ECONPILE HOLDINGS BERHAD
(Registration No.: 201201032676)(1017164-M)

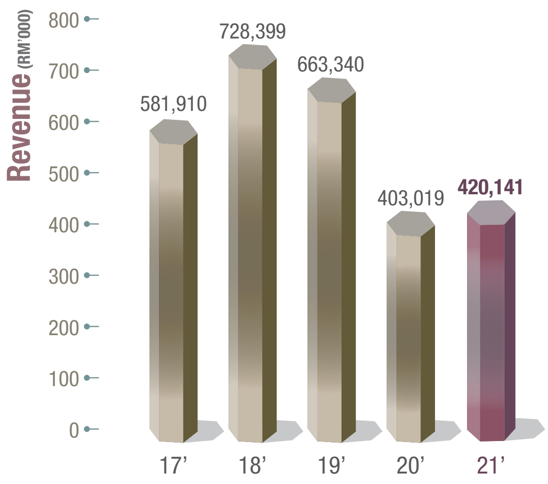
SPECIALIST PILING, SUBSTRUCTURE and INFRASTRUCTURE CONTRACTOR

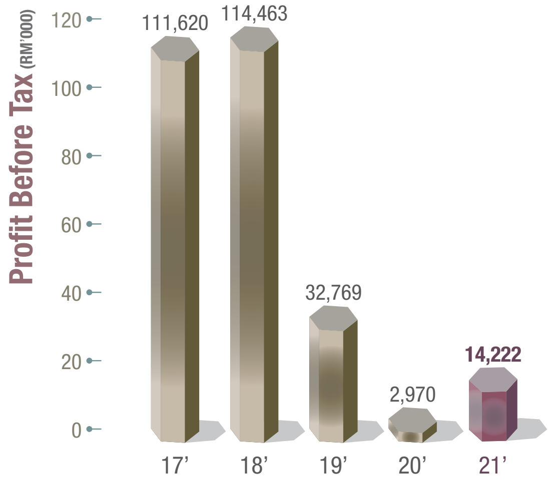
ANNUAL REPORT | 2021

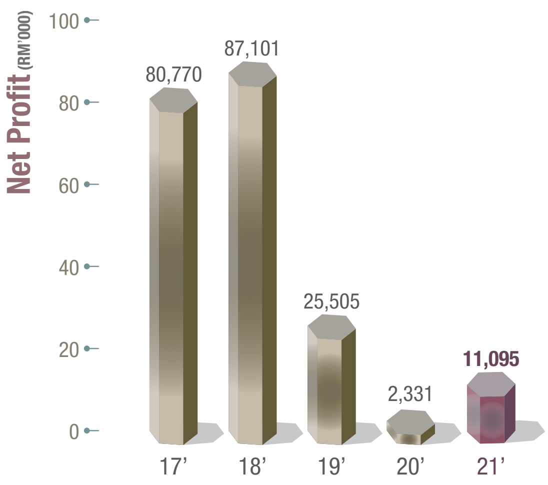
Contents

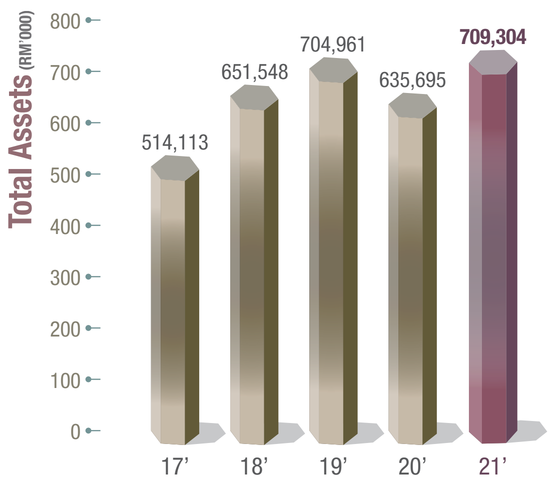
1 5-Year Group Financial Highlights
2 Corporate Information
3 Corporate Structure
4 Management Discussion & Analysis
10 Directors' Profiles
13 Key Senior Management Profile
14 Sustainability Statement
29 Corporate Governance Overview Statement
40 Statement on Risk Management and Internal Control
44 Directors' Responsibility Statement
45 Additional Compliance Information
46 Audit & Risk Management Committee Report
49 Financial Statements
120 Analysis of Shareholdings
123 Analysis of Warrant Holdings
125 Notice of Annual General Meeting
Proxy Form

Financial Highlights









FINANCIAL YEAR ENDED 30 JUNE	2021	2020	2019	2018	2017
Revenue	420,141	403,019	663,340	728,399	581,910
Depreciation	23,552	26,472	30,497	29,564	24,558
Finance costs	3,053	2,578	3,494	2,433	1,701
Profit before tax	14,222	2,970	32,769	114,463	111,620
Profit before interest and tax	17,275	5,548	36,263	116,896	113,321
Profit before interest, tax and depreciation	40,827	32,020	66,760	146,460	137,879
Net profit for the year	11,095	2,331	25,505	87,101	80,770
Total assets	709,304	635,695	704,961	651,548	514,113
Shareholders' fund	443,153	390,796	395,157	369,652	303,951
Total borrowings	79,424	82,238	73,538	64,243	45,914
Share capital	177,206	136,006	136,006	136,006	136,006
Earnings per share (sen)	0.80	0.17	1.91	6.51	6.04
Net assets backing (sen)	31.26	29.22	29.54	27.63	22.73
Gearing ratio (times)	0.18	0.21	0.19	0.17	0.15
Interest cover ratio (times)	5.66	2.15	10.38	48.05	66.62
Return on equity (%)	2.50	0.60	6.45	23.56	26.57

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)(SSM PC No. 201908000134)
Te Hock Wee (MAICSA 7054787)(SSM PC No. 202008002124)
Fong Sok Yee (MAICSA 7066501)(SSM PC No. 202008001180)

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
(Registration No.: 201201032676)
(1017164-M)

100%

ECONPILE (M) SDN. BHD.
(Registration No.: 198701005594)
(164265-P)

100%

TROPICAL BROADWAY SDN. BHD.
(Registration No.: 201601019205)
(1190142-K)

100%

PLATINUM PRODUCTION SDN. BHD.
(Registration No.: 200001013169)
(515775-H)

100%

GLOBAL PILING SOLUTIONS CO., LTD.
(Company No.: 00045864)
(Incorporated in Cambodia)

Management Discussion & Analysis

Left
The Cheng Eng
Group Managing Director

Right
Pang Sar
Executive Director/ Group Chief Executive Officer

The operational landscape in the financial year ended 30 June 2021 ("FY2021") was largely shaped by the ongoing fight against the COVID-19 pandemic. The Malaysian Government has implemented various stages of Movement Control Orders ("MCOs") that restricted movements and economic activities of sectors deemed as non-essential as to contain the spread of COVID-19 infections.

The construction industry faced multiple pressures of interrupted works progress for existing projects during the MCOs, higher costs of compliance to COVID-19 Standard Operating Procedures ("SOPs"), increasing prices of commodities and tougher competition for a smaller pool of projects up for bids.

Despite the volatile landscape, Econpile Holdings Berhad ("Econpile") and its subsidiaries (collectively referred to as "the Group") successfully attained the goal of securing more than RM500 million worth of contracts in FY2021. In addition to that, we managed to secure our first overseas deep foundation project in Cambodia. This speaks volumes of our core expertise in providing piling and substructure works, underscoring our clients' confidence in our abilities.

On behalf of the Board of Directors of Econpile, it gives me great pleasure to present the Annual Report and Audited Financial Statements for FY2021.

ECONOMIC REVIEW

The COVID-19-induced disruptions and market uncertainties precipitated a global Gross Domestic Product ("GDP") contraction by 3.6% in 2020, the worst recession since the Great Depression of the 1930s. On the local front, Malaysia endured similar adversities, as multiple iterations of MCOs impacted the nation's GDP to decline 5.6% in 2020, from a 4.3% growth in the prior year.

The beginning of 2021 brought a glimmer of hope as the initial tapering off in new COVID-19 cases and the rollout of the vaccination programme aided the Government's decision to ease the SOPs, particularly for economic sectors.

Domestic GDP in the first half grew by 7.1% as compared to a decline of 8.4% in the previous corresponding period, with increased momentum in manufacturing and export-oriented activities, higher revenues from the services sector and growing Foreign Direct Investments.

Within that period, however, COVID-19 continued to make its presence felt, prompting a nationwide implementation of MCO and Full MCO in May and June 2021 respectively. Even so, in taking a level-headed approach to manage the pandemic, the Government launched the National Recovery Plan ("NRP") on 15 June 2021 to gradually facilitate the nation's transition to exit the COVID-19 crisis.

It is clear that the persistent virus, along with its active mutation, high transmission rate and increasingly-deadly implications, remains a force that has yet to be fully overcome. It is imperative, therefore that all parties – both Government and civil society – work cohesively to preserve the safety and wellbeing of the nation.

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.

Econpile has two wholly-owned subsidiaries, namely Econpile (M) Sdn. Bhd. ("EMSB") and Tropical Broadway Sdn. Bhd. ("TBSB"). EMSB in turn has two wholly-owned subsidiaries by the names of Platinum Production Sdn. Bhd. ("PPSB") and Global Piling Solutions Co., Ltd. ("GPS"). Below are the core services provided for the respective companies:

Subsidiary	Principal Activities
Econpile (M) Sdn. Bhd.	• Provides piling and foundation services
- Wholly-owned subsidiary: Platinum Production Sdn. Bhd.	• Engages in property investment • Undertakes regular maintenance of machinery and related accessories
- Wholly-owned subsidiary: Global Piling Solutions Co., Ltd. (incorporated in Cambodia)	• Undertakes piling and foundation projects in Cambodia
Tropical Broadway Sdn. Bhd.	• Undertakes property development

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

Share Performance (1 October 2020 to 30 September 2021)

Year High	RM0.590
Year Low	RM0.320
Year Close	RM0.390
Trading Volume	932.898 million
Market Capitalisation as at 30 September 2021	RM552.825 million

OPERATIONAL HIGHLIGHTS

SECURED FIRST FOREIGN CONTRACT

The most notable job win in FY2021 was the USD85.7 million (equivalent to approximately RM344.2 million) contract secured in December 2020 to undertake piling and substructure works in Phnom Penh, Kingdom of Cambodia. This milestone contract marks our first foreign award as a listed entity and allows us to bolster our track record in Southeast Asia.

The project site measures 4.62 acre and is located within the heart of Phnom Penh City. The package entails construction of bored pile foundation, retaining wall system and four-level basement, which aligns well with our technical expertise in deep foundation solutions. The works are to be carried out in three (3) sections in sequence through to 2023.

This foundation contract is among the largest, most complex foundation works ever in Cambodia due to the deep excavation required, tight size of the site, urban environment constraints and technical complexities of large diameter bored piles and top-down construction.

Drilling rigs and supporting machinery were mobilised from Malaysia to Cambodia in early 2021 and site works have since commenced. The resources on site and the capability of the fleet at work is also unprecedented in the vicinity.

With weak ground conditions, deep soil mixing method was used to improve soil in-situ and thus minimising soil settlement for a section adjacent to existing buildings. More than a thousand of soil mixed columns were installed to a depth of up to 24m covering an area of 1,273 sq.m. in mid-2021.

Works for diaphragm wall and bored pile foundation are currently progressing in full swing. Approximately 700 points of bored piles with diameters ranging from 1.0m to 2.0m, will be installed through 2022.

CONTINUED LARGE-SCALE SITE OPERATIONS IN KLANG VALLEY

Pavilion Damansara Heights continued to dominate site operations in FY2021. Basement works for Phase Two took the centre stage following the completion of eight-level basement for Phase One as well as the piling works for Phase Two last year.

Phase Two comprises three (3) high-rise towers and a seven-storey podium block resting on an eight-level basement. The total basement floor plate area when completed will measure approximately 200,000 sq.m.. Similar to Phase One, top-down construction sequence is adopted. For Phase Two, basement slabs B4, B5 and B6 were firstly constructed as strut slabs. With the stiff reinforced concrete floor slabs used to laterally brace the retaining wall, movement of surrounding soil is minimised. The casting of basement slabs at remaining levels has been progressing both upward and downward at the same time, in line with the top-down construction approach taken.

The substructure works will come to a tail end in the coming months. 2022 will see the gradual shift of resources to above ground level to continue the same nature of reinforced concrete works for the podium.

EXPANDED OUR REACH IN THE LOCAL MARKET

Despite the challenging circumstances, the Group continued to expand our reach domestically. We bagged a total of RM164.4 million worth of contracts nationwide, including significant undertakings like two packages to perform bored piling and secant bored pile wall works for the Pavilion Square for total contract sum of RM64.3 million.

EMSB was also awarded a RM27.9 million contract to undertake mixed development for a service apartment, villa, and hotel for Tropicana Cenang Langkawi's piling and pile cap works. Besides that, we also bagged a RM27.1 million foundation and substructure works contract for The Cedar Damansara Heights, a seven-storey luxurious apartment.

ADHERED TO WORKFORCE AND WORKSITE RESTRICTION UNDER MCO AND FULL MCO

The MCO has caused loss of productivity, delay in completion and additional costs borne by the Group. The Group's initiative to inoculate our workforce led to more than 85% of the workforce being fully vaccinated as at end-September 2021. This enabled us to progressively recommence all site works in mid-August under the NRP.

CORPORATE DEVELOPMENT

- **Private placement**

  On 24 December 2020, Econpile completed its private placement involving the issuance of 80 million new ordinary shares at an issue price of RM0.515 per share, raising RM41.2 million in proceeds. The issuance of shares to institutional investors represented 6.0% of the total number of issued shares. The proceeds were used to fund the Group's working capital needs as well as to pare down its borrowing to support the orderbook.

- **Material litigation case**

  With respect to material litigation, the major legal actions initiated against ASM Development (KL) Sdn. Bhd. ("ASMKL") for the recovery of the value of work performed are adjudication proceedings pursuant to Construction Industry Payment and Adjudication Act 2012 and arbitration proceeding at the Asian International Arbitration Centre ("AIAC"). The Group has served the Notification of Determination to ASMKL in March 2019 and all physical works at the Maju Kuala Lumpur project site have since been halted. The Group is allowed to claim for a total of RM65.7 million based on the first and second adjudications' decisions. In particular, there was a supplemental decision rendered with respect to the first adjudication decision. Further, to date, the Group has successfully enforced the adjudication decisions for the first and second adjudication claims, i.e. a total awarded sum of RM65.7 million to Econpile, as an Order/ Judgement of the High Court in November 2019 and October 2020 respectively.

  In parallel, the Group has initiated an arbitration proceeding against ASMKL under AIAC in August 2019. The hearing dates were set and vacated several times due to the MCOs during the financial year.

  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.

FINANCIAL REVIEW

STATEMENT OF COMPREHENSIVE INCOME

The implementation of the multiple MCOs had taken a toll on the Group's performance in FY2021.

Despite the rather challenging situation, the Group managed to generate 4.2% higher revenue of RM420.1million, compared to RM403.0 million a year ago. Piling and foundation works for property developments contributed the lion's share of revenue with RM335.0 million or 79.8% of topline. Works for infrastructure and other projects made up the remaining RM85.1 million or 20.2%.

Econpile's gross profit strengthened by 15.1% to RM32.7 million in FY2021 from RM28.4 million a year earlier, in line with the higher topline. This translates to a gross profit margin of 7.8% in FY2021 from 7.1% previously, buoyed by new contributions from our overseas operations. Other income jumped to RM2.4 million from RM1.8 million due to rental income of equipment, disposal of investment property and other assets as well as the recovery of bad debts and impairments.

The Group's prudent management of operating expenditure resulted in a corresponding reduction from RM24.7 million in FY2020 to RM17.8 million in FY2021. Finance costs increased from RM2.6 million to RM3.1 million due to slower collections affected by the multiple MCOs.

Emerging from a tough operating landscape, the Group's FY2021 profit before tax remained commendable at RM14.2 million from RM3.0 million previously, while net profit increased to RM11.1 million in FY2021 from RM2.3 million in the prior year. We are heartened that Econpile maintained its profitability despite numerous disruptions, through tighter cost control and careful planning of resources.

In keeping with its prudent approach and mindful of the required resources to fund working capital for ongoing projects, the Board of Directors resolved not to declare dividends in respect of FY2021. The Board reiterates its intention to strengthen the foundation of our business in light of COVID-19, to be in a position to create value for all stakeholders.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021, the Group's total asset base grew to RM709.3 million from RM635.7 million previously, as contract assets and trade and other receivables increased in line with revenue.

Proceeds from the completed private placement boosted the Group's cash and cash equivalents, together with other investments, to RM53.4 million from RM25.5 million a year ago. Econpile retained our capital expenditure ("CAPEX") at RM4.8 million for the year under review, as our existing fleet of machinery fulfilled project requirements, and we rigorously maintained our fleet at our in-house workshop to ensure optimal performance.

The Group's total liabilities rose to RM266.2 million as at 30 June 2021 from RM244.9 million previously, on higher trade and other payables. The total borrowings declined marginally to RM81.6 million as at end-2021 versus RM82.4 million earlier, as the Group secured working capital for a total of 27 projects, including one in Cambodia.

Shareholders' equity remains healthy at RM443.2 million from RM390.8 million previously, on enlarged share capital due to the issuance of new shares and higher retained earnings.

These measures drastically enhanced the Group's net gearing level to 0.07x in FY2021, contracting from 0.15x in the previous corresponding year. This robust financial position would aid us in navigating the trying circumstances.

RISKS

CASH FLOW LIQUIDITY RISK

Cash flow will remain challenging throughout the next year but should be favourably affected by the Group's reduced gearing level and the expected recovery of property market post lockdowns.

During the COVID-19 pandemic throughout FY2021, the Group's primary concern has been to ensure its cash flow can sustain a continuity of business in the long term. Worksite operations were disrupted severely due to regulatory lockdowns and government containment measures.

COVID-19 AND MOVEMENT RESTRICTIONS

The prolonged COVID-19 has brought upon considerable uncertainties and risks globally, which could directly or indirectly affect business continuity. The Malaysian experience of constant workplace interruption and restrictions may cast a long term impact on operations sustainability.

We have implemented thorough health and safety SOPs to avoid potential COVID-19 transmission among our workforce. These practices have enabled the Group to maintain a safe working environment.

Econpile endeavours to take proactive initiatives such as regular testing at all work sites with the supervision of health and safety personnel. Such action would enable us to minimise the possibility of mass spreading and manage the worksite as efficiently as possible.

SUPPLY RISK

The Group procures raw material such as steel, concrete, and other components to complete works for the projects. Risk of supply chain disruptions alongside price hikes may potentially impact our operations. The management constantly monitors the price fluctuations and has developed a pool of suppliers to help mitigate its effect.

FUTURE OUTLOOK

In August 2021, Bank Negara Malaysia lowered its 2021 GDP forecast for Malaysia to between 3% and 4% from its previous prediction of 6.5% to 7%, on account of the reimposition of containment measures nationwide.

Nonetheless, there remains several underlying factors that support the country's growth going forward. This includes the accelerated public vaccination programme towards the expected herd immunity target by end-2021, improving external demand, and the anticipated favourable outcome of the Government's stimulus programmes.

The local construction sector is expected to chart 13.4% growth in 2021 against the low base of 2020, and is largely anticipated to be the primary beneficiaries of the Government's investments on public infrastructure projects. The 12th Malaysian Plan and Budget 2022 hold promise of high economic-multiplier projects the likes of Mass Rapid Transit 3, Johor Bahru-Singapore Rapid Transit System and Penang Transport Master Plan.

While cautiously optimistic of the Group's future, we remain focused on steering Econpile into the next phase by leveraging on our core expertise of bored piling and deep foundation works, seeking new growth markets, and enhancing our efficiency.

Having endured numerous economic cycles in our three-decade long corporate history, we are certain Econpile would emerge stronger and more focused than ever to soar to greater heights.

GROWTH STRATEGIES

We remain cognisant of the COVID-19 pandemic that continues to plague the sector with uncertainties and disrupt construction activities globally. As such, we have identified three core strategies to drive the Group forward:

- **Tendering for construction related projects**

  With home ownership still a key priority nationwide, tenders for property development projects are still being called albeit in smaller contract sums as developers adopt a pragmatic view. We continue to receive invitations to participate in tenders for mixed development projects in Klang Valley, and aim to remain competitive.

  Besides that, we are exploring selective opportunities in public infrastructure projects, to support Malaysia's ongoing development drive.

- **Scouting for more piling and foundation opportunities in Cambodia**

  According to Asian Development Bank, Cambodia's economy is expected to grow by 4% in 2021 and 5.5% in 2022. We are optimistic of the long-term growth prospects of Cambodia and the demand for piling and deep foundation works in the near future.

  We aim to leverage on our track record, current work site and existing fleet in Phnom Penh to secure more jobs in Cambodia as the country experiences rapid urbanisation.

- **Continue to optimise fleet and workforce capability**

  This tumultuous period, ridden with uncertainties and weak market sentiment, necessitates ongoing measures to preserve our cashflow for working capital and enhance our profitability.

  Hence, we have allocated minimal CAPEX in FY2022, given the sufficient resources and in-house maintenance capabilities. We are also focusing on improving our efficiency by streamlining business processes.

APPRECIATION

We would like to extend our sincere appreciation to the management, employees, and members of the Board for remaining steadfast during these challenging times. Your unwavering commitment and dedication have enabled us to persevere well. We are confident that the leadership, diversity and talent of the Board and management team are a prelude to greater milestones in the coming years.

We would like to put on record our deepest gratitude to all our stakeholders, for their endearing support. Finally, our appreciation goes to our shareholders, business partners and associates, clients, various regulatory bodies, government agencies and financial institutions for your continued partnership. We truly look forward to a greater chapter ahead.

Sincerely,
The Cheng Eng
Group Managing Director

Pang Sar
Executive Director/ Group Chief Executive Officer

Directors' Profiles

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

Krishnan A/L C K Menon (Male), a Malaysian aged 71, 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 a Partner in 1987. Thereafter, he joined Public Bank Berhad where he served for six (6) years and left as an Executive Vice-President in 1994. After serving two (2) public-listed companies, he joined Putrajaya Holdings Sdn. Bhd. as 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 the financial year ended 30 June 2021. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) nor has been imposed of any public sanctions or penalties by any relevant regulatory bodies during the financial year ended 30 June 2021.

THE CHENG ENG
Group Managing Director

The Cheng Eng (Male), a Malaysian aged 73, is our founder and Group Managing Director. He is also a 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 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 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. He was appointed as a trustee of Chong Hwa KL Foundation on 24 May 2021.

Mr The has attended all the six (6) Board meetings held during the financial year ended 30 June 2021. 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 (other than traffic offences, if any) nor has been imposed of any public sanctions or penalties by any relevant regulatory bodies during the financial year ended 30 June 2021.

PANG SAR
Executive Director
/ Group Chief Executive Officer

Pang Sar (Male), a Malaysian aged 63, is our Executive Director and Group Chief Executive Officer. He is also a 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 the financial year ended 30 June 2021. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) nor has been imposed of any public sanctions or penalties by any relevant regulatory bodies during the financial year ended 30 June 2021.

THE KUN ANN
Executive Director

The Kun Ann (Female), a Malaysian aged 41, is our Executive Director. She was appointed to our Board on 8 October 2013. She joined our Group in 2010. 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 of 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 the financial year ended 30 June 2021. She is the daughter of Mr The Cheng Eng, the Group Managing Director and 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 (other than traffic offences, if any) nor has been imposed of any public sanctions or penalties by any relevant regulatory bodies during the financial year ended 30 June 2021.

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

Ong Poay Wah @ Chan Poay Wah (Female), a Malaysian aged 53, 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 the financial year ended 30 June 2021. She has no family relationship with any director and/or 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 (other than traffic offences, if any) nor has been imposed of any public sanctions and penalties by any relevant regulatory bodies during the financial year ended 30 June 2021.

DATO' ROSLI BIN MOHAMED NOR
Independent Non-Executive Director

Dato' Rosli Bin Mohamed Nor (Male), a Malaysian aged 62, 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-five (35) 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.

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

He is currently the Corporate Advisor to Hassan (Cambodia) Development Co., Ltd., a prominent shopping mall developer in Cambodia.

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 the financial year ended 30 June 2021. He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) nor has been imposed of any public sanctions or penalties by any relevant regulatory bodies during the financial year ended 30 June 2021.

Key Senior Management Profile

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 65, is our Senior General Manager (Contracts). He was appointed to this 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. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) nor has been imposed of any public sanctions or penalties by any relevant regulatory bodies during the financial year ended 30 June 2021.

Choo King Hwa (Male), a Malaysian aged 60, is our Senior General Manager (Projects). He was appointed to this 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. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) nor has been imposed of any public sanctions or penalties by any relevant regulatory bodies during the financial year ended 30 June 2021.

Wong Chee Hung (Male), a Malaysian aged 50, is our Senior General Manager (Finance). He was appointed to this position on 1 December 2020. He is responsible for directing the financial and accounting operations of the Group. He is a Chartered Accountant of the Malaysian Institute of Accountants, an associate member of the Chartered Institute of Management Accountants (CIMA, UK) and a member of the Certified Practising Accountant Australia (CPA, Australia).

He has over twenty-five (25) years of experience in the areas of financial and management reporting, accounting, treasury and taxation. He has held various senior finance positions in several companies prior to joining the Group.

He has no family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) nor has been imposed of any public sanctions or penalties by any relevant regulatory bodies during the financial year ended 30 June 2021.

Amrick Singh A/L Atar Singh (Male), a Malaysian aged 52, is our Deputy Senior General Manager (Projects). He was appointed to this 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. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years (other than traffic offences, if any) nor has been imposed of any public sanctions or penalties by any relevant regulatory bodies during the financial year ended 30 June 2021.

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.

In the current financial year ended 30 June 2021 ("FY2021"), the political and economic uncertainties in the country not only persisted but have aggravated amid the worsening COVID-19 health crisis. The supply for piling and deep foundation services in Malaysia has continued to outstrip demand with property developers holding back on their launches and government's subdued spending on infrastructure development.

Similar to last year, protecting the health and safety of our employees and preserving the financial sustainability of the Group are again our key strategic focus in FY2021. We forged ahead at full speed with measures in our health and safety activities, and exercise utmost prudence in financial management of the Group.

The commitment to continuous improvement to quality, environmental, health and safety areas is highly pertinent to our sustainability performance. The successful re-certification of the ISO 9001, ISO 14001 and ISO 45001 in the financial year demonstrates our dedication to excellence in these areas and assures our stakeholders of the breadth and strength of our capabilities.

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"). Following last year, the economic aspect is standing out as a focal point for the Group in the current turbulent economic climate.

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

B. Reporting Scope and Coverage

This sustainability statement covers financial year ended 30 June 2021 for the period from 1 July 2020 to 30 June 2021.

The scope of this Sustainability Statement covers our main business division i.e. general construction and piling works operating under the Company's core wholly owned subsidiary, Econpile (M) Sdn. Bhd. ("EMSB").

This Sustainability Statement is an update of the preceding financial year's Sustainability Statement. The Sustainability Statement reporting framework is guided by Global Reporting Initiative ("GRI") Standards as encouraged by Bursa Malaysia Berhad ("Bursa Malaysia") and has been prepared in accordance with Bursa Malaysia's Sustainability Reporting Guide, 2nd Edition ("SRG"), issued in 2018.

C. Governance Structure

Board of Directors

↓

Sustainability Steering Committee

↓

Sustainability Working Committee

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, managing sustainability performance and reporting 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 meetings to discuss sustainability matters, review performance, review alignment with material sustainability issues and report updates to the SSC.

D. Stakeholders Engagement

The six groups of identified stakeholders have remained unchanged from the previous year. Their respective engagement channel is described as follows:

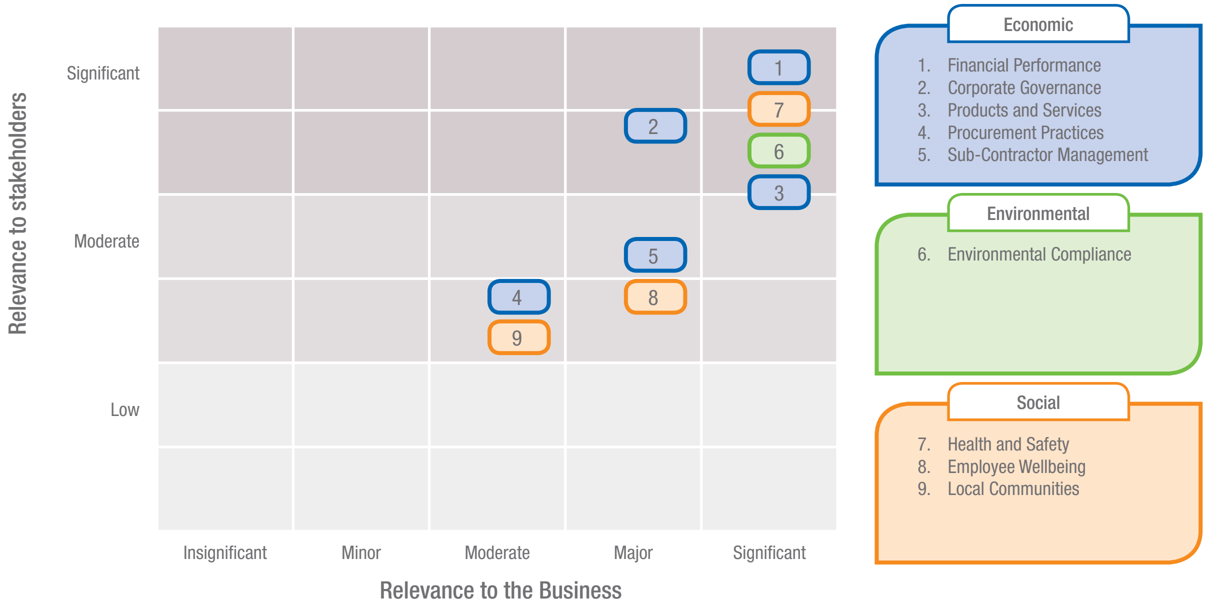
Key Stakeholders	Focus Areas	Method of Engagement	Frequency
Internal			
Shareholders and investors	• Group's financial and operational performance • Strategy and risk management • EES risks and opportunities	• Announcements of financial statements • Small group meetings and conference calls • Annual report • General meeting • Investor briefing	• Annually • Regularly • Annually • Annually • Bi-annually
Employees	• Health and safety • Employment protection during COVID-19 pandemic • Career development in a sustainable organisation	• Performance review • Management meeting • Staff recreation club • Open-door policy	• Annually • Monthly • Regularly • Regularly
External			
Customers	• Price competitiveness • Project delivery schedule • Quality execution of works • Regulatory compliance	• One-to-one meetings • Dedicated project chat groups on messaging platform	• Regularly • Regularly
Suppliers and subcontractors	• Product and service quality • Delivery schedule • Price competitiveness • Health and safety practices	• Routine business reviews with key suppliers and subcontractors • One-to-one meetings	• Regularly • Regularly
Regulators and authorities	• Compliance with laws and regulations • Licenses to sustain operations	• Statutory reporting • One-to-one and small group meetings	• Annually • Regularly
Local communities	• Environmental and social impacts	• Individual and small group meetings • Daily informal interactions	• Regularly • Regularly

E. Material Sustainability Matters

In the financial year ended 30 June 2019, a formal materiality assessment was conducted with the senior management to identify, prioritise and validate sustainable matters that are most relevant to the Group as well as of considerable interest to key stakeholders. Since then, we continue to assess the relevance of our material sustainability matters by drawing upon experiences from day-to-day operations and the evolving business environment.

Against the backdrop economic and health crisis linked to the COVID-19, the material sustainability matters remain the same as previously identified last year.

E. Material Sustainability Matters (Continued)



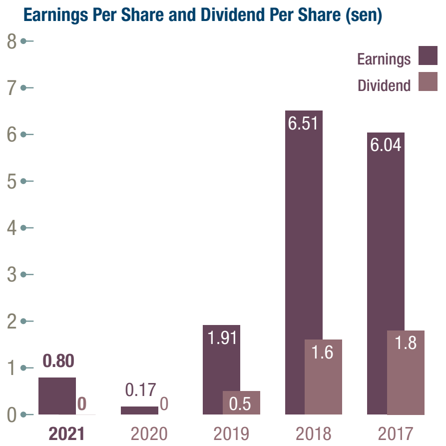
Financial Performance

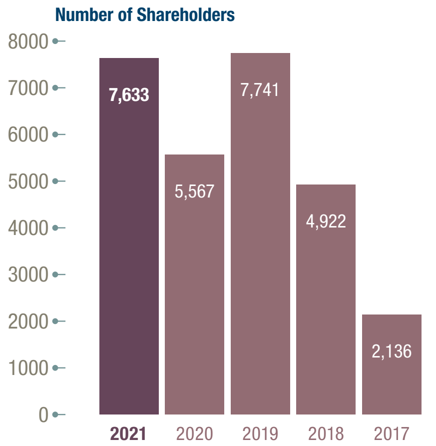
Positive financial performance is the foundation for the long-term viability of any business.

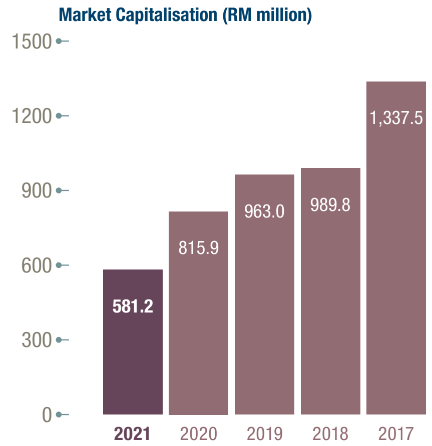
In the face of reality and requirements of current market, the economic pillar is standing out as the most important pillar to concentrate for continuity of our business. Financial performance has always been – and is even more so now – our top priority to sustain the business through a period of slow contract flows and tight cash flows.

Following the trend last year, pricing remains the key decision driver for clients to finalise the award of contracts. Accordingly, the Group continues to exercise prudence in the management of cost while maintain a high standard in quality to survive operate in this highly competitive pricing environment.

As at the end of FY2021, the Company had 7,633 shareholders compared to 5,567 at the end of the previous year with a total of 1,417,500,025 ordinary shares currently. The quoted price of our share as at 30 June 2021 was RM0.41 with a market capitalisation of RM581.2 million.







E. Material Sustainability Matters (Continued)

Financial Performance (Continued)

For FY2021, the Group's earnings per share was 0.80 sen and no dividend is declared due to economic uncertainties.

The Group generated 4.2% higher revenue of RM420.1 million in FY2021, compared to RM403.0 million a year ago. Gross profit is strengthened by 15.1% to RM32.7 million in FY2021 from RM28.4 million a year earlier, in line with improved profit margin.

Where our shareholders value on our growth prospects, the income statement matters but in a hostile market where survival is key, the balance sheet became our focus in FY2021.

A private placement exercise completed on 24 December 2020 has raised RM41.2 million for the Group to fund working capital needs and partial repayment of short-term borrowings. Coupled with cost-cutting measures and low capital expenditure requirements, the Group's net gearing level has dropped from 0.15x a year earlier to 0.07x in FY2021. This robust financial position will see us through these difficult times and position us well for long term growth.

The complete audited financial statements for FY2021 are presented on pages 49 to 119 and the analysis of the profit performance is explained in the Management's Discussion & Analysis on pages 4 to 9 of this annual report.

Corporate Governance

The Group consistently endeavours to conform with the best practices in regulatory requirements to achieve business sustainability and affluence. The Board is committed to embed strategic and ethical approach to build a culture of robust corporate governance that aspires accountability, transparency and ethical conduct.

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 report. 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.

A detailed explanation on our corporate governance practices is presented in the Corporate Governance Overview Statement from pages 29 to 39 which encompasses areas such as our core policies, independence and diversity on the board, remuneration practices and other governance relevant matters.

The Board recognises its responsibility to set the ethical tone for the Group. We understand that bribery and corruption elicit transpiration of undesirable consequences which will affect our social sustainability and economic growth. With that principle as our focus of attention, several policies are in place to bolster the ethical culture throughout the Group.

The Group adopts a strict zero-tolerance policy towards bribery and corruption. Specifically, our Anti-Bribery and Anti-Corruption ("ABAC") Policy & Guidelines are in place to promote anti-bribery and anti-corruption practices within the Group as well as to provide guidelines for the undertaking of due diligence on key stakeholders to mitigate bribery and corruption risks.

Our Code of Ethics and Code of Conduct serve as the standards of conduct and responsible behaviour to be emulated by all Directors and employees in our commitment to embrace ethical conduct throughout the Group.

Further strengthening governance practices, under the adopted Whistleblowing Policy & Guidelines, accessible at www.econpile.com, any suspected bribery and corruption activities can be reported in a safe and confidential manner. This ensures that the whistle-blower's identity is safeguarded and that all whistleblowing reports are treated as confidential. All whistleblowing reports are addressed to our Senior Independent Director directly and will be escalated to the ARMC and the Board if necessary.

E. Material Sustainability Matters (Continued)

Products and Services

We have successfully undergone the recertification according to the latest ISO Standards ISO 9001: 2015, ISO 14001: 2015 and ISO 45001:2018 in the reporting period. The certificates for the Integrated Management System ("IMS"), which encompasses quality, environment and as well as occupational health and safety, are now valid up to 26 August 2024, 9 September 2024 and 9 September 2024, respectively.

The audit covered the Group's headquarters and two (2) construction sites. The objectives of the audit were to confirm that the management systems conform with all the requirements of the standard, as well as ensure that we have effectively implemented our planned arrangements.

The recertification was conducted by BM Trada, a United Kingdom Accreditation Service ("UKAS") accredited certification body in June 2021 and was completed with a minor non-conformity in environmental area and two (2) opportunities for improvement in Health and Safety area.

Scheduled internal audits were conducted throughout FY2021 on project sites against IMS standards and internally set requirements.

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 in our core business in deep foundation so clients can be confident that our product and services are delivered with utmost consideration for quality.

Achieving ISO 9001:2005 certification means that we have fulfilled four (4) mandatory procedures:

- Following the guidelines of the ISO 9001 standard
- Meeting internally set requirements
- Meeting customers' requirements and regulatory requirements
- Maintaining documentation

The Group offers a full spectrum of deep foundation solutions to its clients, which typically include 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 through our project and design teams experience 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 communicate 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. Feedbacks from clients and consultants were communicated to us through several channels including informal basis during the financial year. These feedbacks centred on topics related to project timeliness, quality control and technical expertise. Recognising that complaints are particularly valuable feedback, project employees reported and shared details of these feedbacks with the management to address their root causes and determine best solutions.

Managing the standards of product and service offered by our suppliers and sub-contractors is key and has considerable bearing on the final quality of our projects. We assessed their performance throughout the project construction phases, through daily briefings and regular communication.

Procurement Practices and Subcontractor Management

The Group uses large amounts of steel bar and ready-mixed concrete in our business activities and we source them from local suppliers and manufacturers. Our principal materials are generally widely available, but the supply chain was severely impacted by the prolonged COVID-19 lockdowns with many manufacturers unable to operate and fulfil their orders in the financial year.

The bulk of our supplies of steel and concrete in Malaysia are sourced from local major manufacturers who have their own ISO accreditations and industry-specific quality certifications in place.

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.

E. Material Sustainability Matters (Continued)

Procurement Practices and Subcontractor Management (Continued)

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.

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

In particular, we perform pre-contract capability assessment where Safety, Health and Environment ("SHE") experience and capability is a major selection factor. Our SHE personnel also inspects the subcontractor's work activities regularly to ensure that they are compliant with the specific SHE requirements as defined in the contractual work scope.

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.

Compliance with laws and regulations is always the highest priority for the Group. We continue to manage our environmental effects and comply with the relevant requirements, having due regard to the periodic assessments conducted by regulators.

During FY2021, we continue to manage the environment effects of our operations through ISO 14001:2015 Environmental Management System. This certification highlights our commitment to environment protection and enables us to maintain compliance with environmental regulations by continuous improvement process.

The ISO certification specifies the requirements for an environmental management system that we can use to develop our environmental performance and control our environmental responsibilities in a systematic manner.

(i) Pollution Control

Air Quality Monitoring

Construction activities, such as excavation and piling operation, generates dust from soil disturbance. Stable surfaces are disrupted during these activities and they can readily emit dust until the exposed surfaces stabilise. We regularly monitor the air quality within our selected work sites guided by the limits set by the Department of Environment ("DOE") i.e. daily average total suspended particulates ("TSP") and particulate matter ("PM") do not go beyond 260µg/m3 and 150µg/m3, respectively.

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. We monitor the noise level at selected sites, guided by permissable level 80db within a day established by the DOE. When required, we implement 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. The drilling is conducted in such manner to minimise the introduction of foreign material into the borehole.

E. Material Sustainability Matters (Continued)

Environmental Compliance (Continued)

(i) Pollution Control (Continued)

Support fluids are widely used for the construction of deep bored piles. Excavated boreholes can be stabilised either by using bentonite or polymer where the former is a type of clay that can swell and gel when dispersed in water and the latter is synthetically produced and can form a synthetic membrane on the sidewalls during excavation.

FY2021 saw us further departing from the conventional use of bentonite and the accelerated switch to polymer for our projects. For instance, our current largest bored piling operation in Cambodia is using polymer for the construction of hundreds of bored piles.

When properly used, it is found that aside from improved foundation performance, it has lower environmental impacts compared to bentonite. It has a smaller site footprint and also simpler mixing and disposal as it is used at significantly lower concentration than bentonite.

Spent bentonite product must be handled and disposed of properly as a special waste. The imported polymer we use has passed stringent environmental tests and can be safely disposed of on site without causing harm to the environment.

(ii) Energy and Water Management

At present, we adopt a 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.

For Pavilion Damansara Heights project site in particular, water conservation efforts include rainwater harvesting and water recycling. We also minimise any water run-off and monitor water quality prior to discharge of water to drainages in accordance with the DOE's regulatory requirements.

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 from drilling rigs, crawler cranes to excavators. Diesel consumption is monitored to ensure optimal amount is used in our construction and piling activities. Our diesel saving efforts include turning off engines when not in use and regular servicing of machinery and equipment to ensure they are operating as efficiently as possible.

We use electricity from the local power grid mostly for the operations of equipment, air-conditioning, and lighting. The Group encourages daily saving practices such as switching off lights, air-conditioners and appliances when not in use, and printing only when necessary.

(iii) Waste Management

The Group's operations, particularly our project sites, contribute to most of the waste generated throughout the year.

FY2021 saw us continuing to improve the Reduce, Reuse, Recycle ("3R") efforts at project sites. In addition, durable and reusable systems are used whenever practicable. Particularly, modular aluminium formworks are used for the casting of beams and slabs in the construction of basement, replacing conventional wood shuttering which has a short lifespan. In addition to a considerable reduction in construction waste generation, speed and efficiency were increased with lesser labour hours required.

Used chemicals are disposed through appointed service providers licensed by the DOE. This disposal method ensures chemicals are 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, excess concrete can be recycled as parts of construction materials.

E. Material Sustainability Matters (Continued)

Health and Safety

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

The extent of our strong commitment towards health and safety is demonstrated in our ISO 45001 certification. The risk-based approach to management occupational health and safety contained in the ISO standard has helped us to introduce a more proactive rather than reactive approach to health and safety in the workplace.

At group level, all safety and health related matters come under the oversight of the Quality, Safety, Health and Environment ("QSHE") Department. The department is tasked to raise awareness of QSHE practices throughout the Group and monitors its 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. Safety is one of the key recurring agenda discussed in our monthly management meetings.

In addition, each major project has its own SHE Committee comprises of typically 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.

The Group has achieved approximately 4.4 million man-hours without loss-time injury ("LTI") and maintained zero fatality in the financial year. There were minor accident cases recorded, all of which with no discernible impact to site operations. All reported cases were reviewed and measures were put in place to minimise the chances of future occurrences.

The Group is continuously upgrading its safety and workflow processes. We continue to strive towards achieving zero reportable major incidents across all project sites. Our enforcement and monitoring processes apply to subcontractors and suppliers working within our worksites as well.

In October 2020, a fire drill took place at our headquarter office. During the drill, participants were escorted to the assembly point where they were briefed on the necessary steps to be taken in the event of emergency as well as a demonstration of the proper use of fire extinguisher. Participants were also reminded to adhere to our COVID-19 Standard Operating Procedures to ensure social distancing is maintained and masks are worn at all times.

E. Material Sustainability Matters (Continued)

Health and Safety (Continued)

The Group continues to uphold the efforts required to create a safe and conducive work environment, with strict adherence to safety regulations, which include but not limited to the following activities:

The Group takes pride in receiving two (2) 5-star ratings in the Safety and Health Assessment System in Construction ("SHASSIC") conducted by Construction Industry Development Board ("CIDB") for Allevia Mon't Kiara and Terra Putrajaya projects, with score of 96% and 91% respectively. Below is the full list of project sites that achieved SHASSIC certification in the reporting period.

Project Sites	SHASSIC Star Ranking
Allevia Mon't Kiara	96% ★★★★★
Terra Putrajaya	91% ★★★★★
The Maple Residences @ OUG	80% ★★★★
Pavilion Damansara Heights Phase 2	73% ★★★

(i) COVID-19 Health and Safety Measures

Construction workers are often highly mobile and the risk of spreading coronavirus in these settings as evidenced by recent outbreaks is concerning.

While we were grateful that we had no work-related fatalities in FY2021, the pandemic had a significant impact on our employees. We recognise that clusters are easily formed at construction sites with close human contact among large numbers of workers in a restricted area. Health and safety remain at the forefront of our pandemic response.

There were two (2) COVID-19 outbreaks at the Pavilion Damansara Heights construction site infecting main contractors' workers as well as our workers living on site. Swift actions were taken to contain the spread of the virus upon confirmation of first cases, including immediate isolation of positive cases, mass screening of workers as well as deep sterilisation of the site. The site was closed, and all project's works were halted during the activation of containment response.

E. Material Sustainability Matters (Continued)

Health and Safety (Continued)

(i) COVID-19 Health and Safety Measures (Continued)

As COVID-19 ravished all industries in FY2021, the Group understands the necessity to adhere to the new norm for the health and safety of our workers and the construction sector as a whole beyond the usual occupational conditions and hazards.

Group continued to practise basic safety and security precautions during our daily operations to ensure that our workforce stays protected and well-informed at all times:

- To obtain permission for carrying out approved construction activities via COVID-19 Intelligent Management System ("CIMS") and to display such permission on all project sites;
- To ensure information, training, and supervision related to COVID-19 is provided and disseminated;
- To conduct regular health assessments among employees;
- To increase physical space between workers at the worksite (1 meter apart);
- To ensure workplace is registered with MySejahtera application and to ensure employees also have the application for contact tracing purpose; and,
- To ensure the facilities and welfare of employees related to COVID-19 risk control and resources are adequately provided.

Moving forward, our focus will be on containment, and ensuring that positive cases, do not result in widespread transmission at workplace. Our containment response focuses on prevention behaviour and increased testing and surveillance. With the increasing availability of COVID-19 self-test kit, the Group plans to conduct regular scheduled rapid antigen testing on its employees. Fast results will allow us to act swiftly and prevent the spread of infection in our construction sites, offices and communities.

Aside from regular testing, below are some of the established protocols adopted by the Group in our pandemic response plan which will be continuously carried out next year or until the pandemic comes under control:

- Daily temperature screenings;
- Use of protective equipment including mask;
- Maintain personal hygiene;
- Limiting the number of employees and visitors in the workplace at any given time;
- Maintain social distancing at work;
- Reconfiguring workspaces to maintain proper social distancing;
- Cleaning and disinfecting portable jobsite toilets regularly, refilling hand sanitiser dispensers frequently, and disinfecting high-touch items often; and,
- Utilising technology and digital communication channel to optimise remote productivity.

Getting vaccinated is the best way to protect our workforce from outbreaks of COVID-19.

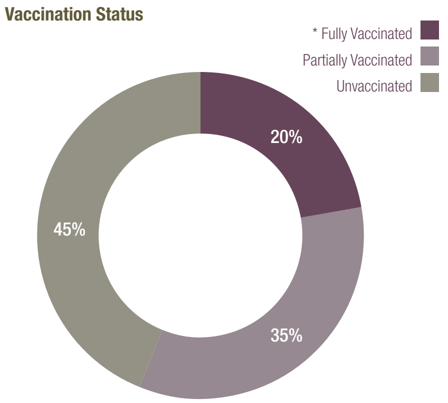
As the vaccination effort under the National COVID-19 Immunisation Programme ("PICK") ramped up towards mid-2021, dedicated efforts have been put in to vaccinate all workers as quickly as possible. At the same time, we also assisted in the management of vaccination programme for our subcontractors, making sure their workers too would be sufficiently protected against the virus in the shortest time possible.

E. Material Sustainability Matters (Continued)

Health and Safety (Continued)

(i) COVID-19 Health and Safety Measures (Continued)

As at 30 June 2021, a total of 20% of our workforce is fully vaccinated. Only vaccines which require two (2) doses at specified interval were administered. 35% of our employees have received at least the first dose of vaccination. In support of the government's immunisation target to have all adults in Malaysia vaccinated by October, the Group too targets to achieve a fully vaccinated workforce by October 2021.



* *Fully vaccinated is defined as 14 days after the final dose of the vaccine.*

Employee Wellbeing

From the outset of the COVID-19 pandemic, employee wellbeing has been one of our priorities. Our immediate goal was to navigate through the crisis without eliminating jobs. We significantly reduced capital expenditures to minimise layoffs. We also implemented cost-containment measures, including reducing overtime and temporary reduction in base salaries.

We are taking these actions as well as others as necessary to preserve our financial strength for the long-term benefit of all of our key stakeholders.

(i) Diversity and Inclusion

Our workforce comprises talented, dedicated employees from diverse backgrounds and they are at the very core of what makes the Group more resilient and innovative in difficult times.

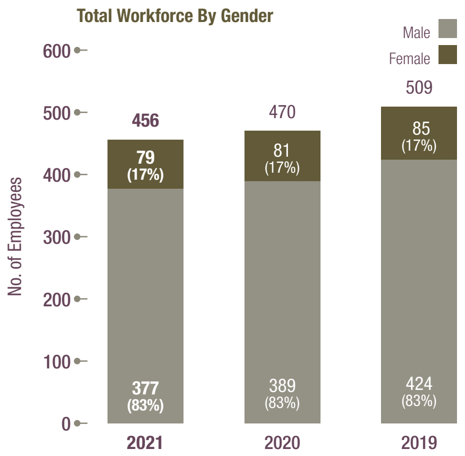
The Group flourishes by creating an inclusive working environment that offers equal opportunities to all employees as they bring in their unique perspectives, experiences and ideas that aids in achieving sustainable future. At the apex of the Group, our multi-ethnic Board with representation from both genders harnesses this pool of multifaceted knowledge base in making complex decisions for the Group.

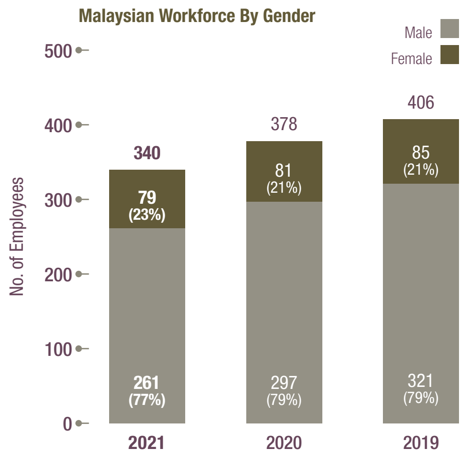
E. Material Sustainability Matters (Continued)

Employee Wellbeing (Continued)

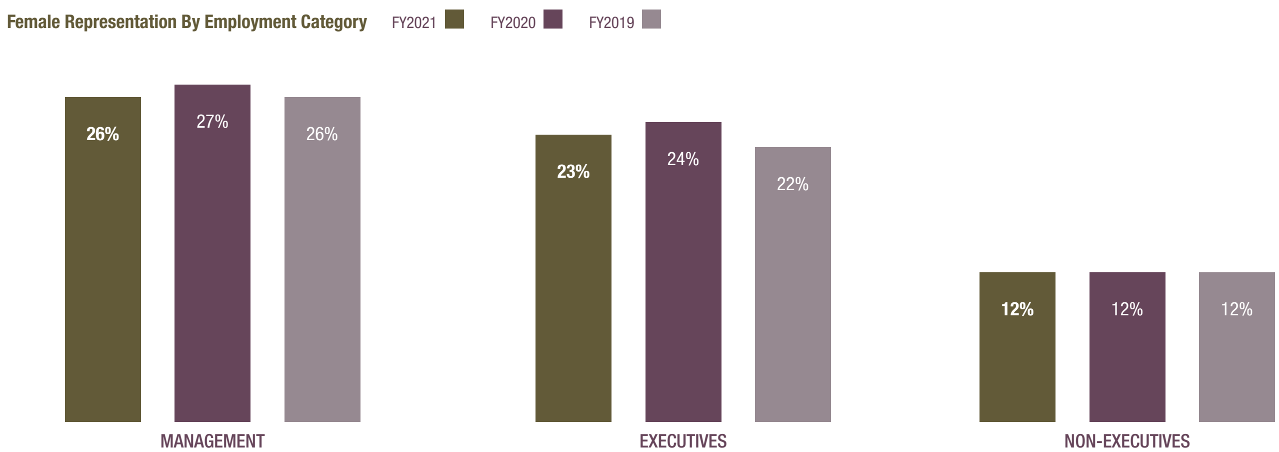
(i) Diversity and Inclusion (Continued)

The Group operates in a male-dominated industry and is therefore, a male-dominated company. The number of male and female employees that forms our total workforce has been fairly consistent over the past few years. The Group recruit candidates based on competence, experience and their potential to grow within the organisation. Our Malaysian gender profile is similar to that of overall gender profile.





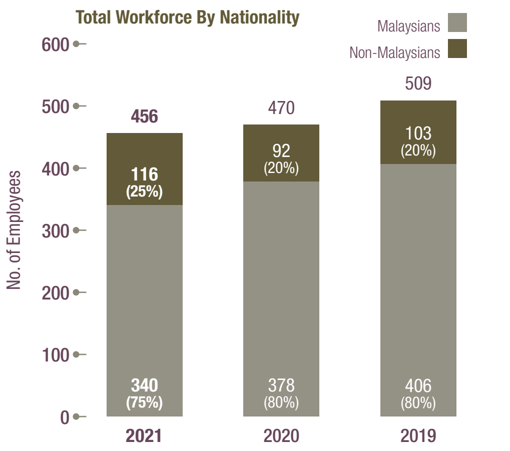
The female representation in our workforce across non-executive, executive and management levels stays almost the same in the past three (3) years. The female representation in management is 26% in FY2021.



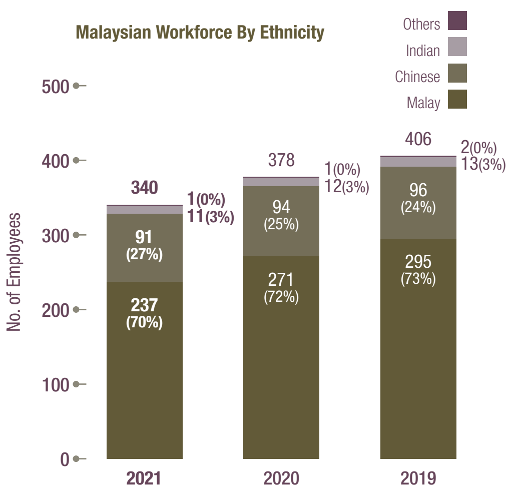
E. Material Sustainability Matters (Continued)

Employee Wellbeing (Continued)

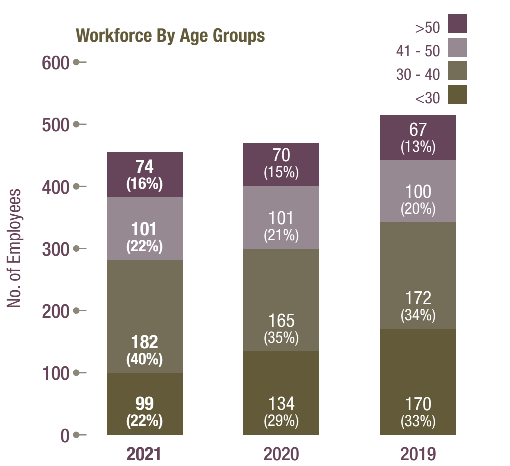
(i) Diversity and Inclusion (Continued)



Labour shortage is one of the key critical risks in construction projects that may affect the project performance. Due to widely known structural challenges facing 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. We have also started to employ Cambodian workers to support our project site in Cambodia.



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

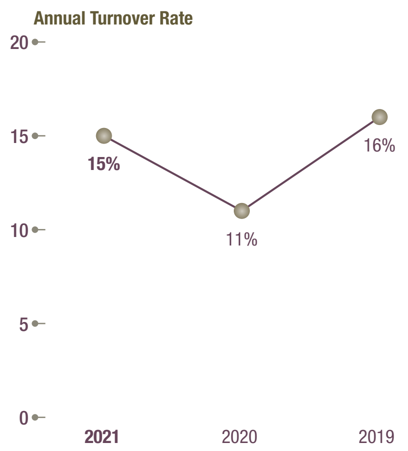


We have a healthy mix of ages among our employees, with people under the age of 40 constitutes more than 62% of the total workforce. To ensure continuous supply of talent for the future, we employ graduates and trainees in all our business areas.

E. Material Sustainability Matters (Continued)

Employee Wellbeing (Continued)

(i) Diversity and Inclusion (Continued)



Our annual turnover rate has been under 20% in the past three (3) years. Employees who left the Group during the financial year were mostly from the non-executive category, consisting of local and foreign workers.

(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.

We also reimburse eligible employees for annual professional membership dues, where applicable and required.

(iii) Employees Training

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

Both internal and external training were provided to selected employees to improve their skills and knowledge. Given the current COVID-19 pandemic, health and safety remain the most important training focus and emphasis was also placed on the facilitation of sharing of technical knowledge among different project teams during the financial year.

(iv) Employee Engagement

The Group promotes an open culture and practices open door policy. All employees are welcomed to approach the Human Resource Department or the Group MD and Group CEO to raise any issues they may encounter at any point in time. The senior management interaction with all levels of employees is a daily occurrence throughout the Group.

Due to the COVID-19 pandemic, the Group strictly abstains from organising activities involving physical interactions.

E. Material Sustainability Matters (Continued)

Local Communities

We acknowledge that our projects can have an impact on the community at any time during the project cycle. The Group is cognisant 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 reduced 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.

With the pandemic going on, the Group's involvement with the community has been fairly restricted over the concern of reducing the risk of contracting and spreading the coronavirus. Hence, for FY2021, we have resolved to refrain from engaging in community-facing activities. However, in the spirit of continuing our philanthropic efforts, we have made contributions to the Master Builders Association Malaysia ("MBAM") in their fundraising effort to their building and education funds during their 66th MBAM Anniversary Dinner, in which Econpile was voted and awarded as a winner in MBAM's Construction Industry Trade Awards ("CITA") 2020 under the Piling Contractor category.

The Group places importance in building a close relationship with the local communities, In August 2020, we extended our reach to the local community via monetary donation, made to the Kawasan Rukun Tetangga Kg. Segambut Dalam, for a fundraising programme dedicated to the community's senior citizens for the Eid al-Adha and Independence Day celebrations.

F. Looking Ahead

Similar to last year, this Sustainability Statement is published in a climate of lingering economic uncertainty as COVID-19 continues to impact industries and businesses.

The vaccine rollout is proceeding in phases and brings hope for a safe future. Our top priority in the immediate recovery period is financial endurance and sustainability.

Having said that, we take cognisance of the new sustainability focus sets out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021"). The update introduced a new intended outcome for companies to address sustainability issues in an integrated and strategic manner. It prescribes the urgent need for boards and senior management to jointly manage material Environmental, Social and Governance ("ESG") risks and opportunities, as well as setting up sustainability strategy, priorities and targets.

We recognise the importance of ESG integration in contribution to stable and long-term returns. Guided by the MCCG 2021, the Group will review the gaps and weaknesses in existing sustainability efforts and continuously improve our sustainability performance and disclosure.

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") pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). 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 Group throughout the financial year ended 30 June 2021 ("FY2021") as well as its key focus area and future priorities in relation to corporate governance practices. The Company has generally applied all the best practices espoused by the Code during FY2021 except for the following practices:

Practice 7.2 - The Board discloses on a named basis the top five (5) senior management's remuneration component in bands of RM50,000.

Practice 11.2 - Adoption of Integrated Reporting.

In addition, the Company has applied Step Up 8.4 (establishment of a wholly independent Audit Committee) which is aspirational in nature and voluntary in implementation.

The detailed application of each best practice as set out in the Code during the FY2021 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 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 financial and operating performance of the Group.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely 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 of the Board, 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.

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 Group 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.

The Board encourages employees and associates to report any ongoing or suspected wrongful activities or wrongdoings at the earliest possible stage through the proper channel of reporting so that immediate action can be taken. The Whistleblowing Policy & Guidelines adopted by the Company provides a structured channel for employees to raise concerns regarding malpractices committed within the Company without fear of reprisal.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2. Board Charter and Policies (Continued)

As part of the Company's commitment against all forms of bribery and corruption, the Board has adopted the Anti-Bribery & Anti-Corruption Policy & Guidelines which sets out rules and guidance to Directors, Senior Management, employees and business associate who work for and/or act for or on behalf of the Group on how to deal with improper solicitation, requests for bribes and other corrupt activities and issues that may arise in the course of business.

Board Charter and all policies are accessible through the Company's website at www.econpile.com.

3. Strategies Promoting Sustainability

The Board places great emphasis on corporate sustainability in economic, environmental and social areas. A report on the sustainability activities is contained in the Sustainability Statement on pages 14 to 28 of 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 Listing Requirements. There is no active politician on the Board.

The profiles of the Directors are presented on pages 10 to 12 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 by facilitating an 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) women directors sitting on the Board, it reflects a 33.33% of female representation on the Board.

The Board recognises the importance of a clear division of responsibility between the Chairman, Group Managing Director and Group Chief Executive Officer 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 of the Board, who is an Independent Non-Executive Director 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 Non-Executive 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 a person who has served in that capacity for more than nine (9) years as an Independent Director. 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

5. Reinforced Independence (Continued)

The Board shall review and amend the Board Charter in next financial year to align it with the Malaysian Code on Corporate Governance 2021 updated on 28 April 2021 ("MCCG 2021") which recommends that the two-tier voting process be implemented for reappointment of Independent Directors with tenures of more than nine (9) years.

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 FY2021.

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
Ong Poay Wah @ Chan Poay Wah	Senior Independent Non-Executive Director	6/6
Dato' Rosli Bin Mohamed Nor	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 10 September 2020 to deliberate a private placement exercise to raise fund mainly to finance the working capital needs of the Group. Subsequent thereto, the proposed private placement was completed on 24 December 2020 following the listing of and quotation for a total of 80 million new ordinary shares on the Main Market of Bursa Securities.

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 meeting papers which contain management and financial information and other matters to be discussed. Sufficient time is given 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 Fellow or Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and qualified to act under Section 235(2)(a) of the Companies Act 2016.

The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and play an advisory role particularly with regards to the Company's Constitution, Board policies and procedures and its compliance with regulatory and statutory requirements, codes, guidance and legislations. The Company Secretaries attend all Board and Board Committee meetings and ensure the meetings are properly convened and all deliberations and decisions made by the Board and Board Committees are well captured, minuted and documented.

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) boardroom 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 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 Constitution, one-third of the Directors for the time being shall retire from office at each Annual General Meeting ("AGM") 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 Constitution 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.

The Directors who are seeking for re-election at the forthcoming AGM are Dato' Rosli Bin Mohamed Nor and Ong Poay Wah @ Chan Poay Wah. The retiring Directors have expressed their intention to seek for re-election at the forthcoming AGM.

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 ARMC comprises exclusively Independent Non-Executive Directors and the Chairman of the ARMC is Dato' Rosli Bin Mohamed Nor, an Independent Non-Executive Director, who is not the Chairman of the Board. The Terms of Reference of the ARMC is 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 46 to 48 of this Annual Report.

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 FY2021:

(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 Board Committees and the contribution of each individual Director including the Senior General Manager (Finance) and thereafter, recommended the findings to the Board;
(iii) reviewed the independence of the Independent Directors;
(iv) reviewed the terms of office and performance of the ARMC and each of its members;
(v) reviewed the effectiveness of the Company Secretary;
(vi) recommended to the Board the re-election of Directors; and
(vii) reviewed the trainings 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 among 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 fulfilled the definition of independence as set out in the Listing Requirements. The breakdown of the Board by gender, age and ethnicity as at 30 June 2021 is as follows:

Gender		Age		Ethnicity (Malaysians)	
Male	4	30 to 50	1	Malay	1
Female	2	Above 50	5	Chinese	4
				Indian	1

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 September 2021 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 Ninth AGM, 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 Ninth AGM.

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 Dato' Rosli Bin Mohamed Nor and Ong Poay Wah @ Chan Poay Wah as Directors at the Ninth AGM.

In addition, the Nomination Committee reviewed the results of the assessment of the effectiveness of the Company Secretary and was satisfied with the performance of the Company Secretary.

(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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(c) Remuneration Committee (Continued)

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, motivate and retain qualified Directors and 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 takes into account both individual and corporate performance.

For Non-Executive Directors, their remuneration consists of directors' fees and meeting allowances. To compensate for additional responsibility, the Chairmen of the Board and Board 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 Terms 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	Managing Human Rights: Why Is It Important to Corporations?	KPMG Board Leadership Centre
	Anti-Bribery and Anti-Corruption	VisionEthics Advisory Sdn Bhd
The Cheng Eng	World Tunnel Digital Congress 2020	The Institution of Engineers Malaysia and the International Tunnelling and Underground Space Association
	2020 World Chinese Economic Summit	KSI Strategic Institute For Asia Pacific
Pang Sar	World Tunnel Digital Congress 2020	The Institution of Engineers Malaysia and the International Tunnelling and Underground Space Association
The Kun Ann	World Tunnel Digital Congress 2020	The Institution of Engineers Malaysia and the International Tunnelling and Underground Space Association
	Financial Restructuring: A Focus on Debt	Wong & Partners
	Transformation Towards Recovery (Session 3: Technology and Data)	KPMG Malaysia
	Transforming Business Performance Through Digitalisation	TÜV Rheinland and Tricor
	Developing Inclusive Leaders: Tips for Success	Wong & Partners
	COVID-19 Vaccination: What You Need to Know from a Legal and Tax Perspective	Boardroom Malaysia
	CLSA ESG Expert Panel Session: Green Light for Corporate Malaysia?	CLSA Malaysia
Ong Poay Wah @ Chan Poay Wah	AmFocus 2021: Market Outlook	AmInvestment Bank
	The Importance of Cash Assets During Pandemic	RHB Bank Berhad
Dato' Rosli Bin Mohamed Nor	Integrated Reporting (IR) Briefing for Board of Directors & Senior Management	Malaysian Institute of Accountants

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

12. Directors' Training (Continued)

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.

13. Directors' and Key Senior Management's Remuneration

The Remuneration Committee is principally responsible for recommending to the Board the remuneration package of the Executive Directors and key senior management. The level of remuneration reflects the experience and level of responsibilities undertaken by the Executive Directors and key senior management. The remuneration package offered to the Executive Directors and key senior management as well as fees payable to Non-Executive Directors are the responsibility of the entire Board. The individual Directors are required to abstain from discussion on their own remuneration and fees. In addition, the Directors who are shareholders of the Company will abstain from voting on the resolution at general meetings to approve their own fees.

Fees and benefits payable to the Directors of the Company are subject to yearly approval by shareholders at the AGM. 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	8,513	-	128,513
Pang Sar	-	120,000	8,513	-	128,513
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	-	741,000	98,530	28,952	868,482
Pang Sar	-	741,000	98,530	28,952	868,482
The Kun Ann	-	253,800	58,054	17,400	329,254
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 the Employees Provident Fund and Social Security Organisation.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

13. Directors' and Key Senior Management's 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 a Deputy Senior General Manager. The remuneration of the Senior General Managers and Deputy Senior General Manager are 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/ Deputy Senior General Manager in core group of senior management
RM250,001-RM300,000	2
RM300,001-RM350,000	2

There were two (2) persons who have served as the Senior General Manager (Finance) in FY2021. Their total remuneration is combined and reported as a single member of senior management for FY2021.

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 performances 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 to the respective areas of management. All identified key risks were rated and prioritised 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 40 to 43 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, Tricor Axcelasia 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 46 to 48 of this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

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 FY2021. The term of service of the External Auditors is renewable every year subject to satisfactory performance.

An External Auditors Policy is in place which outlines the guidelines and procedures for the ARMC to assess and review the performance, suitability and independence of 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 at 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.

Having assessed the External Auditors, the ARMC is satisfied with the competency, independence, experience and resources required to fulfil 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. In addition, the audit partner responsible for the audit of the Company is subject to a seven-year rotation in accordance with the By-Laws of the Malaysian Institute of Accountants to ensure independence of external auditors.

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 via the Company'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 investors relations 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, the Group had virtual meetings with investors to share the latest updates and pertinent information on the Group's progress with the investment community. Senior management was involved in investor meetings 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.

PRINCIPLE C: INTEGRITY IN REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Continued)

2. Annual General Meeting ("AGM") (Continued)

The outcome of general meeting was announced to Bursa Securities on the same day of the meeting. A summary of the key matters discussed at the AGM was published on the Company's website as soon as practicable upon being reviewed and approved by the Board.

KEY FOCUS AREA IN RELATION TO CORPORATE GOVERNANCE PRACTICES

Liquidity Risk Management

During the COVID-19 pandemic throughout FY2021, the Board's primary concern has been to ensure the cash flow of the Group can sustain a continuity of business in the long term. Liquidity risk was at the forefront of risk management priorities against the backdrop of declined income and slower debt collection. Worksite operations were disrupted severely due to regulatory lockdowns and government containment measures.

A private placement exercise completed on 24 December 2020 has raised RM41.2 million for the Group to fund working capital needs and partial repayment of short-term borrowings. Cost-cutting measures have also been implemented in addition to enhanced debt collection efforts being made.

PRIORITIES FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022

Succession Plan

1. Independent Directors

   Pursuant to MCCG 2021, two-tier voting process is required if the Board intends to retain an independent director beyond nine (9) years tenure. The resolution for the updated two-tier voting process should be tabled to shareholders at general meetings held after 1 January 2022. Recognising the importance of board quality and effectiveness, Bursa Securities is also proposing to limit the tenure of Independent Directors to not more than a cumulative period of 12 years, targeted to be implemented in the fourth quarter of 2021.

   The following Independent Directors will reach the nine-year term limit on 8 October 2022 and therefore will be subject to shareholders' approval via the two-tier voting process at the AGM to be held in year 2022:

Ong Poay Wah @ Chan Poay Wah	-	Senior Independent Non-Executive Director
Dato' Rosli Bin Mohamed Nor	-	Independent Non-Executive Director

   The Board, with the assistance of Nomination Committee, will drive efforts in identifying suitable candidates for the position of independent directors and make sure that all independent directors act independently of the management at all times.

2. Key Senior Management

   The Board would ensure that the identification and development of succession pipeline for critical positions in the Group remains a top-of-mind agenda. The Board would ensure that the succession planning aligns with the human resource policies and strategies of the Company and only high calibre personnel with the relevant skills and experience are appointed to the Board and key management position of the Company.

Environmental, Social and Governance ("ESG")

With the increased attention given to sustainability and climate change by the general public and the investment community, the Board will increase its focus towards embracing ESG into the Group's daily operations.

This Corporate Governance Overview Statement was approved by the Board on 20 October 2021.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board is pleased to present its Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 30 June 2021, which has been prepared pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 Companies Act 2016 and the Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and Group's 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, it is during the routine management meetings where significant risks of each department are identified and the corresponding internal controls implemented are communicated to the Executive Directors.

Cash flow liquidity was one of the top risks faced by the Group in the financial year under review. A private placement exercise completed on 24 December 2020 has raised RM41.2 million (80 million new ordinary shares) for the Group to fund working capital needs and partial repayment of short-term borrowings. Cost-cutting measures have also been implemented in addition to enhanced debt collection efforts being made.

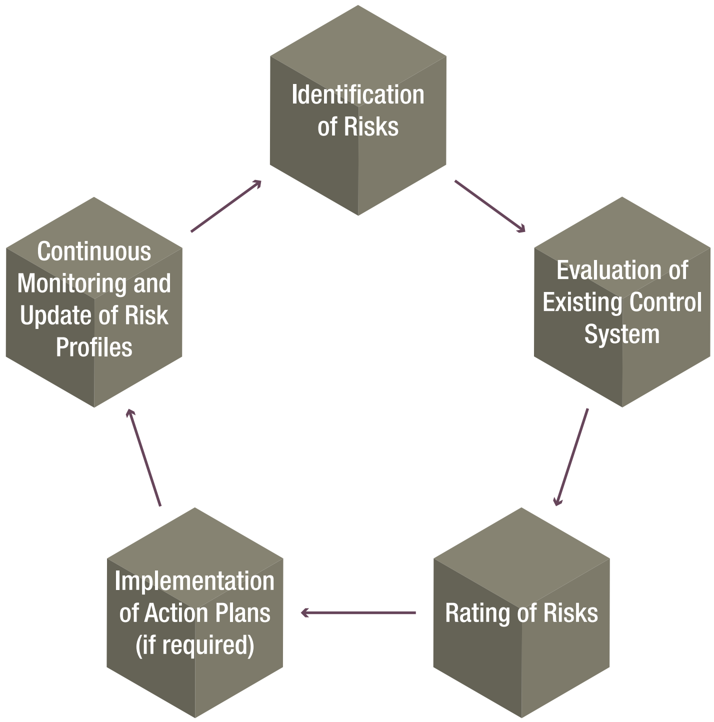
The risk register was updated in the financial year under review by the Key Senior Management, with the assistance of a professional services firm. Through the risk assessment update, which took into consideration of external and internal challenges, risks were identified, assessed and rated. In addition, senior management has also identified mitigating measures or action plans to be implemented to reduce the potential impact posed by these key risks. The updated risk register was presented to the ARMC and the Board on 26 November 2020.

In addition, a specific corruption risk assessment was carried out in the financial year under review by the Key Senior Management, with the assistance of a professional services firm to identify, analyse, assess and prioritise corruption risks within the operations of the Group. The results of the corruption risk assessment and recommended action plans were presented to the ARMC and the Board on 26 November 2020.

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.

RISK MANAGEMENT FRAMEWORK (Continued)

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



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,
- Continuous monitoring 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 and up to the date of approval of this Statement.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function assists the Board and the 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 the ARMC Report on pages 46 to 48 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 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 members of management at the level of General Manager and above in attendance.

d) The Group Managing Director and the senior employees in the Project and Technical Department at the level of General Manager and above, 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 Securities.

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, ISO 14001:2015 and ISO 45001:2018, 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 2024, 9 September 2024 and 9 September 2024, respectively.

h) Code of Ethics and Code of Conduct that set out the standards of conduct and responsible behaviour expected of all Directors and employees are in place to promote corporate culture which inculcates ethical conduct throughout the Group.

i) Anti-Bribery and Anti-Corruption ("ABAC") Policy & Guidelines are in place to promote anti-bribery and anti-corruption practices within the Group as well as to provide guidelines for the undertaking of due diligence on key stakeholders to mitigate bribery and corruption risks.

j) 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.

k) Whistleblowing policy and guidelines are in place to assist employees raise concerns on any malpractices they may observe in the Group, without fear of retaliation.

l) Corporate disclosure policies and procedures are in place to provide general guidance to the Directors and employees in the determination and dissemination of material information.

m) 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' interest 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 2021 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.

This Statement on Risk Management and Internal Control was approved by the Board on 20 October 2021.

Directors' Responsibility Statement

The Companies Act 2016 ("Act") requires the Directors to prepare the financial statements in accordance with the Act and the applicable approved accounting standards and 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 accounting policies as well as reasonable and prudent judgement and estimates.

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

The Directors are satisfied that they have met their obligations to present a balanced assessment of the financial position of the Group and the Company for the financial year ended 30 June 2021 as set out on pages 49 to 119 of this Annual Report.

Additional Compliance Information

1. Utilisation of Proceeds

On 15 September 2020, the Company announced its proposal to undertake a private placement, representing up to 10% of the total number of issued shares of the Company.

The private placement exercise was completed on 24 December 2020 following the listing of and quotation for the 80,000,000 shares at RM0.515 per share on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The gross proceeds raised from the private placement exercise of RM41,200,000 had been fully utilised as at 30 June 2021 as detailed below:

Details of utilisation	Intended timeframe for utilisation	Actual utilisation (RM '000)
General working capital	Within 12 months from the receipt of placement funds	28,403
Partial repayment of banker's acceptance	Within 12 months from the receipt of placement funds	12,360
Estimated expenses in relation to the private placement	Within 12 months from the receipt of placement funds	437
	Total	**41,200**

2. Audit and Non-Audit Fees

The amount of audit fees paid by the Company and the Group to the External Auditors, KPMG PLT for the financial year ended 30 June 2021 is amounting to RM65,000 and RM210,000, respectively whilst the non-audit fees incurred by the Company/Group is RM10,000 for the review of the Statement on Risk Management and Internal Control by the External Auditors.

3. Material Contracts

There was 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 2021 ("FY2021") 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 of 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 FY2021 were as follows:

External Audit

a) Reviewed the audit plan for FY2021, 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 among 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 re-appointment.

c) Reviewed the audit findings on the statutory audit prepared by the External Auditors.

d) Reviewed the fees of the External Auditors.

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 a private session with External Auditors without the presence of the Management on 28 September 2021 to discuss issues encountered during the course of the audit and significant matters related to audit plan and strategy for FY2021 audit.

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.

c) Held a private session with Internal Auditors without the presence of the Management on 26 August 2020 to discuss issues encountered during the course of internal audit.

Others

a) Reviewed the related party transactions that 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, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Corporate Governance Report and recommended to the Board for approval prior to their inclusion in the Annual Report.

e) Reviewed the Corruption Risk Assessment Report and Risk Profile Update of the Group.

C. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the ARMC, is outsourced to Tricor Axcelasia Sdn. Bhd. ("Tricor Axcelasia"). The Engagement Executive Director is Ms. Melissa Koay who has diverse professional experience in internal audit, risk management and corporate governance advisory. She 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. Ms. Melissa is also a Certified Internal Auditor.

The number of staff deployed for the internal audit reviews ranges from three (3) to four (4) staff per visit including the Engagement Director. The staff involved in the internal audit reviews possess 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 FY2021 are as follows:

a) Formulated annual risk-based audit plan taking into account the Group's risk profile and Senior Management feedback which was presented to the ARMC for their approval and reviewed the resource requirements for audit executions.

b) Performed internal audit reviews in accordance with the approved annual audit plan.

c) Evaluating and improving the effectiveness of internal controls system and compliance with established policies and procedures as well as applicable regulatory 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.

g) Briefed the ARMC on the Key Observations of the Effectiveness of Internal Audit Function of Listed Issuers issued by Bursa Malaysia Securities Berhad.

The summary of business processes reviewed by the ARMC in FY2021 are as follows:

Entity	Business Processes Reviewed
Econpile (M) Sdn. Bhd.	- Project Management - Operational Risk Management - Project Tender and Credit Control

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 meetings. 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 meetings.

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 FY2021 was RM22,500.

Financial Statements

50 Directors' Report
54 Statements of Financial Position
55 Statements of Profit or Loss and Other Comprehensive Income
56 Consolidated Statement of Changes in Equity
57 Statement of Changes in Equity
58 Statements of Cash Flows
62 Notes to the Financial Statements
114 Statement by Directors
114 Statutory Declaration
115 Independent Auditors' Report

Directors' Report

for the year ended 30 June 2021

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 2021.

Principal activities

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 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 6 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year	11,095	538

Reserves and provisions

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

Dividend

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

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 C K Menon
Dato' Rosli Bin Mohamed Nor
Ong Poay Wah @ Chan Poay Wah

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

Directors' interests in shares

The interests and deemed interests in the shares and option over 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 1.7.2020	Bought	Sold	At 30.6.2021
Interests in the Company:				
The Cheng Eng				
- own	351,500,018	-	(5,000,000)	346,500,018
- children*	380,000	-	-	380,000
Pang Sar	277,000,012	-	-	277,000,012
The Kun Ann	250,000	-	-	250,000
Krishnan A/L C K Menon	250,000	-	-	250,000
Ong Poay Wah @ Chan Poay Wah	1,500,000	-	-	1,500,000

	Number of warrants				
	At 1.7.2020	Exercised	Expired	Sold	At 30.6.2021
Interests in the Company:					
The Cheng Eng					
- own	68,900,008	-	-	-	68,900,008
- children*	76,000	-	-	-	76,000
Pang Sar	58,400,002	-	-	-	58,400,002
The Kun Ann	50,000	-	-	-	50,000
Krishnan A/L C K Menon	50,000	-	-	-	50,000
Dato' Rosli Bin Mohamed Nor	62,500	-	-	(62,500)	-
Ong Poay Wah @ Chan Poay Wah	300,000	-	-	-	300,000

* 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 and option over 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.

Director of subsidiary

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the Director of subsidiary (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report is as follows:

Director
Sukumaran Ramadass

Issue of shares and debentures

On 24 December 2020, the Company issued 80,000,000 new ordinary shares of RM0.515 per ordinary share via a private placement to eligible investors for a total cash consideration of RM41,200,000 to fund the Group's working capital requirements and for repayment of the Group's short-term borrowings.

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.

Warrants

On 5 January 2018, the Company issued 267,500,005 free warrants to all 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 warrant 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 and insurance premium paid for Directors and other officers of the Company on a group basis were RM10,000,000 and RM21,620, respectively. There was 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.

Other statutory information (Continued)

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 2021 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.

Significant events during and after the reporting period

The significant events during and after the reporting period are disclosed in Note 31 to the financial statements.

Auditors

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

The auditors’ remuneration is disclosed in Note 21 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: 20 October 2021

Statements Of Financial Position

as at 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	39,412	57,401	-	-
Right-of-use assets	4	2,120	170	-	-
Investment properties	5	17,378	15,701	-	-
Investments in subsidiaries	6	-	-	94,000	94,000
Other investments	7	#	#	-	-
Deferred tax assets	8	3,374	-	-	-
Other receivables	9	-	-	90,748	48,929
Total non-current assets		62,284	73,272	184,748	142,929
Other investments	7	1,019	902	1,019	902
Trade and other receivables	9	365,859	324,358	5	5
Contract assets	10	202,359	191,933	-	-
Prepayments		2,429	1,144	21	9
Current tax assets		20,685	16,596	-	-
Cash and cash equivalents	11	52,380	24,645	22	135
		644,731	559,578	1,067	1,051
Assets classified as held for sale	12	2,289	2,845	-	-
Total current assets		647,020	562,423	1,067	1,051
Total assets		709,304	635,695	185,815	143,980
Equity					
Share capital	13	177,206	136,006	177,206	136,006
Reserves		265,947	254,790	8,243	7,705
Equity attributable to owners of the Company		443,153	390,796	185,449	143,711
Liabilities					
Loans and borrowings	14	3,926	3,371	-	-
Lease liabilities		1,168	78	-	-
Employee benefits	15	6,447	6,447	-	-
Deferred tax liabilities	8	-	334	-	-
Total non-current liabilities		11,541	10,230	-	-
Loans and borrowings	14	75,498	78,867	-	-
Lease liabilities		972	101	-	-
Trade and other payables	16	176,484	152,733	135	191
Contract liabilities	10	1,400	2,860	-	-
Current tax liabilities		256	108	231	78
Total current liabilities		254,610	234,669	366	269
Total liabilities		266,151	244,899	366	269
Total equity and liabilities		709,304	635,695	185,815	143,980

denotes RM 1

The notes on pages 62 to 113 are an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive income for the year ended 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	17	420,141	403,019	-	-
Cost of sales	18	(387,407)	(374,575)	-	-
Gross profit		32,734	28,444	-	-
Other income		2,073	1,271	117	363
Administrative expenses		(18,129)	(18,651)	(1,447)	(1,179)
Net gain/(loss) on impairment of financial instruments		292	(6,093)	-	-
Results from operating activities		16,970	4,971	(1,330)	(816)
Finance income	19	305	577	2,419	1,672
Finance costs	20	(3,053)	(2,578)	-	-
Net finance (costs)/income		(2,748)	(2,001)	2,419	1,672
Profit before tax	21	14,222	2,970	1,089	856
Tax expense	22	(3,127)	(639)	(551)	(378)
Profit for the year		11,095	2,331	538	478
Other comprehensive income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		62	-	-	-
Profit and total comprehensive income for the year		11,157	2,331	538	478
Basic earnings per ordinary share (sen)	23	0.80	0.17		

The notes on pages 62 to 113 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity
for the year ended 30 June 2021

Group	Note	Share capital RM'000	Deficit in business combination RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
		<-------------Non-distributable	------------	------------>	*Distributable*	
At 1 July 2019, *as previously reported*		136,006	(87,000)	-	346,151	395,157
Adjustment on initial application of MFRS 16		-	-	-	(5)	(5)
At 1 July 2019, *restated*		136,006	(87,000)	-	346,146	395,152
Profit and total comprehensive income for the year		-	-	-	2,331	2,331
Dividends to owners of the Company	24	-	-	-	(6,687)	(6,687)
At 30 June 2020/1 July 2020		136,006	(87,000)	-	341,790	390,796
Issue of shares	13	41,200	-	-	-	41,200
Profit for the year		-	-	-	11,095	11,095
Foreign currency translation differences for foreign operation		-	-	62	-	62
Profit and total comprehensive income for the year		-	-	62	11,095	11,157
At 30 June 2021		177,206	(87,000)	62	352,885	443,153
		Note 13				

The notes on pages 62 to 113 are an integral part of these financial statements.

Statement of **Changes In Equity**

for the year ended 30 June 2021

Company	Note	*Non-distributable* Share capital RM'000	*Distributable* Retained earnings RM'000	Total equity RM'000
At 1 July 2019		136,006	13,914	149,920
Profit and total comprehensive income for the year		-	478	478
Dividends to owners of the Company	24	-	(6,687)	(6,687)
At 30 June 2020/1 July 2020		136,006	7,705	143,711
Issue of shares	13	41,200	-	41,200
Profit and total comprehensive income for the year		-	538	538
At 30 June 2021		177,206	8,243	185,449
		Note 13		

The notes on pages 62 to 113 are an integral part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Profit before tax		14,222	2,970	1,089	856
Adjustments for:					
Depreciation of property, plant and equipment	3	22,838	26,305	-	-
Depreciation of right-of-use assets	4	637	97	-	-
Depreciation of investment properties	5	77	70	-	-
Fair value gain from other investments		(117)	(19)	(117)	(19)
Finance income	19	(305)	(577)	(2,419)	(1,672)
Finance costs	20	3,053	2,578	-	-
Gain on disposal of other investments	21	-	(344)	-	(344)
Gain on disposal of property, plant and equipment	21	(370)	-	-	-
Gain on disposal of investment property		(140)	-	-	-
Gain on termination of lease		(7)	-	-	-
Gain on disposal of asset held for sale		(23)	-	-	-
Property, plant and equipment written off	3	-	248	-	-
Net impairment (gain)/loss on financial instruments	26	(292)	6,093	-	-
Operating profit/(loss) before working capital changes		39,573	37,421	(1,447)	(1,179)
Change in trade and other receivables and prepayments		(42,493)	83,003	(12)	11
Change in trade and other payables		23,751	(62,681)	(56)	60
Change in contract assets		(10,426)	(65,078)	-	-
Change in contract liabilities		(1,460)	(5,729)	-	-
Cash generated from/(used in) operations		8,945	(13,064)	(1,515)	(1,108)
Interest received		-	-	2,419	1,672
Tax paid		(10,776)	(15,253)	(398)	(458)
Tax refund		-	1,000	-	-
Interest paid on lease liabilities	(iii)	(56)	(14)	-	-
Net cash (used in)/from operating activities		(1,887)	(27,331)	506	106

The notes on pages 62 to 113 are an integral part of these financial statements.

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(3,329)	(5,359)	-	-
Acquisition of investment properties		(1,999)	-	-	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	30	(1)	-	-	-
Interest received from fixed deposits		305	577	-	-
Proceeds from disposal of property, plant and equipment		370	-	-	-
Proceeds from disposal of investment properties		385	-	-	-
Proceeds from disposal of asset held for sale		579	-	-	-
Proceeds from disposal of other investments		-	17,299	-	17,299
Increase in advances to subsidiaries		-	-	(41,819)	(10,769)
Net cash (used in)/from investing activities		(3,690)	12,517	(41,819)	6,530
Cash flows from financing activities					
Proceeds from issue of shares		41,200	-	41,200	-
Dividends paid to owners of the Company	24	-	(6,687)	-	(6,687)
Net (repayment)/drawdown of bankers' acceptances	(iv)	(16,134)	14,323	-	-
Interest paid on loans and borrowings		(2,997)	(2,564)	-	-
Net proceed from/(repayment of) bank loan	(iv)	1,072	(397)	-	-
Net repayment of hire purchase liabilities	(iv)	(2,272)	(8,726)	-	-
Net drawdown of revolving credit	(iv)	13,000	3,500	-	-
Payment of lease liabilities	(iii),(iv)	(619)	(93)	-	-
Net cash from/(used in) financing activities		33,250	(644)	41,200	(6,687)
Net increase/(decrease) in cash and cash equivalents		27,673	(15,458)	(113)	(51)
Cash and cash equivalents at 1 July 2020		24,645	40,103	135	186
Effect of exchange rate fluctuations on cash held		62	-	-	-
Cash and cash equivalents at 30 June 2021	(i)	52,380	24,645	22	135

The notes on pages 62 to 113 are an integral part of these financial statements.

(i) Cash and cash equivalents

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

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	11	47,180	21,025	22	135
Deposits placed with licensed banks	11	5,200	3,620	-	-
		52,380	24,645	22	135

(ii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM4,849,000 (2020: RM5,359,000), of which RM1,520,000 (2020: RM nil) was acquired by means of hire purchase arrangements.

(iii) Cash outflows for leases as a lessee

	Note	2021	2020
		RM'000	RM'000
Included in net cash from operating activities:			
Payment relating to short-term leases	21	8,940	10,969
Interest paid in relation to lease liabilities	21	56	14
		8,996	10,983
Included in net cash from financing activities:			
Payment of lease liabilities		619	93
Total cash outflows for leases		9,615	11,076

The notes on pages 62 to 113 are an integral part of these financial statements.

(iv) Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 July 2019, as previously reported	Adjustment on initial application of MFRS 16	At 1 July 2019, restated	Net changes from financing cash flows	Acquisition of new lease	At 30 June 2020/1 July 2020	Net changes from financing cash flows	Acquisition of new lease	Termination of lease	At 30 June 2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bankers' acceptances	56,862	-	56,862	14,323	-	71,185	(16,134)	-	-	55,051
Bank loan	4,112	-	4,112	(397)	-	3,715	1,072	-	-	4,787
Lease liabilities	-	198	198	(93)	74	179	(619)	2,658	(78)	2,140
Revolving credit	1,500	-	1,500	3,500	-	5,000	13,000	-		18,000
Hire purchase liabilities	11,064	-	11,064	(8,726)	-	2,338	(752)	-	-	1,586
Total liabilities from financing activities	73,538	198	73,736	8,607	74	82,417	(3,433)	2,658	(78)	81,564

The notes on pages 62 to 113 are an integral part of these financial statements.

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 2021 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 2021 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 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 20 October 2021.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of 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, interpretations and amendments of the MFRSs 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 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement,* MFRS 7, *Financial Instruments: Disclosures,* MFRS 4*, Insurance Contracts* and MFRS 16*, Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16*, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

1. Basis of preparation (Continued)

(a) Statement of compliance (Continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 applicable accounting standards, interpretations and amendments:

- from the annual period beginning on 1 July 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021 and 1 April 2021;

- from the annual period beginning on 1 July 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022; and

- from the annual period beginning on 1 July 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023.

The initial application of the applicable accounting standards, amendments and interpretations are not expected to have any material financial impact 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, unless otherwise stated.

(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 5 - valuation of investment properties
- Note 9, Note 10 and Note 26.4 - impairment losses on trade receivables (including retention sum) and contract assets
- Note 17 – revenue from contracts with customers
- Note 28 - contingencies

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.

(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.

(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.

2. Significant accounting policies (Continued)

(a) Basis of consolidation (Continued)

(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) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

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

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

2. Significant accounting policies (Continued)

(c) Financial instruments

(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.

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.

(ii) Financial instrument categories and subsequent measurement

Financial assets

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. 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)).

Financial liabilities

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.

2. Significant accounting policies (Continued)

(c) Financial instruments (Continued)

(iii) 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.

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.

(iv) 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.

(d) 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.

2. Significant accounting policies (Continued)

(d) Property, plant and equipment (Continued)

(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. 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.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. Significant accounting policies (Continued)

(e) Leases (Continued)

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

2. Significant accounting policies (Continued)

(e) Leases (Continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(f) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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.

Investment properties which are owned are initially and subsequently measured at cost less any accumulated depreciation are accounted for similarly to property, plant and equipment. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

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) Investment property (Continued)

(ii) Reclassification to/from investment property

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

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

(g) Non-current asset held for sale

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

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 and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

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

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, if any.

(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.

2. Significant accounting policies (Continued)

(j) Impairment

(i) Financial assets

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 cash and bank balance 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 is 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 expected credit losses on trade receivables and contract assets individually and collectively based on their financial information, past trend of payments, external credit ratings, and with reference to historical credit loss experience.

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 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 in 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)

(ii) Other assets

The carrying amounts of other assets (except for deferred tax assets, 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 identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 cash-generating unit exceeds its 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 amount of the other assets in the unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior years are assessed at the end of each reporting year 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 year in which the reversals are recognised.

(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.

2. Significant accounting policies (Continued)

(l) Employee benefits (Continued)

(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.

(m) Revenue and other income

(i) Construction contracts

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.

(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.

(iii) Interest income

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

2. Significant accounting policies (Continued)

(n) Borrowing costs

Borrowing costs 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.

(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.

2. Significant accounting policies (Continued)

(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.

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	Capital work-in-progress RM'000	Total RM'000
Cost										
At 1 July 2019	5,000	9,388	228,179	14,888	700	271	10,501	1,478	842	271,247
Additions	-	-	3,333	406	21	2	-	-	1,597	5,359
Write off	-	-	-	-	-	-	-	-	(248)	(248)
Transfers	-	-	917	-	-	-	-	-	(917)	-
At 30 June 2020/ 1 July 2020	5,000	9,388	232,429	15,294	721	273	10,501	1,478	1,274	276,358
Additions	-	-	1,183	172	132	107	369	124	2,762	4,849
Disposals	-	-	(240)	-	-	-	(182)	-	-	(422)
Transfers	-	-	2,933	1,060	-	-	-	-	(3,993)	-
At 30 June 2021	5,000	9,388	236,305	16,526	853	380	10,688	1,602	43	280,785
Depreciation										
At 1 July 2019	-	1,121	171,274	9,863	565	267	8,097	1,465	-	192,652
Depreciation for the year	-	195	23,005	2,069	56	3	969	8	-	26,305
At 30 June 2020/ 1 July 2020	-	1,316	194,279	11,932	621	270	9,066	1,473	-	218,957
Depreciation for the year	-	194	19,724	1,983	84	17	820	16	-	22,838
Disposals	-	-	(240)	-	-	-	(182)	-	-	(422)
At 30 June 2021	-	1,510	213,763	13,915	705	287	9,704	1,489	-	241,373
Carrying amounts										
At 1 July 2019	5,000	8,267	56,905	5,025	135	4	2,404	13	842	78,595
At 30 June 2020/ 1 July 2020	5,000	8,072	38,150	3,362	100	3	1,435	5	1,274	57,401
At 30 June 2021	5,000	7,878	22,542	2,611	148	93	984	113	43	39,412

3. Property, plant and equipment (Continued)

3.1 Property, plant and equipment acquired under hire purchase arrangements

Included in property, plant and equipment of the Group are plant and machinery and motor vehicles acquired under hire purchase arrangements with carrying amounts of RM8,792,000 (2020: RM14,445,000) and RM558,000 (2020: RM1,207,000), respectively.

3.2 Security

The freehold land, a commercial property and the corporate office of the Group with a total carrying amount of RM12,211,000 (2020: RM12,390,000) were pledged as security for bank facilities granted to a subsidiary (see Note 14).

3.3 Capital work-in-progress

The capital work-in-progress is mainly related to non-refundable down payments made for acquisition of plant and machinery yet to be received from suppliers.

4. Right-of-use assets

Group	Land RM'000	Buildings RM'000	Total RM'000
At 1 July 2019	193	-	193
Addition	-	74	74
Depreciation for the year	(61)	(36)	(97)
At 30 June 2020/1 July 2020	132	38	170
Addition	-	2,658	2,658
Depreciation for the year	(61)	(576)	(637)
Derecognition*	(71)	-	(71)
At 30 June 2021	-	2,120	2,120

**Derecognition of the right-of-use asset was due to early termination of lease of land.*

The Group leases vacant land and buildings that run between 1 year and 2 years, with an option to renew the leases after that date.

4.1 Extension options

Some leases of buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

4. Right-of-use assets (Continued)

4.2 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group applies judgement and assumptions in determining the incremental borrowing rates of the respective leases. The Group first determines the closest available borrowing rates before using judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.3 Restriction imposed by lease

The lease contracts for buildings restrict the Group's ability to sublease the leased assets in the respective contracts.

5. Investment properties

	Group RM'000
Cost	
At 1 July 2019	18,408
Transfer to assets classified as held for sale	(2,300)
At 30 June 2020/1 July 2020	16,108
Additions	1,999
Disposal	(305)
At 30 June 2021	17,802
Depreciation	
At 1 July 2019	337
Depreciation for the year	70
At 30 June 2020/1 July 2020	407
Depreciation for the year	77
Disposal	(60)
At 30 June 2021	424
Carrying amounts	
At 1 July 2019	18,071
At 30 June 2020/1 July 2020	15,701
At 30 June 2021	17,378

5. Investment properties (Continued)

Included in the investment properties are:

	Note	Group 2021 RM'000	Group 2020 RM'000
Freehold land		1,440	1,261
Buildings		3,638	3,386
Work-in-progress	5.1	12,300	11,054
		17,378	15,701

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 2021 RM'000	Group 2020 RM'000
Rental income	-	9
Direct operating expenses:		
- income generating investment properties	-	2
- non-income generating investment properties	89	77

5.1 Work-in-progress

The amount capitalised relates to the acquisitions of investment properties which are not available for use as the Group has yet to obtain vacant possession.

Fair value information

Fair value of investment properties is categorised as follows:

	Group 2021 RM'000	Group 2020 RM'000
Level 3		
Freehold land	2,164	2,581
Buildings	6,176	6,288
Work-in-progress	13,068	13,445
	21,408	22,314

5. Investment properties (Continued)

Valuation process applied by the Group for Level 3 fair value

The fair value of freehold land, buildings and work-in-progress are estimated by the Directors using the comparison method. The comparison method requires judgement and 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.

6. Investments in subsidiaries

	Company	
	2021	2020
	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/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	Effective ownership interest and voting interest 2020 %
Econpile (M) Sdn. Bhd. and its subsidiaries:	Malaysia	General construction and piling works	100	100
Platinum Production Sdn. Bhd.	Malaysia	Rental of investment properties	100	100
Global Pilings Solutions Co., Ltd.[1,2]	Cambodia	General construction and piling works	100	-
Tropical Broadway Sdn. Bhd.	Malaysia	Property development	100	100

[1] 1 On 25 December 2020, the Econpile (M) Sdn. Bhd. acquired 5,000 ordinary shares of USD1.00 each in Global Piling Solutions Co., Ltd. ("GPS") for a total cash consideration of USD48,000 (equivalent to approximately RM195,000) representing 100% of the total issued and paid-up share capital of GPS.

[2] Audited by a member firm of KPMG International.

7. Other investments

	Group		Company	
	2021	2020	2021	2020
	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	1,019	902	1,019	902
	1,019	902	1,019	902
Representing items:				
At net realisable value	#	#	-	-
At fair value	1,019	902	1,019	902
	1,019	902	1,019	902

denotes RM1

8. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Group	
	2021	2020
	RM'000	RM'000
Property, plant and equipment	(4,852)	(6,780)
Right-of-use assets	(87)	(41)
Provisions	8,225	6,444
Lease liabilities	88	43
	3,374	(334)

8. Deferred tax assets/(liabilities) (Continued)

Movement in temporary differences during the year

	At 1 July 2019 RM'000	Recognised in profit or loss RM'000 (Note 22)	At 30 June 2020/ 1 July 2020 RM'000	Recognised in profit or loss RM'000 (Note 22)	At 30 June 2021 RM'000
Group					
Property, plant and equipment	(8,221)	1,441	(6,780)	1,928	(4,852)
Right-of-use assets	-	(41)	(41)	(46)	(87)
Provisions	2,587	3,857	6,444	1,781	8,225
Lease liabilities	-	43	43	45	88
	(5,634)	5,300	(334)	3,708	3,374

9. Trade and other receivables

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current					
Non-trade					
Advances to subsidiaries	9.1	-	-	90,748	48,929
Current					
Trade					
Trade receivables		380,292	343,432	-	-
Less: Impairment losses		(22,138)	(22,430)	-	-
	9.2	358,154	321,002	-	-
Non-trade					
Other receivables		2,698	1,173	-	-
Deposits		5,007	2,183	5	5
		7,705	3,356	5	5
		365,859	324,358	5	5

9.1 Advances to subsidiaries

The advances to subsidiaries are unsecured, subject to interest at 3.75% (2020: 4.00%) 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.

9. Trade and other receivables (Continued)

9.2 Trade receivables

Included in trade receivables are retention sums of RM138,096,000 (2020: RM136,792,000) relating to construction projects. Retention sums are unsecured, interest free and expected to be collected as follows:

	Group	
	2021	2020
	RM'000	RM'000
Within 1 year	11,967	5,432
More than 1 year	126,129	131,360
	138,096	136,792

9.3 Estimation uncertainty and critical judgements

The Group assesses the risk of loss of each customer individually based on their financial information and past trends of payment. Whilst management's assessment is guided by past experiences with consideration of current economic conditions, there may be significant uncertainty about the future recovery of debts.

10. Contract assets/(Contract liabilities)

	Group	
	2021	2020
	RM'000	RM'000
Contract assets	202,359	191,933
Contract liabilities	(1,400)	(2,860)

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 when the work is certified by the customers and payment is expected within 120 days after billing.

Included in contract assets is an amount of RM80.1million (2020: RM80.1million) related to a construction contract with a customer which is under litigation as disclosed in Note 28.2(a).

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:

	2021	2020
	RM'000	RM'000
Contract liabilities at the beginning of the period recognised as revenue	(2,860)	(8,589)

11. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	47,180	21,025	22	135
Deposits placed with licensed banks	5,200	3,620	-	-
	52,380	24,645	22	135

12. Assets classified as held for sale

	Note	Group	
		2021	2020
		RM'000	RM'000
Assets classified as held for sale			
Freehold land	12.1	545	545
Investment properties	12.2	1,744	2,300
		2,289	2,845

12.1 Freehold land

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

As at 30 June 2021, the relevant approvals for the conversion and sub-division of the said land from the appropriate authorities have been obtained. The completion of sale is currently pending the payment of premium survey fees for the conversion of the land from agriculture land to residential land and the approval of building plan for the development project from the relevant authorities.

12.2 Investment properties

The Group has committed to sell its investment properties which are available for immediate sale. The buyers have been identified for the properties and the Group is in the midst of executing the sale and purchase agreement.

The carrying amounts of freehold land and investment properties were the same as their carrying amounts before they were being reclassified to current assets.

13. Capital and reserves

Share capital

Group and Company	Number of shares 2021 '000	Amount 2021 RM'000	Number of shares 2020 '000	Amount 2020 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 July	1,337,500	136,006	1,337,500	136,006
Issued for cash under private placement	80,000	41,200	-	-
At 30 June	1,417,500	177,206	1,337,500	136,006

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.

Private placement of shares

On 15 September 2020, the Company proposed to undertake a private placement exercise of up to 10% of its total number of issued ordinary shares to independent third party investors to be identified later and at an issue price to be determined and announced later.

On 24 December 2020, the Company completed the private placement exercise via the issuance of 80,000,000 new ordinary shares of RM0.515 per ordinary share for a total cash consideration of RM41,200,000.

Deficit in business combination

The deficit in business combination arose from the acquisition of the entire equity interest of Econpile (M) Sdn. Bhd. using the reverse acquisition method pursuant to the corporate exercise carried out by the Company in financial year ended 2014.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entity with functional currency other than RM.

14. Loans and borrowings

	Note	Group 2021 RM'000	Group 2020 RM'000
Non-current			
Bank loan – secured	14.1	2,886	3,305
Hire purchase liabilities		1,040	66
		3,926	3,371
Current			
Bank loan – secured	14.1	1,901	410
Bankers' acceptances	14.2	55,051	71,185
Hire purchase liabilities		546	2,272
Revolving credit - unsecured	14.3	18,000	5,000
		75,498	78,867
		79,424	82,238

14.1 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).

14.2 Bankers' acceptances

The bankers' acceptances are secured / guaranteed as follows:

	Group 2021 RM'000	Group 2020 RM'000
Secured over freehold land and a commercial property of the Group	-	6,134
Guaranteed by the Company	55,051	65,051
	55,051	71,185

14.3 Revolving credit - unsecured

The revolving credit is unsecured, subject to interest at 3.82% - 3.99% (2020: 5.12%) per annum and guaranteed by the Company.

15. Employee benefits

Retirement benefits

	Group	
	2021	2020
	RM'000	RM'000
Defined benefit liability	6,447	6,447

The Group contributed to a defined benefit plan that provides pension for two Directors of the Group upon their retirement. The plan which is unfunded entitled the two Directors of the Group a lump sum payment equal to the last drawn salary multiplied by the number of years of service of the two Directors. The two Directors are not required to contribute to the plan.

Effective 1 July 2018, the two Directors had voluntarily ceased the contributions to their retirement benefits plan and the retirement benefits liability will remain in the statement of financial position until settlement occurs. The retirement benefits liability has continued to be classified as non-current as the Group does not anticipate settlement of the liability in the next 12 months.

16. Trade and other payables

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables		151,915	137,447	-	-
Non-trade					
Other payables	16.1	13,748	10,928	-	-
Accrued expenses		10,821	4,358	135	191
		24,569	15,286	135	191
		176,484	152,733	135	191

16.1 Other payables

Included in other payables is an amount due to certain contract customers for acquisition of investment properties of RM12,259,000 (2020: RM10,635,000).

17. Revenue

	2021 RM'000	2020 RM'000
Group		
Revenue from contracts with customers	420,141	403,019

17.1 Disaggregation of revenue

Group	2021 RM'000	2020 RM'000
Primary geographical markets		
Malaysia	380,456	403,019
Cambodia	39,685	-
	420,141	403,019
Major products and services lines		
Construction contracts	420,141	403,019
Timing of recognition		
Over time	420,141	403,019

17.2 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 recognise 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 customers.

17. Revenue (Continued)

17.3 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.

	Group RM'000
2021	
Construction contracts	806,997
2020	
Construction contracts	845,417

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 the remaining duration of the contracts of 1 to 3 years.

17.4 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 lump sum 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 and ascertained damages ("LAD")

LAD are penalties for not achieving defined milestones on time. LAD 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 LAD will not be imposed. The estimated LAD provision is highly judgemental and based on experience from similar LAD situations and negotiations with customers in addition to an assessment of client relationship and economic impact.

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.

18. Cost of sales

	Group	
	2021	2020
	RM'000	RM'000
Construction costs	387,407	374,575

19. Finance income

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost				
- deposits placed with licensed banks	305	577	-	-
- advances to subsidiaries	-	-	2,419	1,672
	305	577	2,419	1,672

20. Finance costs

	Group	
	2021	2020
	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- bank loan	133	174
- bankers' acceptances	2,831	2,098
- hire purchase liabilities	33	292
Interest expense on lease liabilities	56	14
	3,053	2,578

21. Profit before tax

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Profit before tax is arrived at after charging/ (crediting):					
Auditors' remuneration:					
- Audit fees		210	200	65	55
- Non-audit fees		10	10	10	10
Material expenses/(income)					
Depreciation of property, plant and equipment	3	22,838	26,305	-	-
Depreciation of right-of-use assets	4	637	97	-	-
Depreciation of investment properties	5	77	70	-	-
Personnel expenses (including key management personnel):					
- Contributions to Employees' Provident Fund		2,342	2,701	15	15
- Wages, salaries and others		26,191	30,948	278	278
Fair value gain from other investments		(117)	(19)	(117)	(19)
Gain on disposal of other investments		-	(344)	-	(344)
Gain on disposal of property, plant and equipment		(370)	-	-	-
Property, plant and equipment written off		-	248	-	-
Expenses arising from leases					
Expenses relating to short-term leases	a	8,940	10,969	-	-
Rental income from:					
- Machinery		-	(200)	-	-
- Investment properties		-	(9)	-	-
Interest expense on lease liabilities		56	14	-	-
Net (gain)/loss on impairment of financial instruments					
Financial assets at amortised cost		(292)	6,093	-	-

Note a

The Group leases equipment, machinery and properties on ad hoc basis or with contract terms of 1 year or less. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

22. Tax expense

Recognised in profit or loss

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Current tax expense					
Current year		4,287	3,459	552	382
Under/(Over) provision in prior year		2,548	2,480	(1)	(4)
Total current tax recognised in profit or loss		6,835	5,939	551	378
Deferred tax expense					
Origination and reversal of temporary differences		279	(2,700)	-	-
Over provision in prior year		(3,987)	(2,600)	-	-
Total deferred tax recognised in profit or loss	8	(3,708)	(5,300)	-	-
Total income tax expense		3,127	639	551	378
Reconciliation of tax expense					
Profit before tax		14,222	2,970	1,089	856
Income tax using Malaysian tax rate of 24%		3,414	713	261	206
Effect of tax rates in foreign jurisdictions		(49)	-	-	-
Non-deductible expenses		1,411	2,455	319	263
Non-taxable income		(210)	(2,409)	(28)	(87)
Over provision in prior year		(1,439)	(120)	(1)	(4)
		3,127	639	551	378

23. Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021	2020
Profit attributable to ordinary shareholders (RM'000)	11,095	2,331
Weighted average number of ordinary shares ('000)		
Weighted average number of ordinary shares at 30 June (basic)	1,378,705	1,337,500
Basic earnings per ordinary share (sen)	0.80	0.17

23. 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 ordinary shareholders and 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 the reporting date is equivalent to its basic earnings per ordinary share as disclosed above.

24. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2020			
Final 2019 ordinary	0.50	6,687	20 December 2019

No dividend was paid during the financial year and the Directors do not recommend any final dividend to be paid for the financial year under review.

25. Operating segment

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. The Group's operations are carried out in Malaysia and Cambodia.

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.

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, investment properties and right-of-use assets.

25. Operating segment (Continued)

	Group 2021 RM'000	Group 2020 RM'000
Total additions to property, plant and equipment	4,849	5,359
Total additions to investment properties	1,999	-
Total additions to right-of-use assets	2,658	74
	9,506	5,433
Segment profit	11,095	2,331
Included in the measure of segment profit are:		
Revenue from external customers	420,141	403,019
Depreciation of property, plant and equipment, right-of-use assets and investment properties	(23,552)	(26,472)
Net gain/(loss) on impairment of financial instruments	292	(6,093)
Not included in the measure of segment profit but provided to Chief Executive Officer:		
Net finance costs	(2,748)	(2,001)

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

	Group 2021 RM'000	Group 2020 RM'000
Net finance costs		
Finance income	305	577
Finance costs	(3,053)	(2,578)
Consolidated net finance costs	(2,748)	(2,001)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

25. Operating segment (Continued)

Geographical segments (Continued)

	Group	
	External revenue	Non-current assets
	RM'000	RM'000
Geographical information		
2021		
Malaysia	380,456	60,163
Cambodia	39,685	2,121
	420,141	62,284
2020		
Malaysia	403,019	73,272
Cambodia	-	-
	403,019	73,272

Major customer

The following is the major customer with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segment
	2021	2020	
	RM'000	RM'000	
All common control companies of :			
Customer A	119,051	131,632	General construction and pilling work

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments 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
2021			
Financial assets			
Group			
Other investments	1,019	1,019	-
Trade and other receivables	365,859	-	365,859
Cash and cash equivalents	52,380	-	52,380
	419,258	1,019	418,239
Company			
Other investments	1,019	1,019	-
Trade and other receivables	90,753	-	90,753
Cash and cash equivalents	22	-	22
	91,794	1,019	90,775
Financial liabilities			
Group			
Loans and borrowings	(79,424)	-	(79,424)
Trade and other payables	(176,484)	-	(176,484)
	(255,908)	-	(255,908)
Company			
Trade and other payables	(135)	-	(135)

26. Financial instruments (Continued)

26.1 Categories of financial instruments (Continued)

	Carrying amount RM'000	Mandatorily at FVTPL RM'000	AC RM'000
2020			
Financial assets			
Group			
Other investments	902	902	-
Trade and other receivables	324,358	-	324,358
Cash and cash equivalents	24,645	-	24,645
	349,905	902	349,003
Company			
Other investments	902	902	-
Trade and other receivables	48,934	-	48,934
Cash and cash equivalents	135	-	135
	49,971	902	49,069
Financial liabilities			
Group			
Loans and borrowings	(82,238)	-	(82,238)
Trade and other payables	(152,733)	-	(152,733)
	(234,971)	-	(234,971)
Company			
Trade and other payables	(191)	-	(191)

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
- Mandatorily required by MFRS 9	117	363	117	363
Financial assets at amortised cost	597	(5,516)	2,419	1,672
Financial liabilities at amortised cost	(2,997)	(2,564)	-	-
	(2,283)	(7,717)	2,536	2,035

26. Financial instruments (Continued)

26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

26.4 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 and investment in unit trusts. The Company's exposure to credit risk arises principally from its investment in unit trusts, advances to subsidiaries and financial guarantees given to banks and suppliers for credit facilities granted to a subsidiary. There are no significant changes as compared to previous year.

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 all customers.

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 in 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.

There are no significant changes as compared to previous year.

Trade receivables and contract assets

Exposure to credit risk, credit quality and collateral

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

Concentration of credit risk

The Group has 27 (2020: 24) ongoing projects at various stages of completion as at end of the reporting period. Concentration of credit risk with respect to trade receivables and contract assets are limited except for five (2020: two) customers which accounted for 56% (2020: 44%) of trade receivables (including retention sums) and contract assets 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 was:

	Group	
	2021	2020
	RM'000	RM'000
Domestic	540,996	512,935
Cambodia	19,517	-
	560,513	512,935

26. Financial instruments (Continued)

26.4 Credit risk (Continued)

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.

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 exposure to credit risk for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature:

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balances RM'000
2021			
Not past due	363,674	-	363,674
Past due 1 - 60 days	48,437	-	48,437
Past due 61 - 120 days	50,502	-	50,502
Past due more than 120 days	97,900	-	97,900
	560,513	-	560,513
Credit impaired			
Individually impaired	22,138	(22,138)	-
	582,651	(22,138)	560,513
Trade receivables	380,292	(22,138)	358,154
Contract assets	202,359	-	202,359
	582,651	(22,138)	560,513
2020			
Not past due	338,812	-	338,812
Past due 1 - 60 days	20,261	-	20,261
Past due 61 - 120 days	39,209	-	39,209
Past due more than 120 days	120,653	(6,000)	114,653
	518,935	(6,000)	512,935
Credit impaired			
Individually impaired	16,430	(16,430)	-
	535,365	(22,430)	512,935
Trade receivables	343,432	(22,430)	321,002
Contract assets	191,933	-	191,933
	535,365	(22,430)	512,935

26. Financial instruments (Continued)

26.4 Credit risk (Continued)

Trade receivables and contract assets (Continued)

Recognition and measurement of impairment loss (Continued)

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below.

	Trade receivables		
	Lifetime ECL	Credit impaired	Total
Group	RM'000	RM'000	RM'000
Balance at 1 July 2019	-	16,337	16,337
Net remeasurement of loss allowance	6,000	93	6,093
Balance at 30 June 2020/1 July 2020	6,000	16,430	22,430
Net remeasurement of loss allowance	(6,000)	5,708	(292)
Balance at 30 June 2021	-	22,138	22,138

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.

26. Financial instruments (Continued)

26.4 Credit risk (Continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

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 Company amounts to RM89,310,000 (2020: RM89,863,000) as at the end of the reporting period.

Recognition and measurement of impairment loss

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

The financial guarantees of 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 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.

26. Financial instruments (Continued)

26.5 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.

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
2021							
Non-derivative financial liabilities							
Trade and other payables	176,484	-	176,484	176,484	-	-	-
Bank loan - secured	4,787	3.50 – 4.67	5,367	2,023	737	1,315	1,292
Bankers' acceptances	55,051	1.89 - 4.58	55,051	55,051	-	-	-
Hire purchase liabilities	1,586	2.15 - 2.78	1,707	613	547	547	-
Lease liabilities	2,140	4.00 - 7.00	2,231	1,032	1,199	-	-
Revolving credit - unsecured	18,000	3.82 – 3.99	18,000	18,000	-	-	-
	258,048		258,840	253,203	2,483	1,862	1,292
2020							
Non-derivative financial liabilities							
Trade and other payables	152,733	-	152,733	152,733	-	-	-
Bank loan - secured	3,715	3.75 - 3.92	4,469	543	534	1,536	1,856
Bankers' acceptances	71,185	2.92 - 4.58	71,185	71,185	-	-	-
Hire purchase liabilities	2,338	2.15 - 2.78	2,371	2,305	66	-	-
Lease liabilities	179	5.00 - 7.00	191	110	81	-	-
Revolving credit - unsecured	5,000	5.12	5,000	5,000	-	-	-
	235,150		235,949	231,876	681	1,536	1,856

26. Financial instruments (Continued)

26.5 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
2021				
Non-derivative financial liabilities				
Trade and other payables	135	-	135	135
Financial guarantee	-	-	89,310	89,310
	135		89,445	89,445
2020				
Non-derivative financial liabilities				
Trade and other payables	191	-	191	191
Financial guarantee	-	-	89,863	89,863
	191		90,054	90,054

26.6 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 also not significantly exposed to other price risk.

26.6.1 Interest rate risk

The Group's fixed rate loans and borrowings are exposed to a risk of change in their fair values 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.

26. Financial instruments (Continued)

26.6 Market risk (Continued)

26.6.1 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	
	2021	2020
	RM'000	RM'000
Fixed rate instruments		
Financial assets	5,200	3,620
Financial liabilities	(76,777)	(78,702)
	(71,577)	(75,082)
Floating rate instruments		
Financial liabilities	(4,787)	(3,715)

	Company	
	2021	2020
	RM'000	RM'000
Fixed rate instruments		
Financial assets	90,748	48,929

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.

26. Financial instruments (Continued)

26.6 Market risk (Continued)

26.6.1 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	30 bps decrease
	RM'000	RM'000
2021		
Floating rate instruments	(11)	11
2020		
Floating rate instruments	(8)	8

26.7 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 hire purchase liabilities also approximate their 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.

	Fair value of financial instruments carried at fair value	Fair value of financial instruments not carried at fair value	Total fair	Carrying
	Level 2	Level 3	value	amount
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2021				
Financial assets				
Other investments	1,019	-	1,019	1,019
Financial liabilities				
Bank loan - secured	-	(4,749)	(4,749)	(4,787)
2020				
Financial assets				
Other investments	902	-	902	902
Financial liabilities				
Bank loan - secured	-	(3,731)	(3,731)	(3,715)

26. Financial instruments (Continued)

26.7 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				
2021				
Financial assets				
Other investments	1,019	-	1,019	1,019
2020				
Financial assets				
Other investments	902	-	902	902

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 Level 2 fair values during the financial year (2020: no transfer in either directions).

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 accounts department has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

27. 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 Group is required to maintain a debt to equity ratio which is defined as total external borrowings divided by total equity of less than 0.60 to 1.50 to comply with bank covenants failing which, the banks may call an event of default. The Group is in compliance with the covenants as at the end of the reporting period.

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

28. 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.

28.1 Contingent liabilities not considered remote

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Guarantees given to contract customers in relation to construction contracts	55,632	70,674	2,242	3,136

28. Contingencies (Continued)

28.2 Material litigations

a) In March 2019, a subsidiary of the Group, Econpile (M) Sdn. Bhd. ("EMSB") issued a Notice of Determination to a customer on the grounds that the customer had interfered with or obstructed the issuance of interim certificates in respect of EMSB's progress claims for the cost of work performed of RM80.1 million; the customer had failed to issue the relevant interim certificates within 30 days from the date of receipt of EMSB's progress claims and to make payment of the same within the period of honouring certificates.

The Group initiated various legal actions against the customer to recover the value of work performed. Some of the significant legal actions are as follows:-

(i) First Adjudication

In March 2019, EMSB initiated the first adjudication proceeding against the customer in accordance with the Construction Industry Payment and Adjudication Act 2012 to recover the progress claims no. 15 to 24.

Based on the adjudication decision secured in June 2019, the customer was ordered to make payment of RM59.8 million to EMSB. EMSB enforced the adjudication decision through High Court.

Following that, the customer filed an appeal against the enforcement and a stay of execution application. The stay of execution application was dismissed by the High Court. The customer filed an appeal with the Court of Appeal on the stay of execution application. The case management is fixed for 1 November 2021 for parties to update the court of the status of the matter and to fix hearing date.

Based on the opinion of the solicitors, the Directors are of the view that the Group has a fair chance of winning the appeals filed by the customer.

(ii) Second Adjudication

In 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. In September 2019, the Adjudicator delivered the decision in favour of EMSB's claim of RM5.9 million. EMSB enforced the adjudication decision through High Court.

Similar to the first adjudication, the customer filed an appeal against the enforcement and a stay of execution application. Both the appeals against the enforcement and stay of execution application were dismissed by the High Court. The customer proceeded to appeal to the Court of Appeal. The case management is fixed for 20 December 2021 for parties to update the court of the status of the matter and to fix hearing date.

Based on the opinion of the solicitors, the Directors are of the view that the Group has a fair chance of winning the appeals.

28. Contingencies (Continued)

28.2 Material litigations (Continued)

a) (iii) Winding up petition and injunction

Upon obtaining the first adjudication award, EMSB demanded payment of the sum by way of a Sections 465 & 466 Notice pursuant to the Companies Act 2016. The customer filed an injunction against EMSB at the High Court to restrain EMSB from presenting a Winding-Up Petition against it pursuant to Sections 465(e) and 466 of the Companies Act 2016. The High Court allowed the customer's injunction application to restrain EMSB from presenting a winding up petition. EMSB then appealed against the High Court decision. The hearing of the appeal is now fixed on 3 December 2021.

Based on the opinion of the solicitors, the Directors are of the view that the Group has a fair chance of winning the appeal.

(iv) Writ of Seizure and Sale

Notwithstanding the High Court order on the first adjudication, the customer refused to make any payment to EMSB. Consequently, EMSB made a writ of seizure and sale (WSS) application to the High Court. EMSB obtained a Prohibitory Order (PO) to prohibit the customer to deal with a piece of land it owned and filed an Order for Sale of the land, while the customer applied to set aside the PO. The registrar has dismissed the set aside application and allowed the Order for Sale and fixed a Public Auction on 24 May 2021.

The customer filed an appeal against the setting aside decision to the High Court Judge in Chambers which was also dismissed. The customer has subsequently filed an appeal to the Court of Appeal. The hearing of the appeal is fixed for 23 February 2022. In addition, the customer also filed an appeal to the High Court Judge in Chambers with regards to the Registrar's Order for Sale decision. Similarly, the High Court Judge has dismissed the appeal. The customer then filed another appeal against the above decisions to the Court of Appeal. The hearing of the appeal is fixed for 23 February 2022.

In view of the appeals filed by the customer, EMSB has filed an application for a new Public Auction date to be fixed. Hearing for the new Public Auction date application is fixed for 11 January 2022. In the meantime, the customer has filed an application to stay EMSB's new Public Auction date application pending the disposal of the appeals which hearing date is fixed for 5 January 2022.

Based on the opinion of the solicitors, the Directors are of the view that the Group has a fair chance of winning the appeals.

(v) Arbitration

At the same time, EMSB also initiated an arbitration against the customer with the Asian International Arbitration Centre in March 2019. EMSB submitted its points of claim amounting to RM169 million for value of work performed, variations and claims for loss, expense and damages incurred. On the other hand, the customer counter claimed against EMSB for an amount of RM277 million. The Case Management has been fixed before the Arbitrator on 1 November 2021 for both parties to update the status of the matter and to fix hearing dates.

b) An external party issued a letter of demand against the developer, the main contractor and EMSB (as sub-contractor) for loss and damages amounting to RM4.08 million due to the ongoing construction work at the project site which is adjacent to the tuition centre operated by the external party. The external party has yet to file any documentation nor has the matter proceeded for trial. In the Directors' opinion, as the case is still in the initial stage, the Group is unable to estimate and determine the potential outcome of the case at this juncture and will continue to monitor on an ongoing basis.

29. 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 subsidiaries and key management personnel.

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 9.

	Transaction amounts for the year ended 30 June			
	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
A. Subsidiary				
Interest income	-	-	(2,419)	(1,672)
B. Key management personnel				
Directors				
- Fees	195	195	195	195
- Remuneration	2,010	3,226	321	318
	2,205	3,421	516	513
Other key management personnel				
- Remuneration	1,153	1,394	-	-

The estimated monetary value of Directors' benefit-in-kind of the Group is RM75,000 (2020: RM88,000).

30. Acquisition of a subsidiary

On 25 December 2020, Econpile (M) Sdn. Bhd. ("EMSB"), a wholly-owned subsidiary of the Group acquired 5,000 ordinary shares of USD1.00 each in Global Piling Solutions Co., Ltd. ("GPS") for a total cash consideration of USD48,000 (equivalent to approximately RM195,000) representing 100% of the total issued and paid-up share capital of GPS. Consequently, GPS became a wholly-owned subsidiary of the Group as disclosed in Note 6 to the financial statements.

The subsidiary is involved in general construction and piling works. The acquisition of GPS has further expanded the Group's operation into Cambodia.

The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Group 2021 RM'000
Fair value of consideration transferred	
Cash and cash equivalents	(195)
Identifiable assets acquired and liabilities assumed	
Trade and other receivables	1,688
Cash and cash equivalents	194
Trade and other payables	(1,687)
Total identifiable net assets	195

	Group 2021 RM'000
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	(195)
Cash and cash equivalents acquired	194
	(1)

Acquisition-related costs

The Group incurred acquisition-related costs of RM33,000 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in other expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

31. Significant events during and after the reporting period

The coronavirus (COVID-19) pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The COVID-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts. The Malaysian government has since then declared several Movement Control Order ("MCO") at different periods during the current financial year in response to the COVID-19 pandemic in the country. As a result, government and private premises providing non-essential services were compulsorily closed during the MCO periods.

On 1 June 2021, the Malaysian government announced the implementation of the Phase 1 Full Movement Control Order ("FMCO") nationwide from 1 June 2021 to 28 June 2021 in response to the third wave of COVID-19 pandemic in the country. Similar to MCO, government and private premises providing non-essential services were compulsorily closed with the exception of essential economic and service sectors.

The Malaysian government announced the National Recovery Plan ("NRP") on 15 June 2021 comprising a four phase exit strategy from the COVID-19 pandemic in which all economic sectors may reopen and more social activities are allowed by Phase Four. The respective states of Malaysia will move to the different phases with varying standard operating procedures when the conditions for respective phases are met.

The Enhanced Movement Control Order ("EMCO") was also implemented only in certain areas of Selangor and in Kuala Lumpur on 3 to 16 July 2021 with similar restrictions as MCO. Upon the end of the EMCO period above, both states then transitioned to the Phase 1 of the NRP. As at the date the financial statement are authorised for issuance, both states have moved to Phase 4 of the NRP.

The implementation of MCO, FMCO and EMCO by the Malaysian government has affected all of the Group's construction sites' activities and progress. The Group is taking appropriate and timely measures to minimise the impact of the pandemic on the Group's operations.

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 54 to 113 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 2021 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: 20 October 2021

Statutory Declaration

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

I, **Wong Chee Hung**, 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 54 to 113 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 Wong Chee Hung, NRIC: 710723-10-5575, MIA CA 18741, in Kuala Lumpur in the Federal Territory on 20 October 2021.

Wong Chee Hung

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 2021 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 113.

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 2021, and of their financial performance and their cash flows for the 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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 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 10 - Contract assets and Note 17 - Revenue.

The key audit matter

The Group has recorded revenue from construction contracts of RM420,141,000 for the financial year ended 30 June 2021.

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.

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

Key Audit Matters (Continued)

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

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 comparing to external quantity surveyors' report;
  - Assessed the timing to complete existing projects through corroborative discussion with finance and operational units; and
  - Evaluated the merits of extension of time application submitted to the contract customers to assess the exposure to liquidated and ascertained 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 9 - Trade and other receivables, Note 10 - Contract assets and Note 26.4 - Financial Instruments - Credit risk - Trade receivables and contract assets.

The key audit matter

The Group has significant trade receivables (including retention sum) and contract assets as at 30 June 2021 of RM358,154,000 and RM202,359,000 respectively. Included in contract assets is an amount of RM 80.1million related to a construction contract with a customer which is under litigation.

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.

How the matter was addressed in our audit

Our audit procedures included, among others:

- 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 the end of reporting period.
- For all retention sums that were due, 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.

Key Audit Matters (Continued)

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

How the matter was addressed in our audit (Continued)

- For contract assets under litigation, performed the following procedures, among others:
  - Discussed with management the recent developments and the status of the material litigations which were reviewed and noted by the audit and risk management committee;
  - Inspected the status of litigation and relevant legal opinions from external legal counsel; and
  - Assessed the adequacy of the Group's disclosures made in respect of liabilities.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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, actions taken to eliminate threats or safeguards applied.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors is disclosed in Note 6 to the financial statements

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: 03175/04/2023 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 20 October 2021

Analysis Of Shareholdings

as at 30 September 2021

Total Number of Issued Shares	:	1,417,500,025
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	104	3,973	0.000
100 to 1,000 shares	637	394,685	0.028
1,001 to 10,000 shares	3,543	21,584,652	1.523
10,001 to 100,000 shares	2,925	97,190,169	6.856
100,001 to less than 5% of issued shares	547	806,076,516	56.866
5% and above of issued shares	3	492,250,030	34.727
Total	**7,759**	**1,417,500,025**	**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 Held	%	No. of Shares Held	%
The Cheng Eng	346,500,018	24.44	380,000*	0.03
Pang Sar	277,000,012	19.54	-	-
Employees Provident Fund Board	120,760,100	8.52	-	-

Notes:-

* Deemed interested 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 Held	%	No. of Shares Held	%
The Cheng Eng	346,500,018	24.44	380,000*	0.03
Pang Sar	277,000,012	19.54	-	-
The Kun Ann	250,000	0.02	-	-
Krishnan A/L C K Menon	250,000	0.02	-	-
Dato' Rosli Bin Mohamed Nor	-	-	-	-
Ong Poay Wah @ Chan Poay Wah	1,500,000	0.11	-	-

Notes:-

* Deemed interested by virtue of his child's direct interest pursuant to Section 59 of the Companies Act 2016.

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2021

NO.	NAME	HOLDINGS	%
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR THE CHENG ENG	250,000,000	17.637
2	PANG SAR	170,750,012	12.046
3	THE CHENG ENG	71,500,018	5.044
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR	41,500,000	2.928
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	35,545,600	2.508
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	30,272,800	2.136
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PANG SAR (PB)	28,624,500	2.019
8	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	26,832,350	1.893
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR THE CHENG ENG (PB)	25,000,000	1.764
10	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	24,694,178	1.742
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	24,668,100	1.740
12	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR (THIRD PARTY)	19,750,000	1.393
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	18,018,800	1.271
14	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)	16,543,900	1.167
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (PB-0J0028)	16,375,500	1.155
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (MAYBANK 2)	13,400,000	0.946
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)	13,354,700	0.942
18	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	13,048,550	0.921
19	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	12,433,500	0.877
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	11,260,000	0.794
21	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	9,936,950	0.701
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	8,084,900	0.570
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	7,994,900	0.564

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2021

NO.	NAME	HOLDINGS	%
24	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	7,816,070	0.551
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	7,802,800	0.550
26	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 5	7,231,800	0.510
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	7,097,000	0.501
28	ENG LIAN ENTERPRISE SDN BHD	6,750,000	0.476
29	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 2	6,700,250	0.473
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL DALI EQUITY FUND	6,550,700	0.462
		939,537,878	66.281

Analysis Of Warrant Holdings

As At 30 September 2021

Number of Warrants Issued	:	267,500,005 Warrants 2018/2023 (“Warrants A”)
Exercise Price of Warrants A	:	RM1.25
Issue Date of Warrants A	:	3 January 2018
Expiry Date of Warrants A	:	2 January 2023

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Warrant Holders	No. of Warrants Held	%
Less than 100	137	5,634	0.002
100 to 1,000	364	220,971	0.083
1,001 to 10,000	812	4,220,440	1.578
10,001 to 100,000	767	32,231,150	12.049
100,001 to less than 5% of issued warrants	249	128,771,800	48.139
5% and above of issued warrants	2	102,050,010	38.149
Total	**2,331**	**267,500,005**	**100.000**

DIRECTORS’ WARRANT HOLDINGS

	Direct Interest		Indirect Interest	
Directors	No. of Warrants Held	%	No. of Warrants Held	%
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	-	-	-	-
Ong Poay Wah @ Chan Poay Wah	300,000	0.11	-	-

Notes:-
* Deemed interested by virtue of his child’s direct interest pursuant to Section 59 of the Companies Act 2016.

Analysis Of Warrant Holdings (Continued)
As At 30 September 2021

LIST OF 30 LARGEST WARRANT HOLDERS AS AT 30 SEPTEMBER 2021

NO.	NAME	WARRANT 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	4.206
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PANG SAR (PB)	9,000,000	3.364
5	DATIN SRI WONG PUI YOONG	6,811,200	2.546
6	DATO' SRI NG TECK LONG	6,191,600	2.315
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR THE CHENG ENG (PB)	5,000,000	1.869
8	CHANG KIAN LEE	2,977,600	1.113
9	YAP YEE HOCK	2,859,300	1.069
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD ZOLKEFLEE BIN ABD HAMID	2,812,300	1.051
11	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	2,712,550	1.014
12	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	2,200,650	0.823
13	NG TEIK CHONG	2,113,700	0.790
14	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR SOH CHIN TIONG	1,800,000	0.673
15	RHB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE. LTD. (A/C CLIENTS)	1,520,000	0.568
16	KHOR CHEAN HOE	1,400,000	0.523
17	ENG LIAN ENTERPRISE SDN BHD	1,350,000	0.505
18	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD AZMAN BIN YAACOB	1,300,000	0.486
19	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE)	1,203,400	0.450
20	MOK CHAN KEE	1,200,000	0.448
21	LIM WENG TAI	1,000,000	0.374
22	YEOW KIM CHOON	1,000,000	0.374
23	YONG FAN HING	927,000	0.346
24	LOW BEE LAN	874,200	0.327
25	LEE KONG LAM	870,000	0.325
26	KAN YOON KEONG	863,000	0.323
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE2)	861,900	0.322
28	CHAN KIM HUAT	840,000	0.314
29	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG FOOK HIN	800,000	0.299
30	YEOW KIM HON	800,000	0.299
		174,588,410	65.266

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting ("9th AGM") of the Company will be conducted virtually from the Broadcast Venue at **Meeting Room, Level 8, Tower Block, Plaza Dwitasik, Jalan Sri Permaisuri, Bandar Sri Permaisuri, 56000 Kuala Lumpur, Malaysia** on **Monday, 29 November 2021** at **10.00 a.m.** for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 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 Directors' fees to the following Independent Non-Executive Directors for the financial year ending 30 June 2022:-

   (a) Krishnan A/L C K Menon – RM77,000 ***(Ordinary Resolution 1)***

   (b) Dato' Rosli Bin Mohamed Nor – RM63,000 ***(Ordinary Resolution 2)***

   (c) Ong Poay Wah @ Chan Poay Wah – RM54,500 ***(Ordinary Resolution 3)***

3. To approve the payment of Directors' benefits of up to RM120,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. ***(Ordinary Resolution 4)***

4. To re-elect the following Directors who are retiring in accordance with Clause 76(3) of the Constitution of the Company:-

   (a) Dato' Rosli Bin Mohamed Nor ***(Ordinary Resolution 5)***

   (b) Ong Poay Wah @ Chan Poay Wah ***(Ordinary Resolution 6)***

5. To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. ***(Ordinary Resolution 7)***

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:-

6. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016** ***(Ordinary Resolution 8)***

"**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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 pursuant to this resolution 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 Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting 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."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board

FONG SOK YEE (MAICSA 7066501) (SSM PC NO. 202008001180)
LIM HOOI MOOI (MAICSA 0799764) (SSM PC NO. 201908000134)
TE HOCK WEE (MAICSA 7054787) (SSM PC NO. 202008002124)
Company Secretaries
Kuala Lumpur

29 October 2021

NOTES:

1. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.*

   Shareholders will not be allowed to attend the 9th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the 9th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online.

   For further information, kindly refer to the Administrative Guide for the 9th AGM.

2. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 19 November 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, participate, speak and vote on his/ her/its behalf.*

3. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*

4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), 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.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form
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, Malaysia 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, Malaysia.

(ii) By electronic means via Tricor TIIH Online website at https://tiih.online
Please follow the procedure as set out in the Administrative Guide of the 9th AGM for the electronic submission of proxy form via TIIH Online.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the proxy form is ***Saturday, 27 November 2021 at 10.00 a.m.***

12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ***ORIGINAL*** *certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia if this has not been lodged with the Company's Share Registrar earlier.*

13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 9th AGM will be put to vote by way of poll.

EXPLANATORY NOTES TO THE AGENDA

(i) ***Item 1 of the Agenda***
Audited Financial Statements for the financial year ended 30 June 2021

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 forward to vote by shareholders.

(ii) ***Ordinary Resolutions 1 to 3***
Directors' fees for the financial year ending 30 June 2022

The proposed Ordinary Resolutions 1 to 3, if passed, will facilitate the payment of Directors' fees for the financial year ending 30 June 2022. The amount of Directors' fees payable includes fees payable to Independent Non-Executive Directors as members of the Board and Board Committees and assuming that all Independent Non-Executive Directors will hold office until the next Annual General Meeting. In the event the Company appoints additional Non-Executive Directors, approval will be sought at the next Annual General Meeting.

(iii) ***Ordinary Resolution 4***
Directors' benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting

Directors' benefits consist of meeting allowance payable to Independent Non-Executive Directors and in determining the estimated amount, the Board of Directors ("Board") has considered various factors including the current board size and number of scheduled meetings for the Board and Board Committees for the period from the date of the forthcoming Annual General Meeting until the next Annual General Meeting as well as the number of Independent Non-Executive Directors involved in the meeting. In the event the proposed amount is insufficient (due to more meetings/enlarged board size), approval will be sought at the next Annual General Meeting for the shortfall.

(iv) ***Ordinary Resolutions 5 and 6***
Re-election of Directors

Dato' Rosli Bin Mohamed Nor and Ms Ong Poay Wah @ Chan Poay Wah are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 9th AGM.

Dato' Rosli Bin Mohamed Nor is the Independent Non-Executive Director of the Company. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company.

Ms Ong Poay Wah @ Chan Poay Wah is the Senior Independent Non-Executive Director of the Company. She has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company.

The Board had, through the Nomination Committee, carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The aforesaid Directors have devoted sufficient time to carry out their responsibilities throughout their tenure. They also possess relevant qualification, knowledge and experience which complement the current Board's competencies. The aforesaid Directors continue to bring independent and objective judgement to the Board.

Based on the above, the Board is supportive of the re-election of the aforesaid retiring Directors.

(v) ***Ordinary Resolution 7***
Re-appointment of Auditors

The Board had, 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 9th AGM are disclosed in the Audit & Risk Management Committee Report of the 2021 Annual Report.

(vi) ***Ordinary Resolution 8***
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 is a renewal of the mandate obtained from shareholders at the last Annual General Meeting held on 26 November 2020. 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 or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, the Company had issued 80,000,000 ordinary shares at an issue price of RM 0.5150 per share via private placement pursuant to the mandate obtained from shareholders on 26 November 2020. A total of RM41,200,000 was raised from the private placement, mainly for working capital purposes.

- This page has been intentionally left blank -

ECONPILE HOLDINGS BERHAD (Registration No.: 201201032676 (1017164-M))
(Incorporated in Malaysia)

Proxy Form

CDS Account No.	
No. of shares held	

I/We____ **Tel:**____________________

[Full name in block, NRIC/Passport/Company No.]

of____

[Full address]

____

being member(s) of ECONPILE HOLDINGS BERHAD**, hereby appoint:**

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the Ninth Annual General Meeting of the Company which will be conducted virtually from the Broadcast Venue at **Meeting Room, Level 8, Tower Block, Plaza Dwitasik, Jalan Sri Permaisuri, Bandar Sri Permaisuri, 56000 Kuala Lumpur, Malaysia** on **Monday, 29 November 2021 at 10.00 a.m.** or at any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
To approve the payment of Directors' fees to Krishnan A/L C K Menon amounting to RM77,000 for the financial year ending 30 June 2022.	Ordinary Resolution 1		
To approve the payment of Directors' fees to Dato' Rosli Bin Mohamed Nor amounting to RM63,000 for the financial year ending 30 June 2022.	Ordinary Resolution 2		
To approve the payment of Directors' fees to Ong Poay Wah @ Chan Poay Wah amounting to RM54,500 for the financial year ending 30 June 2022.	Ordinary Resolution 3		
To approve the payment of Directors' benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company.	Ordinary Resolution 4		
To re-elect Dato' Rosli Bin Mohamed Nor as Director.	Ordinary Resolution 5		
To re-elect Ong Poay Wah @ Chan Poay Wah as Director.	Ordinary Resolution 6		
To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	Ordinary Resolution 7		
Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 8		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this__________day of__________________, 2021

____

Signature#
Member

Manner of execution:

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, one of whom shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.*

   Shareholders will not be allowed to attend the 9th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the 9th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online.

   For further information, kindly refer to the Administrative Guide for the 9th AGM.

2. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 19 November 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.*

3. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*

4. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*

5. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), 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.*

6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

7. *Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

8. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*

   (i) *In hard copy form*
   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, Malaysia 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, Malaysia.

   (ii) *By electronic means via Tricor TIIH Online website at https://tiih.online*
   Please follow the procedure as set out in the Administrative Guide of the 9th AGM for the electronic submission of proxy form via TIIH Online.

Please fold here

AFFIX
STAMP

THE SHARE REGISTRAR OF
ECONPILE HOLDINGS BERHAD
(Registration No.: 201201032676 (1017164-M))
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

9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

10. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

11. *Last date and time for lodging the proxy form is* ***Saturday, 27 November 2021 at 10.00 a.m.***

12. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the* ***ORIGINAL*** *certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia if this has not been lodged with the Company's Share Registrar earlier.*

13. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 9th AGM will be put to vote by way of poll.*

ECONPILE HOLDINGS BERHAD
(Registration No.: 201201032676)(1017164-M)

Level 8, Tower Block, Plaza Dwitasik,
Jalan Sri Permaisuri, Bandar Sri Permaisuri,
56000 Kuala Lumpur
Tel +603 9171 9999
Fax +603 9173 6666

mail@**econpile**.com.my