3,410,348
Other investments	9	6,656	6,656	6,656
Inventories	10	153,037,518	147,719,984	188,184,259
Investment properties	11	48,232,576	49,904,992	33,437,308
Deferred plantation expenditure	12	-	-	-
Deferred tax assets	13	2,385,084	2,786,552	891,790
		269,384,296	269,230,625	298,120,225
Current assets				
Inventories	10	150,894,041	175,621,521	196,168,758
Contract costs	14	6,979,798	-	-
Contract assets	15	108,917,063	46,104,428	15,005,401
Trade and other receivables	16	41,070,925	45,877,759	46,502,986
Sinking funds	18	832,388	247,283	184,444
Tax recoverable		2,997,398	2,978,998	2,446,215
Cash and cash equivalents	19	70,970,592	42,535,991	29,608,941
		382,662,205	313,365,980	289,916,745
TOTAL ASSETS		652,046,501	582,596,605	588,036,970

Statements of Financial Position as at 28 February 2019 (cont'd)

		GROUP		
		28.2.2019	28.2.2018	1.3.2017
	Note	RM	RM	RM
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	20	133,982,397	128,000,000	128,000,000
Reserves	21	186,570,956	162,427,358	153,315,628
		320,553,353	290,427,358	281,315,628
Non-controlling interests		54,007,840	23,112,696	8,631,556
TOTAL EQUITY		374,561,193	313,540,054	289,947,184
LIABILITIES				
Non-current liabilities				
Borrowings	22	102,665,731	92,453,307	102,073,000
Deferred tax liabilities	13	14,653,441	12,460,605	13,618,745
		117,319,172	104,913,912	115,691,745
Current liabilities				
Contract liabilities	15	14,527,193	11,701,065	78,621,175
Trade and other payables	29	60,049,037	69,875,171	55,210,043
Provisions	30	9,877,746	10,825,700	3,301,526
Borrowings	22	69,007,321	68,438,952	43,159,958
Current tax payable		6,704,839	3,301,751	2,105,339
		160,166,136	164,142,639	182,398,041
TOTAL LIABILITIES		277,485,308	269,056,551	298,089,786
TOTAL EQUITY AND LIABILITIES		652,046,501	582,596,605	588,036,970

Statements of Financial Position as at 28 February 2019 (cont'd)

		COMPANY		
		28.2.2019	28.2.2018	1.3.2017
	Note	RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment	6	5	5	5
Investments in subsidiaries	7	116,920,129	116,920,129	116,920,129
		116,920,134	116,920,134	116,920,134
Current assets				
Trade and other receivables	16	4,500	4,500	4,500
Amount owing from subsidiaries	17	34,505,175	33,137,670	33,684,963
Cash and cash equivalents	19	23,012	41,121	11,861
		34,532,687	33,183,291	33,701,324
TOTAL ASSETS		151,452,821	150,103,425	150,621,458
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	20	133,982,397	128,000,000	128,000,000
Reserves	21	16,146,617	21,867,737	21,771,199
TOTAL EQUITY		150,129,014	149,867,737	149,771,199
LIABILITIES				
Current liabilities				
Trade and other payables	29	139,064	69,000	63,300
Amount owing to subsidiaries	17	1,184,743	166,688	786,959
		1,323,807	235,688	850,259
TOTAL LIABILITIES		1,323,807	235,688	850,259
TOTAL EQUITY AND LIABILITIES		151,452,821	150,103,425	150,621,458

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 2019

		GROUP		COMPANY	
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
REVENUE	31	359,938,544	314,083,654	1,250,000	1,254,470
COST OF SALES	32	(241,013,927)	(245,829,616)	-	-
GROSS PROFIT		118,924,617	68,254,038	1,250,000	1,254,470
OTHER OPERATING INCOME		3,656,962	3,262,654	109,137	116,159
MARKETING AND DISTRIBUTION COSTS		(10,124,456)	(16,015,390)	-	-
ADMINISTRATIVE EXPENSES		(20,426,557)	(23,363,969)	(956,783)	(638,442)
OTHER OPERATING EXPENSES		(5,547,156)	(2,550,254)	(141,077)	(635,649)
FINANCE COSTS		(1,253,668)	(2,417,763)	-	-
SHARE OF RESULTS IN JOINT VENTURE		-	2,596,355	-	-
PROFIT BEFORE TAX	33	85,229,742	29,765,671	261,277	96,538
TAX EXPENSE	34	(23,728,626)	(5,404,175)	-	-
NET PROFIT FOR THE FINANCIAL YEAR		61,501,116	24,361,496	261,277	96,538
OTHER COMPREHENSIVE EXPENSE					
- FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION		(188,014)	(768,626)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		61,313,102	23,592,870	261,277	96,538
PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY		30,299,928	9,591,110	261,277	96,538
NON-CONTROLLING INTERESTS		31,201,188	14,770,386	-	-
		61,501,116	24,361,496	261,277	96,538
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY		30,125,995	9,111,730	261,277	96,538
NON-CONTROLLING INTERESTS		31,187,107	14,481,140	-	-
		61,313,102	23,592,870	261,277	96,538
BASIC EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (SEN)	35	23.67	7.49		

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

Statements of Changes in Equity for The Financial Year Ended 28 February 2019

	Attributable to equity holders of the Company						
		Non-distributable		Distributable			
	Ordinary share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM
GROUP							
Balance as at 1 March 2017	128,000,000	5,982,397	613,156	146,720,075	281,315,628	8,631,556	289,947,184
Net profit for the financial year	-	-	-	9,591,110	9,591,110	14,770,386	24,361,496
Other comprehensive expense for the financial year	-	-	(479,380)	-	(479,380)	(289,246)	(768,626)
Total comprehensive income for the financial year	-	-	(479,380)	9,591,110	9,111,730	14,481,140	23,592,870
Balance as at 28 February 2018/ 1 March 2018	128,000,000	5,982,397	133,776	156,311,185	290,427,358	23,112,696	313,540,054
Net profit for the financial year	-	-	-	30,299,928	30,299,928	31,201,188	61,501,116
Other comprehensive expense for the financial year	-	-	(173,933)	-	(173,933)	(14,081)	(188,014)
Total comprehensive income for the financial year	-	-	(173,933)	30,299,928	30,125,995	31,187,107	61,313,102
Dividend paid to non-controlling interest	-	-	-	-	-	(291,963)	(291,963)
Transfer pursuant to Section 618(2) of the Companies Act 2016	5,982,397	(5,982,397)	-	-	-	-	-
Balance as at 28 February 2019	133,982,397	-	(40,157)	186,611,113	320,553,353	54,007,840	374,561,193

Statements of Changes in Equity for The Financial Year Ended 28 February 2019 (cont'd)

		Non-distributable	**Distributable**	
	Ordinary share capital	Share premium	Retained earnings	Total
	RM	RM	RM	RM
COMPANY				
Balance as at 1 March 2017	128,000,000	5,982,397	15,788,802	149,771,199
Net profit and total comprehensive income for the financial year	-	-	96,538	96,538
Balance as at 28 February 2018/ 1 March 2018	128,000,000	5,982,397	15,885,340	149,867,737
Net profit and total comprehensive income for the financial year	-	-	261,277	261,277
Transfer pursuant to Section 618(2) of the Companies Act 2016	5,982,397	(5,982,397)	-	-
Balance as at 28 February 2019	133,982,397	-	16,146,617	150,129,014

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

Statements of Cash Flows for The Financial Year Ended 28 February 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	306,303,957	211,222,945	-	-
Cash payments to suppliers and creditors	(222,158,928)	(153,063,051)	-	-
Cash payments to employees and for expenses	(40,577,830)	(36,890,778)	(886,718)	(632,744)
Cash generated from/(used in) operations	43,567,199	21,269,116	(886,718)	(632,744)
Insurance claim received	11,682	85,956	-	-
Rental income received	579,112	434,722	-	-
Bank overdraft interest paid	(358,670)	(265,265)	-	-
Deposit paid	(3,554,786)	(422,112)	-	-
Tax refunded	136,231	135,489	-	-
Tax paid	(17,885,865)	(7,928,937)	-	-
Net cash generated from/(used in) operating activities	22,494,903	13,308,969	(886,718)	(632,744)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advance to subsidiaries	-	-	(490,528)	(458,626)
Dividend received	-	-	1,250,000	1,004,470
Interest income received	1,812,371	908,664	109,137	116,160
Net placement of fixed deposits pledged	(2,288,947)	(916,856)	-	-
Proceeds from disposal of property, plant and equipment	112,058	38,002	-	-
Proceeds from sales of investment properties	798,300	555,000	-	-
Purchase of investment properties	-	(12,958,000)	-	-
Purchase of property, plant and equipment	(917,400)	(657,641)	-	-
Return from investment in joint venture	-	3,278,750	-	-
Net cash (used in)/generated from investing activities	(483,618)	(9,752,081)	868,609	662,004

Statements of Cash Flows for The Financial Year Ended 28 February 2019 (cont'd)

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Bankers' acceptances interest paid	(58,630)	(72,936)	-	-
Drawdown of term loans	79,675,033	67,312,693	-	-
Hire purchase interest paid	(30,737)	(68,062)	-	-
Invoice financing interest paid	(111,878)	(133,123)	-	-
Net (repayment)/drawdown of revolving credit	(810,000)	10,830,000	-	-
Net repayment of bankers' acceptances	(200,000)	(1,136,000)	-	-
Net repayment of invoice financing	(909,000)	(1,023,000)	-	-
Repayments of term loans	(63,903,865)	(61,270,150)	-	-
Repayments of hire purchase liabilities	(463,370)	(680,942)	-	-
Revolving credit interest paid	(24,707)	(1,144,094)	-	-
Term loans interest paid	(6,359,378)	(5,636,465)	-	-
Net cash generated from financing activities	6,803,468	6,977,921	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	28,814,753	10,534,809	(18,109)	29,260
EFFECT OF TRANSLATION DIFFERENCE	(61,094)	(151,315)	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	34,515,229	24,131,735	41,121	11,861
CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 19)	63,268,888	34,515,229	23,012	41,121

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

Notes to The Financial Statements 28 February 2019

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with applicable approved Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

This is the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards has been applied, with 1 March 2017 as the date of transition. An opening statements of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 3.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards. The transition to MFRSs does not have any significant financial impact to the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

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

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

3.2 Basis of consolidation

(a) Subsidiaries

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

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

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

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

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

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Basis of consolidation (cont'd)

(a) Subsidiaries (cont'd)

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

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

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 excludes transaction costs.

(b) Joint arrangements

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

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

In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The Group's interests in joint ventures are recognised using the equity method in accordance with MFRS 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 Ringgit Malaysia ("RM") using exchange rates at the reporting date. The components of shareholders' equity are stated at historical value.

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

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

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

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

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Basis of consolidation (cont'd)

(c) Translation of financial statements of foreign entities (cont'd)

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 MFRS 3 Business Combinations).

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

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

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

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

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

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

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

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Basis of consolidation (cont'd)

(e) Transactions eliminated on consolidation

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

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

3.3 Property, plant and equipment

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

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

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

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is not depreciated.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives.

The principal annual depreciation rates are as follows:

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

At each reporting date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 3.8 on impairment of non-financial assets).

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

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

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Assets acquired under 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.

The buildings element is classified as a finance or operating lease in accordance with Notes 3.4(a) or Note 3.4(b). If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

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

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

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Inventories

(a) *Land held for property development*

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

Costs associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

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

(b) *Property development costs*

Property development costs are stated at the lower of costs and net realisable value. The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statement of financial position as property development costs. The property development cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

(c) *Unsold completed properties*

Unsold completed properties are stated at the lower of cost and net realisable value.

The cost of unsold completed properties held for sale comprise cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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

(d) *Building materials and resort operating supplies*

Building materials and resort operating supplies are stated at the lower of cost and net realisable value.

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

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

3.6 Investment properties

(a) *Investment property carried at fair value*

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

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

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Investment properties (cont'd)

(a) Investment property carried at fair value (cont'd)

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

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

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

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

(b) Reclassification to/from investment property

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

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

3.7 Deferred plantation expenditure

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

3.8 Impairment of non-financial assets

(a) Impairment of property, plant and equipment

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

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

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial instruments

(a) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instruments.

On initial recognition, all financial assets and financial liabilities (including intra-group payables) are measured at fair value plus or minus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial assets, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(c) Financial assets

For the purpose of subsequent measurement, the Group and the Company classify financial assets into three measurement categories, namely: (i) financial assets at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets as follow:

(i) Financial assets at AC

A financial asset is measured at AC if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

Typically, trade and other receivables (excluding prepayments) and cash and cash equivalents are classified as financial assets at AC.

(ii) Financial assets at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

For the financial year ended on 28 February 2019 and 28 February 2018, the Group and the Company did not carry any financial assets classified as FVOCI.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3.9(g).

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial instruments (cont'd)

(d) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method.

(e) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.24.

(f) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(g) Impairment of financial assets

The Group and the Company apply the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime ECLs.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Contract costs

Incremental cost of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). These costs are recognised in contract assets if the Group expects to recover those costs.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract costs exceed the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract costs does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

3.11 Contract assets and contract liabilities

Contract asset is the right to consideration for goods and services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to date. Contract asset is stated at cost less accumulated impairment loss, if any.

Contract liability is the obligation to transfer goods and services to customer for which the Group has received the consideration or has billed the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to date over the cumulative revenue earned.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the statements of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statements of financial position.

3.13 Interest bearing loans and borrowings

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

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

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

(a) 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.

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Equity

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

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

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

3.15 Provisions

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

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

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

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

3.16 Revenue recognition

(a) Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue recognition (cont'd)

(a) Revenue from property development (cont'd)

This is generally established when:

- the promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan and the purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised residential property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group; and
- the Group has the right to payment for performance completed to date and is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If control of the asset transfers over time, revenue is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

When the outcome of property development contract cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

The Group recognises revenue over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

The Group recognises revenue at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

(b) Sale of goods, building materials and playground materials

Revenue from sale of goods, building materials and playground materials are recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

Revenue is measured at the fair value of the consideration received or receivables, which is usually the invoice price, net of a trade discounts and volume rebates given to the customer.

(c) Revenue from rendering of services

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

(d) Construction contracts

Under such contracts, the Group is engaged to construct buildings and related infrastructure. These contracts may include multiple promises to the customers and therefore accounted for as separate performance obligations.

The fair value of the revenue, which is based on fixed price under the agreement will be allocated based on relative stand-alone selling price of the considerations of each of the separate performance obligations.

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue recognition (cont'd)

(d) Construction contracts (cont'd)

The Group recognises construction revenue over time as the project being constructed has no alternative use to the Group and it has an enforceable right to the payment for performance completed to date. The stage of completion is measured using the input method, which is based on the total actual construction costs incurred to date as compared to the total budgeted costs for the respective construction projects.

When the outcome of construction contract cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(e) Revenue from water theme park

Entrance fees collected for right of enjoyment of facilities are recognised at a point in time when tickets are sold.

(f) Club subscription fees

Club subscription fees are recognised on the accrual basis.

(g) Rental income

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

(h) Dividend income

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

(i) Interest income

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

3.17 Employee benefits

(a) Short term employee benefits

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

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

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

(b) Defined contribution plan

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

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Income taxes

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

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

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

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

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

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.6, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currencies transactions and balances

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

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

3.20 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.

3.21 Contingent liabilities and contingent assets

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

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

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

3.22 Operating segments

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

Notes to The Financial Statements 28 February 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.23 Fair value measurement

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

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

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 New/Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not yet effective in current financial reporting period of the Group and of the Company ended 28 February 2019, thus have not been adopted in these financial statements:

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2019

- MFRS 16 *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 9 *Financial Instruments (2014) – Prepayment Features with Negative Compensation*
- Amendments to MFRS 128 *Investments in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures*
- Amendments to MFRS 3 *Business Combinations – Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 11 *Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 112 *Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 123 *Borrowing Costs – Borrowing Costs Eligible for Capitalisation (Annual Improvements 2015-2017 Cycle)*
- Amendments to MFRS 119 *Employee Benefits – Plan Amendment, Curtailment or Settlement*

Notes to The Financial Statements 28 February 2019 (cont'd)

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

4.1 New/Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (cont'd)

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Business Combination – Definition of a Business*
- Amendments to MFRS 101 *Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed

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

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

- from the annual period beginning on 1 March 2019 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2019
- from the annual period beginning on 1 March 2020 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 4 *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts and MFRS 17 Insurance Contracts* have not been taken into consideration because they are not applicable to the Group and the Company.

The Group and the Company have assessed, where practicable, the potential impact of all these accounting standards, amendments and interpretations that will be effective in future period, as below:

MFRS 16 Leases

MFRS 16 introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Group and the Company are required to account for major part of its operating leases in the statement of financial position by recognising the 'right-of-use' assets and the lease liability, thus increasing the assets and liabilities of the Group and the Company.

The financial effects arising from the adoption of this standard are still being assessed by the Group and the Company.

4.2 IFRIC Agenda Decision

In March 2019, IFRIC published an agenda decision on borrowings costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualification assets. On 20 March 2019, the Malaysian Accounting Standards Board decided an entity shall apply the change in accounting policy as a results of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is assessing the impact on the change in accounting policy pursuant to IFRIC Agenda Decision on borrowing costs incurred on property under construction where control is transferred over time.

Notes to The Financial Statements 28 February 2019 (cont'd)

5. SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES

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

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

(a) Critical judgements made in applying accounting policies

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

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

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

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

(b) Key sources of estimation uncertainty

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

(i) Revenue and cost recognition from property development activities

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

Significant judgement is required in determining the extent of property development costs incurred and the total estimated costs of property development, which in turn is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group. In making these judgements, management relies on past experience and the work of specialists.

Revenue and cost of sales from property development activities are as disclosed in Notes 31 and 32 respectively.

(ii) Loss allowances of trade receivables

The Group recognises impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial positions and results.

Carrying amount of trade receivables are as disclosed in Note 16.

Notes to The Financial Statements 28 February 2019 (cont'd)

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

(b) Key sources of estimation uncertainty (cont't)

(iii) Income tax and deferred tax estimation

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

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

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

Income tax expenses and deferred tax assets/liabilities are as disclosed in Notes 34 and 13 respectively.

(iv) Depreciation of property, plant and equipment

The cost of an item of property, plant and equipment is depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied.

Depreciation of property, plant and equipment are as disclosed in Note 6.

(v) Fair value of investment properties

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

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

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

Investment properties are as disclosed in Note 11.

(vi) Fair value measurement

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

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

Notes to The Financial Statements 28 February 2019 (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

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

GROUP 2019	Freehold land	Leasehold land	Buildings	Renovation, electrical and amusement equipment	Motor vehicles	Motor vehicles under hire purchase	Furniture, fittings and equipment	Sports equipment, machinery and others	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost									
At 1 March 2018	24,145,777	40,000,000	21,075,940	11,995,265	1,851,880	2,563,130	13,074,305	17,686,638	132,392,935
Additions	-	-	6,514	305,626	399,930	-	92,825	112,505	917,400
Reclassifications	-	-	-	(930,081)	546,844	(61,660)	(4,017,237)	4,462,134	-
Written off	-	-	-	(1,500)	-	-	(7,169)	(637,029)	(645,698)
Disposals	-	-	-	-	(127,104)	(230,000)	(63,398)	(8,698)	(429,200)
At 28 February 2019	24,145,777	40,000,000	21,082,454	11,369,310	2,671,550	2,271,470	9,079,326	21,615,550	132,235,437
Accumulated depreciation									
At 1 March 2018	-	16,255,892	10,129,066	8,334,285	1,656,248	1,858,555	10,555,225	14,791,223	63,580,494
Charge for the financial year	-	740,000	392,636	479,879	191,927	309,058	456,118	1,286,277	3,855,895
Reclassifications	-	-	-	(618,091)	483,045	(69,777)	(3,550,043)	3,754,866	-
Written off	-	-	-	-	-	-	(5,612)	(634,544)	(640,156)
Disposals	-	-	-	-	(127,102)	(195,500)	(63,398)	-	(386,000)
At 28 February 2019	-	16,995,892	10,521,702	8,196,073	2,204,118	1,902,336	7,392,290	19,197,822	66,410,233
Accumulated impairment loss									
At 1 March 2018	-	-	-	-	-	-	-	-	-
Impairment loss during the financial year	-	-	95,127	2	-	-	1,091	6,522	102,742
At 28 February 2019	-	-	95,127	2	-	-	1,091	6,522	102,742
Net carrying amount									
At 28 February 2019	24,145,777	23,004,108	10,465,625	3,173,235	467,432	369,134	1,685,945	2,411,206	65,722,462

Notes to The Financial Statements 28 February 2019 (cont'd)

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

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

GROUP 2018	Freehold land	Leasehold land	Buildings	Renovation, electrical and amusement equipment	Motor vehicles	Motor vehicles under hire purchase	Furniture, fittings and equipment	Sports equipment, machinery and others	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost									
At 1 March 2017	24,145,777	40,000,000	20,494,643	13,576,238	1,925,214	2,563,130	12,710,834	17,489,677	132,905,513
Additions	-	-	1,800	64,216	61,666	-	330,178	199,781	657,641
Reclassifications	-	-	615,973	(1,574,712)	-	-	955,439	3,300	-
Written off	-	-	-	(50,477)	(50,000)	-	(922,146)	-	(1,022,623)
Disposals	-	-	(36,476)	(20,000)	(85,000)	-	-	(6,120)	(147,596)
At 28 February 2018	24,145,777	40,000,000	21,075,940	11,995,265	1,851,880	2,563,130	13,074,305	17,686,638	132,392,935
Accumulated depreciation									
At 1 March 2017	-	15,515,154	9,758,872	7,778,455	1,710,652	1,345,929	10,537,297	14,069,290	60,715,649
Charge for the financial year	-	740,738	406,667	615,126	74,929	512,626	709,691	725,401	3,785,178
Written off	-	-	-	(50,463)	(49,999)	-	(691,763)	-	(792,225)
Disposals	-	-	(36,473)	(8,833)	(79,334)	-	-	(3,468)	(128,108)
At 28 February 2018	-	16,255,892	10,129,066	8,334,285	1,656,248	1,858,555	10,555,225	14,791,223	63,580,494
Net carrying amount									
At 1 March 2017	24,145,777	24,484,846	10,735,771	5,797,783	214,562	1,217,201	2,173,537	3,420,387	72,189,864
At 28 February 2018	24,145,777	23,744,108	10,946,874	3,660,980	195,632	704,575	2,519,080	2,895,415	68,812,441

Notes to The Financial Statements 28 February 2019 (cont'd)

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

COMPANY	Furniture, fittings and equipment RM
2019	
Cost	
At 1 March 2018/28 February 2019	8,633
Accumulated depreciation	
At 1 March 2018/28 February 2019	8,628
Net carrying amount	
At 28 February 2019	5
2018	
Cost	
At 1 March 2017/28 February 2018	8,633
Accumulated depreciation	
At 1 March 2017/28 February 2018	8,628
Net carrying amount	
At 1 March 2017	5
At 28 February 2018	5

Certain freehold land and buildings of the Group with net carrying value of RM14,260,935 (28.2.2018: RM14,367,729; 1.3.2017: RM14,478,472) have been pledged to licensed banks for credit facilities granted to a subsidiary as disclosed in Notes 23 and 25.

During the financial year, the Group recognised an impairment loss of RM102,742 which represented a full impairment on plant and equipment of a subsidiary company which has become inactive since last financial year.

7. INVESTMENTS IN SUBSIDIARIES

		COMPANY	
	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Unquoted shares, at cost	116,920,129	116,920,129	116,920,129

Notes to The Financial Statements 28 February 2019 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: -

Name of company	Group's effective interest			Principal activities
	28.2.2019	28.2.2018	1.3.2017	
	%	%	%	
Eupe Kemajuan Sdn. Bhd.	100	100	100	Property development
Mera-Land (Malaysia) Sdn. Bhd.	100	100	100	Property development
Esteem Glory Sdn. Bhd.	100	100	100	Property development
Bukit Makmur Sdn. Bhd.	100	100	100	Property development
Eupe Golf Recreation & Tour Sdn. Bhd.*	100	100	100	Chalet and restaurant operation, recreation and tour services
Eupe Golf Management Bhd.*	100	100	100	Management of club providing golf and recreation facilities
Riacon Sdn. Bhd.	100	100	100	Building construction and sale of building materials
Eupe Realty Sdn. Bhd.	100	100	100	Property investment and management
Ria Plaza Sdn. Bhd.*	100	100	100	Operating a complex for rental of stalls
Ria Food Centre Sdn. Bhd.*	100	100	100	Operating a complex for rental of stalls
Pasar Taman Ria Sdn. Bhd.*	100	100	100	Operating a complex for rental of stalls
Eupe Hotel Sdn. Bhd.*	100	100	100	Property rental
Eupe Homes (MM2H) Sdn. Bhd.*	100	100	100	Provision of services allowed under MM2H to non-residents
Eupe PJ South Development Sdn. Bhd. (formerly known as Puncak Central Sdn. Bhd.)	100	100	100	Dormant
Australasia Development (M) Pte Ltd*	70	70	70	Property development
Australasia Development Pte Ltd*	70	70	70	Property development
Subsidiaries of Eupe Kemajuan Sdn. Bhd.				
Oriental Plus Sdn. Bhd.	100	100	100	Property development
Tadika Pro-Dedikasi Sdn. Bhd.*^	100	100	-	Dormant
Titian Sama Sdn. Bhd.	70	70	70	Property development
Eupe Development Sdn. Bhd.	60	60	60	Property development
Eupe Bangsar South Development (JV) Sdn. Bhd.	50	50	50	Property development
Subsidiary of Bukit Makmur Sdn. Bhd.				
Makmur Longan Farming Sdn. Bhd.	70	70	70	Fruit cultivation
Subsidiary of Eupe Hotel Sdn. Bhd.				
Millennium Pace Sdn. Bhd.*	100	100	100	Fruit cultivation
Subsidiaries of Eupe Golf Recreation & Tour Sdn. Bhd.				
Cinta Sayang Management Sdn. Bhd.*	100	100	100	Restaurant operation & food catering
The Carnival Management Sdn. Bhd.*#	-	100	100	Dormant

* Companies not audited by RSM Malaysia.

^ Tadika Pro-Dedikasi Sdn. Bhd. was a wholly owned subsidiary of Eupe Golf Recreation & Tour Sdn. Bhd. prior to financial year 2018.

The Carnival Management Sdn Bhd was struck off during the financial year.

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

Notes to The Financial Statements 28 February 2019 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries

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

28.2.2019 NCI percentage of ownership interest and voting interest	Eupe Development Sdn. Bhd.	Eupe Bangsar South Development (JV) Sdn. Bhd.	Titian Sama Sdn. Bhd.	Other individually immaterial subsidiaries	Total
	40%	50%	30%		
	RM	RM	RM	RM	RM
Carrying amount of NCI	4,978,034	46,392,327	2,643,570	(6,091)	54,007,840
Profit/(Loss) allocated to NCI	176,064	28,394,115	2,828,397	(197,388)	31,201,188

Summarised financial information before intra-group elimination:

28.2.2019			
Non-current assets	13,860,905	5,551,862	59,058,892
Current assets	2,759,479	158,494,023	108,344,013
Non-current liabilities	-	(29,502,300)	(66,833,185)
Current liabilities	(4,175,299)	(41,758,745)	(91,757,821)
Net assets	12,445,085	92,784,840	8,811,899
Revenue	830,000	219,216,018	58,190,480
Profit for the year	440,159	56,788,343	9,427,988
Total comprehensive income	440,159	56,788,343	9,427,988
Net cash generated from / (used in) :			
- operating activities	704,863	28,636,599	(15,434,871)
- investing activities	(792,417)	(18,338,620)	16,292,241
- financing activities	-	12,587,524	(375,449)
Net (decrease)/increase in cash and cash equivalents	(87,554)	22,885,503	481,921

Notes to The Financial Statements 28 February 2019 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries (cont'd)

28.2.2018 NCI percentage of ownership interest and voting interest	Eupe Development Sdn. Bhd.	Eupe Bangsar South Development (JV) Sdn. Bhd.	Titian Sama Sdn. Bhd.	Other individually immaterial subsidiaries	Total
	40%	50%	30%		
	RM	RM	RM	RM	RM
Carrying amount of NCI	4,801,970	17,998,213	(184,827)	497,340	23,112,696
Profit/(Loss) allocated to NCI	194,793	14,020,508	(96,828)	651,913	14,770,386

Summarised financial information before intra-group elimination:

28.2.2018			
Non-current assets	13,769,358	5,565,333	52,368,456
Current assets	3,241,402	114,457,459	76,422,380
Non-current liabilities	-	(22,378,638)	(59,655,978)
Current liabilities	(5,005,834)	(61,647,658)	(69,750,947)
Net assets / (liabilities)	12,004,926	35,996,496	(616,089)
Revenue	1,099,057	144,480,944	10,487,744
Profit / (Loss) for the year	486,982	28,041,073	(322,760)
Total comprehensive income / (expense)	486,982	28,041,073	(322,760)
Net cash generated from / (used in) :			
- operating activities	960,889	14,130,431	(15,438,100)
- investing activities	(897,345)	93,041	(1,138,391)
- financing activities	-	(7,602,809)	19,172,848
Net increase in cash and cash equivalents	63,544	6,620,663	2,596,357

Notes to The Financial Statements 28 February 2019 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Non-controlling interests in subsidiaries (cont'd)

1.3.2017 NCI percentage of ownership interest and voting interest	Eupe Development Sdn. Bhd.	Eupe Bangsar South Development (JV) Sdn. Bhd.	Titian Sama Sdn. Bhd.	Other individually immaterial subsidiaries	Total
	40%	50%	30%		
	RM	RM	RM	RM	RM
Carrying amount of NCI	4,607,178	3,977,704	(87,999)	134,673	8,631,556

Summarised financial information before intra-group elimination:

1.3.2017			
Non-current assets	13,672,596	2,464,287	98,798,720
Current assets	3,604,252	84,424,095	976,770
Non-current liabilities	-	(31,735,755)	(58,074,810)
Current liabilities	(5,758,904)	(47,197,203)	(41,994,009)
Net assets / (liabilities)	11,517,944	7,955,424	(293,329)

8. INVESTMENTS IN JOINT VENTURE

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Unquoted shares, at cost	-	-	3,089
Share of post-acquisition reserves	-	-	3,407,259
	-	-	3,410,348

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

Name of company	**Group's effective interest**			**Principal activities**
	28.2.2019	28.2.2018	1.3.2017	
	%	%	%	
Clover Kilmore Pty Ltd	-	-	50	Property development
The Surrey Sunbury Pty Ltd	-	-	50	Property development

Both joint venture companies were deregistered or in the midst of deregistered upon the completion of the property development project undertaken.

Notes to The Financial Statements 28 February 2019 (cont'd)

8. INVESTMENTS IN JOINT VENTURE (cont'd)

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Summarised financial information As at 28 February/1 March			
Non-current assets	-	-	84,627
Current assets	-	-	11,636,542
Non-current liabilities	-	-	(11,637,670)
Current liabilities	-	-	(234,474)
Cash and cash equivalents	-	-	13,873

9. OTHER INVESTMENTS

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
At fair value through profit or loss			
Investment in fixed income unit trusts	6,656	6,656	6,656

10. INVENTORIES

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
At cost:			
Non-current			
Land held for property development (a)	153,037,518	147,719,984	188,184,259
Current			
Property development costs (b)	134,708,458	151,838,814	182,249,471
Completed properties	15,233,657	22,758,512	12,832,803
Building materials	814,474	818,259	842,786
Food and beverages	70,126	104,156	103,400
Playground materials	14,624	15,833	16,027
Spare parts and consumables	52,702	85,947	124,271
	150,894,041	175,621,521	196,168,758

Notes to The Financial Statements 28 February 2019 (cont'd)

10. INVENTORIES (cont'd)

(a) Land held for property development

	GROUP	
	28.2.2019	28.2.2018
	RM	RM
Cost		
Balance as at 1 March	147,719,984	188,184,259
Additions during the financial year	9,784,547	26,285,450
Disposal during the financial year	(173,400)	-
Transferred to property development costs (b)	(4,293,613)	(66,749,725)
Balance as at 28 February	153,037,518	147,719,984

		GROUP	
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Freehold land, at cost	59,007,515	59,097,984	56,869,733
Leasehold land, at cost	45,413,781	45,413,999	77,720,333
Development cost	48,616,222	43,208,001	53,594,193
	153,037,518	147,719,984	188,184,259

Certain land held for future development with a carrying value of RM66,817,351 (28.2.2018: RM66,442,442; 1.3.2017: RM89,923,629) have been pledged to licensed banks for credit facilities granted to subsidiaries as disclosed in Note 23.

Notes to The Financial Statements 28 February 2019 (cont'd)

10. INVENTORIES (cont'd)

(b) Property development costs

	GROUP	
	28.2.2019	28.2.2018
	RM	RM
Freehold land, at cost		
Balance as at 1 March	44,388,844	71,291,382
Incurred during the financial year	-	632,440
Transferred to investment property (Note 11)	-	(2,876,505)
Transferred from/(to) land held for property development during the financial year (a)	970,984	(3,379,269)
Disposals during the financial year	(2,554)	-
Transfer to inventories	-	(515,870)
Completed development project	(86,019)	(20,763,334)
Balance as at 28 February	45,271,255	44,388,844
Leasehold land, at cost		
Balance as at 1 March	32,306,334	-
Transferred from land held for property development during the financial year (a)	-	32,306,334
Balance as at 28 February	32,306,334	32,306,334
Development expenditure		
Balance as at 1 March	256,643,709	402,346,697
Incurred during the financial year	193,681,560	141,225,053
Transferred to investment property (Note 11)	-	(245,179)
Transferred from land held for property development during the financial year (a)	3,322,629	37,822,660
Disposals during the financial year	(2,390)	-
Transfer to inventories	-	(10,320,417)
Completed development project	(1,195,519)	(314,185,105)
Balance as at 28 February	452,449,989	256,643,709
	530,027,578	333,338,887
Accumulated costs charged to statement of profit or loss and other comprehensive income		
Balance as at 1 March	(181,500,073)	(291,388,608)
Cost charged to profit or loss for the financial year	(215,100,585)	(225,059,904)
Reversal of cost of completed development project	1,281,538	334,948,439
Balance as at 28 February	(395,319,120)	(181,500,073)
	134,708,458	151,838,814

Included in development costs is rental of equipment and interest expense capitalised during the financial year amounting to RM107,927 and RM5,454,892 (28.2.2018: RM737,559 and RM4,484,855; 1.3.2017: RM464,189 and RM2,559,315) respectively.

The freehold land and leasehold land with carrying value of RM32,687,507 and RM32,306,334 (28.2.2018: RM32,687,507 and RM32,306,334; 1.3.2017: RM35,564,012 and RM NIL) respectively have been pledged to a licensed bank for credit facilities granted to the subsidiaries as disclosed in Note 23.

Notes to The Financial Statements 28 February 2019 (cont'd)

11. INVESTMENT PROPERTIES

	GROUP	
	28.2.2019	28.2.2018
	RM	RM
Balance as at 1 March	49,904,992	33,437,308
Additions	290,727	12,958,000
Changes in fair value recognised in profit or loss	(1,015,143)	927,000
Disposals	(948,000)	(539,000)
Transfer from development expenditure (Note 10(b))	-	3,121,684
Balance as at 28 February	48,232,576	49,904,992

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

The fair value of the investment properties was determined by the management at RM48,232,576 (28.2.2018: RM49,904,992; 1.3.2017: RM33,437,308) based on comparison of recent transacted price of similar properties and desktop valuation performed by an independent valuer adopting market value comparison method.

The investment properties with total carrying value of RM30,238,554 (28.2.2018: RM30,612,072; 1.3.2017: RM29,685,071) have been pledged to licensed banks for credit facilities granted to subsidiaries as disclosed in Notes 23, 24, 26 and 27.

Fair value information

Details of the Group's investment properties as at 28 February 2019 are as follows:

		GROUP	
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Commercial properties	23,840,374	23,840,374	20,348,691
Bungalows	11,942,857	12,958,000	-
Food court and plaza	6,852,000	6,852,000	6,294,999
Condominiums	5,597,345	6,254,618	6,793,618
	48,232,576	49,904,992	33,437,308

Level 1 fair value

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

Level 2 fair value

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

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

The fair value hierarchy of all the investment properties of the Group are within the definition of Level 2 fair value.

Level 3 fair value

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

Policy on transfer between levels

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

Transfer between Level 1 and 2 fair values

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

Notes to The Financial Statements 28 February 2019 (cont'd)

12. DEFERRED PLANTATION EXPENDITURE

	GROUP	
	28.2.2019	28.2.2018
	RM	RM
Cost		
At 1 March	1,249,475	1,249,475
Written off	(1,249,475)	-
At 28 February	-	1,249,475
Accumulated amortisation		
At 1 March	1,249,475	1,249,475
Written off	(1,249,475)	-
At 28 February	-	1,249,475
Net carrying amount	-	-

This relates to initial planting expenditure incurred from land clearing to the point of harvesting and replanting expenditure incurred in replanting old planted areas.

It is subject to amortisation to the profit or loss on a straight line basis over 10 years commencing from the year of harvesting.

13. DEFFERRED TAX

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

		GROUP	
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Deferred tax assets, net	(2,385,084)	(2,786,552)	(891,790)
Deferred tax liabilities, net	14,653,441	12,460,605	13,618,745
	12,268,357	9,674,053	12,726,955

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

	GROUP	
	28.2.2019	28.2.2018
	RM	RM
Balance as at 1 March	9,674,053	12,726,955
Recognised in profit or loss (Note 34):		
- Current year	2,224,104	(2,923,091)
- Under/(Over) provision in prior financial year	370,200	(129,811)
	2,594,304	(3,052,902)
Balance as at 28 February	12,268,357	9,674,053

Notes to The Financial Statements 28 February 2019 (cont'd)

13. DEFERRED TAX (cont'd)

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Deferred tax assets			
Unabsorbed capital allowances	912,787	933,136	1,151,661
Unabsorbed tax losses	-	178,685	9,925
Provisions	2,194,708	2,249,247	-
Other deductible temporary differences	462,085	628,030	1,205,642
Deferred tax assets (before offsetting)	3,569,580	3,989,098	2,367,228
Offsetting	(1,184,496)	(1,202,546)	(1,475,438)
Deferred tax assets (after offsetting)	2,385,084	2,786,552	891,790

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Deferred tax liabilities			
Temporary differences in respect of inventories	7,937,809	7,946,108	7,981,034
Temporary differences in respect of contract costs	2,170,555	-	-
Surplus arising from revaluation of investment properties	271,115	150,805	-
Excess of net book value over tax written down value of property, plant and equipment	5,458,458	5,566,238	7,113,149
Deferred tax liabilities (before offsetting)	15,837,937	13,663,151	15,094,183
Offsetting	(1,184,496)	(1,202,546)	(1,475,438)
Deferred tax liabilities (after offsetting)	14,653,441	12,460,605	13,618,745

Notes to The Financial Statements 28 February 2019 (cont'd)

13. DEFERRED TAX (cont'd)

(c) Unrecognised deferred tax assets

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Unabsorbed agricultural allowance	157,754	157,754	157,754
Unabsorbed capital allowances	294,086	254,717	45,807
Unabsorbed tax losses	2,455,786	1,452,914	891,075
Excess of net book value over tax written down value of property, plant and equipment	(104,339)	(29,856)	(24,091)
Other deductible temporary differences	144,460	-	-
	2,947,747	1,835,529	1,070,545

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

With effect from year of assessment ("YA") 2019, unabsorbed tax losses can only be carried forward for a maximum period of 7 consecutive YAs to be utilised against income from any business source. Any amount which is not deducted at the end of the period of 7 YAs shall be disregarded.

14. CONTRACT COSTS

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Costs to obtain sale of property contracts	6,979,798	-	-

Costs to obtain sale of property contracts represent sales commission paid to intermediaries which are amortised to cost of sales when the related revenues are recognised.

During the financial year, RM1,899,013 (28.2.2018: NIL; 1.3.2017: NIL) was amortised to cost of sales as disclosed in Note 32.

Notes to The Financial Statements 28 February 2019 (cont'd)

15. CONTRACT ASSETS/(LIABILITIES)

	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Contract assets			
- property development	108,917,063	46,104,428	1,827,370
- construction contracts	-	-	13,178,031
	108,917,063	46,104,428	15,005,401
Contract liabilities			
- property development	(14,527,193)	(11,701,065)	(78,621,175)
	94,389,870	34,403,363	(63,615,774)

(a) Contract assets and contract liabilities from property development:

	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Contract assets	108,917,063	46,104,428	1,827,370
Contract liabilities	(14,527,193)	(11,701,065)	(78,621,175)
	94,389,870	34,403,363	(76,793,805)

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

	28.2.2019	28.2.2018
	RM	RM
Balance as at 1 March	34,403,363	(76,793,805)
Consideration payable to customers	4,193,253	-
Revenue recognised during the financial year	323,300,099	285,055,815
Progress billings issued during the financial year	(267,506,845)	(173,858,647)
Balance as at 28 February	94,389,870	34,403,363

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

	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Sale of development properties under construction	440,412,718	470,834,570	372,593,685

The remaining performance obligations are expected to be recognised within 1 – 3 years which are in accordance with the agreed time frames stated in the sale and purchase agreements signed with purchasers.

Notes to The Financial Statements 28 February 2019 (cont'd)

15. CONTRACT ASSETS/(LIABILITIES) (cont'd)

(b) Contract assets from construction contracts:

	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Contract assets	-	-	13,178,031

The movement of contract assets from construction contracts is as follow:

	28.2.2019 RM	28.2.2018 RM
Balance as at 1 March	-	13,178,031
Revenue recognised during the financial year	-	54,087
Progress billings issued during the financial year	-	(13,232,118)
Balance as at 28 February	-	-

16. TRADE AND OTHER RECEIVABLES

		GROUP	
	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Trade receivables			
Third parties	23,734,546	29,101,549	9,879,523
Related parties	210,660	1,047,908	17,056,645
Less: Impairment loss - third parties	(531,026)	(138,386)	(76,772)
	23,414,180	30,011,071	26,859,396
Other receivables, deposits and prepayments			
Other receivables	11,771,734	14,126,968	15,345,490
Deposits	5,715,902	1,610,710	4,049,930
Prepayments	169,109	129,010	248,170
	17,656,745	15,866,688	19,643,590
	41,070,925	45,877,759	46,502,986

		COMPANY	
	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Deposits	4,500	4,500	4,500

Notes to The Financial Statements 28 February 2019 (cont'd)

16. TRADE AND OTHER RECEIVABLES (cont'd)

(a) The credit terms of trade receivables granted by the Group range from 30 to 60 days (28.2.2018: 30 to 60 days; 1.3.2017: 30 to 60 days) from date of progress billings or range from 30 to 90 days (28.2.2018: 30 to 90 days; 1.3.2017: 30 to 90 days) from date of invoice.

(b) The amount owing from related parties refers to amount due from a company in which a Director has interest and a company in which certain Directors of subsidiaries has interest.

Included in the amount owing from related parties is retention sum relating to completed construction work amounted to RM210,660 (28.2.2018: RM918,598; 1.3.2017: RM2,015,847).

(c) The impairment loss of the Group is net of bad debts written off amounting to NIL (28.2.2018: NIL; 1.3.2017: RM492,640).

(d) Information on financial risk of trade and other receivables are disclosed in Note 42.

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	
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Fixed deposits with licensed banks	7,893,377	4,355,888	2,577,605
Cash and bank balances	63,077,215	38,180,103	27,031,336
As reported in statements of financial positions	70,970,592	42,535,991	29,608,941
Less: Bank overdrafts (Note 25)	(2,678,028)	(5,286,033)	(3,659,333)
Less: Fixed deposits pledged with the licensed banks	(5,023,676)	(2,734,729)	(1,817,873)
As reported in statements of cash flows	63,268,888	34,515,229	24,131,735

		COMPANY	
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Cash and bank balances	23,012	41,121	11,861

(a) Included in the Group's cash and bank balances is an amount of RM52,939,818 (28.2.2018: RM19,571,481; 1.3.2017: RM9,568,110) held under the Housing Development Account pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966. The utilisation of these balances are restricted, before completion of the housing development and fulfilling all relevant obligations to the purchasers, the cash could be withdrawn from such account for the purpose of completing the particular projects concerned.

(b) The fixed deposits of the Group have maturity periods ranging between 30 to 365 days (28.2.2018: 30 to 365 days; 1.3.2017: 30 to 365 days).

(c) Included in fixed deposits with licensed banks of the Group is an amount of RM5,023,676 (28.2.2018: RM2,734,729; 1.3.2017: RM1,817,873) pledged to licensed banks for bank facilities granted to the Group.

Notes to The Financial Statements 28 February 2019 (cont'd)

19. CASH AND CASH EQUIVALENTS (cont'd)

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	%	%	%
Fixed deposits with licensed banks	3.19	3.01	3.15

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

20. SHARE CAPITAL

	GROUP/COMPANY	
	28.2.2019	28.2.2018
	RM	RM
Issued and fully paid		
128,000,000 ordinary shares		
As at 1 March	128,000,000	128,000,000
Transfer from share premium pursuant to Section 618(2) of the Companies Act 2016	5,982,397	-
As at 28 February	133,982,397	128,000,000

21. RESERVES

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Non-distributable:			
Share premium	-	5,982,397	5,982,397
Foreign currency translation reserve	(40,157)	133,776	613,156
	(40,157)	6,116,173	6,595,553
Distributable:			
Retained earnings	186,611,113	156,311,185	146,720,075
	186,570,956	162,427,358	153,315,628

	COMPANY		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Non-distributable:			
Share premium	-	5,982,397	5,982,397
Distributable:			
Retained earnings	16,146,617	15,885,340	15,788,802
	16,146,617	21,867,737	21,771,199

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. Accordingly, the share premium has been transferred and become part of the Company's share capital.

Notes to The Financial Statements 28 February 2019 (cont'd)

22. BORROWINGS

		GROUP		
		28.2.2019	28.2.2018	1.3.2017
	Note	RM	RM	RM
Current				
Secured				
Term loans	23	23,575,323	18,200,676	2,991,535
Revolving credits	24	40,510,000	41,320,000	30,490,000
Bank overdrafts	25	2,678,028	5,286,033	3,659,333
Bankers' acceptances	26	928,000	1,128,000	2,264,000
Invoice financing	27	1,142,000	2,051,000	3,074,000
Hire purchase liabilities	28	129,179	350,251	387,299
		68,962,530	68,335,960	42,866,167
Unsecured				
Hire purchase liabilities	28	44,791	102,992	293,791
Total current portion		69,007,321	68,438,952	43,159,958
Non-current				
Secured				
Term loans	23	102,542,664	92,146,143	101,312,741
Hire purchase liabilities	28	123,067	264,482	614,694
		102,665,731	92,410,625	101,927,435
Unsecured				
Hire purchase liabilities	28	-	42,682	145,565
Total non-current portion		102,665,731	92,453,307	102,073,000
Total borrowings		171,673,052	160,892,259	145,232,958
Secured				
Term loans	23	126,117,987	110,346,819	104,304,276
Revolving credits	24	40,510,000	41,320,000	30,490,000
Bank overdrafts	25	2,678,028	5,286,033	3,659,333
Bankers' acceptances	26	928,000	1,128,000	2,264,000
Invoice financing	27	1,142,000	2,051,000	3,074,000
Hire purchase liabilities	28	252,246	614,733	1,001,993
		171,628,261	160,746,585	144,793,602
Unsecured				
Hire purchase liabilities	28	44,791	145,674	439,356
Total borrowings		171,673,052	160,892,259	145,232,958

Reconciliation of liabilities arising from financing activities:

	28.2.2019	28.2.2018
	RM	RM
At 1 March	160,892,259	145,232,958
Cash flows:		
Drawdown of loans	113,612,432	90,079,394
Repayment of loans	(102,831,239)	(74,420,093)
At 28 February	171,673,052	160,892,259

Notes to The Financial Statements 28 February 2019 (cont'd)

23. TERM LOANS

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Secured			
Term loan I repayable by 120 monthly instalments of RM72,818 each commencing September 2012	1,334,509	2,122,468	2,879,253
Term loan II repayable by 84 monthly instalments of RM101,190 each commencing June 2016	4,269,223	5,488,067	6,707,014
Term loan III repayable by 6 monthly instalments of RM118,463 each commencing October 2016	-	-	16,711
Term loan IV repayable by 179 monthly instalments of RM38,888 each with final instalment of RM39,048 commencing July 2017	4,694,728	4,886,617	4,420,443
Term loan V repayable by 60 monthly instalments of RM567,000 each commencing February 2018	26,689,000	33,493,000	34,060,000
Term loan VI repayable by 30 monthly instalments of RM1,433,334 each commencing April 2018	-	-	23,836,984
Term loan VII repayable by 44 monthly instalments of RM569,672 each commencing May 2018	265,590	24,500,000	24,500,000
Bridging Loan VIII repayable by 12 monthly instalments of RM1,666,667 each commencing January 2019	-	15,300,000	-
Bridging loan IX repayable by 6 monthly instalments of RM1,000,000 each commencing June 2019, 15 monthly instalments of RM1,500,000 each commencing December 2019 and last instalment of RM11,500,000 by March 2021	40,000,000	-	-
Term loan X repayable by 44 monthly instalments of RM694,004 each commencing September 2019	29,997,643	14,146,995	-
Term loan XI repayable by 30 monthly instalments of RM1,500,000 each commencing November 2019	-	10,409,672	7,883,871
Term loan XII repayable by 44 monthly instalments of RM1,503,674 each commencing December 2020	18,867,294	-	-
	126,117,987	110,346,819	104,304,276

The term loans of the Group are secured by way of:

(i) fixed charge over certain freehold land and building as disclosed in Note 6;
(ii) fixed charge over certain freehold land and leasehold land as disclosed in Notes 10(a) and 10(b);
(iii) fixed charge over certain investment properties as disclosed in Note 11;
(iv) fixed deposits as disclosed in Note 19;
(v) corporate guarantee by the Company; and
(vi) joint and several guarantee by certain Directors of a subsidiary company.

Notes to The Financial Statements 28 February 2019 (cont'd)

23. TERM LOANS (cont'd)

Repayment terms

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Not later than 1 year	23,575,323	18,200,676	2,991,535
Non-current			
1-5 years	92,973,766	88,964,161	91,569,774
More than 5 years	9,568,898	3,181,982	9,742,967
	102,542,664	92,146,143	101,312,741
	126,117,987	110,346,819	104,304,276

The term loans bear interest ranging from 4.86% to 5.88% (28.2.2018: 4.86% to 7.85%; 1.3.2017: 4.53% to 7.60%) per annum.

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	%	%	%
Term loans	5.44	5.26	5.76

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

24. REVOLVING CREDITS – SECURED

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

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	%	%	%
Revolving credits	5.17	5.18	4.76

Information on repricing analysis of revolving credits is disclosed in Note 42.

Notes to The Financial Statements 28 February 2019 (cont'd)

25. BANK OVERDRAFTS – SECURED

The bank overdrafts of the Group are secured by first legal charges over certain freehold land of the Group as disclosed in Note 6 and corporate guarantees issued by the Company.

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	%	%	%
Bank overdrafts	8.13	8.45	7.99

Information on repricing analysis of bank overdrafts is disclosed in Note 42.

26. BANKERS' ACCEPTANCES - SECURED

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

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	%	%	%
Bankers' acceptances	5.09	5.07	4.93

Information on repricing analysis of bankers' acceptances is disclosed in Note 42.

27. INVOICE FINANCING – SECURED

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

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	%	%	%
Invoice financing	6.49	6.39	6.24

Information on repricing analysis of invoice financing is disclosed in Note 42.

Notes to The Financial Statements 28 February 2019 (cont'd)

28. HIRE PURCHASE LIABILITIES

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Minimum hire purchase instalments:-			
- not later than one year	183,680	479,405	749,004
- later than one year and not later than five years	129,133	330,920	810,255
	312,813	810,325	1,559,259
Less: Future interest charges	(15,776)	(49,918)	(117,910)
Present value of hire purchase liabilities	297,037	760,407	1,441,349
Repayable as follows:			
Current liabilities			
- not later than one year	173,970	453,243	681,090
Non-current liabilities			
- later than one year and not later than five years	123,067	307,164	760,259
	297,037	760,407	1,441,349

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	%	%	%
Hire purchase liabilities	4.68	4.55	4.57

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

Notes to The Financial Statements 28 February 2019 (cont'd)

29. TRADE AND OTHER PAYABLES

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Trade payables			
Third parties	5,769,017	7,694,631	6,565,276
Retention payables	23,490,850	18,843,369	16,301,102
Related party	-	942,485	1,301,084
	29,259,867	27,480,485	24,167,462
Other payables			
Other payables, deposits and accruals	29,130,520	41,385,236	30,031,831
Member deposits	1,658,650	1,009,450	1,010,750
	30,789,170	42,394,686	31,042,581
	60,049,037	69,875,171	55,210,043

	COMPANY		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Other payables and accruals	139,064	69,000	63,300

(a) Amount owing to a related party refers to trade balances payable to a company in which certain Directors of subsidiaries has interest.

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

(c) Information on financial risk of trade and other payables is disclosed in Note 42.

30. PROVISIONS

GROUP	Infrastructure cost	Renovation cost	Total
	RM	RM	RM
Balance as at 1 March 2017	1,738,588	1,562,938	3,301,526
Additions during the financial year	7,633,276	-	7,633,276
Utilisation during the financial year	-	(109,102)	(109,102)
Balance as at 28 February/1 March 2018	9,371,864	1,453,836	10,825,700
Utilisation during the financial year	(750,387)	(197,567)	(947,954)
Balance as at 28 February 2019	8,621,477	1,256,269	9,877,746

Provision for infrastructure cost refers to further costs on infrastructures of township development projects which the Group has partially developed and is obligated to incur for the completion of the entire development projects as a whole.

Provision for renovation cost relates to obligation of the Group in renovating the remaining units held in Sky Residence Condominium as and when the units are sold.

Notes to The Financial Statements 28 February 2019 (cont'd)

31. REVENUE

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Revenue from contracts with customers:				
- revenue from property development	323,300,099	285,055,815	-	-
- sale of completed properties	10,986,328	1,894,057	-	-
- revenue from water theme park and resort operations and sport and recreation	11,943,986	12,157,672	-	-
- revenue from construction contracts	-	54,087	-	-
- sale of building materials	11,098,894	12,377,512	-	-
- sale of fruits and other supplies	333,679	289,897	-	-
	357,662,986	311,829,040	-	-
Revenue from other source:				
- gross dividend income from subsidiaries	-	-	1,250,000	1,254,470
- rental income from investment properties	2,275,558	2,254,614	-	-
	2,275,558	2,254,614	1,250,000	1,254,470
	359,938,544	314,083,654	1,250,000	1,254,470
Timing of revenue:				
- at a point in time	34,362,887	26,719,138	-	-
- over time	323,300,099	285,109,902	-	-
	357,662,986	311,829,040	-	-

32. COST OF SALES

	GROUP	
	2019	2018
	RM	RM
Property development cost	215,100,585	225,059,904
Amortisation of contract costs (Note 14)	1,899,013	-
	216,999,598	225,059,904
Completed properties	7,258,577	1,017,772
Service rendered	2,347,057	5,676,283
Construction contract cost	-	636,642
Building materials sold	9,835,583	11,425,061
Others	4,573,112	2,013,954
	241,013,927	245,829,616

Notes to The Financial Statements 28 February 2019 (cont'd)

33. PROFIT BEFORE TAX

Profit before tax is stated after charging: -

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Auditors' remuneration	213,948	205,310	40,000	38,000
Bad debts written off	25,799	625,339	-	-
Depreciation of property, plant and equipment (Note 6)	3,855,895	3,785,178	-	-
Directors' emoluments	1,627,394	1,241,256	317,000	152,500
Impairment loss on property, plant and equipment	102,742	-	-	-
Impairment loss on trade receivables	392,640	61,614	-	-
Interest expense on:				
- bankers' acceptances	58,630	72,936	-	-
- bank overdrafts	358,670	265,265	-	-
- hire purchase liabilities	30,737	68,062	-	-
- invoice financing	111,878	133,123	-	-
- revolving credits	24,707	1,144,094	-	-
- term loans	669,046	734,283	-	-
Property, plant and equipment written off	5,542	230,398	-	-
Loss from fair value adjustment on investment properties	1,015,143	-	-	-
Loss on disposal of investment properties	149,700	-	-	-
Rental expense on:				
- premises	1,664,639	1,998,210	-	-
- equipment	97,010	154,335	-	-
And crediting:				
Bad debts recovered	-	10,670	-	-
Dividend income from subsidiary companies	-	-	1,250,000	1,254,470
Gain from disposal of property, plant and equipment	68,858	18,514	-	-
Gain from disposal of investment properties	-	16,000	-	-
Gain from fair value adjustment on investment properties	-	927,000	-	-
Insurance compensation received	11,682	85,956	-	-
Interest income	1,812,371	908,664	109,137	116,160
Rental income from:				
- investment properties	2,615,705	2,557,120	-	-
- others	579,112	443,509	-	-

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to approximately RM1,340,303 (2018: RM1,417,720).

Notes to The Financial Statements 28 February 2019 (cont'd)

34. TAX EXPENSE

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Malaysian income tax:				
Current year	20,551,435	8,372,277	-	-
Under provision in prior financial years	582,887	84,800	-	-
	21,134,322	8,457,077	-	-
Deferred tax: (Note 13a)				
Current year	2,224,104	(2,923,091)	-	-
Under / (Over) provision in prior financial years	370,200	(129,811)	-	-
	2,594,304	(3,052,902)	-	-
Total tax expense	23,728,626	5,404,175	-	-

The Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated taxable profit for the fiscal year.

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Profit before tax	85,229,742	29,765,671	261,277	96,538
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	20,455,138	7,143,761	62,707	23,169
Tax savings as a result of excess taxable income as compared to immediate preceding financial year being taxed at 20% in prior financial year	-	(1,064,230)	-	-
Tax effects in respect of:				
Crystalisation of deferred tax liabilities on revaluation surplus	(178,919)	(151,069)	-	-
Deferred tax assets not recognised	1,112,218	88,420	-	-
Depreciation on non-qualifying property, plant and equipment	49,421	57,756	-	-
Income not subject to tax	(81,695)	(855,728)	(326,193)	(328,951)
Non-allowable expenses	1,419,376	532,867	263,486	305,782
Utilisation of deferred tax assets previously not recognised	-	(302,591)	-	-
	22,775,539	5,449,186	-	-
Under / (Over) provision in prior financial years				
- income tax	582,887	84,800	-	-
- deferred tax	370,200	(129,811)	-	-
Tax expense	23,728,626	5,404,175	-	-

Notes to The Financial Statements 28 February 2019 (cont'd)

35. EARNINGS PER ORDINARY SHARE

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

	GROUP	
	2019 RM	2018 RM
Profit attributable to ordinary equity holders of the Company (RM)	30,299,928	9,591,110
Number of ordinary shares in issue	128,000,000	128,000,000
Basic earnings per ordinary share (sen)	23.67	7.49

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

36. EMPLOYEE BENEFITS

The employee benefits during the financial year are as follows:

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries and wages	17,937,477	16,854,339	-	-
Contributions to defined contribution plan	2,270,846	2,082,498	-	-
Other benefits	1,560,380	1,211,412	-	-
	21,768,703	20,148,249	-	-

Notes to The Financial Statements 28 February 2019 (cont'd)

37. 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.

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

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

Close members of the family of certain Directors:

- Dato' Paduka Beh Heng Seong
- Datin Paduka Teoh Choon Boay

Entities in which certain Directors of the Company have interests:

- Suncos Sdn. Bhd.
- Wong, Beh & Toh

Entities controlled by a close member of the family of certain Directors:

- Padang Serai Birdnest Sdn. Bhd.
- Tian Ma Birdnest Sdn. Bhd.
- Eupe Food Court Sdn. Bhd.
- Kam Pian Garden Development Sdn Bhd

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

	GROUP		COMPANY	
	2019 RM	2018 RM	2019 RM	2018 RM
Subsidiaries				
Gross dividend income	-	-	1,250,000	1,254,470
Close members of the family of certain Directors				
Advisory fees paid*	240,000	240,000	-	-
Sales of residence property*	560,880	-	-	-
Entities in which certain Directors of the Company have interests				
Progress billing on work done	-	54,087	-	-
Professional fees paid*	413,203	478,518	-	-
Entities controlled by a close member of the family of certain Directors				
Rental income	46,600	52,800	-	-
Sales of bird nest*	134,369	48,715	-	-
Sales of shop lots*	825,000	400,000	-	-
Sales of fruits	81,159	-	-	-

* At the Extraordinary General Meeting of the Company held on 26 July 2018, the Company obtained its shareholders' mandate for the Group to enter into these recurrent related party transactions.

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

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

Notes to The Financial Statements 28 February 2019 (cont'd)

37. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	RM	RM	RM	RM
Directors' fee and allowances	240,000	-	240,000	-
Short term employee benefits	3,807,482	3,462,179	77,000	152,500
Contributions to defined contribution plans	363,313	309,376	-	-
Other benefits	9,112	9,741	-	-
	4,419,907	3,781,296	317,000	152,500

Included in the above is remuneration of the Group Managing Director and Executive Director received from the Group and from the Company amounting to RM1,278,184 (2018: RM1,000,615) and RM19,500 (2018: RM30,000) respectively.

38. CONTINGENT liabilities – UNSECURED

	COMPANY		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Corporate guarantees for bank facilities granted to subsidiaries			
- amount utilised	187,116,178	175,660,279	151,612,252
Corporate guarantees to suppliers of a subsidiary company			
- amount utilised	261,416	75,043	293,264
Total facilities available to subsidiaries which are guaranteed by the Company	454,788,530	414,788,530	400,530,780

39. CAPITAL COMMITMENTS

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

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Acquisition of leasehold lands			
Contracted but not provided for	29,093,400	-	19,262,000

On 30 November 2018, the Company's wholly-owned subsidiary company, Eupe PJ South Development Sdn. Bhd. *(formerly known as Puncak Central Sdn. Bhd.)* entered into a Sales and Purchases Agreement ("SPA") with Jurupat Sdn. Bhd. for the acquisition of two contiguous parcels of commercial land identified as Lots Nos. PT1880 and PT1983 held under title Nos. H.S.(D)262397 and H.S.(D)293643 respectively, with a total land area of about 11,551 square meters all within Bandar Petaling Jaya Selatan, District of Petaling, Selangor Darul Ehsan. The proposed acquisition has been duly completed on 9 May 2019 in accordance with the terms and conditions of the SPA.

Notes to The Financial Statements 28 February 2019 (cont'd)

40. OPERATING SEGMENTS

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

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

Performance is measured based on the segment revenue and profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Managing Director (the Chief Operating Decision Maker). Segment profit is used to measure performance as management believes that such information 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 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 2019 (cont'd)

40. OPERATING SEGMENTS (cont'd)

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

Financial year ended 28 February 2019	Property development	Chalet and golf operation and management	Property construction	Others	Eliminations	Total
	RM	RM	RM	RM	RM	RM
Revenue						
Revenue from external customer	334,286,427	11,943,986	11,098,894	2,609,237	-	359,938,544
Inter-segment revenue	-	-	37,151,362	1,598,000	(38,749,362)	-
Total revenue	334,286,427	11,943,986	48,250,256	4,207,237	(38,749,362)	359,938,544
Results						
Segment result	89,831,145	(3,278,355)	(1,151,849)	(729,902)	-	86,065,557
Interest income	1,617,667	63,790	12,414	118,500	-	1,812,371
Interest expense	(294,718)	(542,648)	(330,445)	(85,857)	-	(1,253,668)
Profit / (Loss) before tax	91,154,094	(3,757,213)	(1,469,880)	(697,259)	-	85,229,742
Tax expense	(23,440,906)	(5,800)	1,000	(282,920)	-	(23,728,626)
Profit / (Loss) for the financial year	67,713,188	(3,763,013)	(1,468,880)	(980,179)	-	61,501,116
At 28 February 2019						
Assets						
Segment assets	514,687,163	58,348,289	22,429,394	51,199,173	-	646,664,019
Tax assets	127,971	-	2,867,092	2,335	-	2,997,398
Deferred tax assets	2,385,084	-	-	-	-	2,385,084
Total assets	517,200,218	58,348,289	25,296,486	51,201,508	-	652,046,501
Liabilities						
Segment liabilities	66,295,441	5,142,436	10,864,504	2,151,594	-	84,453,975
Borrowings	143,729,354	7,417,547	19,191,643	1,334,5098	-	171,673,052
Tax liabilities	6,438,044	201,761	-	65,034	-	6,704,839
Deferred tax liabilities	9,254,947	4,016,661	-	1,381,834	-	14,653,442
Total liabilities	225,717,786	16,778,405	30,056,147	4,932,970	-	277,485,308
Other information						
Capital expenditure	49,625	1,373,748	414,130	74,326	-	1,911,829
Depreciation of property, plant and equipment	477,249	2,864,119	350,584	163,943	-	3,855,895
Bad debts written off	4,271	21,528	-	-	-	25,799
Property, plant and equipment written off	1,973	2,848	721	-	-	5,542

Notes to The Financial Statements 28 February 2019 (cont'd)

40. OPERATING SEGMENTS (cont'd)

Financial year ended 28 February 2018	**Property development**	**Chalet and golf operation and management**	**Property construction**	**Others**	**Eliminations**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Revenue						
Revenue from external customer	286,949,872	12,157,672	12,431,599	2,544,511	-	314,083,654
Inter-segment revenue	-	-	45,178,188	1,602,470	(46,780,658)	-
Total revenue	286,949,872	12,157,672	57,609,787	4,146,981	(46,780,658)	314,083,654
Results						
Segment result	36,217,507	(4,063,948)	(1,646,810)	777,079	-	31,283,828
Interest income	680,870	88,147	4,835	125,754	-	899,606
Interest expense	(1,504,156)	(504,833)	(291,686)	(117,088)	-	(2,417,763)
Profit / (Loss) before tax	35,394,221	(4,480,634)	(1,933,661)	785,745	-	29,765,671
Tax expense	(6,263,689)	1,112,920	(1,000)	(252,406)	-	(5,404,175)
Profit / (Loss) for the financial year	29,130,532	(3,367,714)	(1,934,661)	533,339	-	24,361,496
At 28 February 2018						
Assets						
Segment assets	443,429,643	60,525,489	30,472,694	42,403,229	-	576,831,055
Tax assets	247,523	-	2,712,308	19,167	-	2,978,998
Deferred tax assets	2,786,552	-	-	-	-	2,786,552
Total assets	446,463,718	60,525,489	33,185,002	42,422,396	-	582,596,605
Liabilities						
Segment liabilities	71,721,442	4,107,352	14,565,702	2,007,440	-	92,401,936
Borrowings	127,343,737	7,692,761	23,733,293	2,122,468	-	160,892,259
Tax liabilities	3,117,287	125,787	-	58,677	-	3,301,751
Deferred tax liabilities	7,089,237	4,016,661	-	1,354,707	-	12,460,605
Total liabilities	209,271,703	15,942,561	38,298,995	5,543,292	-	269,056,551
Other information						
Capital expenditure	152,828	378,290	66,762	59,761	-	657,641
Depreciation of property, plant and equipment	525,269	2,669,238	424,978	165,693	-	3,785,178
Bad debts written off	-	473,545	149,799	1,995	-	625,339
Property, plant and equipment written off	31,833	191,464	1	7,100	-	230,398

Notes to The Financial Statements 28 February 2019 (cont'd)

40. OPERATING SEGMENTS (cont'd)

	Property development RM	Chalet and golf operation and management RM	Property construction RM	Others RM	Eliminations RM	Total RM
At 1 March 2017						
Assets						
Segment assets	449,735,170	63,524,193	30,360,492	41,079,110	-	584,698,965
Tax assets	148,600	-	2,279,433	18,182	-	2,446,215
Deferred tax assets	891,790	-	-	-	-	891,790
Total assets	450,775,560	63,524,193	32,639,925	41,097,292	-	588,036,970
Liabilities						
Segment liabilities	114,340,706	3,099,031	17,616,714	2,076,293	-	137,132,744
Borrowings	120,985,813	8,519,132	12,848,760	2,879,253	-	145,232,958
Tax liabilities	1,903,456	109,262	-	92,621	-	2,105,339
Deferred tax liabilities	7,141,730	5,146,106	-	1,330,909	-	13,618,745
Total liabilities	244,371,705	16,873,531	30,465,474	6,379,076	-	298,089,786

41. FINANCIAL INSTRUMENTS

Categories of financial instruments are as follows:

	GROUP		
	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Financial assets at amortised cost			
- contract assets (exclude consideration payable to customers)	106,553,445	46,104,428	15,005,401
- trade and other receivables (exclude prepayments)	40,901,816	45,748,749	46,254,816
- cash and cash equivalents	70,970,592	42,535,991	29,608,941
	218,425,853	134,389,168	90,869,158
Financial assets at fair value through profit or loss			
- other investments	6,656	6,656	6,656
	218,429,187	134,395,824	90,875,814
Financial liabilities at amortised cost			
- trade and other payables	60,049,037	69,875,171	55,210,043
- borrowings	171,673,052	160,892,259	145,232,958
	231,722,089	230,767,430	200,443,001

	COMPANY		
	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Financial assets at amortised cost			
- trade and other receivables (exclude prepayments)	4,500	4,500	4,500
- amount owing by subsidiaries	34,505,175	33,137,670	33,684,963
- cash and cash equivalents	23,012	41,121	11,861
	34,532,687	33,183,291	33,701,324
Financial liabilities at amortised cost			
- trade and other payables	139,064	69,000	63,300
- amount owing to subsidiaries	1,184,743	166,688	786,959
	1,323,807	235,688	850,259

Notes to The Financial Statements 28 February 2019 (cont'd)

42. FINANCIAL RISK MANAGEMENT

The Board of Directors recognises the importance of financial risk management in the overall management of the Group's businesses. A sound risk management system will not only mitigate financial risk but will be able to create opportunities if risk elements are properly managed.

The Group's overall financial risk management objective is to ensure that the Group value for its shareholders whilst minimising the potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies, set out as follows:

(a) Liquidity and cash flow risk

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

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

	On demand or within one year	Two to five years	More than five years	Total
	RM	RM	RM	RM
28 February 2019				
Financial liabilities				
Trade and other payables	47,383,382	12,665,655	-	60,049,037
Borrowings	75,135,360	108,217,852	4,817,591	188,170,803
Total undiscounted financial liabilities	122,518,742	120,883,507	4,817,591	248,219,840
28 February 2018				
Financial liabilities				
Trade and other payables	52,672,918	17,202,253	-	69,875,171
Borrowings	73,778,244	99,117,186	5,518,995	178,414,425
Total undiscounted financial liabilities	126,451,162	116,319,439	5,518,995	248,289,596
1 March 2017				
Financial liabilities				
Trade and other payables	40,219,981	14,990,062	-	55,210,043
Borrowings	47,776,035	104,344,279	14,483,040	166,603,354
Total undiscounted financial liabilities	87,996,016	119,334,341	14,483,040	221,813,397

Notes to The Financial Statements 28 February 2019 (cont'd)

42. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

(i) Currency risk

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

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

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

	Net financial assets/(liabilities) held in non-functional currency
Functional currency – Australian Dollar	**RM**
At 28 February 2019	
Financial assets	
Other receivables, deposits and prepayments	10,798,576
Cash and cash equivalents	569,167
	11,367,743
Financial liabilities	
Trade and other payables	(11,426,732)
At 28 February 2018	
Financial assets	
Other receivables, deposits and prepayments	6,096,591
Cash and cash equivalents	733,357
	6,829,948
Financial liabilities	
Trade and other payables	(5,829,449)
At 1 March 2017	
Financial assets	
Investment in joint venture	3,089
Other receivables, deposits and prepayments	7,302,112
Cash and cash equivalents	715,293
	8,020,494
Financial liabilities	
Trade and other payables	(11,811,422)

Notes to The Financial Statements 28 February 2019 (cont'd)

42. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk (cont'd)

(ii) Interest rate risk

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

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

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

<u>Fair value sensitivity analysis for fixed rate instruments</u>

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

<u>Sensitivity analysis for floating rate instruments</u>

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

	GROUP	
	2019	2018
	RM	RM
Profit net of tax		
Floating rate instruments		
25 basis point (0.25%) increase	(325,614)	(304,251)
25 basis point (0.25%) decrease	325,614	304,251

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

Notes to The Financial Statements 28 February 2019 (cont'd)

42. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk (cont'd)

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

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

Group	NOTE	WAEIR	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
		%	RM	RM	RM	RM	RM	RM	RM
28.2.2019									
Fixed rates									
Fixed deposits with licensed banks	19	3.19	7,893,377	-	-	-	-	-	7,893,377
Hire purchase liabilities	28	4.68	173,970	79,279	43,788	-	-	-	297,037
Floating rates									
Bankers' acceptances	26	5.09	928,000	-	-	-	-	-	928,000
Bank overdrafts	25	8.13	2,678,028	-	-	-	-	-	2,678,028
Invoice financing	27	6.49	1,142,000	-	-	-	-	-	1,142,000
Revolving credits	24	5.17	40,510,000	-	-	-	-	-	40,510,000
Term loans	23	5.44	23,575,323	35,177,657	28,216,964	15,848,454	13,730,691	9,568,898	126,117,987
28.2.2018									
Fixed rates									
Fixed deposits with licensed banks	19	3.01	4,355,888	-	-	-	-	-	4,355,888
Hire purchase liabilities	28	4.55	453,243	136,161	127,215	43,788	-	-	760,407
Floating rates									
Bankers' acceptances	26	5.07	1,128,000	-	-	-	-	-	1,128,000
Bank overdrafts	25	8.45	5,286,033	-	-	-	-	-	5,286,033
Invoice financing	27	6.39	2,051,000	-	-	-	-	-	2,051,000
Revolving credits	24	5.18	41,320,000	-	-	-	-	-	41,320,000
Term loans	23	5.26	18,200,676	37,458,747	28,441,021	15,839,286	7,225,107	3,181,982	110,346,819
1.3.2017									
Fixed rates									
Fixed deposits with licensed banks	19	3.15	2,577,605	-	-	-	-	-	2,577,605
Hire purchase liabilities	28	4.57	681,090	451,589	185,571	79,309	43,790	-	1,441,349
Floating rates									
Bankers' acceptances	26	4.93	2,264,000	-	-	-	-	-	2,264,000
Bank overdrafts	25	7.99	3,659,333	-	-	-	-	-	3,659,333
Invoice financing	27	6.24	3,074,000	-	-	-	-	-	3,074,000
Revolving credits	24	4.76	30,490,000	-	-	-	-	-	30,490,000
Term loans	23	5.76	2,991,535	28,401,575	33,162,821	16,570,068	13,435,310	9,742,967	104,304,276

Notes to The Financial Statements 28 February 2019 (cont'd)

42. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Market risk (cont'd)

(iii) 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.

(c) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group controls these risks by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

The credit quality of trade receivables that are neither past due nor impaired are substantially amounts due from customers with good collection track record with the Group. Management will continuously monitor closely the trade receivables which are past due.

Credit risk arising from property development

The Group does not have any significant credit risk from its property development activities as its services and products are predominantly rendered and sold to a large number of property purchasers using financing from reputable end-financiers.

Trade receivables are monitored on an on-going basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does the Group have any major concentration of credit risk related to any financial instruments. Credit risk with respect to trade receivables are limited as the ownership and rights to the properties revert to the Group in the event of default.

Credit risk arising from investment properties

Credit risks arising from outstanding receivables from the tenants are minimised and monitored by strictly limiting the Group's association to business partners with high creditworthiness. Furthermore, the tenants have placed security deposits with the Group which acts as collateral. Due to these factors, no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

Credit risk arising from other activities of the Group

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers. The Group's historical experience in collection of trade receivables fall within the recorded allowances. Due to these factors, no additional credit risk beyond amounts allowed for collections losses is inherent in the Group's trade receivables.

Credit risk arising from deposits with licensed banks

Concentration of credit risk arising from deposits with licensed banks is limited as bank deposits are held with banks with strong financial strength.

Notes to The Financial Statements 28 February 2019 (cont'd)

42. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk (cont'd)

(i) the ageing analysis of trade receivables as at the end of the reporting date was:

	GROUP		
	28.2.2019 RM	28.2.2018 RM	1.3.2017 RM
Neither past due nor impaired	13,305,137	16,978,187	16,420,656
Past due but not impaired:			
1 to 30 days past due	3,572,063	4,671,227	1,649,017
31 to 60 days past due	1,336,798	1,731,013	569,233
61 to 90 days past due	633,635	3,040,110	1,147,714
91 to 120 days past due	583,114	788,459	588,667
More than 120 days past due	3,983,433	2,802,075	6,484,109
	10,109,043	13,032,884	10,438,740
Impaired	531,026	138,386	76,772
	23,945,206	30,149,457	26,936,168

The impaired trade receivables are more than 120 days past due and comprised of collective impairment.

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

	GROUP	
	28.2.2019 RM	28.2.2018 RM
At beginning of financial year	138,386	76,772
Charge during the financial year	392,640	61,614
At end of financial year	531,026	138,386

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 2019, trade receivables for the Group of RM10,109,043 (28.2.2018: RM13,032,884; 1.3.2017: RM10,438,740) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default, have met the Group's credit approved policies and are monitored on an on-going basis.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Notes to The Financial Statements 28 February 2019 (cont'd)

42. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk (cont'd)

(ii) 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 RM187,116,178 (28.2.2018: RM175,660,279; 1.3.2017: RM151,612,252) 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.

(iii) 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 end of the reporting date, there was no indication that the loans and advances to the subsidiaries are not recoverable.

43. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments. As borrowing are obtained from licensed financial institution at the prevailing market rate, the carrying amount of these financial liabilities approximate the fair value.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The table below analyses financial instruments carried at fair value:

Group

		Fair value of financial instruments carried at fair value			
	Note	Level 1	Level 2	Level 3	Total
		RM	RM	RM	RM
28.2.2019					
Financial assets					
Fixed income unit trusts	9	6,656	-	-	6,656
28.2.2018					
Financial assets					
Fixed income unit trusts	9	6,656	-	-	6,656
1.3.2017					
Financial assets					
Fixed income unit trusts	9	6,656	-	-	6,656

Notes to The Financial Statements 28 February 2019 (cont'd)

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

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.

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 (2018: 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:

	28.2.2019	28.2.2018	1.3.2017
Bank borrowings	4.68% - 8.13%	4.55% - 8.45%	4.76% - 7.99%

Notes to The Financial Statements 28 February 2019 (cont'd)

44. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	GROUP		
	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Borrowings	171,673,052	160,892,259	145,232,958
Less: Cash and cash equivalents	(70,970,592)	(42,535,991)	(29,608,941)
Net debt	100,702,460	118,356,268	115,624,017
Total equity	374,561,193	313,540,054	289,947,184
Debt-to-equity ratio	0.27	0.38	0.40

45. CARRYING AMOUNT OF MONIES HELD IN TRUST

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

	28.2.2019	28.2.2018	1.3.2017
	RM	RM	RM
Monies held in trust	883,236	982,359	895,817

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

Notes to The Financial Statements 28 February 2019 (cont'd)

46. FIRST TIME ADOPTION OF MFRS FRAMEWORK AND CHANGES IN COMPARATIVES

(a) Transition to MFRSs

The Group and the Company have adopted MFRSs in the current year. There is no impact on the adoption of MFRSs except for extended disclosure on notes to the financial statements and certain reclassifications in relation to MFRS 15 *Revenue for Contracts with Customers* at Group level as follows:

GROUP	FRSs RM	Adoption of MFRS 15 RM	MFRSs RM
Statements of Financial Position			
As at 28 February 2018			
Non-current assets			
Land held for property development	147,719,984	(147,719,984)	-
Inventories	-	147,719,984	147,719,984
Current assets			
Property development costs	151,838,814	(151,838,814)	-
Inventories	23,782,707	151,838,814	175,621,521
Contract assets	-	46,104,428	46,104,428
Trade and other receivables	89,651,316	(43,773,557)	45,877,759
Current liabilities			
Contract liabilities	-	(11,701,065)	(11,701,065)
Trade and other payables	(79,245,365)	9,370,194	(69,875,171)
As at 1 March 2017			
Non-current assets			
Land held for property development	188,184,259	(188,184,259)	-
Inventories	-	188,184,259	188,184,259
Current assets			
Property development costs	182,249,471	(182,249,471)	-
Inventories	13,919,287	182,249,471	196,168,758
Contract assets	-	15,005,401	15,005,401
Trade and other receivables	61,397,685	(14,894,699)	46,502,986
Current liabilities			
Contract liabilities	-	(78,621,175)	(78,621,175)
Trade and other payables	(133,720,516)	78,510,473	(55,210,043)

The reclassifications arose from adoption of MFRS 15 are mainly due to:

(i) Reclassification of land held for property development and property development costs to inventories;

(ii) Reclassification of excess of revenue earned over the billings on property development and construction contracts to contract assets; and

(iii) Reclassification of excess of billings over revenue earned on property development and construction contracts to contract liabilities.

Notes to The Financial Statements 28 February 2019 (cont'd)

46. FIRST TIME ADOPTION OF MFRS FRAMEWORK AND CHANGES IN COMPARATIVES (cont'd)

(b) Certain comparative amounts for previous financial years have been reclassified to conform with the current financial year's presentation as follows:

	As previously stated	Reclassifications	As reclassified
	RM	RM	RM
GROUP			
Statements of Profit or Loss and Other Comprehensive Income for the financial year ended 28 February 2018			
Cost of sales	(245,672,473)	(157,143)	(245,829,616)
Marketing and distribution costs	(16,188,145)	172,755	(16,015,390)
Administrative expenses	(19,906,110)	(3,457,859)	(23,363,969)
Other operating expenses	(5,992,501)	3,442,247	(2,550,254)
COMPANY			
Statements of Profit or Loss and Other Comprehensive Income for the financial year ended 28 February 2018			
Administrative expenses	(244,776)	(393,666)	(638,442)
Other operating expenses	(1,029,315)	393,666	(635,649)

47. 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 2019.

Statement by Directors Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of **EUPE CORPORATION BERHAD (377762-V)** do hereby state that, in the opinion of the Directors, the financial statements set out on pages 63 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 28 February 2019 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

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

MUHAMAD FAISAL BIN TAJUDIN

DATO' BEH HUCK LEE

Petaling Jaya, Selangor Darul Ehsan

Statutory Declaration Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **NG KEE CHYE**, being the Chief Financial Officer primarily responsible for the financial management of **EUPE CORPORATION BERHAD (377762-V)** do solemnly and sincerely declare that the financial statements set out on pages 63 to 134 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

NG KEE CHYE

(MIA no.: CA7428)
Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur in
the Federal Territory on

Before me

Independent Auditors' Report to The Members of Eupe Corporation Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eupe Corporation Berhad, which comprise the statements of financial position as at 28 February 2019 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 28 February 2019 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addresses in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<u>Recognition of revenue and cost of sales from property development activities</u> Refer to Note 3.16(a) – Significant Accounting Policies, Note 5(b)(i) – Significant Accounting Estimates and Judgements, Note 31 – Revenue and Note 32 – Cost of Sales For the financial year ended 28 February 2019, revenue of RM323,300,099 and cost of sales of RM216,999,598 from property development activities accounted for approximately 89.8% and 90.0% of the Group's total revenue and cost of sales respectively. The Group uses percentage of completion method to account for the recognition of revenue and cost of sales from property development activities. We identified this area as area requires audit focus due to the involvement of significant management's judgement and estimates in the estimation of budgeted property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities of the Group). Estimation of budgeted property development costs requires management to exercise significant judgement in considering the completeness and accuracy of forecast costs to complete, including obligations to contract variations and cost contingencies.	The details of our work performed are as follows: - We evaluated the reasonableness of the management's key judgements used in the estimation of budgeted property development costs by examining documentation such as letter of awards issued to contractors; - We verified the gross development value by examining the signed sales and purchase agreement and intended selling price of the unsold units to the latest transacted selling price; - We performed re-computation on the calculation of percentage of completion to ascertain there is no mathematical error which may render in the over/understatement of profit recognition; - We reviewed the stage of completion of all on-going development projects to determine if there is any exposure to the late ascertained damages and ascertain the adequacy of provision for late ascertained damages, if any; and - We reviewed the recognition of revenue and cost from property development activities whether in accordance with MFRS 15 Revenue from Contracts with Customers. Based on the above procedures performed, we did not identify any material exceptions.
<u>Assessment on financial resources to complete high rise property development projects</u> The Group had embarked on developing high rise property projects in Klang Valley which have high Gross Development Costs. This strategy would require high financial resources, especially at the early stage of the projects to cater for the foundation works while the progress billings are to be issued to the buyers at more advance stages of the development to generate sufficient cash inflows to turn around. Response from the market would also be another critical factor for such projects because in the event of low demand during the construction period, the Group will have to source for other means of financial resources in order to ensure completeness of the projects.	The details of our work performed are as follows: - We reviewed the cash flow projections prepared by the management, where the reasonableness of key assumptions used by the management (including the forecasted revenue and future costs to complete the projects) have been evaluated and challenged; and - We held discussion with the management to understand the current take up rates and obtain updates on the progress/status of the projects. Based on the above procedures performed, we did not identify any material exceptions.

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

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<u>Realisability of investment properties held by a subsidiary, Riacon Sdn Bhd</u> Refer to Note 3.6 – Significant Accounting Policies, Note 5(b)(v) – Significant Accounting Estimates and Judgements and Note 11 – Investment Properties Included in the Group's investment properties of RM48,232,576 are 11 units of bungalows amounted to RM11,942,857 that a subsidiary obtained as settlement of long outstanding receivables in prior financial years from a company in which a director has interest. As at the date of the audit report, only 1 unit was sold subsequent to the financial year end with the rest remained vacant and not occupied. The management performed an assessment on the fair value of the bungalows based on the transacted price of the sold unit. Based on the management's assessment, the adjustment on fair value loss is RM1,015,143. There is a concern in the realisability on the remaining units of bungalows and whether the fair value have been fairly stated.	The details of our work performed are as follows: - We held discussion with the management to understand the future plan and management's assessment on the realisability of the vacant bungalows; - We considered the reasonableness of the justifications used by management in assessing the realisability of the bungalows; and - We assessed the fair value of bungalows by considering the reasonableness of the basis and assumptions applied by the management. Based on the above procedures performed, we did not identify any material exceptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis and Directors' Reports included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

1. As stated in Note 2 to the financial statements, Eupe Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 March 2018 with a transition date of 1 March 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 28 February 2018 and 1 March 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 28 February 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 28 February 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 March 2018 do not contain misstatements that materially affect the financial position as at 28 February 2019 and financial performance and cash flows for the financial year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RSM Malaysia
AF: 0768
Chartered Accountants

Yeoh Kian Teck
03322/08/2019 J
Chartered Accountant

Kuala Lumpur

Analysis of Shareholdings as at 31 May 2019

No. of Issued Shares : 128,000,000 ordinary shares
Class of shares : Ordinary shares
Voting rights : One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders		No. of Shares		Percentages (%)	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
Less than 100 shares	12	1	434	51	0.0004	0.0000
100 to 1,000 shares	1,791	3	1,760,626	3,000	1.3755	0.0023
1,001 to 10,000 shares	1,376	13	6,195,752	61,700	4.8404	0.0482
10,001 to 100,000 shares	451	4	15,049,400	125,000	11.7574	0.0977
100,001 to less than 5% of issued shares	105	1	54,794,148	299,900	42.8079	0.2343
5% and above of issued shares	3	0	49,709,989	0	38.8359	0.0000
SUBTOTAL	**3,738**	**22**	**127,510,349**	**489,651**	**99.6175**	**0.3825**
GRAND TOTAL (Malaysian + Foreigner)	**3,760**		**128,000,000**		**100.0000**	

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares	%
1.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Beh Heng Seong Sdn Bhd (PB)	23,261,208	18.17
2.	Betaj Holdings Sdn Bhd	14,349,781	11.21
3.	Betaj Holdings Sdn Bhd	12,099,000	9.45
4.	Betaj Holdings Sdn Bhd	3,605,000	2.82
5.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Beh Huck Lee (M01)	3,500,000	2.73
6.	Success Leads Sdn Bhd	3,095,900	2.42
7.	Success Leads Sdn Bhd	2,781,794	2.17
8.	Firm Alliance Sdn Bhd	2,622,538	2.05
9.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Wan Koon	2,602,600	2.03
10.	Tham Sau Kien	2,532,300	1.98
11.	Goh Hieng Lam	1,718,300	1.34
12.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liew Hock Lai (M01)	1,290,000	1.01
13.	Ng Chor Weng	1,199,600	0.94
14.	Maybank Nominees (Tempatan) Sdn Bhd Beh Chan Sin	1,138,800	0.89
15.	Janet Lai Wei Ying	1,030,000	0.81
16.	Goh Ten Fook	1,015,000	0.79
17.	Maybank Nominees (Tempatan) Sdn Bhd Beh Siok Hock	1,000,000	0.78
18.	Wong Hung Ngie	902,300	0.70
19.	Lee Seng Huat	815,000	0.64

Analysis of Shareholdings as at 31 May 2019 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Shareholders	No. of Shares	%
20.	Maybank Nominees (Tempatan) Sdn Bhd Beh Chan Mua	800,000	0.63
21.	Yeo Khee Nam	796,500	0.62
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Neo Eng Hui (7001308)	752,000	0.59
23.	Beh Siam Kee	677,600	0.53
24.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Gan Wan Koon (MY1597)	647,000	0.51
25.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	629,800	0.49
26.	Sim Lian Hing	625,000	0.49
27.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	604,600	0.47
28.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yu Ah Sing @ Yeo Ah Sing	568,500	0.44
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Neo Eng Hui (7003415)	546,200	0.43
30.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Siu Wah (REM 181-Margin)	545,100	0.43
	TOTAL:	**87,751,421**	**68.56**

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders as at 31 May 2019

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Betaj Holdings Sdn Bhd	30,053,781	23.48	-	-
Beh Heng Seong Sdn Bhd	23,261,208	18.17	30,053,781[(a)]	23.48
Dato' Beh Huck Lee	3,500,000	2.73	53,314,989[(b)]	41.65
Datin Paduka Teoh Choon Boay	234,416	0.18	53,314,989[(b)]	41.65

DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings as at 31 May 2019

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Tan Hiang Joo	10,000	0.01	-	-
Dato' Beh Huck Lee	3,500,000	2.73	53,314,989[(b)]	41.65
Muhamad Faisal bin Tajudin	-	-	-	-
Beh Yeow Seang	-	-	-	-
Dato' Paduka Haji Ismail bin Haji Shafie	-	-	-	-
Iskandar Abdullah @ Sim Kia Miang	-	-	103,000[(c)]	0.08
Kek Jenny	-	-	-	-
Alfian bin Tan Sri Mohamed Basir	-	-	-	-

Notes:

(a) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through shareholdings in Betaj Holdings Sdn Bhd.

(b) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 through shareholdings in Beh Heng Seong Sdn Bhd which in turn hold shares in Betaj Holdings Sdn Bhd.

(c) Deemed interested by virtue of Section 59(11)(c) of the Companies Act 2016 through his spouse's shareholdings in the Company.

List of Top Ten Properties held by the Group as at 28 February 2019

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition or last revaluation	Existing use	Net Book Value as at 28 February 2019 (RM'000)
1	PT328, H.S.(D) 121005, Seksyen 94 Bandar Kuala Lumpur, Daerah Wilayah Persekutuan Kuala Lumpur [Located at Seputeh]	Leasehold 99 years expiring 27/02/2118	Total 3.22 acres 140,469 sq ft. 13,050 sq.m.	Oct-2014	Land held for development	58,958
2	PT20000 Seksyen 90A, H.S.(D) 120253, Bandar Kuala Lumpur, District of Kuala Lumpur Federal Territory of Kuala Lumpur. [Located at Cheras]	Leasehold 99 years expiring 17/12/2114	2.67 acres 116,358 sq ft. 10,810 sq.m.	Feb-2016	Development in progress	64,607
3	PT 9403, H.S.(D) 120037 Mukim & District of Kuala Lumpur Federal Territory of Kuala Lumpur. [Located at Bangsar South]	Freehold	2.51 acres 109,501 sq ft. 10,173 sq.m.	Feb-2012	Development in progress	18,427
4	P.T.97077 to P.T.97234, P.T.97633 to P.T.97710, P.T.97759 to P.T.97880, P.T.96247, P.T.97711 to P.T.97758, P.T.96840 to P.T.96858, P.T.97255 to P.T.97256, P.T.97273 to P.T.97284, P.T.97417 to P.T.97428, P.T.97517 to P.T.97536, P.T.96859 to P.T.97076, P.T.97285 to P.T.97350, P.T.97429 to P.T.97516, H.S.(D) 121154 to H.S.(D) 121311, H.S.(D) 121708 to H.S.(D) 121785, H.S.(D) 121834 to H.S.(D) 121955, H.S.(D) 5210, H.S.(D) 121786 to H.S.(D) 121833, H.S.(D) 120917 to H.S.(D) 120935, H.S.(D) 121332 to H.S.(D) 121333, H.S.(D) 121350 to H.S.(D) 121361, H.S.(D) 121494 to H.S.(D) 121505, H.S.(D) 121592 to H.S.(D) 121611, H.S.(D) 120936 to H.S.(D) 121153, H.S.(D) 121362 to H.S.(D) 121427, H.S.(D) 121506 to H.S.(D) 121591, H.S.(D) 121961 to H.S.(D) 121962, Mukim of Pinang Tunggal, District of Kuala Muda [Located next to Bandar Puteri Jaya,Kedah]	Freehold	86.80 acres 3,781,017 sq ft. 351,268 sq.m.	Mar-2008	Development in progress	43,432

List of Top Ten Properties held by the Group as at 28 February 2019 (cont'd)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition or last revaluation	Existing use	Net Book Value as at 28 February 2019 (RM'000)
5	P.T.72218 to P.T.72263, P.T.72412 to P.T.72413, P.T.72422 to P.T.72427, P.T.72806 to P.T.72825, P.T.72894 to P.T.72897, P.T.72944 to P.T.72945, P.T.72962 to P.T.72963, P.T.72984 to P.T.72987, P.T.73046 to P.T.73047, P.T.73123 to P.T.73124, P.T.73137 to P.T.73123 to P.T.73124, P.T.73137 to P.T.73157 to P.T.73160, P.T.73172 to P.T.73173, P.T.73185 to P.T.73187, P.T.73221, P.T.73265 to P.T.73266, P.T.73304 to P.T.73305, P.T.73338, P.T.73511 to P.T.73514, P.T.73524 to P.T.73529, P.T.73557 to P.T.73616 P.T.72202 to P.T.72217, P.T.72408 to P.T.72411, P.T.72448 to P.T.72463, P.T.72500 to P.T.72527, P.T.72544 to P.T.72547, P.T.72994 to P.T.73045, P.T.73048 to P.T.73057, P.T.73166 to P.T.73171, P.T.73174 to P.T.73184 H.S.(D) 23087 to H.S.(D) 23132, H.S.(D) 23281 to H.S.(D) 23282, H.S.(D) 23291 to H.S.(D) 23296, H.S.(D) 23675 to H.S.(D) 23694, H.S.(D) 23763 to H.S.(D) 23766, H.S.(D) 23813 to H.S.(D) 23814, H.S.(D) 23831 to H.S.(D) 23832, H.S.(D) 23853 to H.S.(D) 23856, H.S.(D) 23915 to H.S.(D) 23916, H.S.(D) 23992 to H.S.(D) 23993, H.S.(D) 24006 to H.S.(D) 24008, H.S.(D) 24015 to H.S.(D) 24016, H.S.(D) 24026 to H.S.(D) 24029, H.S.(D) 24041 to H.S.(D) 24042, H.S.(D) 24054 to H.S.(D) 24056, H.S.(D) 24090, H.S.(D) 24134 to H.S.(D) 24135, H.S.(D) 24173 to H.S.(D) 24174, H.S.(D) 24207, H.S.(D) 24380 to H.S.(D) 24383, H.S.(D) 24393 to H.S.(D) 24398, H.S.(D) 24426 to H.S.(D) 24485 H.S.(D) 23071 to H.S.(D) 23086, H.S.(D) 23277 to H.S.(D) 23280, H.S.(D) 23317 to H.S.(D) 23332, H.S.(D) 23369 to H.S.(D) 23396, H.S.(D) 23413 to H.S.(D) 23416, H.S.(D) 23863 to H.S.(D) 23914, H.S.(D) 23917 to H.S.(D) 23926, H.S.(D) 24035 to H.S.(D) 24040, H.S.(D) 24043 to H.S.(D) 24053 Mukim of Sungai Petani, District of Kuala Muda [Located next to Taman Kelisa Ria and Aman Jaya]	Freehold	43.15 acres 1,879,626 sq ft. 174,623 sq.m.	Sep-2001	Development in progress	14,782

List of Top Ten Properties held by the Group as at 28 February 2019 (cont'd)

No.	Location & Description	Tenure & Age	Land Area	Date of acquisition or last revaluation	Existing use	Net Book Value as at 28 February 2019 (RM'000)
6	P.T.60240, P.T.60242 to P.T.60297, P.T.60041 to P.T.60075, P.T.60125 to P.T.60130, P.T.60133 to P.T.60156, P.T.60165 to P.T.60168, P.T.60219 to P.T.60220, P.T.60222 to P.T.60229, P.T.60231 to P.T.60234, P.T.60236 to P.T.60238 H.S.(D) 128561, H.S.(D) 128563 to H.S.(D) 128618, H.S.(D) 128362 to H.S.(D) 128396, H.S.(D) 128446 to H.S.(D) 128451, H.S.(D) 128454 to H.S.(D) 128477, H.S.(D) 128486 to H.S.(D) 128489, H.S.(D) 128540 to H.S.(D) 128541, H.S.(D) 128543 to H.S.(D) 128550, H.S.(D) 128552 to H.S.(D) 128555, H.S.(D) 128557 to H.S.(D) 128559 Bandar Sungai Petani, District of Kuala Muda [Located next to Cinta Sayang Golf and Country Resort Persiaran Cinta Sayang, Sungai Petani, Kedah]	Freehold	18.63 acres 811,599 sq ft. 75,400 sq.m.	Oct-2010	Development in progress	14,752
7	P.T. 17698 and P.T. 17699 H.S.(D) 73395 and H.S.(D) 73398 Mukim of Sungai Petani, District of Kuala Muda [Located next to Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah [Cinta Sayang Golf Club]	Leasehold 60 years expiring 31/07/2051 30 years	190.88 acres 8,314,645 sq ft. 772,456 sq.m.	Mar-2015	Property, Plant and Equipment	23,004
8	P.T. 10398 to P.T. 10422, P.T. 10447 to P.T. 10457 H.S.(D) 5511 to H.S.(D) 5535, H.S.(D) 5541 to H.S.(D) 5550 Mukim of Sungai Petani, District of Kuala Muda Persiaran Cinta Sayang, Sungai Petani, Kedah [Cinta Sayang and Country Resort]	Freehold 23 to 30 years	8.61 acres 375,087 sq ft. 34,847 sq.m.	Jul-2016	Property, Plant and Equipment	21,730
9	P.T. 21648, H.S.(M) 3/94 Mukim of Sungai Petani, District of Kuala Muda [Located along the eastern side of Jln Badlishah, within Taman Ria, Sungai Petani,Kedah]	Freehold 22 years	1.67 acres 72,640 sq ft. 6,748 sq.m.	Feb-2018	Investment Property	15,740
10	PLOT L090, L102, L224, L225, L227 L247,L255.L261.L267.L268 and L271 Lorong Hillpark, Hill Park Residensi, 14000 Alma, Bukit Mertajam, Pulau Pinang.	Freehold	0.91 acres 39,471 sq ft. 3,667 sq.m.	Sep-2017	Investment Property	11,943

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Third (23rd) Annual General Meeting ("AGM") of Eupe Corporation Berhad will be held at Nadia, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, 08000 Sungai Petani, Kedah Darul Aman on Thursday, 25 July 2019 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 28 February 2019 together with the Reports of the Directors and Auditors thereon. **(Please refer to the Explanatory Notes to the Agenda)**

2. To approve the payment of the following Directors' remuneration by the Company for the period from 25 July 2019 until the conclusion of the next AGM in 2020:

   (a) Directors' fees of RM5,000 per month per Non-Executive Director. **Ordinary Resolution 1**

   (b) Chairmanship allowance of RM5,000 per annum payable to Board Chairman, and each Chairman/Chairperson of Board Committees namely Risk Management and Audit Committee, Nomination Committee and Remuneration Committee. **Ordinary Resolution 2**

   (c) Attendance allowance of RM800 per trip (for local Directors) or RM1,100 per trip (for outstation Directors). **Ordinary Resolution 3**

3. To re-elect the following Directors who are retiring by rotation pursuant to Article 82 of the Articles of Association, comprising part of the Constitution of the Company:

   (a) Dato' Beh Huck Lee **Ordinary Resolution 4**

   (b) Iskandar Abdullah @ Sim Kia Miang **Ordinary Resolution 5**

4. To re-elect Beh Yeow Seang who is retiring pursuant to Article 88 of the Articles of Association, comprising part of the Constitution of the Company. **Ordinary Resolution 6**

5. To re-appoint RSM Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

AS SPECIAL BUSINESS

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

6. **PROPOSED CONTINUATION IN OFFICE OF DATO' PADUKA HAJI ISMAIL BIN HAJI SHAFIE AS INDEPENDENT NON-EXECUTIVE DIRECTOR ("INED")**

   "**THAT** approval be and is hereby given to Dato' Paduka Haji Ismail bin Haji Shafie who has served as an INED of the Company since 24 September 2010 and will reach the nine-year term limit on 23 September 2019 to continue to act as an INED of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance." **Ordinary Resolution 8**

7. **PROPOSED CONTINUATION IN OFFICE OF DATUK TAN HIANG JOO AS INED**

   "**THAT** approval be and is hereby given to Datuk Tan Hiang Joo who has served as an INED of the Company for a cumulative term of more than twelve (12) years to continue to act as an INED of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance." **Ordinary Resolution 9**

Notice of Annual General Meeting (cont'd)

8. **PROPOSED CONTINUATION IN OFFICE OF KEK JENNY AS INED**

"**THAT** approval be and is hereby given to Kek Jenny who has served as an INED of the Company for a cumulative term of more than twelve (12) years to continue to act as an INED of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance." **Ordinary Resolution 10**

9. **PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

"**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the Memorandum and Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad ("Bursa Securities"); **Ordinary Resolution 11**

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company, or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

10. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK**

"**THAT** subject always to the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities (if any), approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company ("Share Buy-Back Mandate") provided that: **Ordinary Resolution 12**

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

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

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

Notice of Annual General Meeting (cont'd)

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

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

(b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

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

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

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

11. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs") OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTs")** **Ordinary Resolution 13**

"**THAT** subject always to the Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries to enter into the RRPTs of a revenue or trading nature with the related parties as specified in Section 2.3 of Part B of the Statement/Circular to Shareholders dated 27 June 2019, provided that such transactions are necessary for the Group's day-to-day operations and carried out in the ordinary course of business and at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

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

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

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

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

whichever is the earlier.

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

Notice of Annual General Meeting (cont'd)

12. **PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY**

Special Resolution

"**THAT** the Company's existing Memorandum and Articles of Association be deleted in its entirety and that the new Constitution as set out in Part C of the Statement/Circular to Shareholders dated 27 June 2019 be and is hereby adopted as the new Constitution of the Company with effect from the date of passing this special resolution.

AND THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Adoption of New Constitution of the Company with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

13. To transact any other business of which due notice shall have been given in accordance with the Act and the Articles of Association, comprising part of the Constitution of the Company.

By Order of the Board

WONG WAI FOONG (MAICSA 7001358)
TAN BEE HWEE (MAICSA 7021024)
Company Secretaries

Sungai Petani
Kedah Darul Aman
27 June 2019

Notes:

1. For the purposes of determining a member who shall be entitled to attend, speak and vote at the 23rd AGM, the Company shall be requesting the Record of Depositors as at 18 July 2019. Only a depositor whose name appears on the Record of Depositors as at 18 July 2019 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.
2. A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at or by facsimile transmission to the Company's Registered Office at 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than forty-eight (48) hours before the time appointed for holding the meeting or at adjourned meeting thereof.
5. Where a member is an Authorised Nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.
7. Where a member or the Authorised Nominee appoints two (2) proxies, or where an Exempt Authorised Nominee appoints two (2) or more proxies to attend at the same meeting, the proportion of his/her shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in this Notice will be put to vote by poll.

Notice of Annual General Meeting (cont'd)

EXPLANATORY NOTES TO THE AGENDA:

1. Item 1 of the Agenda

   Audited Financial Statements for the financial year ended 28 February 2019

   This Agenda item is meant for discussion. The provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item will not be put forward to the shareholders for voting.

2. Ordinary Resolutions 1, 2 and 3

   Payment of Directors' Fees, Chairmanship Allowance and Attendance Allowance

   Pursuant to Section 230(1) of the Act, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries, shall be approved at a general meeting. In this respect, the Board of Directors of the Company has recommended to the shareholders for approval on the payment of Directors' fees, chairmanship allowance and attendance allowance to Directors for the period from 25 July 2019 until the conclusion of the next AGM at the forthcoming 23rd AGM of the Company.

3. Ordinary Resolutions 4, 5 and 6

   Re-election of retiring Directors

   Dato' Beh Huck Lee, Encik Iskandar Abdullah @ Sim Kia Miang and Ms Beh Yeow Seang are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 23rd AGM.

   The Board of Directors had via the Nomination Committee ("NC") carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The Board had recommended the re-election of the aforesaid Directors. Their profiles are set out in the Profiles of Directors from pages 12 to 15 of the Company's 2019 Annual Report.

4. Ordinary Resolution 7

   Re-appointment of RSM Malaysia as Auditors of the Company

   The Board had via the Risk Management and Audit Committee evaluated the independence, competency and reliability of RSM Malaysia according to the relevant criteria prescribed by Paragraph 15.21 of the Listing Requirements. The Board was satisfied with the performance of RSM Malaysia and had recommended the re-appointment of RSM Malaysia as Auditors of the Company for the financial year ending 29 February 2020 to the shareholders for approval.

5. Ordinary Resolutions 8, 9 and 10

   Proposed continuation in office of Dato' Paduka Haji Ismail bin Haji Shafie, Datuk Tan Hiang Joo and Kek Jenny as Independent Directors

   The Board, through the NC, had conducted annual performance evaluation and assessment on Dato' Paduka Haji Ismail bin Haji Shafie who is serving as an INED since 24 September 2010 and will reach the nine-year term limit on 23 September 2019, Datuk Tan Hiang Joo and Ms Kek Jenny both who had served as INED of the Company for a cumulative term of more than twelve (12) years and had recommended them to continue to act as INEDs of the Company based on the following justifications: -

   i. They had fulfilled the criteria under the definition of Independent Directors as stated in the Listing Requirements, and hence they would be able to bring the element of objectivity, independent judgement and balance to the Board;

   ii. They are knowledgeable and have applied their vast experience and exercised due care during their tenure as INED of the Company. They have carried out their duties with reasonable skill and competence, bringing independent judgement and depth into the Board's decision making in the best interest of the Company, shareholders and stakeholders;

   iii. They have been with the Company long and therefore understand the Company's business operations which enable them to participate actively and contribute during Board and Board Committee meetings; and

   iv. They exhibited high commitment and devoted sufficient time and efforts to attend the meetings for informed and balanced decision making.

   Their profiles are set out in the Profiles of Directors from pages 12 to 15 of the Company's 2019 Annual Report.

Notice of Annual General Meeting (cont'd)

6. Ordinary Resolution 11

   Proposed authority to issue and allot shares pursuant to Sections 75 and 76 of the Act

   The proposed Ordinary Resolution 11, if passed, will empower the Directors to issue and allot ordinary shares up to 10% of the total number of the issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

   This proposed resolution is a renewal of the previous year's mandate. The mandate will provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. This is also 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 as the Directors may deem fit in the best interest of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 26 July 2018 and the mandate will lapse at the conclusion of the 23rd AGM.

7. Ordinary Resolution 12

   Proposed Renewal of Shareholders' Mandate for Share Buy-Back

   The Ordinary Resolution 12, if passed, will enable the Directors of the Company to purchase Company's shares up to 10% of the total number of the issued shares of the Company by utilising the funds allocated which shall not exceed the total amount of the retained profits of the Company based on the latest Audited Financial Statements and/or the latest management accounts (where applicable) available in respect of any purchase of shares pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

   The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last AGM held on 26 July 2018.

   Further information relating to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back are set out in Part A of the Company's Statement/Circular to Shareholders dated 27 June 2019 which was circulated together with the Company's 2019 Annual Report.

8. Ordinary Resolution 13

   Proposed Renewal of Shareholders' Mandate for RRPTs

   The proposed Ordinary Resolution 13, if passed, will allow the Group to enter into RRPTs with its related parties in accordance with the Listing Requirements without the necessity to convene separate general meetings to seek shareholders' approval as and when such RRPTs occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company and is subject to renewal on an annual basis.

   Further details relating to this proposed resolution are set out in Part B of the Company's Statement/Circular to Shareholders dated 27 June 2019, which was circulated together with the Company's 2019 Annual Report.

9. Special Resolution

   Proposed Adoption of New Constitution of the Company

   The proposed Special Resolution, if passed, will align the Constitution of the Company with the Act, the updated provisions of the Listing Requirements and other provisions of laws and regulations which are applicable to the Company.

   The new Constitution is set out in Part C of the Company's Statement/Circular to Shareholders dated 27 June 2019 which was circulated together with the Company's 2019 Annual Report.

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PROXY FORM

Building Lifestyles, Building Trust

EUPE CORPORATION BERHAD (377762-V)
(Incorporated in Malaysia)

*I/We (full name), ...

bearing *NRIC No./Passport No./Company No. ....

of (full address) ....

....

....

Number of Shares Held	
CDS Account No.	

being a shareholder/shareholders of Eupe Corporation Berhad ("Company") hereby appoint:

First Proxy "1"	Full Name	NRIC/Passport No.	Proportion of Shareholdings Represented	
			No. of Shares	%
	Full Address			

*and/or failing *him/her, (*delete as appropriate)

Second Proxy "2"	Full Name	NRIC/Passport No.	Proportion of Shareholdings Represented	
			No. of Shares	%
	Full Address			
				100%

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Third Annual General Meeting ("23rd AGM") of the Company to be held at Nadia, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, 08000 Sungai Petani, Kedah Darul Aman on Thursday, 25 July 2019 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:

Resolution	Particular	For	Against
Ordinary Resolution 1	Payment of Directors' fees		
Ordinary Resolution 2	Payment of chairmanship allowance		
Ordinary Resolution 3	Payment of attendance allowance		
Ordinary Resolution 4	Re-election of Dato' Beh Huck Lee as Director		
Ordinary Resolution 5	Re-election of Iskandar Abdullah @ Sim Kia Miang as Director		
Ordinary Resolution 6	Re-election of Beh Yeow Seang as Director		
Ordinary Resolution 7	Re-appointment of RSM Malaysia as Auditors		
Ordinary Resolution 8	Proposed continuation in office of Dato' Paduka Haji Ismail bin Haji Shafie as Independent Non-Executive Director		
Ordinary Resolution 9	Proposed continuation in office of Datuk Tan Hiang Joo as Independent Non-Executive Director		
Ordinary Resolution 10	Proposed continuation in office of Kek Jenny as Independent Non-Executive Director		
Ordinary Resolution 11	Proposed authority to issue and allot shares pursuant to Sections 75 And 76 of the Companies Act 2016		
Ordinary Resolution 12	Proposed Renewal of Shareholders' Mandate for Share Buy-Back		
Ordinary Resolution 13	Proposed Renewal of Shareholders' Mandate for RRPTs		
Special Resolution	Proposed Adoption of New Constitution of the Company		

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

Date.............................day of ...., 2019

....

Signature of Shareholder or Common Seal
Contact number:

Notes:

1. For the purposes of determining a member who shall be entitled to attend, speak and vote at the 23rd AGM, the Company shall be requesting the Record of Depositors as at 18 July 2019. Only a depositor whose name appears on the Record of Depositors as at 18 July 2019 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.
2. A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at or by facsimile transmission to the Company's Registered Office at 5th Floor, Wisma Ria, Taman Ria, 08000 Sungai Petani, Kedah Darul Aman not less than forty-eight (48) hours before the time appointed for holding the meeting or at adjourned meeting thereof.
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6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.
7. Where a member or the Authorised Nominee appoints two (2) proxies, or where an Exempt Authorised Nominee appoints two (2) or more proxies to attend at the same meeting, the proportion of his/her shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

Affix
Stamp

EUPE CORPORATION BERHAD (377762-V)

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Wisma Ria, Taman Ria,
08000 Sungai Petani,
Kedah Darul Aman, Malaysia.

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