

**ECONPILE HOLDINGS BERHAD**  
**(201201032676) (1017164-M)**  
(Incorporated in Malaysia)

**SUMMARY OF QUESTIONS AND ANSWERS FOR THE EIGHTH ANNUAL GENERAL MEETING (“8<sup>TH</sup> AGM”) OF THE COMPANY CONDUCTED FULLY VIRTUAL FROM THE BOARDCAST VENUE AT MEETING ROOM, LEVEL 8, TOWER BLOCK, PLAZA DWITASIK, JALAN SRI PERMAISURI, BANDAR SRI PERMAISURI, 56000 KUALA LUMPUR, MALAYSIA ON THURSDAY, 26 NOVEMBER 2020 AT 10.00 A.M.**

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The following are questions received in advance and during the 8<sup>th</sup> AGM (including those which were not addressed during the 8<sup>th</sup> AGM due to time constraints). Some of the questions have been moderated for brevity and clarity.

**Q1) Mr Liew Chee Meng, a shareholder, enquired on the following:-**

- (a) The cost of conducting this virtual meeting;** *[same question posed by Ms Teh Sue Wei]*
- (b) The Company’s action to downsize its operations to overcome the current economic uncertainties; and**
- (c) Request for vouchers to participants of this virtual meeting.** *[same question posed by Mr Stephen Lye Tuck Meng, Ms Teh Sue Wei, Ms Hoh Ah Moy, Ms Chan Lai Yin, Encik Mohd Tahir Bin Maulut & Mr Chin See Min @ Chin Keong Mn]*

- A1) (a) The Company spent less than RM15,000.00 to hold this virtual meeting.
- (b) The Company has not downsized their workforce to cope with the current challenging circumstances. From the onset of the Covid-19 pandemic, the Company’s immediate goal was to navigate through the crisis with minimum retrenchment. However, the Company has significantly reduced capital expenditure and also implemented cost-containment measures including reducing overtime and salaries since April 2020.
- (c) The Company believes that consistent stream of dividends is the best way to reward the shareholders. The Company is committed to focus on long-term fundamentals to deliver value to the shareholders.

**Q2) Ms Ng Siaw Cheen, a shareholder, enquired on the following:-**

- (a) The actions or plan of the Company in order to overcome the weak business sentiment;**
- (b) Whether the Company has reduced their fixed operation costs in the previous and coming quarter. If yes, the percentage;**
- (c) The plan of the Company in securing more job; and**

- (d) **The outlook of the next quarterly results with the additional funds to be raised from the private placement exercise.**
- A2) (a) The subdued sentiment in the construction sector is mainly caused by economic and political uncertainties in Malaysia which have adversely affected the demand for new property and the timely roll-out of infrastructure projects. The Company's current key focus is to keep the operations sustainable by being prudent in both spending and tendering for projects.
- (b) The Company is being prudent with all the expenses. In terms of fixed overhead cost, the Company had undertaken temporary salary adjustment based on hierarchical position and pay scale.
- (c) The Company will continue to offer valuable engineering input and alternative design solutions to potential clients in order to stay ahead of the competition. On top of that, the Company is also actively exploring and developing new geographical markets for growth in ASEAN region.
- (d) The private placement exercise has yet to be undertaken and hence, no proceeds were raised as at the date of the 8<sup>th</sup> AGM. However, if the exercise materialised, it will position the Company's balance sheet towards longer-term sustainability but it shall not have any impact on the profitability of the Company. Moreover, the Company would not provide forecast for future earnings.
- Q3) Mr Kow Lih Shi, a shareholder, enquired on the following:-**
- (a) **Whether there is an increase in dividend pay-out in future;**
- (b) **Any delay on the national mega projects;**
- (c) **Any potential risk of delay in project or tender in case the Malaysia's 2021 Budget was not approved;**
- (d) **Any cost reduction plan to sustain throughout the Movement Control Order; and**
- (e) **Any plan for diversification.**
- A3) (a) The Company aims to maintain stable dividends in line with business performance through a dividend payout ratio of approximately 20% of net profit.
- (b) The Company is not privy to the such information on whether there will be any delay on the implementation of national mega projects. However, the Company will continue to tender for projects as and when they arise. The Board believes that the Company could outperform the competitors even with current competitive market.
- (c) Our project progress is independent of the Malaysia's 2021 Budget.

- (d) The Company had since April 2020 reduced its capital expenditure significantly as well as implementing cost-containment measures (including reducing overtime and salaries).
- (e) The Board is open to diversification to grow earnings and will deliberate carefully on opportunities as they arise.

**Q4) Mr Ho Xi Wen, a shareholder, enquired on the following:-**

- (a) The status of the Cambodia's project;** *(same question posed by Mr Ho Xi Wen)*
- (b) The Company's prospect; and** *(same question posed by Ms Hoh Ah Moy and Ms Khor Chai Moi)*
- (c) The main challenges in construction industry.**

- A4)
- (a) The Company is following up closely with the potential client. Announcement(s) will be made to the public via Bursa Malaysia Securities Berhad as and when necessary.
  - (b) The Company will continue to deliver its current order book of RM680 million as well as tendering for projects. The Board remained prudent that the Company is able to maintain their current level of operation at least until the end of 2021.
  - (c) The main challenges are to secure new property development and infrastructure projects in the domestic market. The Company will continue to tender for projects in Malaysia and abroad in order to expand the customer base of the Company.

**Q5) Mr Gho Chee Yuan, a shareholder, enquired on the following:-**

- (a) The Company's outlook in current fiscal year;**
- (b) Any plan to participate in the mega projects mentioned in Malaysia's 2021 Budget. If yes, whether there will be a formation of joint venture or partnership for such projects;**
- (c) The current bidding book and the new job replenishment target of the Company;**
- (d) How long can the Company sustain with the current order book of RM680 million;** *[same question posed by Mr Chia Wan Chow]*
- (e) Any further fund-raising activities in the future;**
- (f) Which country that the Company is considering to expand and whether there is any plan to enter into joint venture with the local partners of the respective country;**
- (g) How much of the order book will be recognised for the current financial year and the average margin the Company expects to earn;**
- (h) The strategy to mitigate margin compression;**

- (i) **The reason of drop in job bid winning rate; and**
  - (j) **The average margin earn by the Company.**
- A5) (a) The Company is able to maintain their profitability in the current fiscal year based on the current outstanding order book.
- (b) It is very much dependent on the tender invitations from the Government. The Company will participate in the tenders as they are called.
- (c) The current tender book is RM800 million. The Company will work hard to replenish the existing job in order to maintain its order book.
- (d) The current order book will sustain the Company until next financial year.
- (e) Other than the announced private placement, the Company does not plan to undertake any fund-raising exercise in the near term.
- (f) The Company is going to expand their business to Cambodia. If necessary, joint venture arrangement will be carried out. However, the Company prefers to carry out the job on its own.
- (g) The Company does not provide financial forecast information.
- (h) The Company strives to continuously improve operational efficiency at job sites and tender for technically challenging jobs which command better margins.
- (i) Instead of win rate, the Company focuses on securing jobs with good profit margins.
- (j) For the financial year ended 30 June 2020, the Company's gross profit margin stood at 7.1%, largely impacted by the effects of the enforcement of Movement Control Order (MCO) and Conditional Movement Control Order (CMCO).
- Q6) Mr Kuan Lay Ming, a shareholder, enquired on the following:-**
- (a) **The Company's perspective on the Twelfth Malaysia Plan;**
  - (b) **The Group's latest order book value, total tender value as well as the job winning rate. What is the project that the Company currently bidding for; [same question posed by Mr Gho Chee Yuan]**
  - (c) **The plan to improve the Company's cash flow position;**
  - (d) **The current working capacity of project site in accordance with the Standard Operating Procedures set by the Government.**
- A6) (a) The Company believes that public infrastructure investment has a huge spill over impact on overall economic growth. The Plan is a potential catalyst for construction sector in 2021.

- (b) The current order book of the Group is RM680 million whilst the current tender book is RM800 million. The job winning rate is at 10%. The Company is tendering for mostly private projects by local property developers.
- (c) The proposed private placement announced by the Company is one of the measures taken by the Company to improve the cash flow position of the Company. On top of that, the Company is also working hard on collections.
- (d) Aside from initial set-up, adherence to the Standard Operating Procedures is not a hindrance to productivity.

**Q7) Mr Lee Eng Shan, a shareholder, enquired on the following:-**

- (a) When will the construction industry turn around based on the Management's field observation; [same question posed by Mr Kuan Lay Ming]**
- (b) The industry and Company's receivables pattern; and**
- (c) The Company's strategy to overcome the lower demand in local construction industry.**

- A7)
- (a) The Board is unable to foresee the outlook of construction industry amid the current business environment uncertainties caused by the Covid-19 pandemic.
  - (b) The recovery of the local property market is tied to the overall economic recovery of the country. Generally, the Company's collection of receivables improves in tandem with pick-up in property market.
  - (c) Aside from Malaysia, the Company is actively exploring and developing new geographical markets for growth.

**Q8) Mr Khor Chai Moi, a shareholder, enquired on the profit margin in property development and infrastructure work.**

For the first quarter ended 30 September 2020, the gross profit margin for property development was 11.4% compared to infrastructure, 6.5%.

**Q9) Mr Chia Wan Chow, a shareholder, enquired whether the Company would participate in the Rapid Transit System (RTS Link) project in Johor.**

The Company has no intention to participate in the RTS Link project for the time being.