ECONPILE HOLDINGS BERHAD
(1017164-M)

Piling Specialist
Substructure and Infrastructure Contractor

ANNUAL REPORT **2019**

Providing Specialist Expertise to the Infrastructure Sector

Over the years, Econpile has gained extensive management experience in the infrastructure space as a Work Package Contractor. Today, we are well positioned to take on a host of large-scale projects in support of nation-building efforts. Amongst others, we are presently involved in piling, structural and substructure works for Light Rail Transit 3 ("LRT3") as well as piling and substructure works for Sungei Besi-Ulu Kelang Elevated Expressway ("SUKE") and Gemas-Johor Bahru Double Electrified Tracking Project.








OVERVIEW

Founded in 1987, Econpile is a leading specialist with a solid reputation for performance and capacity in the field of deep foundation in Malaysia. We draw on over 30 years of construction experience to offer our clients a wide range of deep foundation solutions as well as a full spectrum of time and cost efficient design-build solutions.

Our project portfolio spans infrastructure and property development sectors - from piling and pile cap works for highways and railways to full construction of multi-level basement structures in challenging urban environments. Our completed projects include several packages of bored piling works of Klang Valley Mass Rapid Transit and Light Rail Transit, as well as deep basement works for Elite Pavilion and MAS Building in downtown Kuala Lumpur. Especially notable in our track record is our vast experience in the application of top-down construction method, which demonstrates our capability to manage phased construction of complex sets of tasks within congested environment.

INTEGRATED MANAGEMENT SYSTEM

ISO 9001:2015
Quality Management

ISO 14001:2015
Environmental Management

OHSAS 18001:2007
Health & Safety Management

SME Competitiveness Rating For Enhancement

5-Star SCORE Rating

Having been shaped by over three decades of hands-on practical experience in the field of underground engineering, Econpile is well positioned to provide value engineering input and alternative design solutions to cater to different project needs. Our fundamental goal is to offer integrated solutions which are innovative, functional and economical to our clients. Adding to the company's strength is its extensive fleet of drilling rigs capable of constructing piles of all depths and diameters in a wide range of strata. These plant resources coupled with our technical expertise have helped us to overcome numerous engineering feats, including the installation of bored piles with diameter up to 3m and with length exceeding 100m in challenging limestone formations.

Demonstrating our commitment to the current industry standards, we work within an accredited Integrated Management System to ensure the company operates to the highest levels of quality, environmental and health and safety management. We have also been awarded the highest five-star SCORE rating for the year 2019 by the Construction Industry Development Board, upon assessment based on parameters such as business performance, project management, technical expertise and best practices.

Contents

Key Financial Indicators FY2019

REVENUE
RM663.3 million

CASH GENERATED FROM OPERATIONS
RM29.9 million

PROFIT BEFORE INTEREST AND TAX
RM36.3 million

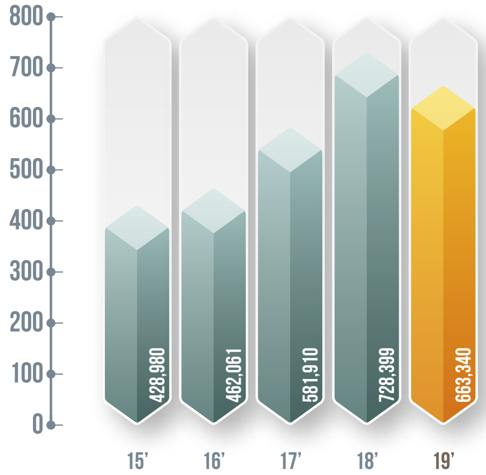
DIVIDEND PER SHARE
0.5 sen
(subject to shareholders' approval)

EARNINGS PER SHARE
1.91 sen

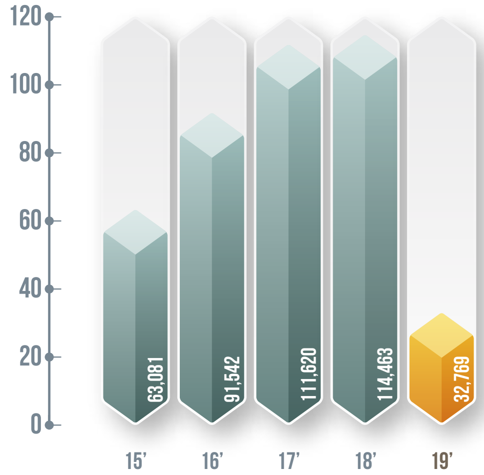
NET PROFIT
RM25.5 million

Financial Highlights

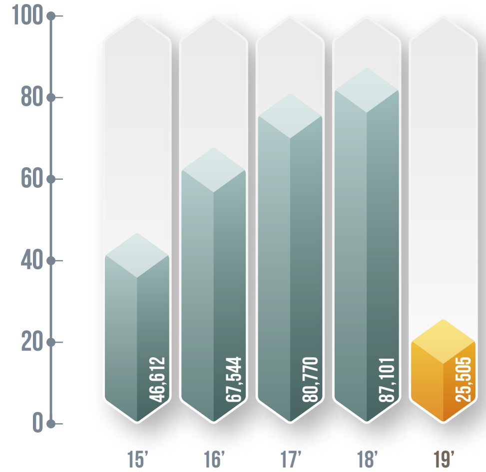
Revenue (RM'000)



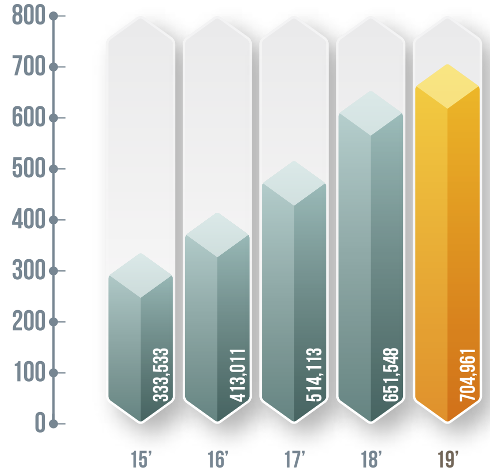
Profit Before Tax (RM'000)



Net Profit (RM'000)



Total Assets (RM'000)



FINANCIAL YEAR ENDED 30 JUNE	2019	2018	2017	2016	2015
Profitability (in RM'000)					
Revenue	663,340	728,399	581,910	462,061	428,980
Depreciation	30,497	29,564	24,558	19,991	17,955
Finance costs	3,494	2,433	1,701	1,573	1,058
Profit before tax	32,769	114,463	111,620	91,542	63,081
Profit before interest and tax	36,263	116,896	113,321	93,115	64,139
Profit before interest, tax and depreciation	66,760	146,460	137,879	113,106	82,094
Net profit for the year	25,505	87,101	80,770	67,544	46,612
Key Balance Sheet Data (in RM'000)					
Total assets	704,961	651,548	514,113	413,011	333,533
Shareholders' fund	395,157	369,652	303,951	247,257	200,003
Total borrowings	73,538	64,243	45,914	30,866	23,163
Share capital	136,006	136,006	136,006	107,000	107,000
Share Information					
Earnings per share (sen)	1.91	6.51	6.04	12.63	8.71
Net assets backing (sen)	29.54	27.63	22.73	46.22	37.38
Gearing ratio (times)	0.19	0.17	0.15	0.12	0.12
Interest cover ratio (times)	10.38	48.05	66.62	59.20	60.62
Return on equity (%)	6.45	23.56	26.57	27.32	23.31

Corporate Information

Board of Directors

Krishnan A/L C K Menon
Independent Non-Executive Chairman
The Cheng Eng
Group Managing Director
Pang Sar
Executive Director/ Group Chief Executive Officer
The Kun Ann
Executive Director
Ong Poay Wah @ Chan Poay Wah
Senior Independent Non-Executive Director
Dato' Rosli Bin Mohamed Nor
Independent Non-Executive Director

Company Secretaries

Lim Hooi Mooi (MAICSA 0799764)
Te Hock Wee (MAICSA 7054787)
Fong Sok Yee (MAICSA 7066501)

Audit & Risk Management Committee

Dato' Rosli Bin Mohamed Nor
Chairman
Krishnan A/L C K Menon
Member
Ong Poay Wah @ Chan Poay Wah
Member

Nomination Committee

Ong Poay Wah @ Chan Poay Wah
Chairperson
Dato' Rosli Bin Mohamed Nor
Member
Krishnan A/L C K Menon
Member

Remuneration Committee

Dato' Rosli Bin Mohamed Nor
Chairman
Krishnan A/L C K Menon
Member
Ong Poay Wah @ Chan Poay Wah
Member

Registered Office

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9191
Fax : 603-2783 9111

Head Office

Level 8, Tower Block
Plaza Dwitasik
Jalan Sri Permaisuri
Bandar Sri Permaisuri
56000 Kuala Lumpur
Tel : 603-9171 9999
Fax : 603-9173 6666
Website : www.econpile.com

Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9299
Fax : 603-2783 9222

Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Auditors

KPMG PLT (Firm No. LLP0010081-LCA & AF0758)
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7721 3388
Fax : 603-7721 3399

Principal Bankers

Alliance Bank Malaysia Berhad
Ambank (M) Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd.

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Construction Sector

Stock Name/Code

ECONBHD/5253
ECONBHD-WA/5253WA

Corporate Structure

ECONPILE HOLDINGS BERHAD
(1017164-M)

100%

ECONPILE (M) SDN. BHD.
(164265-P)

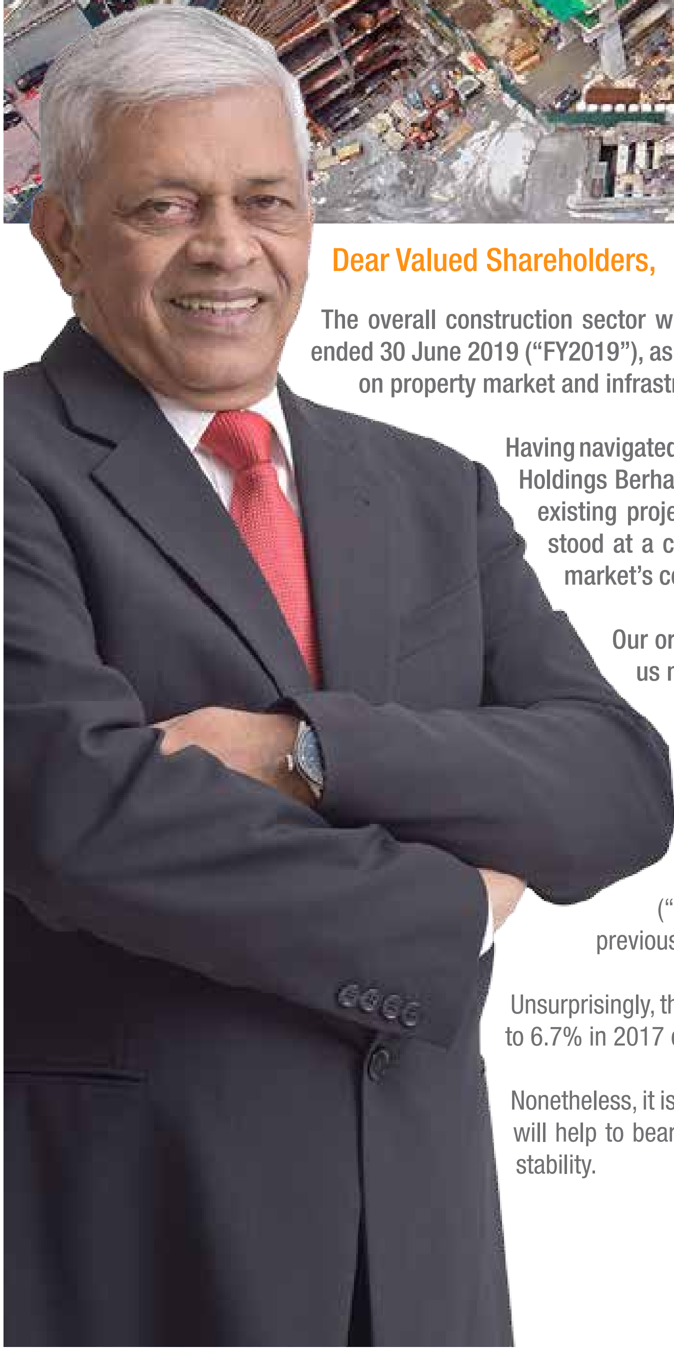
100%

PLATINUM PRODUCTION SDN. BHD.
(515775-H)

100%

TROPICAL BROADWAY SDN. BHD.
(1190142-K)

Chairman's Statement



Dear Valued Shareholders,

The overall construction sector weathered a significant period of economic uncertainty in the financial year ended 30 June 2019 ("FY2019"), as the adjustments in fiscal policies cast a widespread contractionary pressure on property market and infrastructure development.

Having navigated through challenging economic climates in the past three (3) decades, Econpile Holdings Berhad ("Econpile") continued to hold its own by focusing on the execution of its existing projects. Despite the more competitive environment, our new wins for FY2019 stood at a commendable level of RM643.7 million, which serves as a testament of the market's confidence in our core expertise of undertaking piling and substructure works.

Our orderbook of approximately RM950.0 million as at 30 June 2019 also provides us more than a year of earnings visibility.

ECONOMIC REVIEW

The combination of the greater private sector expenditure offset the reduced government spending, which resulted in Malaysia gross domestic product ("GDP") expanding at a more moderate pace of 4.7% in 2018 from 5.9% in the previous year.

Unsurprisingly, the domestic construction sector recorded 4.2% slower growth in 2018 compared to 6.7% in 2017 due to the oversupply in the property market.

Nonetheless, it is believed that Malaysia's strong fundamentals and diversified nature of economy will help to bear these risks and vulnerabilities while preserving macroeconomic and financial stability.

Chairman's Statement (Continued)

FUTURE OUTLOOK

Bank Negara Malaysia ("BNM") expects the nation's economy to grow at a weaker pace of between 4.3% to 4.8% in 2019, with domestic demand to continue to be the main driving factor. Private consumption is anticipated to be stagnant but also remain firm on stable labour market conditions and sustained wage growth.

As for the local construction industry, BNM is forecasting moderated growth due to the completion of large petrochemical projects in the civil engineering sub-sector. Despite this, we are still optimistic about the prospects in the niche piling and deep foundation sector with the continuation of certain mega infrastructure projects such as Light Rail Transit 3 and East Coast Rail Link.

Moving into year 2020, we aim to position ourselves as the choice deep foundation specialist for infrastructure projects in anticipation of the rolling out of large-ticket contracts. We will also enhance our operational efficiency through strategic utilisation of our machinery and continual cost control.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my appreciation to all of our valued shareholders, clients, consultants, suppliers and business partners for your enduring support. With your sustained confidence, Econpile would surely strengthen our foundation as one of the leading and preferred piling and foundation companies in Malaysia.

Krishnan A/L C K Menon
Chairman

Management Discussion And Analysis

Similar to all players in the construction sector value chain, the financial year ended 30 June 2019 proved to be a challenging year for Econpile on the back of macroeconomic uncertainties. Nonetheless, we continued to persevere and achieve favourable outcomes despite the setbacks, mainly in securing new contracts and maintaining profitability, attesting to our capabilities, competitiveness and commitment to project performance.

BUSINESS AND OPERATIONS

Econpile is a specialist provider of bored piling and foundation services, primarily for high-rise property developments and infrastructure projects in Malaysia.

The investment holding company has two wholly-owned subsidiaries, namely Econpile (M) Sdn. Bhd. ("ESB") and Tropical Broadway Sdn. Bhd. ("TBSB"). ESB carries out piling and foundation services while its subsidiary Platinum Production Sdn. Bhd. ("PPSB") is engaged in rental of investment property and machinery, namely the Group's full-fledged workshop in Rawang to carry out regular maintenance of our fleet of machinery. PPSB also undertakes trading of machinery and related accessories. The principal activity of TBSB is in property development.

As an integrated provider, Econpile offers a full suite of piling and foundation services, which typically includes construction of bored piles, earth retaining systems and substructures. Notable completed projects since inception include piling works for Pavilion shopping centre and Klang Valley Mass Rapid Transit, deep basement works for Elite Pavilion and W Hotel and The Residences.

Share Performance (13 September 2018 to 12 September 2019)

Year High	RM0.880
Year Low	RM0.360
Year Close	RM0.775
Trading Volume	3,143.9 million
Market Capitalization as at 12 September 2019	RM1.0 billion

Management Discussion And Analysis (Continued)

FINANCIAL REVIEW

In line with the sluggish construction industry in the financial year under review, group revenue in FY2019 decreased 8.9% to RM663.3 million compared to RM728.4 million previously, due to lower revenue recognition from the property development and infrastructure segments.

RM495.0 million or 74.6% of group revenue was contributed by piling and foundation works for property developments, which moderated 9.8% from RM548.5 million previously. Likewise, revenue for similar works for infrastructure and other projects eased 6.4% to RM168.3 million from RM179.9 million, which made up the remaining 25.4%.

Due to cost over-run and idling costs incurred for two specific projects in the second quarter ended 31 December 2018 ("2Q19"), the Group's FY2019 gross profit trimmed to RM64.0 million from RM131.9 million a year ago. Gross profit margin declined by 8.5 basis points to 9.6% in FY2019 from 18.1% a year earlier.

The Group also incurred 34.1% higher operating expenses from RM26.7 million in FY2018 to RM35.7 million in FY2019 on account of the RM15.1 million impairment of trade receivable in relation to a property development project completed in 2016. Finance costs also rose 43.6% to RM3.5 million from RM2.4 million in line with the increased borrowings to fund ongoing projects.

This translated to the Group's FY2019 profit before tax to decrease by 71.4% to RM32.8 million from RM114.5 million previously.

Altogether, Econpile reported net profit of RM25.5 million in FY2019 from RM87.1 million in the previous corresponding year.

Still, it is noteworthy that despite the setback in 2Q19, the Group's bottomline and corresponding margins stabilised from the third quarter of FY2019 onwards, on the back of stronger contributions from our ongoing works for property development and infrastructure projects.

ASSETS, LIABILITIES AND EQUITY

As at 30 June 2019, the Group's total asset base surged to RM704.9 million from RM651.5 million previously. The increase was mainly due to higher trade and other receivables and contract assets to RM539.5 million, in tandem with the increased retention sums from the completion of bigger-scale jobs.

Cash and cash equivalents together with other investments rose significantly to RM57.9 million as at 30 June 2019, from RM26.7 million a year ago, as Econpile adopted a prudent stance and reduced its capital expenditure on major machinery.

The Group's total liabilities increased to RM309.8 million as at 30 June 2019 from RM281.9 million previously. This was in line with the larger base of ongoing projects which necessitated higher short-term loans and borrowings to finance working capital. This resulted in total borrowings rising to RM73.5 million versus RM64.2 million earlier, and trade and other payables increasing to RM215.4 million from RM199.4 million.

Shareholders' equity stood at a healthy RM395.2 million from RM369.7 million previously, boosted by higher retained earnings.

CAPITAL STRUCTURE AND CAPITAL RESOURCES

Econpile incurred RM5.5 million in capital expenditure for the financial year under review for the purchase of new machinery and investment properties. These were financed by bank borrowings and internally generated cash.

Due to higher borrowings, the Group's net gearing level increased to 0.19x in FY2019 from 0.17x in the previous corresponding year, allowing the Group sufficient access to funds as and when required, and providing a strong financial foundation to enable the Group to withstand economic shocks.

DIVIDEND POLICY

The Board of Directors of Econpile proposed a first and final dividend of 0.5 sen per share pending the shareholders' approval at the forthcoming Annual General Meeting. The dividend payout amounts to RM6.7 million or 26.2% of FY2019 net profit, allowing us to maintain our dividend-paying record since listing.

We are appreciative of our shareholders' continued trust, support and confidence in Econpile despite the rough year.

Management Discussion And Analysis (Continued)

OPERATIONAL HIGHLIGHTS

In line with the current industry climate, the senior management has identified four (4) key risks facing the Group in the present, namely the slowdown in construction sector and property market, credit risk and slower debt collection, reliance on key personnel and shortage of workers. Timely identification of risk will help focus attention on policies and strategies for control and management of risks.

Having undergone numerous economic cycles prior, we at Econpile recognise the gravity of maintaining our market competitiveness, enhancing internal efficiency, and adopting cost prudency in every project.

Demonstrating our competitive edge even under dire circumstances, Econpile successfully bagged RM643.7 million in new contracts in FY2019. These new wins consisted of property development and infrastructure projects, which exceeded the RM450 million mark attained the year before and boosted our orderbook to a healthy level of approximately RM950.0 million.

Included in the notable job wins were two contracts for Phase Two of Pavilion Damansara Heights with a total value of RM331.2 million. In July 2018, Econpile bagged a RM122.0 million contract to undertake bored piling, followed by a RM209.3 million project to perform basement and substructure works for the same phase. The two (2) contracts testify the Group's quality of works performed for Phase one of the mixed development.

Besides that, the Group also secured RM108.7 million worth of infrastructure projects, comprising RM64.0 million worth of works for three (3) contracts for the Gemas–Johor Bahru Electrified Double Track Project, and RM44.7 million to undertake station works for the Hospital Kuala Lumpur Station of the Klang Valley Mass Rapid Transit 2 ("KVMRT2").

At the level of ground operations, we are currently working full force in both Phase One and Phase Two of Pavilion Damansara Heights project. This development, with a total awarded contract value of RM919.6 million, was by far the largest project contributed the most to our revenue in FY2019.

Phase One of the development alone comprises three (3) residential towers, nine (9) corporate towers and a retail podium resting on an eight-level basement with a massive basement floor plate with approximate area of 300,000 m^2. After the completion of foundation works installing over 900 bored piles, FY2019 saw us directing our resources at the construction of basement structure. With top-down construction method being adopted, the basement floors are constructed parallel with excavation, saving significant amount of construction time. Of particular engineering importance, the basement floor slabs at levels B3, B5 and B7 act as the permanent reinforced concrete strut system providing lateral support to the contiguous bored pile retaining walls. This has allowed the excavation of deep basement without temporary propping.

We have been handing over the site progressively by zones and priorities to the main contractor during FY2019 for the subsequent erection of tower buildings. Accordingly, Phase One is presently a bustling project site with both underground and aboveground structures simultaneously being built, showcasing the efficiency of top-down construction sequence being applied.

Next to Phase One, piling and substructure works are currently ongoing in Phase Two part of the project site. With the foundation works entering final stages, basement construction works will take centre stage next year for Phase Two.

On the infrastructure front, we have extended our geographical reach to the state of Johor in the financial year under review. Operation wise, we have completed three (3) packages of piling and substructure works in Kluang, Segamat and Renggam districts for the Gemas-Johor Bahru Electrified Track Project. Further cementing our working relationship with YTL Corporation, we are currently undertaking foundation works for the fourth package in Kempas.

As for the Light Rail Transit 3 ("LRT3") project awarded in 2017, after the clarity following the government's negotiation and rationalisation exercise with the key stakeholders, work is gradually resuming to its normal operations level. We have consequently in the past months mobilised additional resources to carry out the piling works for package GS04.

Sungei Besi-Ulu Kelang Elevated Expressway ("SUKE") continued to advance at a steady pace during the financial year under review. Being a forerunner in hard rock drilling, thus far we have successfully installed close to 200 piles by using down-the-hole ("DTH") hammer in hard granite areas for this project alone. We will continue to direct our research and development effort in DTH hammer as its application gives us competitive advantage when tackling challenging rock formations.

With respect to material litigation, the Group has initiated adjudication proceedings against ASM Development (KL) Sdn. Bhd. ("ASMKL") in accordance with the Construction Industry Payment and Adjudication Act 2012 for the recovery of the value of work performed of RM80.1 million. We have served the Notification of Determination to ASMKL in March 2019 and all physical works at the project site have since been halted. In parallel, the Group has also filed a Notice of Arbitration in March 2019 with the Asian International Arbitration Centre against ASMKL. The Group is allowed to claim for a total of RM73.7 million based on the first and second adjudications' decisions.

The Group has made, and will continue to make, appropriate announcements to Bursa Malaysia Securities Berhad in respect of any material development thereof. We believe that we stand a good chance in recovering the outstanding value of works done.

Management Discussion And Analysis (Continued)

GROWTH STRATEGIES

While cautious of the numerous potential challenges in the coming year, we are confident that we are able to weather these obstacles, armed with vast experience spanning over thirty (30) years, a capable management team and a sizeable fleet of machinery.

In order to strengthen our market presence, we will be implementing the following strategies:

- **Tendering for larger-scale construction projects**

  With the potential revival of mega infrastructure and property projects such as the East Coast Rail Link and Bandar Malaysia, we expect the construction industry to pick up and gain momentum. We will be tendering for the piling and substructure works portions for a number of infrastructure projects. Having done multiple undertakings for KVMRT2 and Pavilion Damansara Heights, we are optimistic of securing some of our tenders for the mega projects.

- **Continue to enhance capabilities of fleet and workforce**

  As we focus on securing more contracts to improve our topline, we are also continuing our efforts to enhance our operational efficiency to strengthen our bottomline. We see upskilling of workers and improvement of fleet management central to increased margins.

APPRECIATION

I would like to extend my gratitude to the Board, management team, and our employees for your commitment towards delivering commendable results despite the challenging business environment. Econpile's achievements today would not be made possible without your efforts.

I would also like to extend my heartfelt appreciation to our business partners, associates, suppliers, customers, and valued shareholders for maintaining their confidence in us. We endeavour to work hard to reap a fruitful future for the Group.

Sincerely,
The Cheng Eng
Group Managing Director

Pang Sar
Executive Director/ Group Chief Executive Officer

Directors' Profiles

From left to right:

1. Ong Poay Wah @ Chan Poay Wah (f)
Senior Independent Non-Executive Director

2. The Kun Ann (f)
Executive Director

3. KRISHNAN A/L C K MENON
Independent Non-Executive Chairman

4. The Cheng Eng
Group Managing Director

5. Pang Sar
Executive Director/ Group Chief Executive Officer

6. Dato' Rosli Bin Mohamed Nor
Independent Non-Executive Director

KRISHNAN A/L C K MENON

Independent Non-Executive Chairman

Krishnan A/L C K Menon (Male), a Malaysian aged 69, is our Independent Non-Executive Chairman. He was appointed to our Board on 20 February 2014. He is also a member of the Audit & Risk Management, Remuneration and Nomination Committees. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He spent thirteen (13) years in public practice with Hanafiah, Raslan and Mohamed where he left as the Partner in 1987. Thereafter, he joined Public Bank Berhad where he served for six (6) years and left as the Executive Vice-President in 1994. After serving two (2) public-listed companies, he joined Putrajaya Holdings Sdn. Bhd. as its Chief Operating Officer from 1997 until 2000.

He was a Non-Executive Director of Petroliam Nasional Berhad from 2010 to 2019.

He is presently the Chairman of SCICOM (MSC) Berhad.

Mr Menon has attended all the six (6) Board meetings held during his tenure in office for the financial year ended 30 June 2019. He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2019.

Directors' Profiles (Continued)

THE CHENG ENG

Group Managing Director

The Cheng Eng (Male), a Malaysian aged 71, is our founder and Group Managing Director. He is also a substantial and major shareholder of the Company. He was appointed to our Board on 8 October 2013. As our Group Managing Director and a member of key senior management, he is responsible for senior oversight of operations as well as directing growth and strategic direction of the Group.

He has over forty-five (45) years of extensive experience in the piling and foundation industry. He started his career in Singapore, firstly as a Site Supervisor with United Engineers Pte Ltd, and later as a Senior Site Manager with Caisson Piling Pte Ltd. He pursued several entrepreneurial ventures in the field of geotechnical engineering before founding Econpile (M) Sdn. Bhd. in 1987.

Mr The has attended all the six (6) Board meetings held during his tenure in office for the financial year ended 30 June 2019. He is the father of Ms The Kun Ann, an Executive Director of the Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2019.

PANG SAR

Executive Director/ Group Chief Executive Officer

Pang Sar (Male), a Malaysian aged 61, is our Executive Director and Group Chief Executive Officer. He is also a substantial and major shareholder of the Company. He was appointed to our Board on 8 October 2013. As a member of key senior management, he is responsible for managing the day-to-day operations as well as establishing the overall strategic direction for the Group. He graduated with a Bachelor of Science with Honours Degree in Civil Engineering from University of Leeds, United Kingdom. He is a member of the Institution of Engineers, Malaysia, and a Registered Professional Engineer with the Board of Engineers, Malaysia.

Mr Pang has over thirty (30) years of experience in managing on-site and off-site responsibilities in the piling and foundation sector. Prior to joining Econpile (M) Sdn Bhd in 1991, he has served in various capacities, including Resident Engineer and Project Manager, in consultant firm and construction companies.

Mr Pang has attended all the six (6) Board meetings held during his tenure in office for the financial year ended 30 June 2019. He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2019.

THE KUN ANN

Executive Director

The Kun Ann (Female), a Malaysian aged 39, is our Executive Director. She was appointed to our Board on 8 October 2013. She joined our Group in 2010 and as a member of key senior management, she is responsible for the corporate affairs and business development of our Group. She graduated with a Bachelor of Business and Commerce Degree and a Master of International Business, both from Monash University, Australia.

Ms The has ten (10) years experience in commercial and non-profit operations prior to joining the Group. She started her career with an environmental company in charge of business development activities before joining the department of government affairs at the American Malaysian Chamber of Commerce.

Ms The has attended all the six (6) Board meetings held during her tenure in office for the financial year ended 30 June 2019. She is the daughter of Mr The Cheng Eng, the Group Managing Director, also a major shareholder of the Company. She has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years nor has she been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2019.

Directors' Profiles (Continued)

ONG POAY WAH @ CHAN POAY WAH
Senior Independent Non-Executive Director

Ong Poay Wah @ Chan Poay Wah (Female), a Malaysian aged 51, is our Senior Independent Non-Executive Director. She was appointed to our Board on 8 October 2013. She is the Chairperson of Nomination Committee and a member of the Audit & Risk Management and Remuneration Committees. She graduated with a Bachelor of Accountancy with Honours Degree from Universiti Utara Malaysia.

Ms Ong has over twenty (20) years of experience in the areas of audit, finance and accounting for both public and private companies and is well versed with regulatory reporting, financial management, corporate restructuring as well as business and budget planning.

After starting her career with an audit firm, she joined Merge Power Sdn. Bhd. in 1994 as a Group Accountant. She was subsequently appointed as the Executive Director of Merge Housing Berhad, a property development company, in 2001 in charge of its accounting and financial operations. The Company was privatised as Merge Housing Sdn. Bhd. in 2011 and Ms Ong has since remained as the General Manager in its finance and accounts department.

Ms Ong has attended all the six (6) Board meetings held during her tenure in office for the financial year ended 30 June 2019. She has no family relationship with any director and/or major shareholder of the Company/Group. She has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years nor has she been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2019.

DATO' ROSLI BIN MOHAMED NOR
Independent Non-Executive Director

Dato' Rosli Bin Mohamed Nor (Male), a Malaysian aged 60, is our Independent Non-Executive Director. He was appointed to the Board on 8 October 2013. He is the Chairman of the Audit & Risk Management and Remuneration Committees and a member of the Nomination Committee. He graduated with a Bachelor of Science in Civil Engineering from Brighton Polytechnic (presently known as Brighton University), United Kingdom.

Dato' Rosli has a wealth of experience spanning over thirty (30) years in the fields of infrastructure development and construction. He served in different capacities at Engineering and Environmental Consultants Sdn. Bhd. and United Engineers (M) Bhd. before starting his own construction business by forming Benar Antara Sdn. Bhd., a PKK Class A and CIDB Grade 7 registered Bumiputera Contractor. The company undertook construction of various projects including highways, LRT tunnels, water reservoirs and rail lines.

He then moved on to other new businesses in construction, development and mining sectors. In 2010, he was engaged as the Business Development Advisor of TRC Infra Sdn. Bhd..

He was a Director of Export-Import Bank of Malaysia Berhad ("EXIM Bank") for nine (9) years and he had served as a member of its Board Audit Committee and its Board Risk Committee, among other committees at EXIM Bank.

He is presently an Independent Non-Executive Director of Salcon Berhad.

Dato' Rosli has attended all the six (6) Board meetings held during his tenure in office for the financial year ended 30 June 2019. He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2019.

Key Senior Management Profile

From left to right:

1. Amrick Singh A/L Atar Singh
Deputy Senior General Manager (Projects)

2. Ng Heng Heem
Senior General Manager (Contracts)

3. Pang Sar
Executive Director/ Group Chief Executive Officer

4. The Cheng Eng
Group Managing Director

5. Choo King Hwa
Senior General Manager (Projects)

6. The Kun Ann (f)
Executive Director

7. Bin Lay Thiam
Senior General Manager (Finance)

Apart from the Group Managing Director, the Executive Director/Group Chief Executive Officer and the Executive Director, the Key Senior Management also comprises the following personnel.

Ng Heng Heem (Male), a Malaysian aged 63, is our Senior General Manager (Contracts). He was appointed to the position on 1 July 2014. He is responsible for the management, execution and monitoring of tender and contract functions of the Group. He graduated with a Bachelor of Quantity Surveying (Honours) from University of Technology Malaysia in 1979. He is a member of the Royal Institution of Surveyors, Malaysia and a professional member of the Royal Institution of Chartered Surveyors. He is also a registered Quantity Surveyor registered with Lembaga Juruukur Bahan Malaysia. He possesses over thirty five (35) years of experience in contract administration and quantity surveying in the construction sector.

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2019.

Choo King Hwa (Male), a Malaysian aged 58, is our Senior General Manager (Projects). He was appointed to the position on 1 July 2014. He is responsible for the monitoring and management of site technical activities of our Group. He graduated with a Bachelor of Civil Engineering with Honours Degree from Monash University, Australia in 1985. He has over thirty (30) years of experience in a variety of technical and managerial roles locally and internationally, involving in tendering, design and all the way through to completion of construction of projects.

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2019.

Bin Lay Thiam (Male), a Malaysian aged 49, is our Senior General Manager (Finance). He was appointed to the position on 1 June 2012. He is responsible for directing the financial and accounting operations of the Group. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants.

He has over fifteen (15) years of experience in holding finance management positions in several public listed companies.

He is presently an Independent Non-Executive Director of Harbour-Link Group Berhad.

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2019.

Amrick Singh A/L Atar Singh (Male), a Malaysian aged 50, is our Deputy Senior General Manager (Projects). He was appointed to the position on 1 July 2014. He is responsible for monitoring project performance and management of site operational matters. He graduated with a Bachelor of Civil Engineering with Honours Degree from Universiti Teknologi Malaysia in 1992. He passed the Safety and Health Officer Examination conducted by National Institute of Occupational Safety and Health in 1999.

He has over twenty (20) years of technical experience in the piling sector involving the foundation construction of infrastructure and commercial developments.

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2019.

Note:
1. Save as disclosed, the Directors and Key Senior Management do not hold any directorship in public companies and listed issuers.

Sustainability Statement

A. INTRODUCTION

The Board of Directors of Econpile Holdings Berhad ("the Board") sees sustainability as being integral to good governance and a key factor to ensure the long-term economic success of Econpile Holdings Berhad (the "Company") and its subsidiaries (collectively referred to as "the Group"). We see the integration of sustainability into our business strategies as an opportunity to become a better company for our stakeholders, including our shareholders.

We are in the early stages of our sustainability journey, to recognise the challenges as well as opportunities that lie before us. In the financial year under review, we have formalised the governance of sustainability as well as identification of material sustainability issues. We are now enhancing baselines and quantitative goals which will in turn allow us to assess performance and improvement over time.

This Sustainability Statement underlines our commitment towards being a sustainable organisation and our endeavours to continuously improve our sustainability efforts across three aspects of sustainability i.e. economic, environmental and social ("EES").

This Sustainability Statement forms part of our Annual Report which is available online at www.econpile.com.

FY2019 EES Highlights

- Turnover: RM663.3 million
- Net profit: RM25.5 million
- Earnings per share: 1.91 sen

Economic

- Management of environment effects through ISO14001:2015
- Noise level: consistently <85 dB for selected projects
- Air quality: consistently 260µg/m3 total suspended particulates ("TSP") for selected projects

Environmental

- Employee gender ratio: 8 (M):2 (F)
- Employee age profile: 54% between 30-50
- Health and safety: achieved zero fatality and zero loss-time injury ("LTI")

Social

B. SCOPE

This is our second sustainability statement covering the period from 1 July 2018 until 30 June 2019 ("FY2019"). It discloses information on our activities and achievements for FY2019 in EES areas and is reported according to Global Reporting Initiative ("GRI") Core Option and Bursa Malaysia Securities Berhad ("Bursa Securities") Sustainability Reporting Guide (Updated 2018) ("SRG").

We recognise that we have yet to achieve the comprehensive frameworks' requirements. Our objective in the short-term is to ensure compliance with significant requirements in the frameworks.

We have confined the scope of this statement to include only the Company's core wholly-owned subsidiary, Econpile (M) Sdn. Bhd., that undertakes general construction and piling works.

C. GOVERNANCE STRUCTURE

Board of Directors

↓

Sustainability Steering Committee

↓

Sustainability Working Committee

Sustainability Statement (Continued)

C. GOVERNANCE STRUCTURE (Continued)

During the financial year under review, a governance structure has been set in place to monitor and execute sustainability initiatives in the Group.

The Board, supported by Sustainability Steering Committee ("SSC"), is accountable for all sustainability matters in the Group.

The SSC is chaired by the Group Managing Director ("Group MD") and Group Chief Executive Officer ("Group CEO") and comprises members of key senior management. It is responsible for setting the overall sustainability strategy, manages sustainability performance and reports periodically to the Board.

A Sustainability Working Committee ("SWC") is formed to assist the SSC in its duties. The SWC is tasked to monitor and collate data and information for the material sustainability issues. The SWC convenes to discuss sustainability matters, review performance, review alignment with material sustainability issues and report updates to the SSC.

D. STAKEHOLDERS ENGAGEMENT

In accordance with Bursa Securities' SRG, stakeholders are defined as any individual, community and entity that may be impacted by the Group's business operation.

Our aim is to always to engage with stakeholders across our business to understand their needs and interests, reduce the adverse impact of our operations, and contribute to economic opportunities.

During the financial year under review, with the assistance from third party facilitator, key stakeholders are identified and assessed by the management in accordance with the influence, interest and the degree of potential impact, both to stakeholders and to the Group. This exercise enables us to reflect on the best engagement mechanisms for each stakeholder.

The most important stakeholders and their respective engagement channel are described as follows:

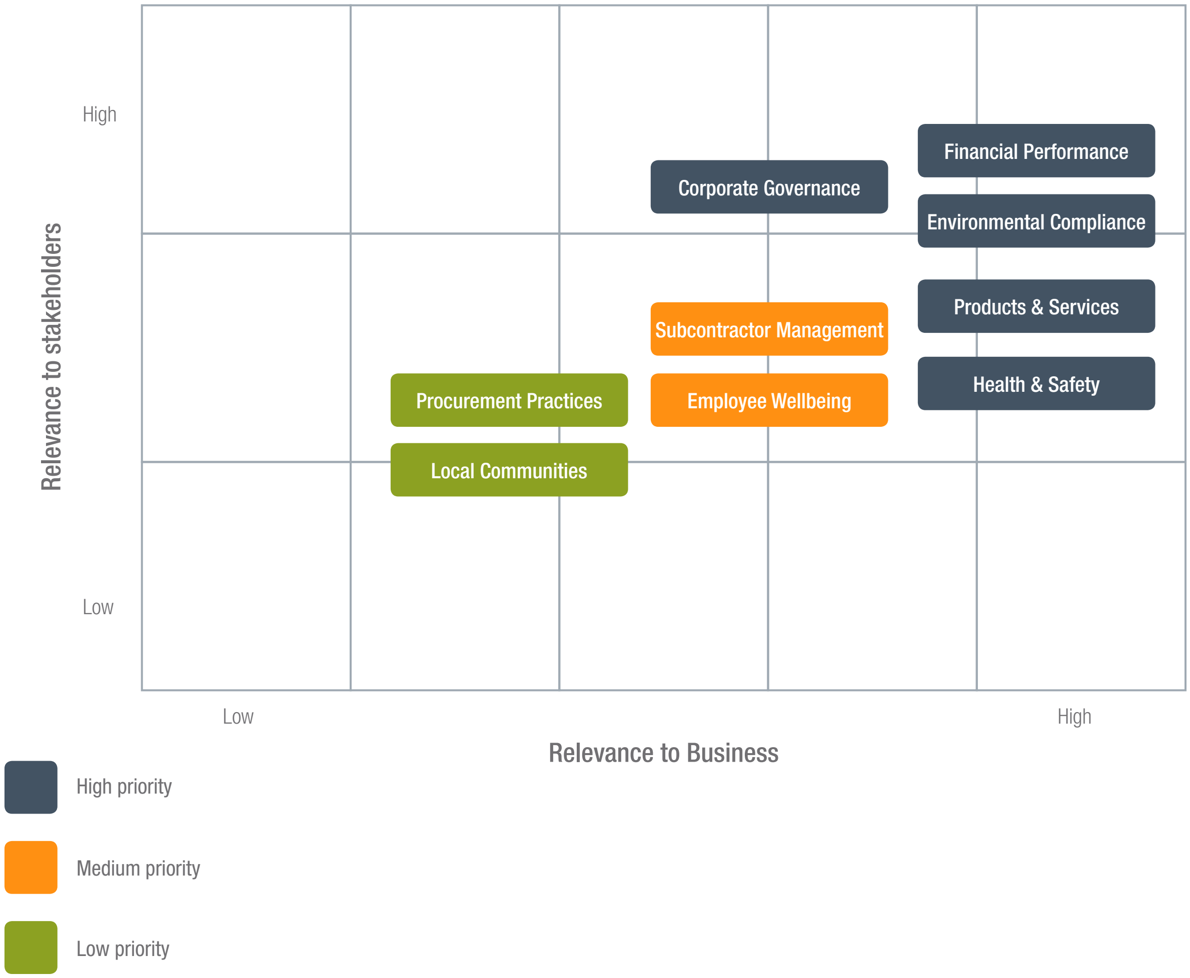
Key Stakeholders	Engagement Channel/Approach
Internal	
Shareholders and Investors	Quarterly announcements of financial statements
	Small group meetings and conference calls
	Annual report
	General meeting - annual and extraordinary
	Bi-annual investor briefing
Employees	Performance review
	Management meeting
	Staff recreation club
	Open-door policy
External	
Customers	One-to-one meetings
	Dedicated project chat groups on messaging platform
Suppliers and subcontractors	Routine business reviews with key suppliers and subcontractors
	One-to-one meetings
Regulators and authorities	Statutory reporting
	One-to-one and small group meetings
Local communities	Individual and small group meetings
	Daily informal interactions

Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES

The Company conducted its first materiality assessment workshop to identify and prioritise the key sustainability matters. The workshop was held with members of key senior management and all key sustainability matters were identified, rated and prioritised. A high level review on the Group's business operations and risk areas was conducted subsequent to the workshop ensuring all parameters relevant to sustainability are covered.

From this materiality assessment, a total of nine (9) key sustainability matters were identified as outlined below:



These most important sustainability matters are categorised into three (3) main sustainability pillars:

Economic	Environmental	Social
• Financial Performance • Corporate Governance • Products and Services • Procurement Practices • Subcontractor Management	• Environmental Compliance	• Employee Wellbeing • Health and Safety • Local Communities

Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

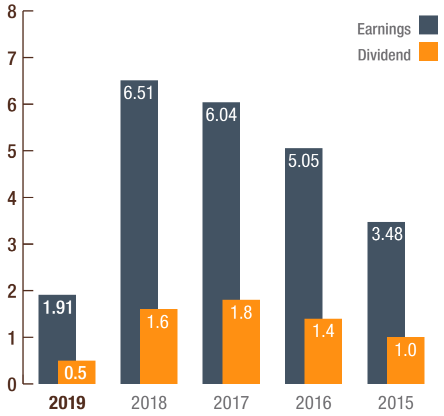
Financial Performance

Good financial performance is one of the key factors in maintaining the continuity of the Group in the long term. Only by operating profitably and developing our business with a long term sustainable view can the Group respond to the expectations of shareholders and other stakeholders and safeguard the Group's competitiveness both now and in the future.

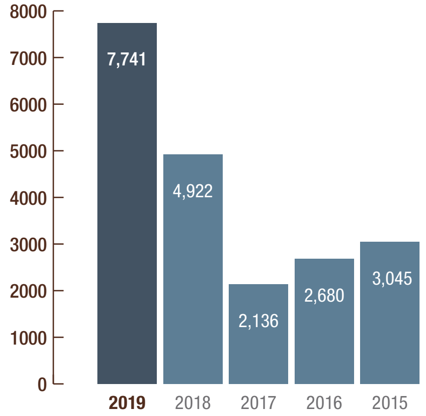
The Group is committed to delivering value to its shareholders through execution of its strategic plan and responsible financial management. For the financial year under review, our underlying earnings per share was 1.91 sen and the dividend proposed per share was 0.5 sen.

As at the end of FY2019, the Company had 7,741 shareholders compared to 4,922 at the end of the previous year. The Company has a total of 1,337,500,025 ordinary shares currently. At the end of the financial year, the quoted price of our share was RM0.72 and the share capital had a market capitalisation of RM963.0 million.

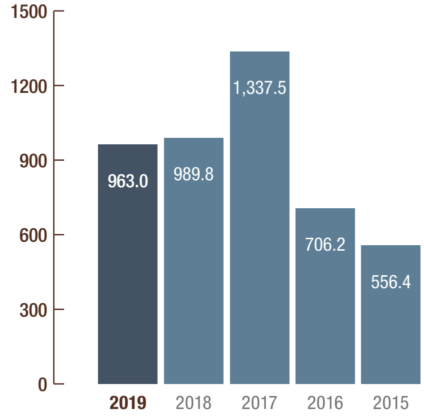
Earnings Per Share and Dividend Per Share (sen)



Number of Shareholders



Market Capitalisation (RM million)



	2019	2018	2017	2016	2015
Earnings Per Share (sen)	1.91	6.51	6.04*	5.05*	3.48*
Dividend Per Share (sen)	0.5#	1.6*	1.8*	1.4*	1.0*
Number of Shareholders	7,741	4,922	2,136	2,680	3,045
Market Capitalisation (RM million)	963.0	989.8	1,337.50	706.2	556.4

*adjusted for 1-2 share split and 1-4 bonus issue.

proposed dividend subject to shareholders' approval at the coming Annual General Meeting.

The Group has reported a decline of 70.7% in net profit from RM87.1 million in FY2018 to RM25.5 million in FY2019. Revenue has also contracted by 8.9% to RM663.3 million from RM728.4 million in the previous financial year. The profit performance was affectedly largely by the earnings reports of second quarter ended 31 December 2018.

The complete audited financial statements for FY2019 are presented on pages 46 to 116 and the analysis of the profit performance is explained in the Management's Discussion and Analysis on pages 7 to 10 in this annual report.

Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Corporate Governance

We recognise good corporate governance is paramount to achieve business sustainability and prosperity. The Board is committed to maintain a high standard of corporate governance that fosters accountability, ethical behaviour and transparent disclosure.

We observe the principles and best practices set out in the Malaysian Code on Corporate Governance 2017 ("the Code"). Deviations from the Code are reported in our annual reports. The Audit & Risk Management Committee ("the ARMC") is under the supervision of the Board and is principally responsible to set out the formal approach to risk management to enhance decision-making, performance, accountability and outcomes.

Our corporate governance practices adopted are explained in detail in the Corporate Governance Overview Statement from page 27 to page 36 which covers topics such as our core policies, independence and diversity on the board, remuneration practices and other governance relevant matters.

The Board acknowledges its responsibility to set the ethical tone for the Group. We recognise that the bribery and corruption present significant barriers to long term sustainable social and economic growth. To this end, we have put in place policies to foster ethical culture throughout the Group. Our Code of Conduct sets out the standards of conduct and responsible behaviour expected of all our employees whilst our Whistleblowing Policy ensures that employees can raise concerns, in confidence, about misconduct committed within the Group and reach the highest governance body.

The Section 17A of the Malaysian Anti-Corruption Commission Act introduced in 2018 addresses corporate liability in corruption offences directly. This new provision, which will be brought into force in June 2020, provides that a commercial organisation commits an offence if any person associated with it commits a corrupt act in order to procure any business or advantage in the conduct of its business. In response to the changing legal landscape, the Group will improve its internal compliance system accordingly.

Products and Services

As product and service quality is the cornerstone of good sustainability performance, we operate a robust quality management system certified to ISO 9001:2015 across our core project activities so clients can be confident that our product and services are delivered with utmost consideration for quality.

The Group offers a full spectrum of deep foundation solutions to its clients, which typically includes construction of bored piles, earth retaining systems and substructures. We are also equipped to offer value engineering assistance to our clients during the design phase of large and complex projects. We strive to offer the best ideas and solutions by tapping on our project and design teams and by actively pursuing collaboration and innovation with clients and consultants. Our strength lies in our commitment to quality in planning, design and in the delivery of projects.

We interact with our clients informally through daily interactions. We believe that greater customer satisfaction is directly and positively linked with greater levels of product and service quality. Feedback from clients and consultants was provided to us on informal basis during the financial year. The majority of feedback centered on subjects such as project timeliness, quality control and technical expertise. Recognising that complaints are especially valuable feedback, the project personnel involved promptly share details with management so that their root causes and solutions can be determined.

Further down the chain, the standards of product and service offered by our suppliers and subcontractors have considerable bearing on the final quality of our projects. We assessed their performance throughout the project construction phases through informal daily exchanges during the financial year.

We recognise that there is a need for structured approaches to assess clients' satisfaction as well as the performance of our subcontractors and suppliers in our continual strive for quality service.

During FY2019, we have initiated trial questionnaire survey to a selected few customers as part of our overall strategy for continuous service improvement. We will further fine-tune key performance indicators for customer satisfaction and roll out the survey to every customer in the future.

Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Procurement Practices and Subcontractor Management

The Group uses large amounts of steel and cement in our business activities. Our principal materials are widely available and we source them from local suppliers. As for subcontractors, there is a small reliable pool with the relevant industry expertise whom we engage to support our work activities at project sites.

We recognise the need to purchase equipment and materials having regard to their environmental impacts as well as the need to promote ethical and sustainable sourcing whenever possible. We also understand that we need to both push and support our subcontractors and supply chain to adopt more sustainable work practices.

At the present, the Group assesses its suppliers and subcontractors mainly based on cost, quality and timeliness. In addition, we engage only experienced subcontractors who possess the capability to perform work safely while meeting quality requirements.

During FY2019, the Group initiated an enhancement programme for management of procurement and subcontractors. This programme takes into account the activities required to support different stages of the procurement process, from pre-construction, through construction to post-completion as depicted in the diagram below:

Pre-Construction	• Budget review • Materials planning • Site visit to understand site conditions • Preparation of logistics plan • Preparation of project quality plan
Construction	• Kick-off meeting to commence work • Submission of project quality plan and method of statement • Staff training on work activities • Continuous monitoring and education of staff • Set up documentation and record keeping procedures • Progress reports and progress meetings • Filing of materials documentation and test reports • Management reports
Project Closure	• Closure of Non-Conformance Reports ("NCRs") • Completion of defect works • Final audit prior to closing of final account • Document archieve management

The enhancement programme includes assessments on work quality, timeliness, response to inquiry, financial capability and labour management. We encourage our suppliers and subcontractors to adopt quality management practices with standardisation and certification.

Environmental Compliance

The Group is a piling and deep foundation work contractor and we are aware the nature of our services has impacts on the environment. Our typical work activities include earthworks, construction of earth retaining structures, bored piling and construction of substructures.

During FY2019, we continue to manage the environment effects of our operations through ISO14001:2015 Environmental Management System. This certification highlights our commitment to environment protection and enables us to maintain compliance with environmental regulations by continuous improvement process.

Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Environmental Compliance (Continued)

(i) Pollution Control

In compliance with contractual provisions, we conducted briefings on environmental protection and established environmental policies and procedures for certain projects as per their respective requirements in FY2019. Detailed action plans were developed for these projects to control pollution in which the mechanism includes monitoring of air quality and noise levels.

- Air Quality Monitoring: Construction activities, such as excavation and piling operation, generates dust from soil disturbance. Stable surfaces are disrupted during these activities and the surfaces can readily emit dust until the exposed surfaces stabilise. The air quality monitoring investigates total suspended particulates ("TSP"). We regularly monitor the air quality within our selected jobsites to ensure it does not go beyond a daily average TSP of 260µg/m3, the limit set by the Department of Environment ("DOE").

- Noise Monitoring: Noise in our operations originates from construction equipment and processes such as spoil removal and rock coring. Noise monitoring is conducted daily at selected project sites. For noise above the permissible level established by DOE which is continuously above 85dB over eight (8) hours, on-compliance report with causes and corrective measures will be lodged to DOE. When required, we keep the noise level within prescribed standards by taking measures such as erection of enclosures around noisy processes and heavy machinery; placing of noisy equipment as far away from neighbouring properties as permitted by site constraints; and, using temporary noise barriers at sensitive areas.

- Water Management: Water is used extensively in many activities in the construction process, such as dust suppression, drilling operation and washing of vehicles. For our bored piling operations, water free of bacterial and chemical contamination, or bentonite drilling mud/polymer slurry mixed with clean water from uncontaminated source, can only be used as drilling fluids. It is important that the drilling is conducted in a manner so as to minimise the introduction of foreign material into the borehole.

  At present, we adopt soft approach focusing on water efficiency and conservation at jobsites. Our practices include checking on infrastructure integrity to ensure no leakage as well as managerial planning on water saving measures.

(ii) Energy Management

The majority of our energy usage occurs at the project sites. The Group consumes considerable amount of diesel to operate its heavy machinery and equipment such as drilling rigs, crawler cranes and excavators. Diesel consumption is monitored to ensure that the optimal amount is used in the process. In order to minimise diesel usage, energy conservation practices such as turning off engines when not in use and regular servicing of machinery are promoted and implemented.

Electricity from the local power grid is used for the operations of equipment, air-conditioning and lighting. The Group encourages daily practices such as switching off lights, air-conditioning and appliances when not in use.

We recognise that we have a responsibility to increase energy efficiency and reduce greenhouse gas emissions across our operations. As such, we will be establishing company-wide processes to better measure and manage fuel and electricity consumptions.

(iii) Waste Management

The Group promotes responsible use of resources and we strive to reduce wastage throughout the value chain of our operations.

Reduce, Reuse, Recycle ("3R") initiatives are being implemented progressively across project sites, inculcating environmental awareness among our employees on policies and approaches to minimise wastage.

In FY2019, we continue the use of durable and reusable systems at project sites whenever practicable. Particularly, the use of modular formworks was further expanded to more projects for the casting of beams and slabs in the construction of basement, in replacement of conventional wood shuttering which has a short lifespan. Through the transition from conventional to modern formwork solution, we have managed to achieve considerable reduction in construction waste generation and attain increased speed and efficiency from lesser labour hours used.

Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Environmental Compliance (Continued)

(iii) Waste Management **(Continued)**

Used chemicals are disposed through appointed service providers licensed by the DOE. This disposal method ensures that the chemicals can be processed, treated and disposed in accordance with the regulatory requirements and prevent the used chemicals from polluting water and clogging up drains. Other wastes such as excavated soil, wood remains, and excess concrete can be recycled as parts of construction materials.

Health and Safety

Health and safety are obvious concerns across the industries, but it is of particular importance within the construction industry where construction sites present higher risks than most of other industry workplaces.

We advocate the most rigorous application of best practices in health and safety processes and procedures, adhering to OHSAS14001:2007 Health and Safety Management System standards. Tremendous efforts were undertaken to go through the rigorous audit programme to achieve this accreditation. This accreditation enables the Group spearheaded the thrust towards instilling safety and health awareness throughout the Group.

To achieve the Safety, Health and Environment ("SHE") objectives, a SHE Policy is in place and the Quality, Safety, Health and Environment ("QSHE") department is tasked to raise the awareness of QSHE practices throughout the Group and monitors the compliance with the relevant regulations and best practices. Our QSHE Department reports directly to the Group CEO, who has the ultimate responsibility for safety leadership throughout the Group.

The safety performance across all project sites is monitored centrally by the QSHE Department on a continual basis and is reported to the Group CEO and shared with the senior management. Safety is one of the key recurring agenda discussed in our monthly management meetings.

In addition, each major project has its own SHE Committee comprising of our QSHE personnel and representatives from subcontractor, main contractor and client. The committee is tasked with monitoring, continuous reviews and improvements on SHE matters. Environmental considerations are increasingly being integrated into construction management. At our worksites, environmental stewardship is primarily led by clients or main contractors. Our SHE teams treat compliance to clients' requirements as well as industry standards seriously.

Amongst initiatives that have been put in place to create a safe work environment and to ensure compliance with safety regulations include:

- Toolbox meetings to remind site employees on the importance of safety in their daily tasks;
- Emergency drills to enhance emergency preparedness;
- Safety and emergency response training to ensure employees are properly educated to carry out their tasks in a safe manner;
- Issuance of non-conformance reports to employees and subcontractors who are in violation of safety rules;
- Health, Safety and Environment awareness campaign to promote awareness on Occupational Safety and Health;
- Periodic review on safety goals and targets, as well as remedial actions and preventive measures for near-miss incidents; and,
- Fogging and clearing up water-logged areas to prevent mosquito breeding.

The Group has achieved approximately 5.5 million man-hours without loss-time injury ("LTI") and maintained zero fatality in the financial year. There were four (4) accident cases reported, all of which were minor with no discernable impact to site operations. All accident cases reported were reviewed to determine frequency of similar accidents. Preventive measures were initiated when such instances were noted.

The Group is continuously upgrading its safety and workflow process. We continue to strive towards achieving zero reportable incidents across all project sites. Our enforcement and monitoring processes apply to subcontractors and suppliers that are performing work within our workspace.

Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Health and Safety (Continued)

It is particularly noteworthy that the Pavilion Damansara Heights Phase One project has achieved a significant safety milestone of two (2) million man-hours without LTI during FY2019. This is our biggest project which entails the construction of 8-levels basement. At its peak, there was around 500 workers working in the site. A strong focus on identifying and controlling hazards, reducing exposure to health and safety risks, and supporting the general health and wellbeing of our employees has helped us to achieve this milestone.

Employee Wellbeing

Our workforce is the foundation of our success, and we recognise their contributions by rewarding them adequately. Engaging employees in an inclusive and equal culture allows our workforce to contribute their best to the Group.

(i) Diversity and Equal Opportunity

The Group is an equal-opportunity employer who sees diversity as a strategic asset in supporting the attainment of its commercial goals and sustainable development. Diversity includes, but is not limited to, gender, age and ethnicity.

Diversity starts at the top of the Group. Our multi-ethnic Board composition consists of individuals from various backgrounds with relevant professional experience and competencies. Both genders are represented at the highest level of the Group’s decision-making body.

The Group is committed to promote diversity and inclusion in the workplace and aims to do so via:

- recruiting from a qualified, diverse pool of potential applicants for all positions beyond traditional networks, and where appropriate, engaging professional recruitment firm and/or open advertising;
- reviewing pay equity annually at all levels to minimise inadvertent discrimination and to address any racial or gender gaps;
- re-employing existing mature employees who have reached the retirement age of 60, provided they are medically fit to continue working and whose performance are assessed to be satisfactory;
- recognising that employees may have family, domestic or personal responsibilities and these should sympathetically be taken into account when requests from employees for temporary flexible work arrangements are made;
- holding regular company-wide events that involve employees at all levels of responsibility to strengthen team spirit across departments and demographic groups; and
- ensuring the Human Resources Department continues to serve as a safe and objective channel for complaints in relation to discrimination, harassment, bullying or intimation, to be raised and addressed.

The Group does not set specific numerical targets for diversity on gender, ethnicity and age in its workforce but will continuously enhance workplace diversity at all levels.

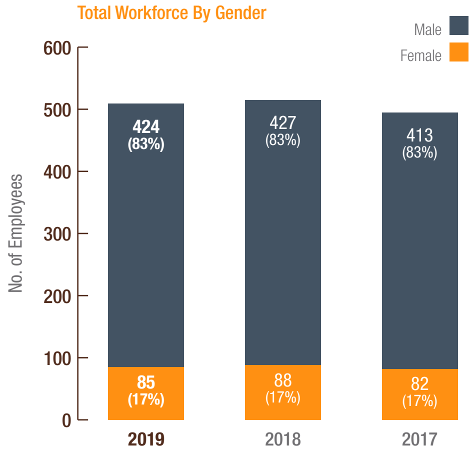
Sustainability Statement (Continued)

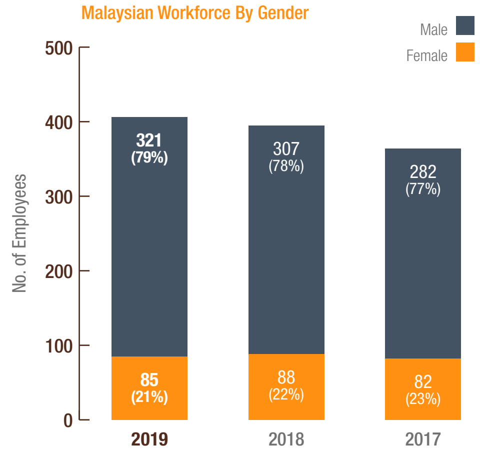
E. MATERIAL SUSTAINABILITY ISSUES (Continued)

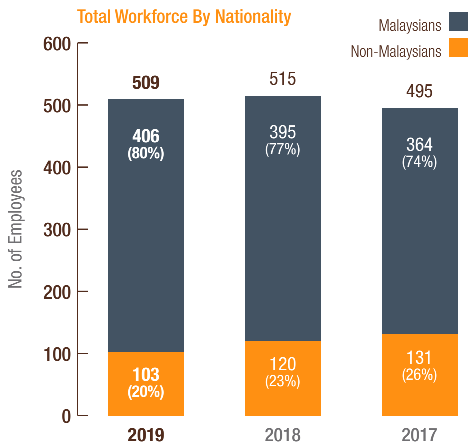
Employee Wellbeing (Continued)

(i) Diversity and Equal Opportunity (Continued)

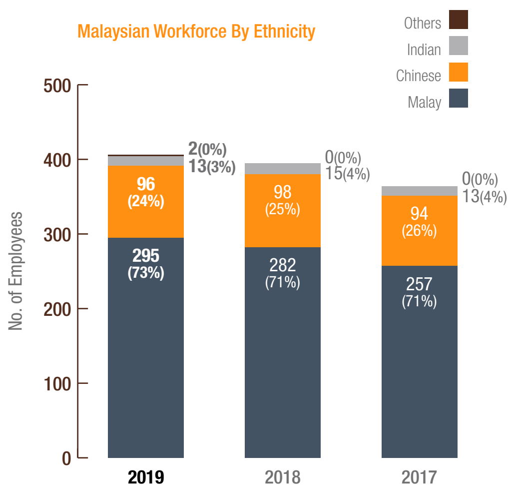
The Group operates in a male-dominated industry and is therefore, a male-dominated company. This is reflected in the high number of males compared to females that make up the workforce in the Group. When recruiting for new positions, we look for the most suitable candidate based on competence and experience. This is vital due to the technical nature of many of our roles. Our workforce composition in terms of gender has been consistent throughout the past three (3) years as indicated in our total workforce by gender (Male – 83%: Female – 17%). Our Malaysian gender profile is similar to that of the overall profile.







Labour shortage is one of the most important risks in construction projects that may affect the project performance. Due to the structural challenges embedded in the labour market in Malaysia, it is inevitable that the Group relies on foreign labour, mostly Indonesians, to undertake the labour-intensive parts of our operations.



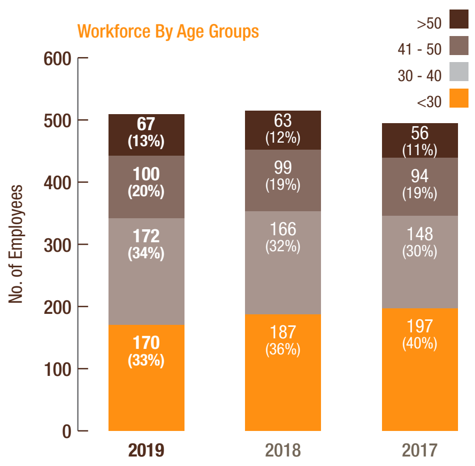
The ethnicity breakdown of our Malaysian workforce mirrors the national composition.

Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

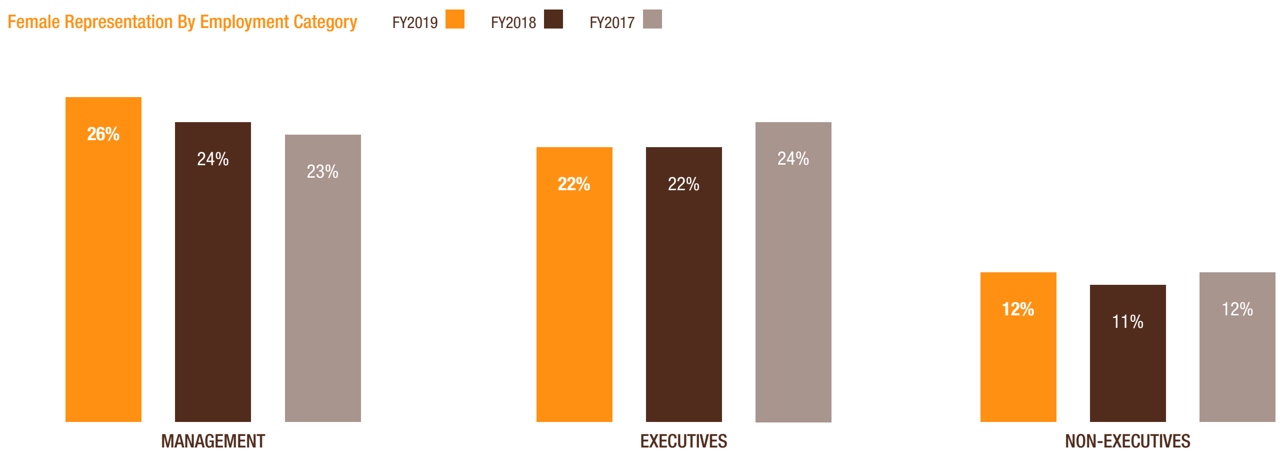
Employee Wellbeing (Continued)

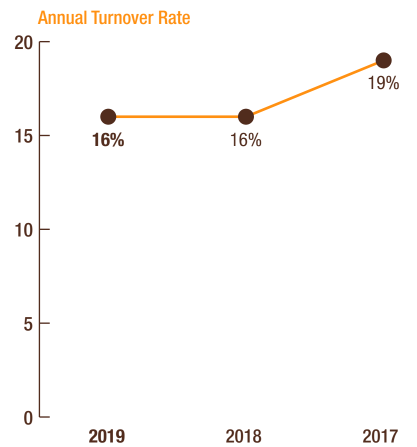
(i) Diversity and Equal Opportunity (Continued)



We have a healthy mix of ages among our employees, with people under the age of 40 constituting more than 67% of the total workforce. We are recruiting more experienced staff as evidenced by the gradual growth of age group between 30 to 40 in the past three (3) years. To develop talent for the future, we employ graduates and trainees in all our business areas.

The female representation in our workforce across non-executive, executive and management levels stays almost the same in the past three (3) years. The female representation in management is 26% in FY2019.





Our annual turnover rate has been under 20% in the past three (3) years. Managerial personnel accounted for less than 4% of the turnover and consistently, over 60% of the employees who left the Group in the past three (3) years were from the non-executive category, consisting of local and foreign workers.

Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Employee Wellbeing (Continued)

(ii) Employees Benefits

Our compensation and benefit plans are consistent with Malaysia labour law. We provide Group insurance coverage, medical benefits and an array of allowances and claims. All insurance policies for employees are renewed on a yearly basis, ensuring adequate coverage is available to employees.

(iii) Employees Training

The Group is committed to extend and enhance the training and development opportunities to all employees.

The Group currently provides both internal and external training to selected employees to continuously improve their skills and knowledge. During FY2019, employees from Project and Technical Department, Contract and Procurement Department, QSHE Department, Finance Department and Human Resources Department attended various technical trainings. Particularly, QSHE was a recurring, priority training topic. We are in the process of improving our data collection in order to produce an accurate depiction on our training hours.

(iv) Employee Engagement

The Group promotes an open culture and practices open door policy. All employees are welcomed to approach the head of their respective departments or the Human Resource Department or the Group MD and Group CEO to raise any issues they may encounter at any point in time. Senior management interaction with all levels of employees occurs daily among employees throughout the Group.

In the past three (3) years, the Group has continued to strengthen employee engagement through various social activities. The Group organises various team-building activities throughout the year to foster team spirit and a sense of belonging amongst employees. This is led mainly by its sports club which is principally tasked to promote healthy lifestyles in the Group.

Community Engagement

We recognise that our economic impacts extend beyond taxes, procurement and hiring, and also include community contributions. During the financial year under review, the Group has continued to support worthy causes including contributing of funds to various charitable organisations and associations and sponsorship of events of various non-profitable organisations.

As for local community, we acknowledge our projects can have an impact on them at any time throughout the project cycle. The Group is conscious of its responsibility to minimise any adverse impacts on local community wherever it operates. Our operations may sometimes cause temporary disruption to the local community and reduce amenity for affected properties as a result of traffic re-route, air quality, dust and noise effects. The management of these effects is decentralised to respective projects in different locations. For example, during the past two (2) years, we have engaged extensively with Sekolah Kebangsaan Bangsar located next to one of our project sites to reduce disturbance to the students. For instance, noise barriers were installed around the heavy machinery to minimise the external noises from our operation. In a spirit of neighbourliness, we have also carried out upgrading works to its facility, such as resurfacing road, reconstructing fencing wall and landscaping. In addition to cash donations, we have also participated in the school's festive activities.

F. LOOKING AHEAD

As this is our second Sustainability Statement, we recognise that there is room for improvement in the coming reporting cycles. In time, we will work towards presenting more quantitative information that will enable our stakeholders to have a clearer view of our corporate sustainability direction. We recognise that consistent financial performance is only part of our responsibility as a company. Moving forward, our sustainability statement shall act as a channel through which our stakeholders can obtain information on our EES performance.

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Econpile Holdings Berhad ("the Company") is supportive of the adoption of principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 ("the Code"). The Board is committed to maintain a high standard of corporate governance within the Company and its subsidiaries (collectively referred to as "the Group") to protect and enhance stakeholders' value and the performance of the Group.

The Board is pleased to share the manner in which the three (3) Principles and Practices of the Code have been applied within the Company throughout the financial year ended 30 June 2019 ("FY2019") with the exception of the following:

Practice 4.6 - The Board utilises independent sources to identify suitably qualified candidates for appointment of directors.

Practice 7.2 - The Board to disclose on a named basis the top five (5) senior managements remuneration component in bands of RM50,000.

Practice 11.2 - To adopt integrated reporting based on a globally recognised framework (large companies).

The detailed application of each Practice as set out in the Code is disclosed in the Corporate Governance Report ("CG Report") which can be viewed on the corporate website at www.econpile.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board and Management Responsibilities

The Board has the overall responsibility for the leadership and control of the Group and is collectively responsible for promoting the long-term success of the Group.

The responsibilities of the Board include reviewing the Group's strategic plans with a view to ensure that shareholder value is protected and enhanced, overseeing and evaluating the conduct of business of the Group to ensure compliance with legal and regulatory requirements, overseeing the adequate communication to shareholders and relevant stakeholders, overseeing the Group's business operations and financial performance, identifying the main risks associated with the Group and reviewing the procedures and internal control systems to mitigate the risks and providing input to succession plans for executive and management roles. The key matters reserved for the Board's approval include but not limited to setting overall Group strategy and direction, approving major corporate plans, approving annual operating and capital expenditure, approving quarterly and annual financial statements, as well as monitoring of financial and operating performance of the Group.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit & Risk Management Committee, Nomination Committee and Remuneration Committee. The Board Committees have the authority to examine issues within their respective Terms of Reference as approved by the Board and report to the Board with their recommendations.

2. Board Charter and Policies

The Board Charter is in place and periodically reviewed and updated by the Board in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter sets out the roles and responsibilities of the Board, Chairman, Group Managing Director, Group Chief Executive Officer, Senior Independent Director and Company Secretaries, the formal schedule of matters reserved for the Board and Board Committees amongst others. The Board Charter was last reviewed by the Board on 28 August 2019 and can be viewed at www.econpile.com.

To strengthen the standards of corporate governance and corporate behaviour, the Board has formalised a Code of Ethics which is to be observed by all Directors. In addition, the Company has a Code of Conduct that sets out the standards of conduct and responsible behaviour expected of all Directors, Management and officers to promote corporate culture which inculcates ethical conduct throughout the Group. A Whistleblowing Policy has also been established to ensure there is a structured channel for employees to raise concerns regarding malpractices committed within the Company without fear of reprisal. The Code of Conduct, Code of Ethics and Whistleblowing Policy were adopted by the Board on 29 August 2018 and were reviewed on 28 August 2019. All are accessible through the Company's website at www.econpile.com.

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

3. Strategies Promoting Sustainability

The Board places great emphasis on corporate sustainability in economic, environmental and social areas. A report on the sustainability activities appears in the Sustainability Statement on pages 15 to 26 in this Annual Report.

4. Composition and Balance

The Board currently consists of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. The composition of the Board fulfils the requirement of Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The profiles of the Directors are presented on pages 11 to 13 of this Annual Report. The Board members have diverse professional and entrepreneurial background, varied skills and experiences for effective oversight of the Group. The Independent Non-Executive Directors provide the necessary check and balance in the Board's exercise of its functions and independent evaluation of the Board's decision making process.

Although the Company is not defined as a Large Company under the Code, the Board is nevertheless committed to maintaining the current level of female representation. With two (2) female directors sitting on the Board, it reflects a 33.33% of female representation on the Board.

The Board recognises the importance of clear division of responsibility between the Chairman, Group Managing Director and Group Chief Executive Officer of the Group to ensure a balance of power and authority. The Board adopts the recommendation of the Code that the Chief Executive Officer and Chairman shall not be the same person. The roles of the Chairman, Group Managing Director and Group Chief Executive Officer are separate and clearly defined, and are held individually by different persons. The Group Managing Director is responsible for the running of the affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board whereas the Group Chief Executive Officer is responsible for managing the daily conduct of business to ensure its smooth operations, supervision and management of the Company as well as assisting the Group Managing Director in all of the responsibilities of the Group Managing Director. The Chairman, who is an Independent Non-Executive member of the Board provides leadership role in the conduct of the Board and its relations with the shareholders and stakeholders.

Ms Ong Poay Wah @ Chan Poay Wah is the Senior Independent Director, to whom any concerns of the shareholders and other stakeholders can be conveyed.

5. Reinforced Independence

The Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their abilities to act in the best interest of the Group. All Independent Non-Executive Directors are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

There is a clear separation of powers between the Chairman, who is an Independent Director and the Group Managing Director, which further enhances the independence of the Board.

In accordance with the Board Charter, an Independent Director whose tenure exceeds a cumulative term of nine (9) years may continue to serve on the Board subject to the Director's re-designation as Non-Independent Director. The Board shall justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board shall seek annual shareholders' approval through a two-tier voting process – Tier 1: large shareholders and Tier 2: other shareholders.

At present, the Company does not have any Independent Non-Executive Director who have served in that capacity for more than nine (9) years.

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

6. Board Meeting and time commitment

The Board is aware of the time commitment expected of them to attend to matters of the Group. An annual meeting calendar is planned and agreed with the Directors. The Board meets on a quarterly basis with additional meetings being convened as and when necessary to, inter alia, approve annual business plans and budgets, operational and financial performance reports, investments and capital expenditures and quarterly reports. The Board is satisfied with the time commitment given by the Directors in discharging their duties for FY2019.

During the financial year, the Company held six (6) Board meetings and the details of attendance of each Board members are as follows:

Name of Director	Designation	Meeting Attendance
Krishnan A/L C K Menon	Independent Non-Executive Chairman	6/6
Dato' Rosli Bin Mohamed Nor	Independent Non-Executive Director	6/6
Ong Poay Wah @ Chan Poay Wah	Senior Independent Non-Executive Director	6/6
The Cheng Eng	Group Managing Director	6/6
Pang Sar	Executive Director and Group Chief Executive Officer	6/6
The Kun Ann	Executive Director	6/6

During these meetings, the Board deliberated and considered a variety of matters including the Group's corporate developments and financial results.

In addition, a special Board meeting was held on 19 February 2019 to deliberate the certification and payment issues related to Maju Kuala Lumpur project of which ASM Development (KL) Sdn. Bhd. ("ASM") is the client. Subsequent to the meeting, the Company has issued a Notice of Determination to ASM. The Board will continue to make announcement(s) to Bursa Malaysia Securities Berhad ("Bursa Securities") in respect of any material development thereof.

7. Supply and Access to Information and Advice

The Board has full and unrestricted access to any information pertaining to the Group. The Directors and Board Committee members are provided with agenda of meetings and Board papers which contain management and financial information and other matters to be discussed, in sufficient time prior to every Board and Board Committees meetings to enable them to obtain further explanation, where necessary in order to be properly informed before the meeting. The Board also has direct communication channels with the Internal and External Auditors, with the Management of the Group and has the ability to convene meetings with the External Auditors whenever deemed necessary to enable them to discharge their duties.

The Directors, collectively or individually, may seek independent professional advice to fulfill their responsibilities at the expense of the Group.

8. Qualified and Competent Company Secretaries

The Company has engaged external qualified company secretaries from Tricor Corporate Services Sdn. Bhd.. The Company Secretaries are qualified to act as company secretary under Section 235 (2)(a) of the Companies Act 2016 and the Company Secretaries are Fellow or Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and play an advisory role particularly with regard to the Company's constitution, Board policies and procedures and its compliance with regulatory and statutory requirements, codes, guidance and legislations.

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

9. Appointment to the Board

The Nomination Committee is responsible to identify candidates to the Board if vacancy arises or if there is a need to appoint additional directors to strengthen the composition of the Board. The Nomination Committee may identify candidates through recommendation from directors, senior management, major shareholders, and other independent sources such as executive search firms. Upon receipt of the proposal, the Nomination Committee is responsible to conduct assessment and evaluation on the proposed candidate.

The members of the Board have remained unchanged since the Company's listing on Bursa Securities on 30 June 2014.

For identification and recommendation of new Directors, due consideration shall be given to:

(a) the candidates' skills, knowledge, expertise and experience, professionalism, character, integrity, reputation, competence, commitment (including time commitment) to effectively discharge his/her role as a Director;

(b) board room diversity including gender diversity; and,

(c) in the case of candidates for the position of Independent Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Directors.

Following the Nomination Committee's initial review of a candidate's qualifications and legal and background checks on the proposed candidate, the evaluation process may include, at the Nomination Committee's discretion, subsequent interviews with the Committee members, the Chairman of Board and/or the Company's senior management.

Upon completion of evaluation of the proposed candidate, the Nomination Committee would make its recommendation to the Board. Based on the recommendation of the Nomination Committee, the Board would evaluate and decide on the appointment of the proposed candidate. The Chairman of the Board would then make an invitation or offer to the proposed candidate to join the Board as a director. With the acceptance of the offer, the candidate would be appointed as director of the Company.

10. Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office at each Annual General Meeting but shall be eligible for re-election. An election of the Directors shall take place every year and all the Directors shall retire from office at least once in every three years. The Company's Articles of Association further provides that all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment.

The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new directors are properly executed.

11. Board Committees

The Board has established the following committees with respective Terms of Reference to assist it in discharging its responsibilities:

(a) Audit & Risk Management Committee

The Audit & Risk Management Committee ("ARMC") was established to assist the Board in fulfilling its responsibilities relating to financial reporting, risk management and internal control and reviewing the works of External and Internal Auditors. The Terms of Reference of the ARMC are accessible at the Company's website at www.econpile.com and further details on the ARMC and its activities are contained in the ARMC Report on pages 42 to 44 of this Annual Report.

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(b) Nomination Committee

The Nomination Committee comprises entirely Independent Non-Executive Directors. The composition of the Nomination Committee is as follows:

Ong Poay Wah @ Chan Poay Wah - Chairperson
Krishnan A/L C K Menon - Member
Dato' Rosli Bin Mohamed Nor - Member

The Nomination Committee assists the Board in nominating new directors, reviewing the composition and size of the Board, and assessing the effectiveness of the Board as a whole, Board Committees and the contribution of each Director. The Terms of Reference of the Nomination Committee is available on the Company's website at www.econpile.com.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met once during the financial year and all members registered full attendance.

The Nomination Committee carried out the following activities in FY2019:

(i) reviewed the required mix of skills and experience and core competencies of the Board;
(ii) assessed the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director and thereafter, recommended the findings to the Board;
(iii) reviewed the independence of the Independent Directors;
(iv) recommended to the Board the re-election of Directors; and,
(v) reviewed the training attended by each Director.

The performance assessments of the Board, Board Committees and individual Directors were conducted in-house via self-assessment questionnaires. Each Director was required to complete a set of questionnaires and the aggregate responses were tabled to and reviewed by the Nomination Committee.

The assessment criteria for Board performance evaluation includes but not limited to board composition, board processes, board independence and interaction with management.

For the Board Committees, the assessment criteria amongst others are membership and composition of committees, the ability of the committees in assisting the Board in its oversight responsibilities and their interaction with management.

For contribution of each Director, the assessment criteria include but not limited to integrity, strategic perspectives, commitment, communication ability and value-adding contribution.

As for independent directors, the assessment of their independence is based on criteria such as their tenure, their involvement in transactions with the Company and their relationship with the Company and substantial shareholders of the Company.

The three (3) Independent Non-Executive Directors are independent and fulfill the definition of independence as set out in Listing Requirements. The breakdown of the Board by gender, age and ethnicity as at 30 June 2019 are as follows:

Gender		Age		Ethnicity (Malaysians)	
Male	4	30 to 50	2	Malay	1
Female	2	Above 50	4	Chinese	4
				Indian	1

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(b) Nomination Committee (Continued)

The Company has a Board Diversity Policy with the objective to ensure that the Board has the diversity of perspectives, experience and skills necessary for effective oversight of the Group. Diversity includes, but is not limited to gender, age and ethnicity. The Board is committed to maintain at least 30% of female representation, whilst ensuring that diversity in age and ethnicity remains a feature of the Board. The Nomination Committee is delegated with the overall responsibility for implementation, monitoring and periodic review of the Board Diversity Policy.

The Board, through the Nomination Committee's annual appraisal, concluded that the Board has the right mix of backgrounds, skills and experiences to discharge its duties effectively.

The Nomination Committee had on 28 August 2019 reviewed the term of office and performance of the ARMC and each of its members to determine whether the ARMC and its members have carried out their duties in accordance with its Terms of Reference. The Directors' responses were collated by the Management and a summary of the findings was presented to the Nomination Committee for deliberation.

The Nomination Committee was satisfied with the performance of the Board and Board Committees as a whole, as well as the contribution of each Director.

The Nomination Committee also reviewed the results of the assessment and evaluation of the Directors who are due for retirement at the Seventh Annual General Meeting, taking into consideration their skill sets, experience, professional qualifications, core competencies, other qualities, contribution to the Company and time commitment, and had recommended to the Board to table their re-election at the Seventh Annual General Meeting.

Based on the report of the Nomination Committee, the Board is of the view that the current size and composition is well-balanced and fairly reflects the interest of minority shareholders within the Group. In view thereof, the Board will be seeking shareholders' approval to re-elect Krishnan A/L C K Menon and The Kun Ann as Directors at the Seventh Annual General Meeting.

(c) Remuneration Committee

The Remuneration Committee comprises entirely Independent Non-Executive Directors. The composition of the Remuneration Committee is as follows:

Dato' Rosli Bin Mohamed Nor - Chairman
Krishnan A/L C K Menon - Member
Ong Poay Wah @ Chan Poay Wah - Member

The Remuneration Committee assists the Board in establishing remuneration for Executive Directors, Non-Executive Directors and key senior management.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Remuneration Committee met once during the financial year and all the members registered full attendance.

The Remuneration Committee reviews the Directors' fees and Directors' benefits, considers the payment of bonus for staff, key management personnel and Executive Directors and reviews the remuneration packages of Executive Directors and key senior management on an annual basis and makes recommendation to the Board. The Board as a whole determines the Directors' fees and benefits and remuneration of the Executive Directors with each individual Director abstaining from decision in respect of their own fees, benefits or remuneration.

The Company has adopted a Remuneration Policy which sets out the remuneration principles and guidelines for members of the Board of Directors and senior management of the Company. The Remuneration Policy aims to attract, motive and retain qualified Directors and the senior management. The remuneration of Executive Directors and senior management is made up of fixed component i.e. basic salary and variable remuneration components i.e. annual performance bonus and other benefits. The total reward package take into account both individual and corporate performance.

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(c) Remuneration Committee (Continued)

For Non-Executive Directors, their remuneration consists of directors' fees and meeting allowances. To compensate for additional responsibility, the Chairmen of the Board and Committees are compensated at levels higher than other members. Different levels of fees are also paid in respect of the different Board Committees, based on the complexity and amount of preparation and level of responsibility required.

The Term of Reference of the Remuneration Committee and the Remuneration Policy are accessible through the Company's website at www.econpile.com.

12. Directors' Training

The Directors have attended various development and training programmes according to their individual needs to keep abreast with developments in the market place and to further enhance their business acumen and professionalism in discharging their duties to the Group.

The seminars and training courses attended by the Directors during the financial year under review are as follows:

Name	Training/Course/Conference Title	Organised by
Krishnan A/L C K Menon	Petronas Board Excellence Roundtable Programme: Disruptive Technology and Organisation's Sustainability	PETRONAS Leadership Centre and Institute of Corporate Directors Malaysia
	Petronas Board of Directors Advanced 1 : Best Practices for Board Excellence – Context Setting	PETRONAS Leadership Centre
	Petronas Board Audit Committee: Malaysian Financial Reporting Standards	PETRONAS Leadership Centre
	Preparation for Corporate Liability on Corruption: 'How Ready is Your Company to Safeguard Your Directors, Top Management and Personnel Against a Corruption Prosecution?'	Malaysian Institute of Corporate Governance
The Cheng Eng	One Day Exhibition and Seminar on Deep Foundation Technologies and Equipment	Malaysian Geotechnical Society
	International Trade Fair for Construction Machinery, Building Material Machines, Mining Machines, Construction Vehicles and Construction Equipment (BAUMA MUNICH 2019)	Munich International Trade Fairs
	First Malaysian Geotechnical Society - Geotechnical Society of Singapore Geotechnical Conference (1MGSSC): Geotechnics in Urban Infrastructure	Malaysian Geotechnical Society and Geotechnical Society of Singapore
	International Trade Fair for Construction Machinery, Building Material Machines, Mining Machines, Construction Vehicles and Construction Equipment (BAUMA CHINA 2018)	Munich International Trade Fairs
Pang Sar	Joint Southeast Asia Symposium and Exhibitions on the Challenges and Strategic Solutions of High Profile Projects on Tunnels 2018 (SEASET 2018)	China Civil Engineering Society and the Institution of Engineers Malaysia
	One Day Exhibition and Seminar on Deep Foundation Technologies and Equipment	Malaysian Geotechnical Society
	First Malaysian Geotechnical Society - Geotechnical Society of Singapore Geotechnical Conference (1MGSSC): Geotechnics in Urban Infrastructure	Malaysian Geotechnical Society and Geotechnical Society of Singapore
The Kun Ann	One Day Exhibition and Seminar on Deep Foundation Technologies and Equipment	Malaysian Geotechnical Society
Ong Poay Wah @ Chan Poay Wah	Budget 2019 and SST	TAMS Training Services Sdn Bhd
Dato' Rosli Bin Mohamed Nor	Islamic Finance for Board of Directors Programme	ISRA Consultancy Sdn. Bhd.
	Provision of Financial Assistance and Related Party Transaction	CKM Advisory Sdn. Bhd.
	Economy Outlook and Investment Opportunities in a Crisis	Pheim Asset Management

There were also briefings presented by the Internal and External Auditors and the Company Secretaries on the relevant updates on statutory and regulatory requirements from time to time during the Board meetings and Board Committees meetings.

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

13. Directors' and Senior Management Remuneration

The Remuneration Committee is principally responsible for recommending to the Board the remuneration package of the Executive Directors and senior management. The level of remuneration reflects the experience and level of responsibilities undertaken by the Executive Directors and senior management. The remuneration package offered to the Executive Directors and senior management as well as fees payable to Non-Executive Directors are the responsibility of the entire Board and individual Directors are required to abstain from discussion on their own remuneration and fees.

Fees and benefits payable to the Directors of the Company are subject to yearly approval by shareholders at the Annual General Meeting. The breakdown of the Directors' remuneration paid in the financial year is as follows:

	Fees (RM)	Salaries (RM)	Other emoluments* (RM)	Benefits-in-kind (RM)	Total (RM)
On Company basis					
Executive Directors					
The Cheng Eng	-	120,000	13,433	-	133,433
Pang Sar	-	120,000	13,433	-	133,433
The Kun Ann	-	36,000	8,819	-	44,819
Non-Executive Directors					
Krishnan A/L C K Menon	77,000	-	6,500	-	83,500
Ong Poay Wah @ Chan Poay Wah	54,500	-	6,500	-	61,000
Dato' Rosli bin Mohamed Nor	63,000	-	6,500	-	69,500
On Group basis					
Executive Directors					
The Cheng Eng	-	1,362,000	328,666	35,200	1,725,866
Pang Sar	-	1,362,000	328,666	35,200	1,725,866
The Kun Ann	-	276,000	83,342	17,400	376,742
Non-Executive Directors					
Krishnan A/L C K Menon	77,000	-	6,500	-	83,500
Ong Poay Wah @ Chan Poay Wah	54,500	-	6,500	-	61,000
Dato' Rosli bin Mohamed Nor	63,000	-	6,500	-	69,500

*Other emoluments include bonuses, allowances, contributions to Employee Provident Fund and Social Security Organisation.

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

13. Directors' and Senior Management Remuneration (Continued)

In addition to the remuneration package, Directors also have the benefit of Directors' & Officers' Liability Insurance to ensure that they are adequately covered against liabilities in the course of performing their professional duties.

The core group of senior management consists of seven (7) individuals, i.e. three (3) Executive Directors, three (3) Senior General Managers and an Assistant Senior General Manager. The remuneration of the Senior General Managers and Assistant Senior General Manager is not disclosed on named basis. The Board is of the view that such disclosure may contribute to talent retention issues as employee poaching is a common phenomenon in the construction industry and is not in the best interest of the Group.

The Board believes that the transparency and accountability aspects of the Code on disclosure of the remuneration of senior management are appropriately served by remuneration disclosures above as well as disclosures in bands of RM50,000 as follows.

Range of Remuneration	Number of Senior General Manager/ Assistant Senior General Manager
RM300,001-RM350,000	1
RM350,001-RM400,000	2
RM400,001-RM450,000	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Financial Reporting

The Board aims to present a balanced, clear and comprehensive assessment of the Group's financial position and prospects primarily through its annual reports, quarterly interim financial results and press releases. In the process of preparing this financial information, the Board, with the assistance of the ARMC, reviewed the accounting policies and practices to ensure that they are consistently applied throughout the financial year. In cases where judgment and estimates were made, they were based on reasonableness and prudence.

2. Risk Management and Internal Control

Recognising the importance of risk management, a risk register is in place to identify, evaluate and manage the significant risks of the Group on an ongoing basis. The risks were identified through a series of validation meetings conducted by a professional service firm with the key management personnel to assess the key risks relating the respective areas of management. All identified key risks were rated and priortised in terms of likelihood of the risk occurring and its impact should the risk occur. No risks were identified by the key management personnel as having high likelihood of occurrence and very significant impact on the business continuation of the Group. All identified controllable risks were monitored and appropriately managed through existing internal controls by the Group through the financial year under review. The key features of the risk management framework are set out on pages 37 to 38 in the Statement on Risk Management and Internal Control of this Annual Report.

The internal audit function is outsourced to an external professional internal audit service provider, Axcelasia Columbus Sdn. Bhd.. The scope of work covered by the internal audit function during the financial year under review is provided in the ARMC Report set out on pages 43 to 44 of this Annual Report.

3. Relationship with External Auditors

The Group has established a formal and transparent arrangement with the External Auditors to meet their professional requirements through the ARMC. The External Auditors attended three (3) out of five (5) scheduled meetings of the ARMC in FY2019. The term of service of the External Auditors is renewable every year subject to satisfactory performance.

Corporate Governance Overview Statement (Continued)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

3. Relationship with External Auditors (Continued)

An External Auditors Policy is in place which outline the guidelines and procedures for the ARMC to assess and review the External Auditors. The ARMC reviews the appointment, performance and remuneration of the External Auditors before recommending to the Board and to the shareholders for re-appointment in the Annual General Meeting.

The ARMC also convenes meetings with the External Auditors without the presence of the Executive Directors and Management whenever it deems necessary. The External Auditors report directly to the ARMC.

During the financial year and having assessed the External Auditors, the ARMC is satisfied with the competency, independence, experience and resources required to fulfill their duties effectively as the External Auditors of the Company. The External Auditors have also confirmed their independence in accordance with their firm's policies prior to the commencement of audit.

PRINCIPLE C: INTEGRITY IN REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Corporate Disclosure Policy, Investors Relations and Shareholders Communication

The Group recognises the importance of effective and timely communication with shareholders and investors to keep them informed on the Group's latest business and corporate developments. Such information is disseminated via the Group's annual reports, quarterly financial results and through various disclosures through the Group's website at www.econpile.com as well as the official website of Bursa Securities. In addition, the Group also engages in regular dialogues with institutional investors, fund managers and analysts. At general meetings, the Board encourages shareholders' participation and responds to their questions. Shareholders can also leave written questions for the Board to respond. The primary contact for investor relation matters is:

Ms. The Kun Ann
Executive Director
Tel: 603-9171 9999
E-mail: ir@econpile.com.my

Briefings for analysts and institutional investors are held bi-annually in conjunction with the release of the second quarter and fourth quarter financial results. During the financial year, in addition to meetings with investors, the Group participated in domestic and international roadshows to share the latest updates and pertinent information on the Group's progress with the investment community. Senior management was involved in investor meetings and conferences to update on financial results as well as to impart broad insights on the Group's strategic directions.

The Company has in place the Corporate Disclosure Policies and Procedures which provides guidance for disclosure of material information in accordance with the Listing Requirements.

2. Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with shareholders and investors, where they may seek clarification on the Group's performance, major developments of the Group as well as on the resolutions being proposed. Members of the Board as well as the External Auditors and the Company Secretaries are present to answer questions raised.

The notice of the AGM together with the Annual Report are despatched to shareholders at least twenty eight (28) days before the meeting. Sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM. The Notice of AGM contains information such as the date, time and venue of the AGM, the shareholders' right to appoint a proxy and details of the resolutions that will be tabled at the AGM. The resolutions set out in the Notice will be voted by poll and an independent scrutineer will be appointed to validate the votes.

The outcome of general meeting will be announced to Bursa Securities on the same day of the meeting.

Statement On Risk Management And Internal Control

INTRODUCTION

The Board is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 30 June 2019, which has been prepared pursuant to paragraph 15.26 (b) of the Listing Requirements and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), in this annual report. This statement outlines the nature and state of the risk management and internal control of the Group during the financial year. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and Group assets.

BOARD'S RESPONSIBILITIES

The Board recognises its overall responsibility for maintaining a sound system of risk management and internal control and the need to regularly review its adequacy and effectiveness. Such system covers not only financial controls but also operational and compliance controls.

In view of the limitations that are inherent in any system of risk management and internal controls, such a system put into effect by the senior management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business strategies and objectives. Therefore, such a system can only provide reasonable but not absolute assurance against any material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

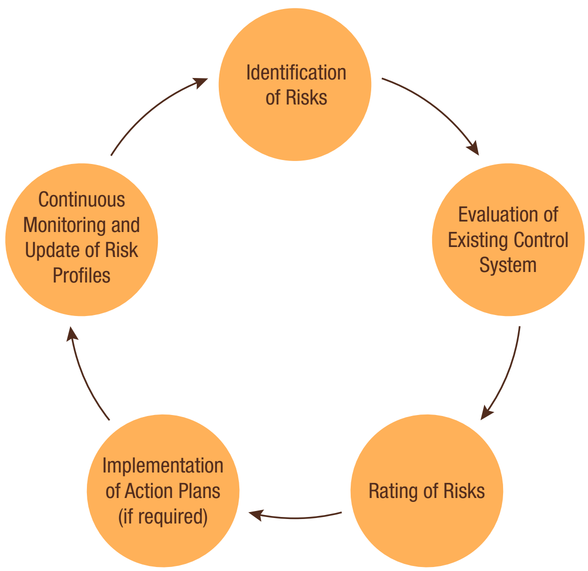
Whilst the Board maintains ultimate control over risk and control issues, it has delegated to the Audit & Risk Management Committee ("the ARMC") to oversee the implementation of the system of risk management and internal control within established parameters and framework. The responsibility for identifying and managing the risks of each department lies with the respective Heads of Department.

The key risks relating to the Group's strategic matters are discussed at the Board meetings. In addition, the responsibility for managing the risks of each department within the Group lies with the respective Heads of Department and it is during the monthly management meetings where significant risks identified and the corresponding internal controls implemented are communicated to the Executive Directors and senior management.

The risk register was updated in the financial year under review by senior management, with the assistance of a professional services firm. Through this risk assessment update, which took into consideration the economic and business outlook, risks were identified, assessed and rated, and existing risks were also re-evaluated. In addition, senior management has also identified mitigating measures or action plans to be implemented to reduce the potential impact from these key risks. The updated risk register was presented to the ARMC and the Board on 26 November 2018.

The risk management framework is guided by the principles of Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Enterprise Risk Management framework, an internationally recognised risk management framework.

The risk management process adopted in the updating of the risk register can be briefly summarised as follows:



Statement On Risk Management And Internal Control (Continued)

RISK MANAGEMENT FRAMEWORK (Continued)

The key elements of this risk management process are as follows:

- Identify key risks associated with the Group's Mission and Vision, based on a list of sources of risks;
- Identify the existing controls that manage the identified risks;
- Confirm ownership and timelines for managing and monitoring the identified risks;
- Rate the identified risks in terms of likelihood of occurrence and the resulting impact on the organisation. The rating takes into account the effectiveness of existing controls put in place to manage the risks;
- Decide on the risk treatment and develop risk response to manage residual risks (if any); and,
- Monitor to ensure compliance and update the Group's existing key risk profile.

The risk management process mentioned above has been in place for the financial year under review.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function assists the Board and ARMC by providing an independent assessment of the adequacy and effectiveness of the Group's risk management and internal control systems. Further details of the Internal Audit Function are set out in ARMC Report on pages 42 to 44 of this Annual Report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control systems are:

a) The Group has an organisation structure with clear lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

b) The Executive Directors are closely involved in the running of the business and operations of the Group and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large.

c) Management meetings are conducted monthly with the Executive Directors and the senior management in attendance.

d) The Group Managing Director and the senior management in the Project and Technical Department undertake visits to project sites and workshop and communicate with various levels of staff. The visits and close communication with working level are pertinent to obtaining timely feedback on the progress at the project sites and workshop activities, and gauging first-hand the effectiveness of strategies discussed and implemented.

e) Insurance on the major assets and resources of the Group are in place to ensure that there is adequate insurance coverage against any mishap that may result in losses to the Group.

f) All quarterly announcements were reviewed by the ARMC and approved by the Board upon recommendation of the ARMC before announcing to Bursa Malaysia Securities Berhad.

g) The Group's subsidiary, Econpile (M) Sdn. Bhd., has an Integrated Management System in place for Quality, Environment, Occupational Health and Safety which is in compliance with international standards ISO 9001:2015, ISO14001: 2015 and OHSAS 18001: 2017 respectively. The scope of certification is the provision of installation, testing of bored piles, micro piles and drive piles and construction of sub-structure. The certifications are valid up to 26 August 2021, 9 September 2021 and 11 March 2021, respectively.

h) A Safety, Health and Environment Policy is in place and the Quality, Safety, Health and Environment ("QSHE") department is tasked to raise the awareness of QSHE practices throughout the Group and monitors the compliance with the relevant regulations and best practices.

Statement On Risk Management And Internal Control (Continued)

OTHER KEY ELEMENTS OF INTERNAL CONTROL (Continued)

i) A whistleblowing policy is in place to assist employees raise concerns on any malpractices they may observe in the Group, without fear of retaliation. In addition, corporate disclosure policies and procedures have been formulated to provide general guidance to the Directors and employees in the determination and dissemination of material information.

j) An investment policy, which sets forth the parameters and procedures for approval of new investments, is in place to assist the Board to provide oversight of investments, inter-alia, consideration of the quantitative, qualitative and risk analysis of each investment.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal controls in place are adequate and effective for the financial year under review to safeguard shareholders' investments and the Group's assets and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control within the Group.

The Board has also received assurance from the Group Managing Director, Group Chief Executive Officer and the Senior General Manager (Finance) that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management and internal control system of the Group.

REVIEW ON STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2019 and nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Directors' Responsibility Statement

The Companies Act 2016 ("Act") requires the Directors to present the financial statements of the Company and the Group in accordance with the Act and approved accounting standards and that they give a true and fair view of the results of the business and the state of affairs of the Group and the Company at the end of the financial year.

The Directors have placed reliance on the system of internal control within the Group and the Company to form a basis of reasonable grounds that the accounting systems and records maintained by the Group and the Company provide a true and fair view of the current state of affairs of the Group and the Company.

The Directors have further responsibility of ensuring that accounting records are kept with reasonable accuracy which enable the Group and the Company to provide a true and fair view of the financial results. In addition, the annual audited financial statements have been prepared based on relevant and appropriate policies and with usage of reasonable and prudent judgement and estimates.

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

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Group and the Company for the financial year ended 30 June 2019 as set out on pages 46 to 116 of this Annual Report.

Additional Compliance Information

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company did not undertake any corporate proposal to raise proceeds during the financial year.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred by the Company and the Group paid to the external auditors for the financial year ended 30 June 2019 is amounting to RM55,000.00 and RM200,000.00, respectively. The amount of non-audit fees incurred by the Company/Group paid to the external auditors for the financial year ended 30 June 2019 is amounting to RM10,000.00.

3. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group involving Directors' and major shareholders' interests during the financial year.

Audit & Risk Management Committee Report

A. MEMBERSHIP AND MEETINGS

The Audit & Risk Management Committee ("ARMC") comprises the following members:

Chairman
Dato' Rosli Bin Mohamed Nor — Independent Non-Executive Director

Members
* Krishnan A/L C K Menon — Independent Non-Executive Chairman
** Ong Poay Wah @ Chan Poay Wah — Senior Independent Non-Executive Director

* Fellow of the Institute of Chartered Accountants in England and Wales, Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

** Bachelor of Accountancy with Honours Degree from Universiti Utara Malaysia.

The ARMC held five (5) meetings during the financial year ended 30 June 2019 ("FY 2019") which were attended by all members. The details of the attendance of each member of the ARMC are as follows:

ARMC Members	Attendance
Dato' Rosli Bin Mohamed Nor	5/5
Krishnan A/L C K Menon	5/5
Ong Poay Wah @ Chan Poay Wah	5/5

The ARMC meets at least once in every quarter. The Executive Directors, Senior General Manager (Finance), External Auditors and Internal Auditors also attended the meetings by invitation to express their views on matters under consideration by the ARMC, or which, in their opinion, should be brought to the attention of the ARMC. The Chairman of the ARMC briefs the Board on matters discussed at every ARMC meeting.

B. SUMMARY OF WORK PERFORMED BY THE ARMC

The objective of ARMC is to assist the Board in fulfilling its statutory and fiduciary responsibilities towards maintaining adequate and effective risk management and internal control system. In furtherance of its oversight responsibilities, the ARMC has continued to review and report to the Board on the Group's financial reporting, internal control and risk management processes and the performance and independence of the External Auditors during the financial year. Principal works performed by the ARMC in discharging its duties and responsibilities during FY2019 were as follows:

Risk Management

(a) Reviewed the risk assessment report detailing updated key risk profile and corresponding controls put into effect to mitigate the identified risks.

External Audit

(a) Reviewed the audit plan for FY2019, covering the audit engagement team, materiality, audit scope, independence, audit focus areas and audit timetable prepared by the External Auditors to ensure their scope is adequate and to confirm their independence and objectivity.
(b) Evaluated the suitability of the External Auditors taking into consideration amongst others, their independence, performance, competency, audit quality, adequacy of resources, communication and interaction and provision of non-audit services and made recommendation to the Board on their reappointment.
(c) Reviewed the audit findings on the statutory audit for FY2019 prepared by the External Auditors.
(d) Reviewed the fees of the External Auditors.

Audit & Risk Management Committee Report (Continued)

B. SUMMARY OF WORK PERFORMED BY THE ARMC (Continued)

Financial Reporting

(a) Reviewed the unaudited quarterly financial results of each quarter and the annual audited financial statements of the Group prior to recommending to the Board for their approval and subsequent release to Bursa Malaysia Securities Berhad.
(b) Reviewed the progress of project costs and billings and the adequacy of impairment of trade receivables.
(c) Reviewed the integrity of information in the financial statements and quarterly reports, with particular focuses on changes in accounting policies and practices, significant adjustments resulting from audit, going concern assumption, completeness of disclosures and compliance with applicable accounting standards.
(d) Held two (2) private sessions with External Auditors without the presence of the Management on 29 August 2018 and 4 October 2018 to discuss issues encountered during the course of the audit and significant matters related to audit plan and strategy.

Internal Audit

(a) Reviewed the internal audit report and audit recommendations made by the Internal Auditors and the corresponding corrective actions taken by the Management including the follow up reviews carried out to ensure satisfactory actions have been taken to address previously reported internal audit findings.
(b) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function.

Others

(a) Reviewed the related party transactions that may arise within the Group and the Company.
(b) Reviewed quarterly management reports consist of financial performance review, project progress analysis and receivables ageing analysis.
(c) Reviewed the adequacy and effectiveness of the system of internal control through the results of work performed by the Internal and External Auditors and discussion with key management.
(d) Reviewed the ARMC Report and Statement on Risk Management and Internal Control and recommended to the Board for approval prior to their inclusion in the Annual Report.

C. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the ARMC, is outsourced to Axcelasia Columbus Sdn. Bhd. .The Engagement Director is Mr Mah Siew Hoong 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, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).

The number of staff deployed for the internal audit reviews is ranging from three (3) to four (4) staff per visit including the Engagement Director. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk based approach and were guided by the International Professional Practice Framework.

The major internal audit activities undertaken during the FY2019 are as follows:

(a) Reviewed the adequacy of the scope and the resource requirements for audit executions.
(b) Performed internal audit reviews in accordance with the approved annual audit plan.
(c) Reviewed the internal controls system and compliance with established policies and procedures as well as statutory requirements.
(d) Issued internal audit report incorporating audit recommendations and Management response.
(e) Followed up on the implementation of corrective action plans to ensure satisfactory actions have been taken to address previous internal audit findings.
(f) Attended ARMC meetings to table and discuss the audit reports and followed up on matters raised.

Audit & Risk Management Committee Report (Continued)

C. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION (Continued)

The summary of business processes reviewed are as follows:

Entity	Business Processes Reviewed
Econpile (M) Sdn. Bhd.	Treasury Management - Liquidity Risk • Credit Monitoring and Debt Collection • Cashflow Projection • Monitoring of Project Funding Requirements - Credit Risk • Borrowings Strategic Planning - Strategic Risk • Development of Long-Term Strategic Goals and Short/Medium-Term Operational Plans • Monitoring the Achievements of Goals and Operational Plans - Budgetary Controls • Preparation and Monitoring of Annual Budgets - Business Disruption and Continuity Risk • Business Continuity

The results of the audit reviews were discussed with senior management and subsequently, the audit findings, including the recommendations for improvement were presented to the ARMC at their scheduled meeting. In addition, follow up visits were also conducted to ensure that corrective action plans have been implemented in a timely manner and the results of the follow up reviews were also presented to the ARMC at their scheduled meeting.

The ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors. In the interest of greater independence and objectivity, the internal audit function will continue to be outsourced.

The total costs incurred for the outsourcing of the Internal Audit function for FY2019 was RM30,486.89.

Financial Statements

Directors' Report

for the year ended 30 June 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	25,505	7,223

RESERVES AND PROVISIONS

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

DIVIDENDS

The first and final ordinary dividend proposed by the Directors in respect of the financial year ended 30 June 2019 is 0.5 sen per ordinary share totalling RM6,687,500 which is subject to approval by the shareholders of the Company at the Annual General Meeting.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

The Cheng Eng*
Pang Sar *
The Kun Ann*
Krishnan A/L CK Menon
Dato' Rosli Bin Mohamed Nor
Ong Poay Wah @ Chan Poay Wah

* *These Directors are also Directors of the Company's subsidiaries.*

Directors' Report

for the year ended 30 June 2019 (Continued)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.7.2018	Bought	Sold	At 30.6.2019
Interests in the Company:				
The Cheng Eng				
- own	364,500,018	-	-	364,500,018
- children*	380,000	-	-	380,000
Pang Sar	292,000,012	-	-	292,000,012
The Kun Ann	250,000	-	-	250,000
Krishnan A/L CK Menon	250,000	-	-	250,000
Dato' Rosli Bin Mohamed Nor	300,000	-	(100,000)	200,000
Ong Poay Wah @ Chan Poay Wah	1,500,000	-	-	1,500,000

* The Kun Hong and The Kun Ee are the children of The Cheng Eng but are not Directors of the Company. In accordance with Section 59 of the Companies Act 2016, the interests and deemed interests of The Kun Hong and The Kun Ee in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of The Cheng Eng.

By virtue of their interests in the shares of the Company, The Cheng Eng and Pang Sar are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Econpile Holdings Berhad has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

ISSUE OF SHARES AND DEBENTURES

There were no other changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Directors' Report

for the year ended 30 June 2019 (Continued)

WARRANTS

On 5 January 2018, the Company issued 267,500,005 free warrants to all the entitled shareholders of the Company on the basis of one (1) free warrant for every four (4) ordinary shares held in the Company. The exercise price of the warrants is RM1.25 and its maturity date is on 2 January 2023.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the amounts of indemnity sum insured and premium paid for Directors and other officers of the Company on a group basis were RM10,000,000 and RM18,800, respectively. There were no indemnity and insurance effected for auditors of the Company and the Group.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which 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 the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report
for the year ended 30 June 2019 (Continued)

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

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

The Cheng Eng

Pang Sar

Kuala Lumpur

Date: 7 October 2019

Statements Of Financial Position

as at 30 June 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Assets					
Property, plant and equipment	3	78,595	105,062	-	-
Investment properties	4	18,071	16,605	-	-
Investments in subsidiaries	5	-	-	94,000	94,000
Other investments	6	#	#	-	-
Other receivables	8	-	-	38,160	46,160
Total non-current assets		96,666	121,667	132,160	140,160
Other investments	6	17,838	2,502	17,838	2,502
Asset classified as held for sale	7	545	545	-	-
Trade and other receivables	8	412,661	500,566	5	5
Contract assets	9	126,855	-	-	-
Prepayments		1,937	2,117	20	39
Current tax assets		8,356	-	-	-
Cash and cash equivalents	10	40,103	24,151	186	248
Total current assets		608,295	529,881	18,049	2,794
Total assets		704,961	651,548	150,209	142,954
Equity					
Share capital	11	136,006	136,006	136,006	136,006
Deficit in business combination		(87,000)	(87,000)	-	-
Retained earnings		346,151	320,646	13,914	6,691
Equity attributable to owners of the Company		395,157	369,652	149,920	142,697
Liabilities					
Loans and borrowings	12	6,004	13,135	-	-
Employee benefits	13	6,447	6,447	-	-
Deferred tax liabilities	14	5,634	8,280	-	-
Total non-current liabilities		18,085	27,862	-	-
Loans and borrowings	12	67,534	51,108	-	-
Trade and other payables	15	215,414	199,360	131	131
Contract liabilities	9	8,589	-	-	-
Current tax liabilities		182	3,566	158	126
Total current liabilities		291,719	254,034	289	257
Total liabilities		309,804	281,896	289	257
Total equity and liabilities		704,961	651,548	150,209	142,954

# denotes RM 1

The notes on pages 57 to 110 are an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive Income
for the year ended 30 June 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	16	663,340	728,399	6,800	21,700
Cost of sales	17	(599,337)	(596,479)	-	-
Gross profit		64,003	131,920	6,800	21,700
Other income		7,328	11,101	337	618
Administrative expenses		(35,744)	(26,655)	(1,080)	(1,403)
Results from operating activities		35,587	116,366	6,057	20,915
Finance income	18	676	530	1,524	1,212
Finance costs	19	(3,494)	(2,433)	-	-
Net finance (costs)/income		(2,818)	(1,903)	1,524	1,212
Profit before tax	20	32,769	114,463	7,581	22,127
Tax expense	21	(7,264)	(27,362)	(358)	(291)
Profit and total comprehensive income for the year		25,505	87,101	7,223	21,836
Basic earnings per ordinary share (sen)	22	1.9	6.5		

The notes on pages 57 to 110 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

for the year ended 30 June 2019

		<--------*Non-distributable*------>		*Distributable*	
Group	Note	Share capital RM'000	Deficit in business combination RM'000	Retained earnings RM'000	Total equity RM'000
At 1 July 2017		136,006	(87,000)	254,945	303,951
Profit and total comprehensive income for the year		-	-	87,101	87,101
Dividends to owners of the Company	23	-	-	(21,400)	(21,400)
At 30 June 2018/ 1 July 2018		136,006	(87,000)	320,646	369,652
Profit and total comprehensive income for the year		-	-	25,505	25,505
At 30 June 2019		136,006	(87,000)	346,151	395,157
		Note 11			

The notes on pages 57 to 110 are an integral part of these financial statements.

Statement Of Changes In Equity
for the year ended 30 June 2019

Company	Note	*Non-distributable* Share capital RM'000	*Distributable* Retained earnings RM'000	Total equity RM'000
At 1 July 2017		136,006	6,255	142,261
Profit and total comprehensive income for the year		-	21,836	21,836
Dividends to owners of the Company	23	-	(21,400)	(21,400)
At 30 June 2018/ 1 July 2018		136,006	6,691	142,697
Profit and total comprehensive income for the year		-	7,223	7,223
At 30 June 2019		136,006	13,914	149,920
		Note 11		

The notes on pages 57 to 110 are an integral part of these financial statements.

Statements Of Cash Flows

for the year ended 30 June 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		32,769	114,463	7,581	22,127
Adjustments for:					
Depreciation of investment properties		40	24	-	-
Depreciation of property, plant and equipment		30,457	29,540	-	-
Dividend income		-	-	(6,800)	(21,700)
Fair value gain from other investments		(170)	(597)	(170)	(597)
Finance costs		3,494	2,433	-	-
Finance income		(676)	(530)	(1,524)	(1,212)
Gain on disposal of other investments		(166)	(22)	(166)	(22)
Gain on disposal of property, plant and equipment		(264)	(2,392)	-	-
Net impairment loss/(gain) on financial assets		13,791	(859)	-	-
Operating profit/(loss) before working capital changes		79,275	142,060	(1,079)	(1,404)
Change in trade and other receivables and prepayments		72,949	(152,836)	19	(3)
Change in trade and other payables		17,637	49,258	-	5
Change in contract assets		(126,855)	-	-	-
Change in contract liabilities		8,589	-	-	-
Cash generated from/(used in) operations		51,595	38,482	(1,060)	(1,402)
Interest received		-	-	1,524	1,212
Tax paid		(21,650)	(27,152)	(326)	(165)
Tax refunded		-	6	-	-
Net cash from/(used in) operating activities		29,945	11,336	138	(355)

Statements Of Cash Flows

for the year ended 30 June 2019 (Continued)

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(3,732)	(24,049)	-	-
Acquisition of investment properties	(iii)	(1,744)	-	-	-
Dividends received from a subsidiary		-	-	6,800	21,700
Interest received from fixed deposits		676	530	-	-
(Increase)/Decrease in other investments		(15,000)	15,500	(15,000)	15,500
Proceeds from disposal of property, plant and equipment		464	3,634	-	-
Decrease/(Increase) in advances to subsidiaries		-	-	8,000	(15,511)
Net cash (used in)/from investing activities		(19,336)	(4,385)	(200)	21,689
Cash flows from financing activities					
Dividends paid to owners of the Company	23	-	(21,400)	-	(21,400)
Net drawdown of bankers' acceptances	12.5	16,430	14,538	-	-
Interest paid on loans and borrowings		(3,494)	(2,433)	-	-
Net drawdown of bank loan	12.5	1,604	(112)	-	-
Net repayment of finance lease liabilities	12.5	(10,697)	(9,830)	-	-
Net drawdown of revolving credit	12.5	1,500	-		
Net cash from/(used) in financing activities		5,343	(19,237)	-	(21,400)
Net increase/(decrease) in cash and cash equivalents		15,952	(12,286)	(62)	(66)
Cash and cash equivalents at 1 July		24,151	36,437	248	314
Cash and cash equivalents at 30 June	(i)	40,103	24,151	186	248

The notes on pages 57 to 110 are an integral part of these financial statements.

Statements Of Cash Flows

for the year ended 30 June 2019 (Continued)

(I) CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash and bank balances	10	36,589	20,748	186	248
Deposits placed with licensed banks	10	3,514	3,403	-	-
		40,103	24,151	186	248

(II) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM4,190,000 (2018: RM37,782,000), of which RM458,000 (2018: RM13,733,000) was acquired by means of finance leases.

(III) ACQUISITION OF INVESTMENT PROPERTIES

During the financial year, the Group acquired investment properties with an aggregate cost of RM3,089,000 (2018: RM3,930,870), of which RM1,345,000 (2018: nil) were acquired by way of contra with trade receivables.

Notes To The Financial Statements

Econpile Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Level 8, Tower Block, Plaza Dwitasik
Jalan Sri Permaisuri, Bandar Sri Permaisuri
56000 Kuala Lumpur

Registered office
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 June 2019 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 7 October 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and Amendments 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 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)**
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment and Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020
- Amendments to MFRS 3, Business Combinations – 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*

Notes To The Financial Statements (Continued)

1. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 July 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for those marked "*" which are not applicable to the Group and the Company; and

- from the annual period beginning on 1 July 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the applicable accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2(m)(i) - construction contract
- Note 4 - valuation of investment properties
- Note 8 and Note 9 - individual impairment losses on trade receivables (including retention sum) and contract assets
- Note 16 - revenue
- Note 27 - contingencies

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, Revenue from Contracts with Customers and MFRS 9, Financial Instruments, there are changes to the accounting policies of:

i) financial instruments;

ii) revenue recognition; and

iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 29.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments 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 investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(iii) Acquisitions of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2 (j)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2 (j)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument) or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(ii) Financial instrument categories and subsequent measurement (Continued)

Financial assets (Continued)

Previous financial year (Continued)

(b) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, were subject to impairment assessment (see Note 2 (j)(i)).

Financial liabilities

Current financial year

Amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

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

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(iii) Regular way purchase or sale of financial assets (Continued)

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

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

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

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

(v) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	50 years
• plant and machinery	5 years
• piling and site equipment	5 years
• office equipment	5 years
• furniture and fittings	5 years
• motor vehicles	5 years
• renovation	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(e) Investment property

Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land, freehold buildings and leasehold buildings which in substance are finance leases held for a currently undetermined future use. Investment properties initially and subsequently measured at cost less any accumulated depreciation are accounted for similarly to property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

The estimated useful lives for the current period is as follow:

Buildings	50 years

Depreciation method, useful lives and residual value are reviewed at the end of the reporting period, and adjusted as appropriate.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amounts due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amounts due to contract customers which is part of trade and other payables in the statement of financial position.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, if any.

(h) Non-current asset held for sale

Non-current asset that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Subsequent gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2 (j)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the risk of loss on trade receivables individually based on their financial information, past trend of payments and external credit ratings, where applicable.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment (Continued)

(i) Financial assets (Continued)

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for contract assets and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial period in which the reversals are recognised.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

(l) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue and other income

(i) Construction contract

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue* and the related interpretations.

The Group has adopted MFRS 15 using the cumulative effect method (without practical expedients), with effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under MFRS 111, MFRS 118 and related interpretations. Additionally, the disclosure requirements under MFRS 15 has not generally been applied to comparative information.

Current financial year

Under MFRS15, revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

Previous financial year

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(ii) Rental income

Rental income from investment property and equipment are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue and other income (Continued)

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per ordinary 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, share options granted to employees, and warrants, if any.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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 transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer 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.

(r) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(s) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes To The Financial Statements (Continued)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Piling and site equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At 1 July 2017	5,000	6,908	195,930	12,614	614	271	11,183	1,478	3,908	237,906
Additions	-	2,480	3,360	235	39	-	591	-	31,077	37,782
Disposals	-	-	(5,093)	-	-	-	(2,016)	-	-	(7,109)
Transfers	-	-	32,448	1,593	-	-	154	-	(34,195)	-
At 30 June 2018/ 1 July 2018	5,000	9,388	226,645	14,442	653	271	9,912	1,478	790	268,579
Additions	-	-	511	-	47	-	910	-	2,722	4,190
Disposals	-	-	(1,201)	-	-	-	(321)	-	-	(1,522)
Transfers	-	-	2,224	446	-	-	-	-	(2,670)	-
At 30 June 2019	5,000	9,388	228,179	14,888	700	271	10,501	1,478	842	271,247
Depreciation										
At 1 July 2017	-	762	124,672	5,446	334	159	7,581	890	-	139,844
Depreciation for the year	-	165	25,858	2,074	113	54	981	295	-	29,540
Disposals	-	-	(4,634)	-	-	-	(1,233)	-	-	(5,867)
At 30 June 2018/ 1 July 2018	-	927	145,896	7,520	447	213	7,329	1,185	-	163,517
Depreciation for the year	-	194	26,439	2,343	118	54	1,029	280	-	30,457
Disposals	-	-	(1,061)	-	-	-	(261)	-	-	(1,322)
At 30 June 2019	-	1,121	171,274	9,863	565	267	8,097	1,465	-	192,652
Carrying amounts										
At 1 July 2017	5,000	6,146	71,258	7,168	280	112	3,602	588	3,908	98,062
At 30 June 2018/ 1 July 2018	5,000	8,461	80,749	6,922	206	58	2,583	293	790	105,062
At 30 June 2019	5,000	8,267	56,905	5,025	135	4	2,404	13	842	78,595

Notes To The Financial Statements (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

3.1 Leased plant and machinery and motor vehicles

At 30 June 2019, the carrying amounts of leased plant and machinery and motor vehicles of the Group were RM22,633,000 (2018: RM32,342,950) and RM1,989,000 (2018: RM2,327,190), respectively.

3.2 Security

At 30 June 2019, a commercial property of the Group with a carrying amount of RM6,170,000 (2018: RM6,207,000) and the corporate office of the Group with a carrying amount of RM3,988,000 (2018: RM4,080,000) were pledged as security for bank facilities granted to a subsidiary (see Note 12).

3.3 Capital work-in-progress

At 30 June 2019, the capital work-in-progress was mainly related to down payments made for acquisition of plant and machinery yet to be received from suppliers.

4. INVESTMENT PROPERTIES

	Group RM'000
Cost	
At 1 July 2017	12,971
Addition	3,931
At 30 June 2018/1 July 2018	16,902
Addition	3,089
Disposal	(1,583)
At 30 June 2019	18,408
Depreciation	
At 1 July 2017	273
Depreciation for the year	24
At 30 June 2018/1 July 2018	297
Depreciation for the year	40
At 30 June 2019	337
Carrying amounts	
At 1 July 2017	12,698
At 30 June 2018/1 July 2018	16,605
At 30 June 2019	18,071

Notes To The Financial Statements (Continued)

4. INVESTMENT PROPERTIES (Continued)

Included in the investment properties are:

	Note	Group 2019 RM'000	Group 2018 RM'000
Freehold land		1,261	723
Buildings		1,663	897
Work-in-progress	4.1	15,147	14,985
		18,071	16,605

Investment properties comprise freehold land and a number of residential and commercial properties that are leased to a third party or held for capital appreciation purposes.

The following are recognised in profit or loss in respect of investment properties:

	Group 2019 RM'000	Group 2018 RM'000
Rental income	38	38
Direct operating expenses:		
- income generating investment properties	10	9
- non-income generating investment properties	36	20

4.1 Work-in-progress

The amount capitalised relates to the acquisition of 2 units of condominium, 2 units of shop office and 4 units of office suite (2018: 1 unit of condominium, 2 units of shop office and 7 units of office suite) which are still under construction.

Fair value information

Fair value of investment properties is categorised as follows:

	Group 2019 RM'000	Group 2018 RM'000
Level 3		
Freehold land	3,189	2,261
Buildings	5,203	6,177
Work-in-progress	16,077	15,905
	24,469	24,343

Notes To The Financial Statements (Continued)

4. INVESTMENT PROPERTIES (Continued)

Valuation process applied by the Group for Level 3 fair value

The fair value of the freehold land, buildings and work-in-progress are estimated by the Directors using the comparison method. The comparison method entails critical analyses of recent evidences of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	94,000	94,000

Details of the subsidiaries are as follows:

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2019	2018
			%	%
Econpile (M) Sdn. Bhd. and its subsidiary:	Malaysia	General construction and piling works	100	100
Platinum Production Sdn. Bhd.	Malaysia	Rental of investment properties and machinery and trading of machinery and related accessories	100	100
Tropical Broadway Sdn. Bhd.	Malaysia	Property development	100	100

Notes To The Financial Statements (Continued)

6. OTHER INVESTMENTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-current				
Club membership	#	#	-	-
Current				
Financial assets at fair value through profit or loss:				
Unit trusts, in Malaysia	17,838	2,502	17,838	2,502
	17,838	2,502	17,838	2,502
Representing items:				
At net realisable value	#	#	-	-
At fair value	17,838	2,502	17,838	2,502
	17,838	2,502	17,838	2,502

# denotes RM1

7. ASSET CLASSIFIED AS HELD FOR SALE

	Group	
	2019	2018
	RM'000	RM'000
Asset classified as held for sale		
Freehold land	545	545

The carrying amount of the freehold land is the same as its carrying amount before it was being reclassified to asset classified as held for sale under current assets.

In 2017, a piece of freehold land was presented as an asset held for sale following the commitment of Tropical Broadway Sdn. Bhd. ("TB"), a wholly owned subsidiary, to inject the land under an agreement with a third party property developer to develop the land into a housing development project. TB will provide the land for development whereas the developer will be responsible to construct and complete the housing development project within two years from the commencement date.

At 30 June 2019, the relevant approvals for the conversion and sub-division of the land from the appropriate authorities have been obtained. Currently pending payment of premium survey fees for the conversion of the land from agriculture land to residential land.

Notes To The Financial Statements (Continued)

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Non-trade					
Advances to subsidiaries	8.1	-	-	38,160	46,160
Current					
Trade					
Trade receivables		424,438	421,193	-	-
Less: Individual impairment losses		(16,337)	(2,806)	-	-
	8.2	408,101	418,387	-	-
Amount due from contract customers	8.3	-	79,433	-	-
		408,101	497,820	-	-
Non-trade					
Other receivables		2,999	582	-	-
Deposits		1,561	2,164	5	5
		4,560	2,746	5	5
		412,661	500,566	5	5

8.1 Advances to subsidiaries

The advances to subsidiaries are unsecured, subject to interest at 4.07 % (2018: 4.07%) per annum and are repayable on demand. The management had reviewed the expected repayment from the subsidiaries and hence had reclassified the advances to subsidiaries as non-current.

8.2 Trade receivables

Included in trade receivables of the Group at 30 June 2019 are retention sums of RM152,764,000 (2018: RM133,687,000) relating to construction projects. Retention sums are unsecured, interest free and expected to be collected as follows:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Within 1 year	4,832	13,409	-	-
More than 1 year	147,932	120,278	-	-
	152,764	133,687	-	-

Notes To The Financial Statements (Continued)

8. TRADE AND OTHER RECEIVABLES (Continued)

8.3 Construction work-in-progress

Comparative information under MFRS 111, *Construction Contracts*

	Note	Group 2018 RM'000
Aggregate costs incurred to date		682,996
Add: Attributable profits		195,530
		878,526
Less: Progress billings		(801,752)
		76,774
Represented by:		
Amount due from contract customers		79,433
Amount due to contract customers	15	(2,659)
		76,774

8.4 Estimation uncertainty and critical judgements

The Group makes allowance for impairment losses on receivables based on individual assessment. Whilst management's assessment is guided by past experiences, there may be significant uncertainty about the future recovery of debts.

9. CONTRACT ASSETS/(CONTRACT LIABILITIES)

Group	2019 RM'000	2018 RM'000
Contract assets	126,855	-
Contract liabilities	(8,589)	-

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 120 days.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, which revenue is recognised overtime during general construction and piling works. The contract liabilities are expected to be recognised as revenue over a period of 30 days.

Significant changes to contract assets and contract liabilities balances during the year are as follows:

	2019 RM'000	2018 RM'000
Contract liabilities at the beginning of the period recognised as revenue	(2,659)	-

Notes To The Financial Statements (Continued)

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	36,589	20,748	186	248
Deposits placed with licensed banks	3,514	3,403	-	-
	40,103	24,151	186	248

11. CAPITAL AND RESERVES

11.1 Share capital

Group and Company	Note	Amount 2019 RM'000	Number of shares 2019 '000	Amount 2018 RM'000	Number of shares 2018 '000
Ordinary shares:					
Issued and fully paid:					
As at 1 July		136,006	1,337,500	136,006	535,000
Share split	11.2	-	-	-	535,000
Bonus issue	11.3	-	-	-	267,500
As at 30 June		136,006	1,337,500	136,006	1,337,500

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

11.2 Share split

On 28 December 2017, the Company carried out a share split exercise which involves the subdivision of every one (1) existing ordinary share into two (2) new ordinary shares ("Share Split"). The total number of shares in issue increased from 535,000,010 ordinary shares to 1,070,000,020 ordinary shares.

11.3 Bonus issue

On 28 December 2017, the Company carried out a bonus issue exercise which involves the issuance of one (1) free new ordinary share for every four (4) ordinary shares held in the Company after the Share Split. Arising from this, the total number of shares in issue increased from 1,070,000,020 ordinary shares to 1,337,500,025 ordinary shares.

Notes To The Financial Statements (Continued)

12. LOANS AND BORROWINGS

	Note	Group 2019 RM'000	Group 2018 RM'000
Non-current			
Bank loan - secured	12.1	3,717	2,392
Finance lease liabilities	12.3	2,287	10,743
		6,004	13,135
Current			
Bank loan - secured	12.1	395	116
Bankers' acceptances	12.2	56,862	40,432
Finance lease liabilities	12.3	8,777	10,560
Revolving credit – unsecured	12.4	1,500	-
		67,534	51,108
		73,538	64,243

12.1 Bank loan - secured

The bank loan is secured by way of a first legal charge over the corporate office of the Group (see Note 3).

12.2 Bankers' acceptances

The bankers' acceptances are secured / guaranteed as follows:

	Group 2019 RM'000	Group 2018 RM'000
Secured over a commercial property of the Group	6,170	6,207
Guaranteed by the Company	50,692	34,225
	56,862	40,432

12.3 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000
Less than one year	9,071	(294)	8,777	11,332	(772)	10,560
Between one and five years	2,318	(31)	2,287	11,048	(305)	10,743
	11,389	(325)	11,064	22,380	(1,077)	21,303

Notes To The Financial Statements (Continued)

12. LOANS AND BORROWINGS (Continued)

12.4 Revolving credit – unsecured

The revolving credit is unsecured, subject to interest at 5.55% (2018: Nil) per annum and guaranteed by the Company.

12.5 Reconciliation of movement of loans and borrowings to cash flows arising from financing activities:-

2019	At 1.7.2018 RM'000	Acquisition of new leases RM'000	Net changes from financing cash flows RM'000	At 30.6.2019 RM'000
Finance lease liabilities	21,303	458	(10,697)	11,064
Bank loan	2,508	-	1,604	4,112
Bankers' acceptances	40,432	-	16,430	56,862
Revolving credit	-	-	1,500	1,500
	64,243	458	8,837	73,538

2018	At 1.7.2017 RM'000	Acquisition of new leases RM'000	Net changes from financing cash flows RM'000	At 30.6.2018 RM'000
Finance lease liabilities	17,400	13,733	(9,830)	21,303
Bank loan	2,620	-	(112)	2,508
Bankers' acceptances	25,894	-	14,538	40,432
	45,914	13,733	4,596	64,243

13. EMPLOYEE BENEFITS

Retirement benefits

	Group 2019 RM'000	Group 2018 RM'000
Defined benefit liability	6,447	6,447

The Group makes contributions to a defined benefit plan that provides pension for two Directors of the Company upon retirement. The plan entitles the two Directors of the Company to receive a lump sum payment equal to the last drawn salary multiplied by the number of years of service of the two Directors.

The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Contributions

This plan is unfunded of which contributions are expected to be made by a subsidiary based on its future cash flows. The contribution requirements are based on the pension fund's actuarial measurement framework set out in the policies of the plan. The two Directors are not required to contribute to the plan. The two Directors had voluntarily ceased the contributions to their retirement benefits effective 1 July 2018. The defined benefits liability will remain in the statement of financial position until settlement occurs.

Notes To The Financial Statements (Continued)

13. EMPLOYEE BENEFITS (Continued)

Defined benefit obligation

Actuarial assumptions

In the previous years, assumptions regarding future mortality were based on the Malaysian Ordinary Life Table 1999 - 2003.

At 30 June 2019, the weighted-average duration of the defined benefit obligation was 4 years (2018: 5 years).

Sensitivity analysis

No sensitivity analysis was performed for defined benefit obligation as the amount is no longer subject to measurement based on relevant actuarial assumption.

14. DEFERRED TAX LIABILITIES

Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group	
	2019	2018
	RM'000	RM'000
Property, plant and equipment	8,221	10,500
Provisions	(2,587)	(2,220)
	5,634	8,280

Movement in temporary differences during the year

Group	At 1.7.2017 RM'000	Recognised in profit or loss RM'000 (Note 21)	At 30.6.2018/ 1.7.2018 RM'000	Recognised in profit or loss RM'000 (Note 21)	At 30.6.2019 RM'000
Property, plant and equipment	8,333	2,167	10,500	(2,279)	8,221
Provisions	(2,427)	207	(2,220)	(367)	(2,587)
	5,906	2,374	8,280	(2,646)	5,634

Notes To The Financial Statements (Continued)

15. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Trade					
Trade payables		195,032	167,794	-	-
Amount due to contract customers	8.3	-	2,659	-	-
		195,032	170,453	-	-
Non-trade					
Other payables	15.1	14,037	19,879	-	-
Accrued expenses		6,345	9,028	131	131
		20,382	28,907	131	131
		215,414	199,360	131	131

15.1 Other payables

Included in other payables is an amount due to certain contract customers for acquisition of investment properties of RM12,798,000 (2018: RM14,985,000).

16. REVENUE

Group	2019 RM'000	2018 RM'000
Revenue from contracts with customers	663,340	728,399
Company		
Other revenue		
Dividend income	6,800	21,700

16.1 Disaggregation of revenue

Group	2019 RM'000	2018 RM'000
Primary geographical markets		
Malaysia	663,340	728,399
Major products and services line		
Construction contracts	663,340	728,399
Timing and recognition		
Over time	663,340	728,399

Notes To The Financial Statements (Continued)

16. REVENUE (Continued)

16.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Construction contracts	Revenue is recognised over time using the cost incurred method.	Based on agreed milestones, certified by architects.	The Group may occasionally submit variation orders (for additions or omissions of work) to customers based on actual work performed.	Not applicable.	Generally, defect liability period of between 2 to 5 years is given to the customer.

16.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	Group RM'000
Construction contracts	1,133,532

The above revenue does not include variable consideration.

The remaining performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date will be satisfied over a period of 2 years.

16.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

Variable Consideration

Variation orders are integral and significant parts of contract revenue on certain reimbursable contracts. They can also be present in lumpsum contracts. Revenue from variation orders are included only when it is highly probable that the revenue will not be reversed. There is a risk that the actual payment of variation orders may differ from the estimated amount.

Liquidated Damages ("LD")

LD are penalties for not achieving defined milestones on time. LD are common in construction contracts. If a project does not meet the defined milestone in a contract, a provision reducing the transaction price is made unless it is highly probable that LD will not be imposed. The estimated LD provision is highly judgemental and based on experience from similar LD situations and negotiations with customers in addition to an assessment of client relationship and economic impact.

Notes To The Financial Statements (Continued)

16. REVENUE (Continued)

16.4 Significant judgements and assumptions arising from revenue recognition (Continued)

Total Contract Cost

The estimates of total contract cost can be judgemental and sensitive to changes. The cost estimates can significantly impact revenue recognition for contracts using cost progress, particularly in lump sum construction contracts. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. The forecasting of total contract cost depends on the ability to properly execute the design phase, availability of skilled resources, productivity and quality factors, performance of subcontractors and sometimes also weather and soil conditions. A change in the estimates will directly affect the revenue to be recognised.

Performance Obligations

Significant management judgement is sometimes required in order to identify distinct performance obligations in customer contracts. This includes an analysis of the customer contract to determine if the goods or services are distinct deliveries or inputs to an overall promise to deliver a combined item.

17. COST OF SALES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Construction costs	599,337	596,479	-	-

18. FINANCE INCOME

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- deposits placed with licensed banks	676	530	-	-
- advances to subsidiaries	-	-	1,524	1,212
	676	530	1,524	1,212

19. FINANCE COSTS

	Group	
	2019	2018
	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- bank loan	184	122
- bankers' acceptances	2,521	1,290
- finance lease liabilities	789	1,021
	3,494	2,433

Notes To The Financial Statements (Continued)

20. PROFIT BEFORE TAX

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the year is arrived after charging/(crediting):				
Auditors' remuneration:				
- Audit fees	200	175	55	50
- Non-audit fees	10	10	10	10
Material expenses/ (income)				
Depreciation of property, plant and equipment	30,457	29,540	-	-
Impairment loss on trade receivables	15,117	220	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	2,960	3,294	25	35
- Wages, salaries and others	35,013	39,869	278	278
Rental expense in respect of:				
- Equipment and machinery	12,702	14,788	-	-
- Properties	909	513	-	-
Dividend income from a subsidiary	-	-	(6,800)	(21,700)
Fair value gain from other investments	(170)	(597)	(170)	(597)
Gain on disposal of other investments	(166)	(22)	(166)	(22)
Gain on disposal of property, plant and equipment	(264)	(2,392)	-	-
Rental income from:				
- Machinery	(4,355)	(5,896)	-	-
- Investment properties	(38)	(38)	-	-
Reversal of impairment loss on trade receivables	(1,326)	(1,079)	-	-

Notes To The Financial Statements (Continued)

21. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Current year	9,984	27,539	360	291
Over provision in prior year	(74)	(2,551)	(2)	-
Total current tax recognised in profit or loss	9,910	24,988	358	291
Deferred tax expense				
Origination and reversal of temporary differences	(618)	1,932	-	-
(Over)/Under provision in prior year	(2,028)	442	-	-
Total deferred tax recognised in profit or loss (Note 14)	(2,646)	2,374	-	-
Total income tax expense	7,264	27,362	358	291
Reconciliation of tax expense				
Profit before tax	32,769	114,463	7,581	22,127
Income tax using Malaysian tax rate of 24%	7,865	27,471	1,820	5,310
Non-deductible expenses	1,582	2,761	252	337
Tax exempt income	(81)	(761)	(1,712)	(5,356)
Over provision in prior year	(2,102)	(2,109)	(2)	-
	7,264	27,362	358	291

22. BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at 30 June 2018 and 2019 were based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2019	2018
Profit attributable to ordinary shareholders (RM'000)	25,505	87,101
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 July	1,337,500	535,000
Effect of share split (Note 11.2)	-	535,000
Effect of bonus issue (Note 11.3)	-	267,500
Weighted average number of ordinary shares at 30 June (basic)	1,337,500	1,337,500
Basic earnings per ordinary share (sen)	1.9	6.5

Notes To The Financial Statements (Continued)

22. BASIC EARNINGS PER ORDINARY SHARE (Continued)

Diluted earnings per ordinary share

Diluted earnings per ordinary share of the Group is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of shares in issue and issuable under the warrants. The warrants are excluded from the computation of diluted earnings per ordinary shares as the warrants are out-of-the-money as at the end of the financial year and do not have any potential dilutive effect. Thus, the Group's diluted earnings per ordinary share at 30 June 2018 and 2019 are equivalent to its basic earnings per ordinary share as disclosed above.

23. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2018			
First interim 2018 ordinary	1.5	8,025	21 December 2017
Second interim 2018 ordinary	1.0	13,375	26 June 2018
Total amount		21,400	

After the end of the reporting period the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the shareholders at the Annual General Meeting.

	Sen per share	Total amount RM'000
Final 2019 ordinary	0.5	6,688

24. SEGMENT REPORTING

The Group is predominantly involved in general construction and piling works, which is the only reportable segment. Other non-reportable segments comprise investment holding and operations related to rental of investment properties and machinery, trading of machinery and related accessories. All the Group's operations are carried out in Malaysia.

The Chief Executive Officer of the Group (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Chief Executive Officer of the Group. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within this industry.

24. SEGMENT REPORTING (Continued)

Segment capital expenditure

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer of the Group. Hence, no disclosure is made on segment assets and liabilities.

Segment capital expenditure is the total costs incurred during the financial year to acquire property, plant and equipment.

	Group	
	2019	2018
	RM'000	RM'000
Total additions to property, plant and equipment	4,190	37,782
Total additions to investment properties	3,089	3,931
	7,279	41,713
Segment profit	25,505	87,101
Included in the measure of segment profit are:		
Revenue from external customers	663,340	728,399
Depreciation of property, plant and equipment and investment properties	(30,497)	(29,564)
Not included in the measure of segment profit but provided to Chief Executive Officer:		
Net finance costs	(2,818)	(1,903)

No reconciliation is performed for reportable segment revenue, profit and depreciation to consolidated figures as there are no differences except for the following:

	Group	
	2019	2018
	RM'000	RM'000
Net finance costs		
Finance income	676	530
Finance costs	(3,494)	(2,433)
Consolidated net finance costs	(2,818)	(1,903)

Notes To The Financial Statements (Continued)

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 June 2019 categorised as follows:

(a) Fair value through profit or loss ("FVTPL");
- Mandatorily required by MFRS 9

(b) Amortised cost ("AC")

	Carrying amount RM'000	Mandatorily at FVTPL RM'000	AC RM'000
2019			
Financial assets			
Group			
Other investments	17,838	17,838	-
Trade and other receivables	412,661	-	412,661
Cash and cash equivalents	40,103	-	40,103
	470,602	17,838	452,764
Company			
Other investments	17,838	17,838	-
Trade and other receivables	38,165	-	38,165
Cash and cash equivalents	186	-	186
	56,189	17,838	38,351
Financial liabilities			
Group			
Loans and borrowings	73,538	-	73,538
Trade and other payables	215,414	-	215,414
	288,952	-	288,952
Company			
Trade and other payables	131	-	131

25. FINANCIAL INSTRUMENTS (Continued)

25.1 Categories of financial instruments (Continued)

The table provides an analysis of financial instruments as at 30 June 2018 categorised as follows:

(a) Loan and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL");
- Held for trading ("HFT")
(c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL -HFT RM'000
2018			
Financial assets			
Group			
Other investments	2,502	-	2,502
Trade and other receivables #	421,133	421,133	-
Cash and cash equivalents	24,151	24,151	-
	447,786	445,284	2,502
Company			
Other investments	2,502	-	2,502
Trade and other receivables	46,165	46,165	-
Cash and cash equivalents	248	248	-
	48,915	46,413	2,502
Financial liabilities			
Group			
Loans and borrowings	(64,243)	(64,243)	-
Trade and other payables #	(196,701)	(196,701)	-
	(260,944)	(260,944)	-
Company			
Trade and other payables	(131)	(131)	-

Exclude amounts due from/(to) contract customers

Notes To The Financial Statements (Continued)

25. FINANCIAL INSTRUMENTS (Continued)

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
- Held for trading	-	618	-	618
- Mandatory required by MFRS9	336	-	336	-
Loans and receivables	-	1,389	-	1,212
Financial assets at amortised cost	(13,115)	-	1,524	-
Financial liabilities at amortised cost	(3,494)	(2,433)	-	-
	(16,273)	(426)	1,860	1,830
Net losses/(gains) on impairment of financial instruments				
Loans and receivables	-	859	-	-
Financial assets at amortised cost	(13,791)	-	-	-

25.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, investment in unit trusts and financial guarantees given to contract customers of construction contracts. The Company's exposure to credit risk arises principally from its investment in unit trusts, advances to subsidiaries and financial guarantees given to banks for credit facilities granted to a subsidiary.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amount of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

Notes To The Financial Statements (Continued)

25. FINANCIAL INSTRUMENTS (Continued)

25.4 Credit risk (Continued)

Trade receivables and contract assets (Continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

The Group has 27 (2018:16) ongoing projects at various stages of completion as at end of the reporting period. Concentration of credit risk with respect to receivables is limited except for one customer which accounted for 37% (2018: 24%) (including retention sums) of trade receivables as at the end of the reporting period.

The exposure of credit risk for trade receivables and contract assets as at the end of the current and previous reporting periods by geographic region is solely domestic.

Recognition and measurement of impairment loss

In managing the credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 120 days. The Group's debt recovery process includes debt above 120 days past due after credit term, whereby the Group will start to initiate a debt recovery process which is monitored by the management team.

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 30 June 2019 which are grouped together as they are expected to have similar risk nature:

Group	Gross carrying amount RM'000	Credit impaired RM'000	Net balances RM'000
2019			
Not past due	319,310	-	319,310
Past due 1 - 60 days	85,598	-	85,598
Past due 61 - 120 days	49,423	-	49,423
Past due more than 120 days	96,962	(16,337)	80,625
	551,293	(16,337)	534,956
Trade receivables	424,438	(16,337)	408,101
Contract assets	126,855	-	126,855
	551,293	(16,337)	534,956

Notes To The Financial Statements (Continued)

25. FINANCIAL INSTRUMENTS (Continued)

25.4 Credit risk (Continued)

Trade receivables and contract assets (Continued)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the financial year are shown below:-

	2019 RM'000
Group	
At beginning of year as per MFRS 139/MFRS 9	2,806
Amount written off	(260)
Net measurement of loss allowance	13,791
At end of year	16,337

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 30 June 2018 was as follows:

Group	Gross RM'000	Individual Impairment RM'000	Net RM'000
2018			
Not past due	299,923	-	299,923
Past due 1 - 60 days	36,607	-	36,607
Past due 61 - 120 days	39,148	-	39,148
Past due more than 120 days	45,515	(2,806)	42,709
	421,193	(2,806)	418,387

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	2018 RM'000
Group	
At 1 July 2017	3,665
Impairment loss recognised	220
Impairment loss reversed	(1,079)
At 30 June 2018	2,806

Notes To The Financial Statements (Continued)

25. FINANCIAL INSTRUMENTS (Continued)

25.4 Credit risk (Continued)

Other investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities which include unit trust. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet their obligations.

Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These licensed banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from advance payment for supply of construction materials.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to contract customers of construction contracts and unsecured financial guarantees to banks and suppliers in respect of banking facilities and credit terms granted to a subsidiary.

The Company provides unsecured financial guarantees to banks and suppliers in respect of banking facilities and credit terms granted to a subsidiary.

The Group and the Company monitor on an ongoing basis the results of the subsidiary and repayment made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group and the Company amounts to RM166,424,000 (2018: RM133,350,000) and RM85,826,000 (2018: RM65,599,000) respectively, as at the end of the reporting period.

Notes To The Financial Statements (Continued)

25. FINANCIAL INSTRUMENTS (Continued)

25.4 Credit risk (Continued)

Financial guarantees (Continued)

Recognition and measurement of impairment loss

As at the end of the reporting period, probability of the default of the Group and the Company is low and no allowance of impairment is recognised.

The financial guarantees of the Group and the Company have not been recognised since the fair value on initial recognition was not material.

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers subsidiaries advances to be credit impaired when:

- The subsidiaries are unlikely to repay its advances to the Company in full;
- The subsidiaries are continuously loss making and having deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the end of the reporting period, the probability of default of these advances to subsidiaries are low and no allowance of impairment is recognised. The Company does not specifically monitor the ageing of the advances to subsidiaries.

25.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

25. FINANCIAL INSTRUMENTS (Continued)

25.5 Liquidity risk (Continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2019							
Non-derivative financial liabilities							
Trade and other payables	215,414	-	215,414	215,414	-	-	-
Bank loan - secured	4,112	3.92 - 4.75	5,208	568	558	2,124	1,958
Bankers' acceptances	56,862	4.15 - 5.00	56,862	56,862	-	-	-
Finance lease liabilities	11,064	2.15 - 2.95	11,389	9,071	2,259	59	-
Revolving credit - unsecured	1,500	5.55	1,500	1,500	-	-	-
Financial guarantees	-	-	166,424	166,424	-	-	-
	288,952		456,797	449,839	2,817	2,183	1,958
2018							
Non-derivative financial liabilities							
Trade and other payables	196,701	-	196,701	196,701	-	-	-
Bank loan - secured	2,508	4.90	3,529	236	236	945	2,112
Bankers' acceptances	40,432	3.62 - 4.58	40,432	40,432	-	-	-
Finance lease liabilities	21,303	2.15 - 2.95	22,380	11,332	8,925	2,123	-
Financial guarantees	-	-	133,350	133,350	-	-	-
	260,944		396,392	382,051	9,161	3,068	2,112

Notes To The Financial Statements (Continued)

25. FINANCIAL INSTRUMENTS (Continued)

25.5 Liquidity risk (Continued)

Maturity analysis (Continued)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
2019				
Non-derivative financial liabilities				
Trade and other payables	131	-	131	131
Financial guarantee	-	-	85,826	85,826
	131		85,957	85,957
2018				
Non-derivative financial liabilities				
Trade and other payables	131	-	131	131
Financial guarantee	-	-	65,599	65,599
	131		65,730	65,730

25.6 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 financial position or cash flows. The Group is not exposed to foreign currency risk as all of its sales and purchases are denominated in RM. The Group is also not exposed to other price risk.

25.6.1 Interest rate risk

The Group's fixed rate loans and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate loans and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term other investments, receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arising from the Group's loans and borrowings are managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its debt obligations.

25. FINANCIAL INSTRUMENTS (Continued)

25.6 Market risk (Continued)

25.6.1 Interest rate risk (Continued)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2019 RM'000	2018 RM'000
Fixed rate instruments		
Financial assets	3,514	3,403
Financial liabilities	(69,426)	(61,735)
	(65,912)	(58,332)
Floating rate instruments		
Financial liabilities	(4,112)	(2,508)

	Company	
	2019 RM'000	2018 RM'000
Fixed rate instruments		
Financial assets	38,160	46,160

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Notes To The Financial Statements (Continued)

25. FINANCIAL INSTRUMENTS (Continued)

25.6 Market risk (Continued)

25.6.1 Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 30 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group	
	30 bps increase RM'000	30 bps decrease RM'000
2019		
Floating rate instruments	(9)	9
2018		
Floating rate instruments	(6)	6

25.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term loans and borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of finance lease liabilities also approximate fair values upon discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

The table below analyses other financial instruments at fair value:-

Group	Fair value of financial instruments carried at fair value Level 2 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2019				
Financial assets				
Other investments	17,838	-	17,838	17,838
Financial liabilities				
Bank loan - secured	-	(4,140)	(4,140)	(4,112)
2018				
Financial assets				
Other investments	2,502	-	2,502	2,502
Financial liabilities				
Bank loan - secured	-	(2,430)	(2,430)	(2,508)

25. FINANCIAL INSTRUMENTS (Continued)

25.7 Fair value information (Continued)

	Fair value of financial instruments carried at fair value Level 2 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Company				
2019				
Financial assets				
Other investments	17,838	-	17,838	17,838
2018				
Financial assets				
Other investments	2,502	-	2,502	2,502

Level 2 fair value

Other investments

The fair value of investments in unit trusts is determined based on daily net assets value as stipulated in the statements provided by the fund managers of the unit trusts.

Transfers 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 direction).

Level 3 fair value

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the significant unobservable inputs used in the valuation model.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Bank loan	Discounted cash flows using a rate based on the current market rate of similar borrowings at the reporting date.

Valuation process applied by the Group for Level 3 fair value.

The Group has applied discounted cash flows valuation technique in the determination of fair values within Level 3. The Group Senior General Manager (Finance) has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Notes To The Financial Statements (Continued)

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants requirements.

The Group has not breached any debt covenants during the current and previous financial years, of which in the event of a breach, the bank may call an event of default.

There was no change in the Group's approach to capital management during the financial year.

27. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Contingent liabilities not considered remote				
Guarantees given to contract customers in relation to construction contracts	80,598	67,751	-	-
Guarantees given to banks for facilities granted to a subsidiary	58,362	40,432	58,362	40,432
Guarantees given to suppliers for credit terms granted to a subsidiary	27,464	25,167	27,464	25,167
	166,424	133,350	85,826	65,599

Litigations

a) In June 2015, a subsidiary of the Group, Econpile (M) Sdn. Bhd. ("EMSB") filed a litigation against a customer for default in payment and wrongful termination, and therefore served a Notice of Adjudication in accordance with the Construction Industry Payment and Adjudication Act 2012 against the customer. In September 2015, the customer served a Notice of Demand on EMSB for alleged liquidated and ascertained damages and loss of profit resulting from the non-performance of the contract, and thereafter served EMSB a Notice of Arbitration.

In October 2015, the adjudication deemed the customer liable to pay EMSB its certified claims amounting to RM1,805,867, which was received by EMSB in July 2016 together with interest and costs. The customer was unsatisfied with the decision and had filed an appeal to the Federal Court on 3 July 2017. To date, the Federal Court has yet to fix the hearing date for the appeal. The solicitor is of the opinion that it is unlikely that the Federal Court would reverse the decision as the arbitration decision has been awarded in favour of EMSB as mentioned below.

After receiving the sum of RM1,805,867, EMSB continued to pursue its claim from the customer the remaining outstanding balance of RM4,006,665 for two uncertified claims through arbitration. The customer terminated its solicitor and the arbitration hearing has proceeded on an ex-parte basis.

On 5 October 2018, EMSB was awarded a sum of RM3,841,088 together with interests and costs in relation to the arbitration.

27. CONTINGENCIES (Continued)

Litigations (Continued)

b) In March 2019, a subsidiary of the Group, Econpile (M) Sdn. Bhd. ("EMSB") initiated an adjudication proceeding against a customer in accordance with the Construction Industry Payment and Adjudication Act 2012 for the recovery of the value of work performed of RM80.1 million.

   Based on the adjudication decision dated 21 June 2019, the Adjudicator has allowed for EMSB's claim on progress claims no. 15 to 23 amounting RM 67.8 million. Progress claim no. 24 dated 31 October 2018 of RM6.4 million was disregarded under this adjudication decision as the progress claim was not due and payable when the payment claim was served on the customer on 15 January 2019.

   On 7 May 2019, EMSB filed for a second adjudication against the customer on the same grounds as the first adjudication for progress claims no. 25 to 26 amounting to RM5.9 million. On 17 September 2019, the Adjudicator has allowed for EMSB's claim on progress claims no. 25 to 26 amounting RM5.9 million.

   On 1 July 2019, EMSB has submitted its affidavit to enforce the first adjudication decision dated 21 June 2019 via the High court. Following that, the customer has proceeded to submit its own affidavit to oppose the enforcement and to set aside the adjudication decisions. The High court hearing is set for 12 November 2019 in which all cases will be heard concurrently. The solicitors are of the opinion that EMSB has a reasonably good chance of success in its enforcement proceedings.

   In addition, EMSB has initiated an arbitration against the customer with the Asian International Arbitration Centre on 13 August 2019. On 2 October 2019, EMSB has submitted its points of claim for loss and expense incurred for the project. The total amount claimed including all progress claims unpaid to date is RM169 million. The arbitration proceeding is ongoing.

c) In May 2019, a subsidiary of the Group, Econpile (M) Sdn. Bhd. ("EMSB") initiated a legal proceeding to wind-up a customer for the sum of RM16.3 million which includes outstanding trade receivables, retention sum and claims for loss and expenses.

28. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly 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. Related parties may be individuals or other entities.

Related parties also include key management personnel 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 include all the Directors and certain members of senior management of the Group.

The Group has related party relationship with its significant investors, subsidiaries and key management personnel.

Notes To The Financial Statements (Continued)

28. RELATED PARTIES (Continued)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Note 8.

	Transaction amounts for the year ended 30 June			
	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
A. Subsidiary				
Dividend income	-	-	(6,800)	(21,700)
Interest income	-	-	(1,524)	(1,212)
B. Key management personnel				
Directors				
- Fees	195	178	195	178
- Remuneration	3,760	4,899	331	321
- Other short-term employee benefits	-	22	-	22
	3,955	5,099	526	521
Other key management personnel				
- Remuneration	1,478	1,495	-	-

The estimated monetary value of Directors' benefit-in-kind of the Group is RM88,000 (2018: RM88,000).

29. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9 and MFRS 15, the Group and the Company have elected not to restate the comparatives.

Notes To The Financial Statements (Continued)

29. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (Continued)

29.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's financial statements.

a. Statement of financial position

	1 July 2018			
Group	As previously reported RM'000	MFRS 15 adjustments RM'000	MFRS 9 adjustments RM'000	As restated RM'000
Contract assets	-	79,433	-	79,433
Trade and other receivables	500,566	(79,433)	-	421,133
Others	150,982	-	-	150,982
Total assets	651,548	-	-	651,548
Contract liabilities	-	2,659	-	2,659
Trade and other payables	199,360	(2,659)	-	196,701
Others	82,536	-	-	82,536
Total liabilities	281,896	-	-	281,896
Retained earnings	320,646	-	-	320,646
Others	49,006	-	-	49,006
Total equity	369,652	-	-	369,652
Total equity and liabilities	651,548	-	-	651,548

There is no impact to the statement of financial position for the Company for the financial year ended 30 June 2018 arising from the adoption of MFRS 9 & MFRS 15.

The following tables summarise the impact of adopting MFRS 15 on the Group's and Company's financial statements. There was no material impact on the Group's and Company's statement of profit and loss and other comprehensive income for the financial year ended 30 June 2019, the Company's statement of financial position as at 30 June 2019 and its statement of cash flows for the financial year ended 30 June 2019.

Line items affected Group	As reported RM'000	MFRS 15 Adjustments RM'000	Amount without adoption of MFRS 15 RM'000
30 June 2019			
Contract assets	126,855	(126,855)	-
Trade and other receivables	412,661	126,855	539,516
Trade and other payables	(215,414)	(8,589)	(224,003)
Contract liabilities	(8,589)	8,589	-

Notes To The Financial Statements (Continued)

29. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (Continued)

29.1 Impacts on financial statements (Continued)

b. Statement of cash flows

Line items affected Group	As reported RM'000	MFRS 15 Adjustments RM'000	Amount without adoption of MFRS 15 RM'000
30 June 2019			
Change in trade and other receivables and prepayments	72,949	(126,855)	(53,906)
Change in trade and other payables	17,637	8,589	26,226
Change in contract assets	(126,855)	126,855	-
Change in contract liabilities	8,589	(8,589)	-

29.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 July 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement.*

ii) The determination of the business model within which a financial asset is held has been made based on the facts and circumstances that existed at the date of initial application.

iii) Loss allowance for receivables is recognised at an amount equal to lifetime expected credit losses until the receivables is derecognised.

The Group and the Company have assessed the estimated impact upon initial application of the new impairment model on the financial statements as at 1 July 2018 and based on the assessment, there is no material impact to the financial statements of the Group and the Company.

29. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (Continued)

29.2 Accounting for financial instruments (Continued)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9:

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and Company's financial assets and financial liabilities as at 1 July 2018:

		1 July 2018		
		Reclassification to new MFRS 9 Category		
Category under MFRS 139	30 June 2018	Remeasurement	Amortised cost ("AC")	Fair value through profit or loss ("FVTPL")
Group	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans and receivables				
Trade and other receivables	421,133	-	421,133	-
Cash and cash equivalents	24,151	-	24,151	-
	445,284	-	445,284	-
Fair value through profit or loss – held for trading				
Other investments	2,502	-	-	2,502
Financial liabilities				
Financial liabilities measure at amortised cost				
Loans and borrowings	(64,243)	-	(64,243)	-
Trade and other payables	(196,701)	-	(196,701)	-
	(260,944)	-	(260,944)	-

Notes To The Financial Statements (Continued)

29. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (Continued)

29.2 Accounting for financial instruments (Continued)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (Continued):

		1 July 2018		
		Reclassification to new MFRS 9 Category		
Category under MFRS 139	30 June 2018	Remeasurement	Amortised cost ("AC")	Fair value through profit or loss ("FVTPL")
Company	RM'000	RM'000	RM'000	RM'000
Financial assets				
Loans and receivables				
Trade and other receivables	46,165	-	46,165	-
Cash and cash equivalents	248	-	248	-
	46,413	-	46,413	-
Fair value through profit or loss – held for trading				
Other investments	2,502	-	-	2,502
Financial liabilities				
Financial liabilities measure at amortised cost				
Trade and other payables	(131)	-	(131)	-
	(131)	-	(131)	-

Reclassification from loans and receivables to amortised cost

Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost.

Notes To The Financial Statements (Continued)

29. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (Continued)

29.3 Accounting for revenue

The following are the changes in revenue recognition from the adoption of MFRS 15 :

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Construction contracts	If the outcome of a construction contract could be estimated reliably, then contract revenue was recognised in proportion to the stage of completion of the contract. The stage of completion was assessed with reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs. Otherwise, contract revenue was recognised only to the extent of contract costs incurred that were likely to be recoverable. Contract expenses were recognised as they were incurred. An expected loss on a contract was recognised immediately in profit or loss. Advances received were included in deferred revenue.	Under MFRS 15, revenue is recognised over time by reference to the cost incurred over the estimated cost. The related costs are recognised in profit or loss when they are incurred. Advances received are now included in contract liabilities.

Statement By Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 50 to 110 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 financial position of the Group and of the Company as of 30 June 2019 and of their financial performance and cash flows for the financial year then ended.

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

The Cheng Eng
Director

Pang Sar
Director

Kuala Lumpur,

Date: 7 October 2019

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Bin Lay Thiam**, the officer primarily responsible for the financial management of Econpile Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 110 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Bin Lay Thiam, NRIC: 700509-10-5989, MIA CA 20452, in Kuala Lumpur in the Federal Territory on 7 October 2019

Bin Lay Thiam

Before me:

Independent Auditors' Report

to the members of Econpile Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Econpile Holdings Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash 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 50 to 110.

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 30 June 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Revenue and profit recognition from construction contracts

Refer to Note 2(m)(i) – Significant accounting policy: Revenue and other income –Construction contracts, Note 9 Contract assets and contract liabilities, and Note 16 – Revenue.

The key audit matter

Construction contract accounting is identified as a key audit matter due to significant judgements involved in estimating the costs to complete the projects. Revenue from construction contracts is recognised overtime based on the proportion that contract cost incurred for the work performed to date bear to the estimated total contract costs while the cost of sales is recognised as an expense in profit or loss in the accounting periods in which the work is performed.

Independent Auditors' Report

to the members of Econpile Holdings Berhad (Continued)

KEY AUDIT MATTERS (Continued)

i) Revenue and profit recognition from construction contracts (Continued)

The key audit matter (Continued)

A change in the estimated costs on contracts could result in a material variance in the revenue recognised to date and in the current period. This may have an individually and collectively significant impact on the financial statements.

The key judgements over construction contract accounting arise from the following:

- Estimated costs to complete the contracts;
- The ability to deliver the contract works within the contractual timelines and whether there is any exposure to liquidated and ascertained damages.

How the matter was addressed in our audit

Our audit procedures include, among others:

- Assessed the design and implementation of key controls over the recognition of contract revenue, related contract assets or contract liabilities and tested these controls for operating effectiveness.
- Challenged the Group's key assumptions in the estimated costs to complete by performing the following procedures, among others:
  - Checked the estimated cost to complete to supporting documentation such as approved budgets, contracts and variation orders with sub-contractors;
  - Corroborated the stage of completion and extent of costs incurred to date by agreeing to external quantity surveyors' valuations; and
  - Assessed the timing to complete existing projects through corroborative discussion with finance and operational units; and
  - Evaluated the merits of the extension of time submitted to the contract customers to assess the exposure to liquidated ascertain damages by inspecting relevant correspondences, including on-going negotiations with contract customers for the late delivery of contract works.

ii) Valuation of trade receivables (including retention sum) and contract assets

Refer to Note 2(j)(i) - Significant accounting policy: Impairment – financial assets, Note 8 – Trade and other receivables, Note 9 - Contract assets and Note 25.4 – Financial Instruments – Credit risk – Trade receivables and contract assets.

The key audit matter

The Group adopted MFRS 9 on 1 July 2018. MFRS 9 introduces an expected credit loss ("ECL") impairment model, which requires the use of significant assumptions about future economic conditions and credit risk of the customers.

The Group has assessed the allowance for impairment loss of trade receivables (including retention sums) and contract assets on an individual basis. We identified the valuation of trade receivables (including retention sum) and contract assets as a key audit matter due to significant judgement and the level of uncertainty involved in assessing customer's specific conditions and credit history.

Independent Auditors' Report

to the members of Econpile Holdings Berhad (Continued)

KEY AUDIT MATTERS (Continued)

ii) Valuation of trade receivables (including retention sum) and contract assets (Continued)

How the matter was addressed in our audit

Our audit procedures included, among others:

- Checked the Expected Credit Loss ("ECL") model developed by the Group for compliance with the requirements of MFRS 9 *Financial Instruments*.
- Checked the accuracy of trade receivables (including retention sums) ageing.
- Assessed the adequacy of impairment loss provided by the Group by evaluating past 12 month's collection trend from contract customers as well as collection subsequent to end of reporting period.
- For all retention sums that were due, we have assessed the recoverability of the balance by inspecting correspondences and assessing the past payment trend of the contract customers.
- Inspected subsequent approved progress billings from contract customers to assess the recoverability of contract assets.

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 information 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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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 ability of the Group and of the Company 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 Econpile Holdings Berhad (Continued)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

- 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 Director's 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 ability of the Group or of the Company 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 gives a true and fair view.

- 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 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 auditors' 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 Econpile Holdings Berhad (Continued)

OTHER MATTER

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Chee Keong
Approval Number: 03175/04/2021 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 7 October 2019

ANALYSIS OF SHAREHOLDINGS

As At 30 September 2019

Total Number of Issued Shares	:	1,337,500,025
Class of Shares	:	Ordinary Shares
Voting Right	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Shareholdings	%
Less than 100 shares	91	3,539	0.000
100 to 1,000 shares	680	428,885	0.032
1,001 to 10,000 shares	3,407	19,815,552	1.482
10,001 to 100,000 shares	2,361	74,994,344	5.607
100,001 to less than 5% of issued shares	433	729,007,675	54.505
5% and above of issued shares	3	513,250,030	38.374
Total	**6,975**	**1,337,500,025**	**100.000**

SUBSTANTIAL SHAREHOLDERS

According to the register to be kept under Section 144 of the Companies Act 2016, the following are the substantial shareholders of the Company:

	Direct Interest		Indirect Interest	
Shareholders	No. of Shares	%	No. of Shares	%
The Cheng Eng	362,500,018	27.10	380,000*	0.03
Pang Sar	282,000,012	21.08	-	-

Notes:-
* Deemed interest by virtue of his child's direct interest pursuant to Section 59 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Directors	No. of Shares	%	No. of Shares	%
The Cheng Eng	362,500,018	27.10	380,000*	0.03
Pang Sar	282,000,012	21.08	-	-
The Kun Ann	250,000	0.02	-	-
Krishnan A/L C K Menon	250,000	0.02	-	-
Dato' Rosli Bin Mohamed Nor	200,000	0.02	-	-
Ong Poay Wah @ Chan Poay Wah	1,500,000	0.11	-	-

Notes:-
* Deemed interest by virtue of his child's direct interest pursuant to Section 59 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

As At 30 September 2019 (Continued)

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2019

NO.	NAME	HOLDINGS	%
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SG FOR THE CHENG ENG	250,000,000	18.692
2	PANG SAR	175,750,012	13.140
3	THE CHENG ENG	87,500,018	6.542
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR	41,500,000	3.103
5	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	27,385,080	2.047
6	URUSHARTA JAMAAH SDN BHD	27,169,650	2.031
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR THE CHENG ENG (PBCL-0G0532)	25,000,000	1.869
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)(419455)	21,667,900	1.620
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (PBCL-0G0505)	20,062,000	1.500
10	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR (THIRD PARTY)	19,750,000	1.477
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	18,483,700	1.382
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD VALUECAP SDN BHD	17,897,000	1.338
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	17,657,020	1.320
14	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	16,582,750	1.240
15	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG PENNY STOCKFUND	15,900,000	1.189
16	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC SMALLCAP FUND	13,827,000	1.034
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (PB-0J0028)	13,375,500	1.000
18	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR PRINCIPAL TRUST COMPANY (PR ASN EQTY FD)	12,417,800	0.928
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PANG SAR (PB)	11,562,500	0.864
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	11,339,100	0.848
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	10,204,650	0.763
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	8,794,700	0.657
23	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	8,645,050	0.646
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	8,029,700	0.600

ANALYSIS OF SHAREHOLDINGS

As At 30 September 2019 (Continued)

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2019 (Continued)

NO.	NAME	HOLDINGS	%
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC BALANCED FUND	7,500,000	0.561
26	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	7,368,550	0.551
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	6,998,000	0.523
28	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	6,832,200	0.511
29	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK DANA UNGGUL	6,762,700	0.506
30	ENG LIAN ENTERPRISE SDN BHD	6,750,000	0.505
		922,712,580	68.987

Analysis Of Warrant Holdings

As At 30 September 2019

Number of Warrants Issued	:	267,500,005 Warrants 2018/2023 ("Warrant A")
Exercise Price of Warrants	:	RM1.25
Issue Date of Warrants	:	3 January 2018
Expiry Date of Warrants	:	2 January 2023

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100	126	5,108	0.002
100 to 1,000	440	276,842	0.103
1,001 to 10,000	1,223	6,668,140	2.493
10,001 to 100,000	1,147	46,692,855	17.455
100,001 to less than 5% of issued Warrants	243	111,807,050	41.797
5% and above of issued Warrants	2	102,050,010	38.150
Total	**3,181**	**267,500,005**	**100.000**

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Indirect Interest	
Directors	No. of Warrants	%	No. of Warrants	%
The Cheng Eng	68,900,008	25.76	76,000*	0.03
Pang Sar	58,400,002	21.83	-	-
The Kun Ann	50,000	0.02	-	-
Krishnan A/L C K Menon	50,000	0.02	-	-
Dato' Rosli Bin Mohamed Nor	62,500	0.02	-	-
Ong Poay Wah @ Chan Poay Wah	300,000	0.11	-	-

Notes:-

* Deemed interest by virtue of his child's direct interest pursuant to Section 59 of the Companies Act 2016.

Analysis Of Warrant Holdings

As At 30 September 2019 (Continued)

LIST OF 30 LARGEST WARRANT HOLDERS AS AT 30 SEPTEMBER 2019

NO.	NAME	HOLDINGS	%
1	THE CHENG ENG	63,900,008	23.888
2	PANG SAR	38,150,002	14.262
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR	11,250,000	4.205
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (PBCL-0G0505)	8,025,000	3.000
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR THE CHENG ENG (PBCL-0G0532)	5,000,000	1.869
6	CHIANG SONG KUAI	3,000,000	1.121
7	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	2,712,550	1.014
8	YEOW KIM CHOON	2,300,000	0.860
9	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	2,200,650	0.823
10	DATO' SRI NG TECK LONG	2,200,000	0.822
11	MOHD AZMAN BIN YAACOB	2,151,000	0.804
12	CHEN HEEN CHONG	2,030,000	0.759
13	YAP YEE HOCK	1,908,500	0.713
14	RHB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	1,520,000	0.568
15	MAK MEE FUN	1,396,000	0.522
16	ENG LIAN ENTERPRISE SDN BHD	1,350,000	0.505
17	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE)	1,203,400	0.450
18	CHANG KIAN LEE	1,200,000	0.449
19	MOK CHAN KEE	1,200,000	0.449
20	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD SHAFEI BIN ABDULLAH (CEB)	1,000,000	0.374
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PANG SAR (PB)	975,000	0.364
22	TAN PU YEAN	890,500	0.333
23	LOW BEE LAN	874,200	0.327
24	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE2)	861,900	0.322
25	KENNETH HNG KAH MENG	844,000	0.315
26	CHAN KIM HUAT	823,000	0.308
27	NG SAY KOK	734,400	0.274
28	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KU HARIS BIN KU MAHMUD (KUH0001C)	700,000	0.262
29	KHOR CHEAN HOE	700,000	0.262
30	CHIANG HOCK THONG	650,000	0.243
		161,750,110	60.467

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting ("7th AGM") of the Company will be held at **Banquet Hall, Level 1, Main Lobby, TPC Kuala Lumpur, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur** on **Wednesday, 27 November 2019** at **10.00 a.m.** for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 30 June 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 a first and final dividend of 0.5 sen per ordinary share in respect of the financial year ended 30 June 2019. ***(Ordinary Resolution 1)***

3. To approve the payment of Directors' Fees of RM194,500 for the financial year ending 30 June 2020 to be paid in arrears. ***(Ordinary Resolution 2)***

4. To approve the payment of Directors' benefits of up to RM100,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. ***(Ordinary Resolution 3)***

5. To re-elect the following Directors who are retiring in accordance with Article 129 of the Articles of Association, comprising part of the Constitution of the Company ("the Constitution"):

   (a) Krishnan A/L C K Menon ***(Ordinary Resolution 4)***

   (b) The Kun Ann ***(Ordinary Resolution 5)***

6. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. ***(Ordinary Resolution 6)***

AS SPECIAL BUSINESS:

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

7. **Authority to Allot and Issue 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 Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and the approvals of the relevant governmental/ regulatory authorities (if any), the Directors of the Company be and are hereby authorised to allot and issue 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 during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they may deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company after the approval was given 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. ***(Ordinary Resolution 7)***

Notice Of Annual General Meeting (Continued)

8. **Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution ("Proposed Alteration")**

   "**THAT** the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution as set out in the Appendix A annexed to the Annual Report 2019 with effect from the date of passing this special resolution. ***(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 Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Articles of Association, comprising part of the Constitution of the Company.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the 7th AGM, a first and final dividend of 0.5 sen per ordinary share will be payable on 20 December 2019 to shareholders whose names appear in the Record of Depositors at the close of business on 6 December 2019.

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 6 December 2019 in respect of transfers;

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

FONG SOK YEE (MAICSA 7066501)
LIM HOOI MOOI (MAICSA 0799764)
TE HOCK WEE (MAICSA 7054787)
Company Secretaries
Kuala Lumpur

25 October 2019

Notice Of Annual General Meeting (Continued)

NOTES:

1. *A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote at his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

2. *Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*

3. *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 Nominee may appoint in respect of each Omnibus account it holds.*

4. *Where a member appoints more than one (1) proxy 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.*

5. *The instrument appointing a proxy shall be in writing (in the common or usual form) 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.*

6. *The Form of Proxy must be deposited at the Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*

7. *For the purposes of determining who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting the Record of Depositors as at 18 November 2019. Only a depositor whose name appears on the Record of Depositors as at 18 November 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.*

8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.*

Notice Of Annual General Meeting (Continued)

EXPLANATORY NOTES TO THE AGENDA

(i) ***Item 1 of the Agenda***
To receive the Audited Financial Statements

This item is meant for discussion only. The provision of Section 248(2) and Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a motion to be put to vote by shareholders.

(ii) ***Ordinary Resolution 2***
Directors' Fees for the financial year ending 30 June 2020

The Directors' Fees proposed for the financial year ending 30 June 2020 are calculated based on the number of scheduled Board and Board Committee meetings and assuming that all Non-Executive Directors will hold office until the next Annual General Meeting. This resolution is to facilitate payment of Directors' Fees on current financial year basis. In the event the Directors' Fees proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

(iii) ***Ordinary Resolution 3***
Directors' Benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting

Pursuant to Section 230(1) of the Companies Act 2016, 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.

Directors' benefits include allowances payable to Directors and in determining the estimated amount, the Board has considered various factors including the Board's size, number of scheduled meetings for the Board and Board Committee meetings for the period from the date of the forthcoming Annual General Meeting until the next Annual General Meeting. In the event the proposed amount is insufficient, approval will be sought at the next Annual General Meeting for the shortfall.

(iv) ***Ordinary Resolutions 4 and 5***
Re-election of Directors

Mr Krishnan A/L C K Menon and Ms The Kun Ann are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 7th AGM.

The Board of Directors has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors and concluded that both met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

(v) ***Ordinary Resolution 6***
Re-appointment of Auditors

The Board has through the Audit & Risk Management Committee, considered the re-appointment of KPMG PLT as the Auditors of the Company. The factors considered by the Audit & Risk Management Committee in making the recommendation to the Board to table their re-appointment at the 7th AGM are disclosed in the Audit & Risk Management Committee Report of this Annual Report.

Notice Of Annual General Meeting (Continued)

(vi) ***Ordinary Resolution 7***
Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

This proposed Resolution, if passed, will empower the Directors to allot up to a maximum of 10% of the total number of issued shares of the Company for the time being 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 Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to 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. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application 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 Annual General Meeting held on 26 November 2018 and the mandate will lapse at the conclusion of the 7th AGM.

(vii) ***Special Resolution***
Proposed Alteration

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016 and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to Appendix A which was circulated together with the Company's 2019 Annual Report.

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

Form of Proxy

No. of ordinary shares held	
CDS Account No.	

*I/*We ______________________________ NRIC/ Passport/ Company No. ______________________________
[Full name in Block Letters]

of ____
[Full address]

being a *member/members of ECONPILE HOLDINGS BERHAD ("EHB") hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy	%
1.		
and/or		
2.		

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Seventh Annual General Meeting ("7th AGM") of EHB to be held at **Banquet Hall, Level 1, Main Lobby, TPC Kuala Lumpur, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur** on **Wednesday, 27 November 2019** at **10.00 a.m.** and at any adjournment thereof.

	Ordinary Resolutions	For	Against
1.	To approve the payment of a first and final dividend of 0.5 sen in respect of the financial year ended 30 June 2019.		
2.	To approve the payment of Directors' Fees of RM194,500 for the financial year ending 30 June 2020 to be paid in arrears.		
3.	To approve the payment of Directors' benefits of up to RM100,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting.		
4.	To re-elect Krishnan A/L C K Menon as Director.		
5.	To re-elect The Kun Ann as Director.		
6.	To re-appoint KPMG PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
7.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
	Special Resolution	**For**	**Against**
1.	Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his /her discretion).

Signed this ________________ day of ____________________ 2019.

____
Signature/Common Seal of Member(s)

Contact Tel:______________________________

NOTES:

1. *A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote at his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
2. *Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*
3. *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 Nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member appoints more than one (1) proxy 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.*
5. *The instrument appointing a proxy shall be in writing (in the common or usual form) 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.*
6. *The Form of Proxy must be deposited at the Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*
7. *For the purposes of determining who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting the Record of Depositors as at 18 November 2019. Only a depositor whose name appears on the Record of Depositors as at 18 November 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.*
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.*

Please fold here

AFFIX
STAMP

THE SHARE REGISTRAR
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

Please fold here

ECONPILE HOLDINGS BERHAD
(1017164-M)

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Jalan Sri Permaisuri, Bandar Sri Permaisuri,
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