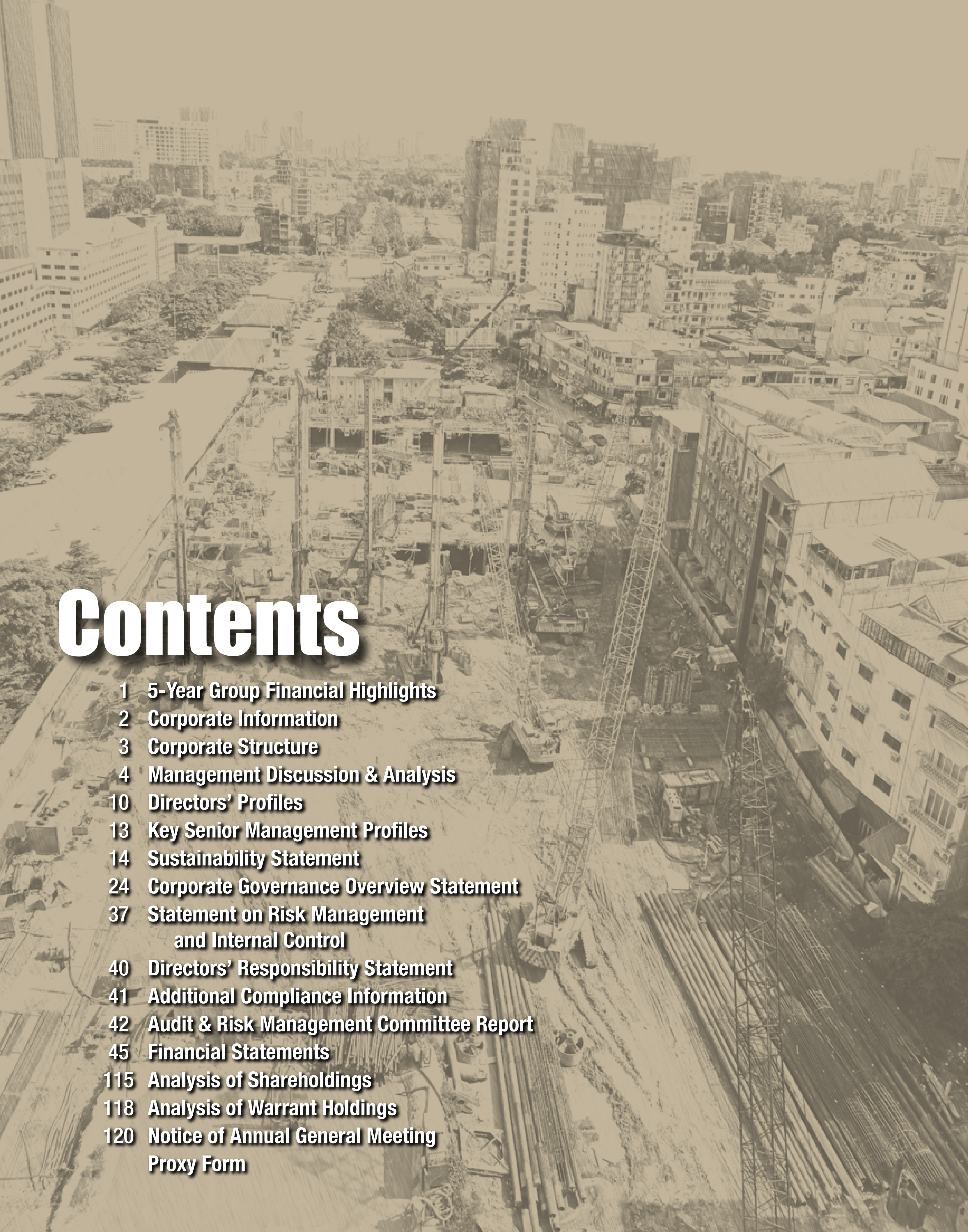
ECONPILE HOLDINGS BERHAD
Registration No.: 201201032676(1017164-M)

Annual Report **2022**

SPECIALIST
Piling, Substructure and Infrastructure Contractor



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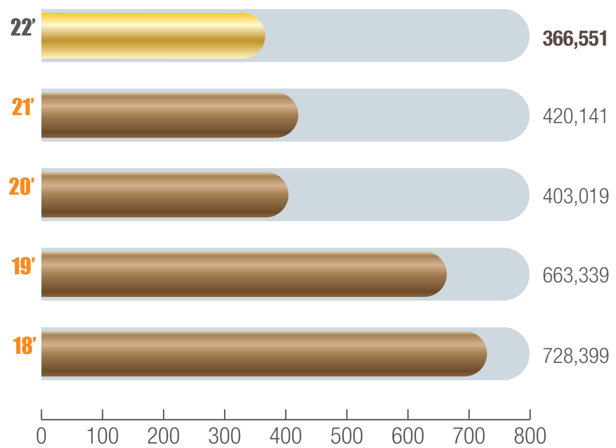
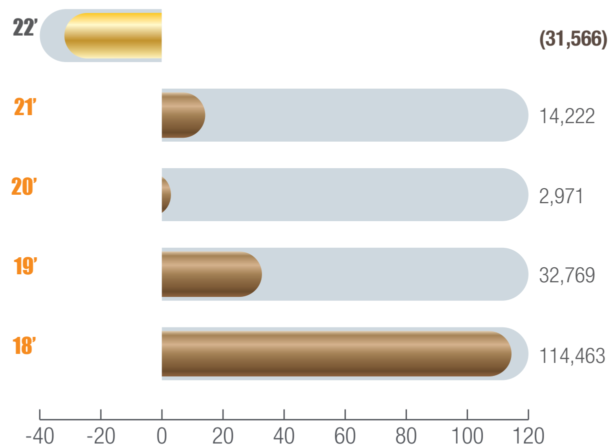
Financial Highlights

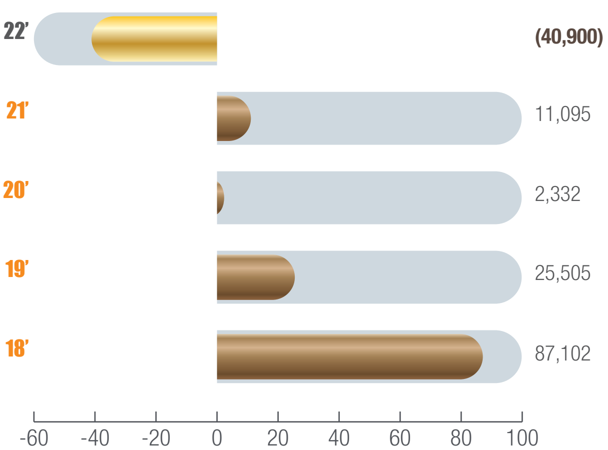
Revenue (RM'000)



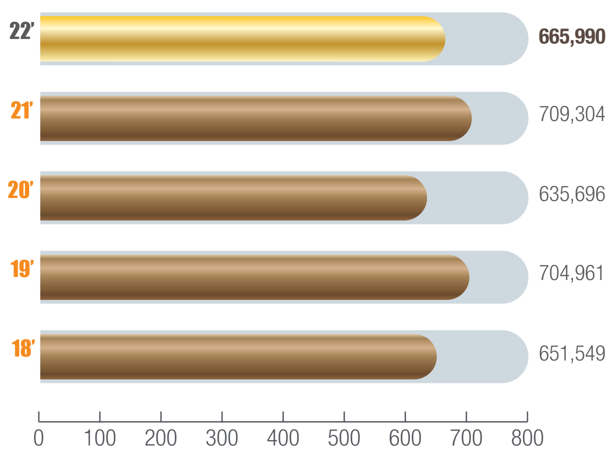
(Loss)/Profit Before Tax (RM'000)



Net (Loss)/Profit (RM'000)



Total Assets (RM'000)



FINANCIAL YEAR ENDED 30 JUNE	2022	2021	2020	2019	2018
Revenue (RM'000)	366,551	420,141	403,019	663,339	728,399
Depreciation (RM'000)	17,370	23,552	26,473	30,498	29,564
Finance costs (RM'000)	3,527	3,053	2,578	3,494	2,433
(Loss)/Profit before tax (RM'000)	(31,566)	14,222	2,971	32,769	114,463
(Loss)/Profit before interest and tax (RM'000)	(28,455)	17,275	5,549	36,263	116,896
(Loss)/Profit before interest, tax and depreciation (RM'000)	(11,085)	40,827	32,022	66,760	146,460
Net (loss) / profit for the year (RM'000)	(40,900)	11,095	2,332	25,505	87,102
Total assets (RM'000)	665,990	709,304	635,696	704,961	651,549
Shareholders' fund (RM'000)	401,776	443,153	390,796	395,158	369,653
Total borrowings (RM'000)	112,009	79,424	82,238	73,538	64,243
Share capital (RM'000)	177,206	177,206	136,006	136,006	136,006
(Loss)/Earnings per share (sen)	(2.89)	0.80	0.17	1.91	6.51
Net assets backing (sen)	28.34	31.26	29.22	29.54	27.64
Gearing ratio (times)	0.28	0.18	0.21	0.19	0.17
Interest cover ratio (times)	(7.95)	5.66	2.15	10.38	48.05
Return on equity (%)	(10.18)	2.50	0.60	6.45	23.56

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

Teh Bee Choo
Independent Non-Executive Director

Law Siew Ngan
Independent Non-Executive Director

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

Company Secretaries

FOO PEI KOON (MAICSA 7067238) (SSM PC NO. 202108000380)
FONG SOK YEE (MAICSA 7066501) (SSM PC NO. 202008001180)
TE HOCK WEE (MAICSA 7054787) (SSM PC NO. 202008002124)

Audit & Risk Management Committee

Teh Bee Choo
Chairperson

Dato' Rosli Bin Mohamed Nor
Member

Law Siew Ngan
Member

Nomination Committee

Law Siew Ngan
Chairperson

Dato' Rosli Bin Mohamed Nor
Member

Teh Bee Choo
Member

Remuneration Committee

Law Siew Ngan
Chairperson

Dato' Rosli Bin Mohamed Nor
Member

Teh Bee Choo
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)

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)
100%

Management Discussion & Analysis

Left:
The Cheng Eng
Group Managing Director

Right:
Pang Sar
Executive Director/ Group Chief Executive Officer

The construction sector continued its uphill battle to maintain normalcy amidst the fight against COVID-19 pandemic throughout the financial year under review. The Government's reimposition of a nationwide lockdown in June 2021 halted works in all construction sites, save for critical maintenance and repair works or construction works for key public infrastructure, albeit with workforce capacity capped at 60%.

Fortunately, the speedy rollout of the vaccination programme and abating of the number of new COVID-19 cases paved the way for the country to implement the National Recovery Plan ("NRP") in staggered phases. Construction sites in the Klang Valley, where most of our projects are located in, were allowed to fully resume works from September 2021 onwards.

Even so, global geopolitical tensions resulted in the entire sector grappling with runaway escalations of commodities such as steel, while persistent border closures led to a protracted labour crunch.

Nonetheless, we are heartened that Econpile Holdings Berhad ("Econpile") and its subsidiaries ("the Group") persevered through these circumstances to win new projects to stake our reputation as a leading piling player, in addition to keeping a sturdy balance sheet to support our operations for the long haul.

On behalf of the Board of Directors of Econpile, we present the Annual Report and Audited Financial Statements for the financial year ended 30 June 2022 ("FY2022").

ECONOMIC REVIEW

The global economy rebounded strongly to record a 5.8% of Gross Domestic Product ("GDP") growth – a vast contrast from the contraction of 3.3% a year ago - on the back of high vaccination rollout across the world.

Malaysia traced a similar trend despite the closure on international borders in 2021, as GDP expanded 3.1% compared to a decline of 5.6% in the previous year. This was largely due to the reopening of most economic sectors under the NRP from August 2021 onwards.

Malaysia continued to make good progress by transitioning into the endemic phase since 1 April 2022, which enabled all business sectors to resume activities. This helped the nation's GDP to maintain its growth streak with 6.9% in the first half of 2022. Notably, the construction sector recorded improvement in works, rebounding to 2.4% in the second quarter of 2022 from a decline of 6.2% in the preceding quarter.

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. and Tropical Broadway Sdn. Bhd. Econpile (M) Sdn. Bhd. in turn has two wholly-owned subsidiaries – Platinum Production Sdn. Bhd. and Global Piling Solutions Co., Ltd. Below are the core services provided by the subsidiary companies:

Direct Subsidiary	Principal Activities
Tropical Broadway Sdn. Bhd.	▸ Undertakes property development
Econpile (M) Sdn. Bhd.	▸ Provides piling and foundation services
Indirect Subsidiary	
Platinum Production Sdn. Bhd.	▸ Engages in property investment
Global Piling Solutions Co., Ltd. (incorporated in Cambodia)	▸ Undertakes piling and foundation projects in Cambodia

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 2021 to 30 September 2022)

Year High	RM0.435
Year Low	RM0.155
Year Close	RM0.175
Trading Volume	696.331 million
Market Capitalisation as at 30 September 2022	RM248.063 million

OPERATIONAL HIGHLIGHTS

PROGRESS OF ON-GOING PROJECTS

The Group had a total of 20 ongoing projects as at 30 June 2022, primarily made up of high-rise property development projects in the Klang Valley and Cambodia.

The foreign project located within the heart of Phnom Penh City in Cambodia, contributed more than one-third of our total Group revenue in FY2022. The foundation and substructure package entails construction of bored pile foundation, retaining wall system and four-level basement. The project is being developed as an integrated entertainment complex comprising three high-rise towers, rising over a multi-level podium with four-level basement parking.

The project site is divided into 3 main sections and the work package is being carried out in phases across the sections. During the financial year under review, the project continued at a steady pace with bored piling work being the key focal point of site operation. An important mark of progress was the completion of retaining wall – a diaphragm wall comprising 120 cast in-situ panels with varying sizes and wall thickness between 0.8m to 1.0m were constructed to support the soils at the sides prior to deep excavation.

Basement substructure work was kicked into high gear since end of 2021 following the completion of bored piling work in critical areas within Section One and Section Two. The project site is currently a flurry of activities with drilling rigs occupying the middle part of the site carrying out the remaining piling works for Section Three, while basement floor slabs are being simultaneously constructed across the site.

The project is located within congested urban environment which demands innovative excavation technique to optimise construction efficiency and to control excavation-induced ground deformation. With the adoption of top-down construction method, the higher-level floor slabs would be cast before the lower-level slabs, to act as lateral support to the perimeter diaphragm wall as excavation progresses. Access openings are left in each slab so that works thereafter could proceed downwards.

The construction activities for basement substructures will continue with increased intensity throughout 2023.

On the local front, one of the biggest work packages completed in FY2022 was the eight-level basement structure for Phase Two for Pavilion Damansara Heights ("PDH"). This was preceded by the completion of basement substructure works for Phase One in 2020. The basement of PDH is one of the deepest and largest underground space developments ever built in the region. Top-down work sequence was adopted to minimise impact on the surrounding ground and buildings while creating more working space during excavation. The gross floor area of the Phase Two basement itself measures around 200,000 sq.m., making the total constructed basement floor plate for the whole development approximately a massive 500,000 sq.m..

Carrying on our work for PDH, the above-ground reinforced concrete works for the Podium in Phase Two is currently in full swing and will continue through the next financial year.

Management Discussion & Analysis (Continued)

NEW WINS IN FY2022

Notwithstanding the muted construction sector owing to the pandemic-induced disruption, we secured multiple new contracts with cumulative worth of RM155.8 million throughout FY2022.

EMSB continued to secure contracts from repeat customer, Domain Resources Sdn. Bhd. worth a total of RM44.9 million to undertake foundation and substructure works for residential developments in Bangsar South, Kuala Lumpur and in Puchong, Selangor. We also secured a RM33.2 million contract from Cosmo Property Management Sdn. Bhd. to undertake substructure works (including piling, pile cap and basement) for Myara Park Residences in Ara Damansara, Selangor.

Apart from high-rise and mixed development projects, the Group was also awarded contracts to undertake substructure works for other types of commercial projects. Cases in point are RM23.0 million contract from CJ Synergy Solutions Sdn. Bhd. to undertake the foundation and basement works for Beacon Hospital's extension in Petaling Jaya, and RM22.7 million contract from Tunku Abdul Rahman University College to undertake the earthwork, piling, infrastructure and related works for its new recreation centre in their main campus in Kuala Lumpur.

CORPORATE DEVELOPMENT

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").

We are seeking RM80.1 million in progress claims from ASMKL through adjudication proceedings and RM169.5 million for value of work performed, variations and claims for loss, expenses and damages incurred through arbitration proceeding. At the same time, ASMKL has counter claimed for RM276.6 million in the same arbitration tribunal.

The status updates of the proceedings are detailed in the Notes to the Financial Statements from page 45 to page 114.

The final award of the arbitration will be the complete resolution of the matter. The first arbitration hearing was held in September 2022 and the full arbitration process is expected to conclude in 2023.

Based on the opinion of our solicitors, we are of the view that the Group has a reasonably good chance of success in succeeding in its claim and defending the counterclaim by ASMKL in the arbitration proceeding.

FINANCIAL REVIEW

STATEMENT OF COMPREHENSIVE INCOME

The interruption in the pace of works by the nationwide lockdown in Malaysia and labour shortage had led to the drop in Group revenue amounting to RM366.6 million in FY2022, compared to RM420.1 million in the previous year.

Piling and foundation works for property developments sustained as the main revenue contributor, making up RM347.0 million or 94.7% of topline. Works for infrastructure and other projects brought in the remaining RM19.6 million or 5.3%.

The impact of lower topline was exacerbated further by escalated costs of key building materials and labour. These factors, together with the extension of time required to complete existing construction projects and impairment of trade receivables, resulted in the Group incurring higher operating expenses from RM17.8 million in FY2021 to RM18.4 million in FY2022. In particular, Econpile has adopted a prudent stance of making a provision for expected losses from ongoing onerous contracts in FY2022.

Also, the larger funding requirements for the pool of ongoing projects and increase in overnight policy rate, increased the Group's finance costs to RM3.5 million versus RM3.1 million a year ago.

Amidst the tougher environment, Econpile registered a net loss of RM40.9 million in FY2022 compared to net profit of RM11.1 million in the previous year. Correspondingly, the Board did not declare any dividend payout in respect of FY2022, and remains steadfast in strengthening our business to be able to create value for all stakeholders going forward.

STATEMENT OF FINANCIAL POSITION

The Group retained a sturdy financial position as at 30 June 2022 despite registered a loss in FY2022.

The Group's total assets stood at RM666.0 million from RM709.3 million a year ago, on lower property, plant and equipment. With a sufficiently-sized fleet to fulfil ongoing project requirements alongside rigorous machinery maintenance in our in-house workshop, capital expenditure reached a minimal RM1.8 million in the financial year under review.

Total liabilities amounted to RM264.2 million as at 30 June 2022 from RM266.2 million in the prior year. While trade and other payables reduced in tandem with lower revenue, the Group's financing requirements for ongoing projects and business operation necessitated the higher borrowings of RM113.3 million, compared to RM81.6 million a year ago.

The reduction in retained earnings preceded the slight dip in shareholders' equity to RM401.8 million in end-June 2022 from RM443.2 million previously. Still, the Group upheld a commendable financial position despite the difficult conditions, with net gearing of 0.15x as at 30 June 2022 versus 0.07x in the prior year.

RISKS

DELAYED COMPLETION

Although the COVID-19 pandemic related movement controls and restrictions are no longer in place, labour supply chain disruptions persist due to delay in the approval process for foreign workers' applications. Since 2021, the shortage of manpower has caused delay in work progress, which may lead to liquidated ascertained damages claims.

Econpile has applied for, and been granted, the quota for foreign workers by the Human Resources Ministry in September 2022. Necessary arrangements have been made to bring in foreign manpower to fulfil our workforce needs. With Indonesia's lifting of freeze on allowing its migrant workers to enter Malaysia in August 2022, we are optimistic that the labour shortage will start easing towards end of 2022.

PROJECT COST OVERRUN

The rising and falling cost of building materials can significantly affect our projects' overall budget and timeline. The persistent disruptions in the global supply chain due to COVID-19 pandemic and the Russia-Ukraine conflict precipitated the uptrend in building material prices.

The drastic spike in steel prices, and to a lesser extent, cement, in the past year has affected project total costs adversely and contributed to project cost overrun.

Although the price of steel has eased from the highs in the first half of 2022, there is no assurance that the volatility in the commodities market will cease moving forward, as the world continues to grapple with geopolitical tensions and macroeconomic issues. Any increase in building material prices which is not offset by pass-on to customers could have an adverse effect on operating income.

The Management monitors price fluctuations on a regular basis to hopefully minimise the price difference from the initial project cost. Besides, we look to value engineer cost savings where opportunities arise to potentially reduce this risk.

CASH FLOW LIQUIDITY RISK

We are dependent upon regular interim payments from clients during the course of construction to help discharge the debt so accrued. Although the full resumption of site operations has allowed us to issue progress billings based on work completed, the recovery of our receivables has yet to improve due to the slow collection of receivables from certain customers. As businesses recover from the lingering effects of the COVID-19 pandemic, most of our customers in property development segment are still experiencing cash flow challenges.

We believe our liquidity position will remain tight in the near term but will gradually improve in line with the continuing recovery of property market in Malaysia. With our low net gearing and readily accessible financing options, not only are we confident we can continue to operate as a going concern but also to return to profitability soon.

FUTURE OUTLOOK

Bank Negara Malaysia in August 2022 had forecasted for Malaysia to reach GDP growth between 5.3% and 6.3%, on account of the reopening of international borders and the resumption of economic activities.

The domestic construction sector is expected to expand 11.5% in 2022 from 0.8% contraction, on the acceleration of major infrastructure projects such as the Light Rail Transit 3 ("LRT 3") and Mass Rapid Transit Line 3 ("MRT 3") in the Klang Valley, as well as the Rapid Transit System Link ("RTS Link") between Johor Bahru and Singapore.

In seeking to alleviate the pressures of higher building material prices, the Government added 11 new type of building materials into the Variation of Price list to ease contractors' burden while handling public works projects. Additionally, the authorities have lifted the temporary freeze on hiring of foreign workers in August 2022, and engaged in talks with various countries to resolve the shortage of manpower.

Our focus remains on leveraging the Group's core expertise of deep foundation and deep basement works, seeking new growth markets and enhancing our efficiency. We trust that with the economic situation normalising, Econpile is slated to yield positive outcome in the years ahead.

GROWTH STRATEGIES

On the back of uncertainty around general election and political backdrop in Malaysia, we see now as the time to focus on the fundamentals and prudence in managing our business. We have identified 2 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.

  We are also exploring selective opportunities in public infrastructure projects, to support Malaysia's ongoing infrastructure development drive. To this end, Econpile announced in August 2022 that it had secured a RM40.0 million contract from Ekovest Construction Sdn. Bhd. to undertake Package 2A: construction and completion of piling work at Immigration, Custom and Quarantine Complex ("ICQC") for the RTS Link.

  We endeavour to continue participating in property and infrastructure-related projects to play our role in Malaysia's advancement.

- **Expanding foothold in Cambodia**

  We are upbeat of Cambodia's long-term growth prospects in line with its drive towards modernisation and urbanisation. This is anticipated to spur demand for deep foundation works in the foreseeable future. According to the Ministry of Economy and Finance of Cambodia, the growth rate of Cambodia real estate is expected to rise to 4.8% in 2022 – doubling the pace from 2.4% in 2021 – given strong demand as well as the spate of domestic and foreign investments.

  In addition, Cambodia is developing a USD50 billion 10-year infrastructure master plan which aims to improve multi-mode transportation connectivity across the country. The plan will include over 300 infrastructure development projects such as roads, railways, expressways, waterways, ports and airports.

  We believe that our track record, existing fleet in Phnom Penh and positive progress in our present undertaking places us in good stead to secure more jobs in Cambodia.

APPRECIATION

We would like to record our appreciation to the Board, management team, and our employees for your dedication throughout the challenging financial year. Our appreciation also goes to our business partners, associates, suppliers, customers, and valued shareholders for supporting our endeavours.

Sincerely,
The Cheng Eng
Group Managing Director

Pang Sar
Executive Director/ Group Chief Executive Officer

Directors' Profiles

1. **LAW SIEW NGAN (f)** Independent Non-Executive Director
2. **PANG SAR** Executive Director/ Group Chief Executive Officer
3. **DATO' ROSLI BIN MOHAMED NOR** Non-Independent Non-Executive Director
4. **KRISHNAN A/L C K MENON** Independent Non-Executive Chairman
5. **TEH BEE CHOO (f)** Independent Non-Executive Director
6. **THE CHENG ENG** Group Managing Director
7. **THE KUN ANN (f)** Executive Director

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

Krishnan A/L C K Menon (Male), a Malaysian aged 72, is our Independent Non-Executive Chairman. He was appointed to our Board on 20 February 2014. He does not sit on any Board Committees of the Company as he had on 25 May 2022 resigned as a member of the Audit & Risk Management Committee, Nomination Committee and Remuneration Committee. 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 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 6 years and left as an Executive Vice-President in 1994. After serving 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 Non-Independent Non-Executive Chairman of SCICOM (MSC) Berhad.

Mr Menon has attended all the 5 Board meetings held during the financial year ended 30 June 2022. 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 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 2022.

THE CHENG ENG
Group Managing Director

The Cheng Eng (Male), a Malaysian aged 74, 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 50 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 is currently a trustee of Chong Hwa KL Foundation.

Mr The has attended all the 5 Board meetings held during the financial year ended 30 June 2022. 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 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 2022.

PANG SAR
Executive Director/ Group Chief Executive Officer

Pang Sar (Male), a Malaysian aged 64, 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 35 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 as Resident Engineer and Project Manager, in consultant firm and construction companies.

Mr Pang has attended all the 5 Board meetings held during the financial year ended 30 June 2022. 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 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 2022.

THE KUN ANN
Executive Director

The Kun Ann (Female), a Malaysian aged 42, is our Executive Director. She was appointed to our Board on 8 October 2013. 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.

Prior to joining the Group in 2010, Ms The has 10 years of experience in commercial and non-profit operations. 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 5 Board meetings held during the financial year ended 30 June 2022. 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 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 2022.

TEH BEE CHOO
Independent Non-Executive Director

Teh Bee Choo (Female), a Malaysian aged 59, is our Independent Non-Executive Director. She was appointed to the Board on 3 August 2022. She is the Chairperson of the Audit & Risk Management Committee and a member of the Nomination Committee and Remuneration Committee. She graduated from Swinburne Institute of Technology, Australia with a Bachelor of Business in Accounting with Data Processing. She is a Chartered Accountant of the Malaysian Institute of Accountants.

Ms Teh has over 30 years of extensive working experience in accounting and financial management. She is the Chief Financial Officer of PESTECH International Berhad ("PESTECH"), currently heading its Accounts and Finance Division. She is responsible for PESTECH's financial reporting, risk management, internal controls, financial and budgetary planning, and taxation.

Prior to joining PESTECH in 2008, her work experience includes holding various senior finance positions in private and public companies as well as running her own company offering corporate management services.

She did not attend any of the Board meetings held during the financial year ended 30 June 2022 as she was appointed after the financial year. 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 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 2022.

Directors' Profiles (Continued)

LAW SIEW NGAN
Independent Non-Executive Director

Law Siew Ngan (Female), a Malaysian aged 61, is our Independent Non-Executive Director. She was appointed to the Board on 18 October 2022. She is the Chairperson of the Nomination Committee and Remuneration Committee and a member of the Audit & Risk Management Committee. She is a Chartered Accountant of the Malaysian Institute of Accountants.

Ms Law has over 30 years of extensive experience across financial management, accounting, audit, risk management, human resources and senior level strategic planning. She started her career by serving articleship at Hanafiah, Raslan and Mohamed in 1981 where she left as an audit supervisor in 1989. This is followed by a progressive career in commerce holding various senior positions in finance and corporate in private and public companies from 1990 to 2018.

She did not attend any of the Board meetings held during the financial year ended 30 June 2022 as she was appointed after the financial year. 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 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 2022.

DATO' ROSLI BIN MOHAMED NOR
Non-Independent Non-Executive Director

Dato' Rosli Bin Mohamed Nor (Male), a Malaysian aged 63, is our Non-Independent Non-Executive Director. He was appointed as an Independent Non-Executive Director to the Board on 8 October 2013 and was redesignated as Non-Independent Non-Executive Director on 18 October 2022. He is now a member of the Audit & Risk Management Committee, Remuneration Committee and 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 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 9 years and 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 5 Board meetings held during the financial year ended 30 June 2022. 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 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 2022.

Key Senior Management Profiles

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 66, 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 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 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 2022.

Choo King Hwa (Male), a Malaysian aged 61, 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 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 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 2022.

Amrick Singh A/L Atar Singh (Male), a Malaysian aged 53, 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 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 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 2022.

Lau Kent Lit @ Loh Kent Lit (Male), a Malaysian aged 42, is our Deputy Senior General Manager (Finance). He was appointed to this position on 15 July 2022. He is responsible for directing the financial and accounting operations of the Group. He graduated with a Bachelor of Accounting (Hons) from Multimedia University, Malacca in 2002. He is a Chartered Accountant of the Malaysian Institute of Accountants and a member of the Certified Practising Accountant Australia (CPA, Australia).

He has over 18 years of experience in the areas of financial and management reporting, business planning, initial public offering and merger & acquisition exercises, treasury affairs, company secretarial matters, taxation, investor relationship, internal controls and other management disciplines.

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 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 2022.

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 ("the Board") of Econpile Holdings Berhad ("the Company" or "Econpile") sees sustainability as being integral to good governance and a key factor to ensure the long-term economic success of Econpile 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 financial year ended 30 June 2022 ("FY2022"), the Company registered a net loss of RM40.9 million – the first loss-making year since it was listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia") in 2014. In FY2022, the construction sector in Malaysia faced not only the challenges confronting the world at large such as elevated energy costs and persistent inflation pressures but also our own distinctive challenges locally.

In Malaysia, while construction work has resumed in early part of 2022, the acute shortage of labour has caused in the past year, and is continuing to constrain project progress, with labour costs increasing and project schedules delayed. The drastic spike in steel prices, and to a lesser extent, cement, in the past year has affected our total costs adversely and contributed to margin erosion.

On the demand side, the Group saw a year of slow contract wins totalling RM155.8 million in FY2022. The supply for construction services in Malaysia surpasses demand in the financial year with property developers still reeling under liquidity risk and dwindling sales brought on by the COVID-19 pandemic. The infrastructure developments were also mostly on hold amid political uncertainty.

Internal audits played a significant role in the continuous improvement in quality, environmental, and health and safety. These areas were audited over the course of six (6) months in FY2022 across project sites and departments to ensure continued conformance to requirements of ISO 9001, ISO 14001 and ISO 45001.

With financial stability being the Group's chief concern, new sustainability initiatives have taken a back seat temporarily in the financial year while we navigate through these difficult times. The Group's immediate priority is to focus on issues that are crucial to its own business sustainability. Having said that, we continued to make strides in environmental efforts in the Group, strengthening both reporting and enforcement in the area.

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").

It is in a challenging operating environment that this Statement reports the Group's sustainability activities undertaken in FY2022.

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 2022 for the period from 1 July 2021 to 30 June 2022.

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 and has been prepared in accordance with Bursa Malaysia's Sustainability Reporting Guide, 2nd Edition ("SRG"), issued in 2018.

C. Governance Structure

The Group Managing Director ("Group MD") and the Group Chief Executive Officer ("Group CEO") have the overarching responsibility for Econpile's sustainability work. The Board of Directors oversees and governs the Group's sustainability performance, while the members of Key Senior Management are responsible for the operational performance and reports to the Group MD and Group CEO.

Guided by regulatory best practices, our focus for the coming year is to further define and develop our governance structure to improve sustainability oversight and enhance management transparency.

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	• Annually • Regularly • Annually • Annually
Employees	• Health and safety • Career development	• Performance review • Management meeting • Open-door policy	• Annually • Monthly • 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

Against the backdrop of lingering challenges posed by the COVID-19 pandemic and economic uncertainties, the material sustainability matters remain the same as previously identified last year.

E. Material Sustainability Matters (Continued)

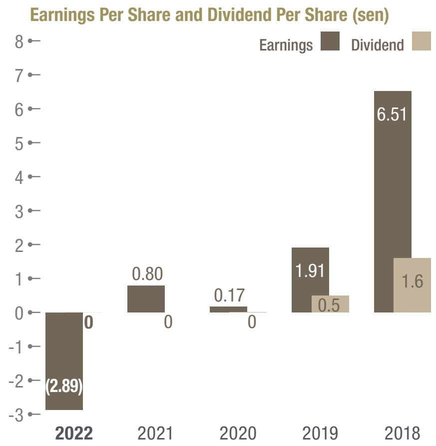
Financial Performance

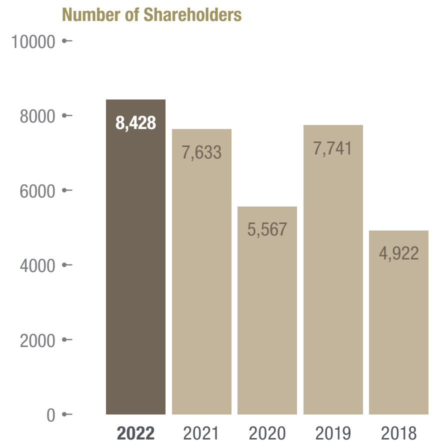
Generating income and achieving financial sustainability is the most important strategic task of the Group in a turbulent operating environment. Above all else, positive financial performance is the foundation for the long-term viability of any business.

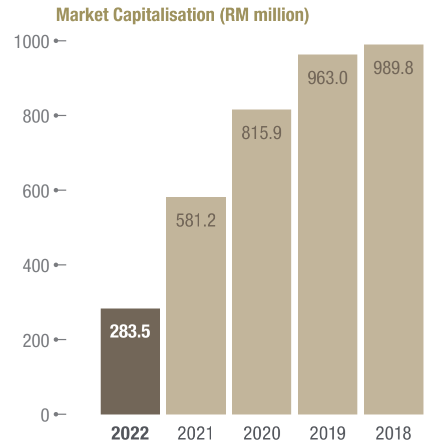
The external environment of construction sector in Malaysia is currently marked by heightened uncertainty with fluctuating cost of building materials, protracted economic impact from the COVID-19 pandemic and acute labour shortage.

With limited jobs in the local market, pricing remains the key decision driver for clients to finalise the award of contracts. The resulting margin pressure continues to intensify, impacting our operating income.

As at the end of FY2022, the Company had 8,428 shareholders compared to 7,633 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 2022 was RM0.20 with a market capitalisation of RM283.5 million.







As the Group was in loss in FY2022, earnings per share has turned negative to -2.89 as against 0.80 in the previous financial year. No dividend is declared.

The Group recorded 12.7% lower revenue of RM366.6 million in FY2022, compared to RM420.1 million a year ago.

The Group focused strongly on keeping the balance sheet healthy in the financial year. As at 30 June 2022, our cash and cash equivalents of RM51.9 million coupled with a low gearing ratio of 0.28 times bode well during times of uncertainty whilst providing a stable platform for future growth.

The complete audited financial statements for FY2022 are presented on pages 45 to 114 and the analysis of the profit performance is explained in the Management's Discussion and 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 ("MCCG"). Deviations from the Code are reported in our annual report. The Audit & Risk Management Committee ("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 Report and Corporate Governance Overview Statement from pages 24 to 36 which encompasses areas such as our core policies, independence and diversity on the board, remuneration practices and other governance relevant matters.

E. Material Sustainability Matters (Continued)

Corporate Governance (Continued)

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 Independent Director directly and will be escalated to the ARMC and the Board if necessary.

No whistleblowing cases were received during the FY2022.

Products and Services

We are committed to providing quality products and services, with the objective of delivering all works to the highest level of customer satisfaction. We believe quality products and services are instrumental in developing client relations and gaining repeat business.

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. The quality targets we measured and strive to achieve in the financial year include:

- To meet clients' requirement through inculcating customer satisfaction throughout construction period and on-time completion of projects;
- To minimise delay of delivery of material and service to sites through timely procurement and contract administration;
- To enhance efficiency of machinery through periodic and preventive maintenance; and
- To promote quality awareness within the Group through process improvement and training.

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.

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.

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 HSE requirements as defined in the contractual work scope.

Sustainability Statement (Continued)

E. Material Sustainability Matters (Continued)

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.

The Group is committed to providing the necessary resources to develop, operate and maintain environmental management. In the financial year under review, we stepped up our environmental focus by conducting environmental training to our safety site supervisors. In addition, we now have dedicated environmental officers to assist in coordinating environmental affairs at construction sites.

During FY2022, 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 five (5) main environmental protection activities monitored under the ISO framework are:

1.	Establishment of environmental aspect and impact (pre-construction)	We carry out environmental aspect and impact assessments for all project sites before commencement of work. The assessments help us to identify, mitigate and manage environmental risk.
2.	Implementation of Environmental Management Plan	We monitor the quality of air, noise, water discharges and vibration levels at selected project sites to ensure compliance with regulatory limits as well as contractual requirements.
3.	Management of scheduled waste	We manage scheduled waste in compliance with legislative requirements whilst licensed contractors undertake collection and disposal activities.
4.	Management of construction and domestic waste	We ensure construction and domestic waste is managed safely and sustainably in line with legal duties to dispose of waste responsibly.
5.	Implementation of Best Management Practices	We implement site specific erosion and sediment control as site conditions dictate.

The Group is committed to prevent air, noise and water pollution in places we operate. Through our Environmental Management Plan, we monitor the quality of air, noise, water discharges and vibration levels at selected project sites to ensure compliance with regulatory limits as well as contractual requirements.

Air Quality Monitor

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/m^3 and 150µg/m^3, 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 permissible 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 Discharge Monitoring

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)

At project sites, we are guided by the Best Management Practices to minimise risks of erosion and sedimentation caused by construction activities. Heavy rainfall in Malaysia often aggravates the erosion and sedimentation. Bare soil left exposed to rains can quickly erode and move the sediments to nearby waterways.

Generally, the control measures are in place for all projects and we implement site specific measures as site conditions dictate. Among the commonly used measures are construction of silt traps, installation of silt fences, placing of protective covering over exposed slope surfaces and provision of wash trough for construction vehicles entering and existing the sites.

Erosion and sediment control measures in project site in Cambodia (Slope protection and silt fence).

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 3.8 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.

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:

- Toolbox meetings
- Emergency drills
- Issuance of non-conformance reports
- SHE awareness campaign
- Safety and emergency response trainings
- Periodic review of safety goals and targets
- Fogging and clearing up water-logged areas

Two (2) fire drills took place at our project sites in the financial year to determine evacuation capability, identify bottlenecks and risk areas for subsequent resolution.

In June 2022, one of our ongoing projects, Kuchai Sentral Phase 2, has undergone the Safety and Health Assessment System in Construction ("SHASSIC") by Construction Industry Development Board ("CIDB") and achieved a satisfactory score of 87% (a 4-star rating). The score denotes that a very good occupational safety and health management system is planned and implemented at the site.

Raising the level of safety awareness through trainings is an ongoing process in Econpile. These trainings are also applicable to subcontractors, who are given adequate awareness on HSE. In FY2022, 55 trainings were conducted at project sites and the corporate office. The topics covered were:

1. Lift and Rigging	6. Emergency Response Preparedness	11. Chemical Management
2. Fire Fighting	7. Basic Occupational First Aid	12. Erosion and Sediment Control
3. Working at Height	8. Accident Investigation Reporting	13. Waste Management and Vector Control
4. Scaffold Inspection	9. Permit to Work Management	14. Workplace Safety and Health
5. Machinery Inspection	10. Scheduled Waste Handling	

All our construction activities can cause various unwanted impacts, including those concerning aspects of occupational safety and health. Our construction sites are subject to inspection by authorities at any time to ensure compliance with regulatory requirements. Failure to comply can result in stop work orders and/or other penalties, which in turn affects our profitability. During the FY2022, we have received nine (9) compounds from local councils, CIDB and Department of Occupational Safety and Health.

All violations identified were promptly resolved.

E. Material Sustainability Matters (Continued)

Employee Wellbeing

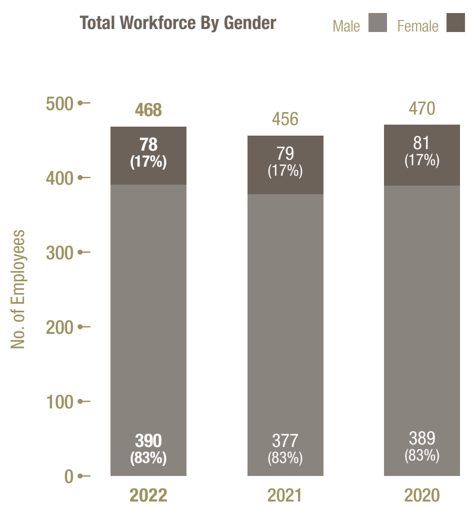
(i) Diversity and Equal Opportunity

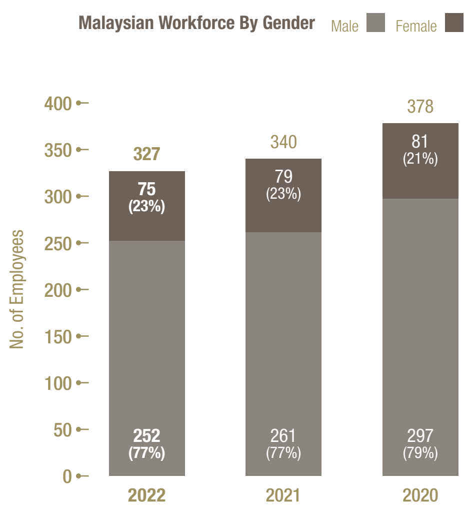
The Group believes diversity helps to create a supportive work environment for all employees and leads to better business outcomes.

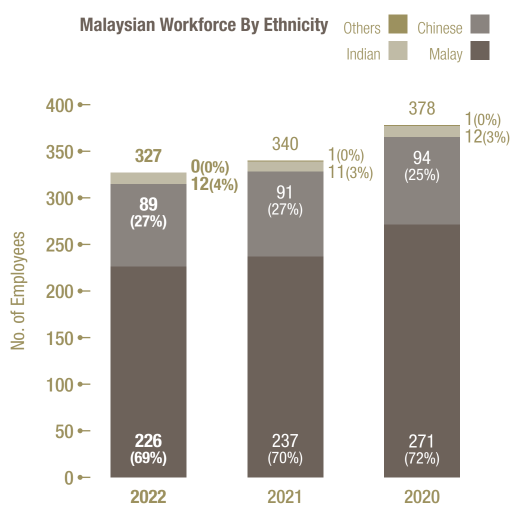
At the apex of the Group, our multi-ethnic Board with representation from both genders harnesses this pool of multifaceted knowledge base in making complex decisions for the Group. Our board is committed to have at least 30% women directors and currently has 43% female representation on the Board.

The Group recruit candidates based on competence, experience and their potential to grow within the organisation. Our recruitment and remuneration decisions are based on merit and the business needs of the Group. The Group does not discriminate its employees against any demographic background.

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. Our Malaysian gender profile is similar to that of overall gender profile. The ethnicity breakdown of our Malaysian workforce mirrors the national composition.





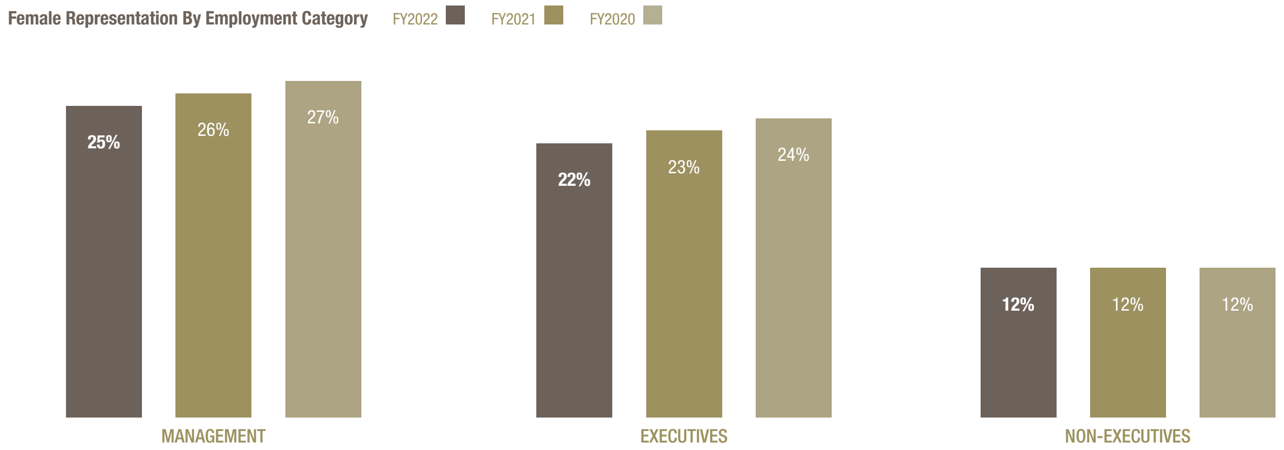


E. Material Sustainability Matters (Continued)

Employee Wellbeing (Continued)

(i) Diversity and Equal Opportunity (Continued)

The female representation in our workforce across non-executive, executive and management levels stays almost the same in the past three (3) years. The Group strives to have 20% female representation in management positions, i.e. holding position of Senior Manager and above. The female representation in management is 25% in FY2022.



We have a diversified workforce across all age groups. 64% of our current workforce now consists of those 40 years of age and below, who inject new ideas and energy into the Group.

(ii) Employees Benefits

Our skilled workforce is paramount to the Group's long-term success.

The prerequisite for the implementation of our business strategy is that the Group is able to recruit and retain qualified personnel. To this end, the Group offers competitive remuneration packages and welfare 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.

The heavy rainfall in late 2021 has caused major flooding in parts of the country and some of our employees were unfortunately not spared from the effects of the flood. The Group has extended its support to these employees by way of monetary aids.

(iii) Employees Training

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

Both internal and external trainings were provided to selected employees to improve their skills and knowledge. 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.

E. Material Sustainability Matters (Continued)

Employee Wellbeing (Continued)

(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.

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.

During the reporting period, we engaged with local elected officials, local government authorities, non-profit organisations and neighbouring residents to address any concerns they may have. We took immediate remedial actions upon receiving feedback, such as fixing potholes, solving traffic problems and repairing cracks and spalls.

In particular, for our largest running project in Cambodia, we have a team who interact with local communities actively. We take proactive steps as best as we could to prevent any negative impact our operation may cause to the surrounding environment. For instance, we have taken the initiatives in the reporting year to clear the surrounding clogged drainage which has not been desilted for a long time.

F. Looking Ahead

The previous year has been one of disruption and volatility where Econpile had its main focus on management of financial risks to ensure the Group is able to move forward as a profitable business with prospects for growth.

Laying the foundations for an effective sustainability structure and management takes time, and in Econpile we are only at the beginning of this journey.

In the year ahead, we will continue our effort in building a foundation for more systematic EES-efforts, monitoring and reporting.

In particular, we will continue to work on incorporating the requirements and recommendations of Bursa Malaysia's Sustainability Reporting Guide, the Security Commission's MCCG, as well as the enhanced sustainability reporting requirements in the Main Market Listing Requirements recently announced by Bursa Malaysia in September 2022, into our sustainability structure.

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 ("MCCG"). The Board is committed to maintain a high standard of corporate governance within the Company and its subsidiaries ("the Group") as to protect and enhance stakeholders' value and the performance of the Group.

The Board is pleased to share the manner how the three (3) key principles of the MCCG have been applied within the Group throughout the financial year ended 30 June 2022 ("FY2022") as well as its key focus area and future priorities in relation to corporate governance practices. The detailed application of each best practice is furnished in further detail in the Corporate Governance Report ("CG Report") which is made available on the Company's website at www.econpile.com as well as the website of Bursa Malaysia Securities Berhad ("Bursa Securities").

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 to ensure that shareholders' 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 communication and engagement with 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 operational performance of the Group.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely Audit & Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). 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 to align with best practices. The Board Charter sets out the roles and responsibilities of the Board, Chairman of the Board, Group Managing Director, Group Chief Executive Officer, the Executive and Non-Executive Directors and Company Secretaries, including a formal schedule of matters reserved to the Board. The Board Charter was last reviewed by the Board on 25 May 2022.

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 Code of Conduct and Code of Ethics were last reviewed by the Board on 25 May 2022.

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 Group without fear of reprisal. The Whistleblowing Policies & Guidelines was last reviewed on 18 October 2022.

As part of the Company's commitment against all forms of bribery and corruption, the Board has adopted the Anti-Bribery & Anti-Corruption Policy 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

3. Strategies Promoting Sustainability

The Board places great emphasis on corporate sustainability in economic, environmental and social areas. A report on the sustainability activities is contained in the Sustainability Statement on pages 14 to 23 of this Annual Report.

4. Composition and Balance

Subsequent to the financial year end and up to the date of this Statement, with the support of the NC, the Board has reviewed and made the following changes to the composition of the Board having considered Board diversity recommended by the MCCG:-

(i) Teh Bee Choo has been appointed to the Board as an Independent Non-Executive Director on 3 August 2022;
(ii) Ong Poay Wah @ Chan Poay Wah has stepped down from the Board as a Senior Independent Non-Executive Director on 18 October 2022;
(iii) Dato' Rosli Bin Mohamed Nor has been redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 18 October 2022; and
(iv) Law Siew Ngan has been appointed to the Board as an Independent Non-Executive Director on 18 October 2022.

Consequently, the Board now has seven (7) members, comprising three (3) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. 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.

During the financial year, the Non-Executive Directors have met among themselves without the presence of the Executives Directors to review and deliberate on topics surrounding the strategic, governance and operations of the Group. The relevant outputs were communicated to the Management for their necessary action subsequently.

The Board is committed to have at least 30% women directors. The Board currently has three (3) women directors, representing 42.86% women 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 MCCG that the Chief Executive Officer and Chairman shall not be the same person. The roles and responsibilities of the Chairman, Group Managing Director and Group Chief Executive Officer are separated and clearly defined, and are held by different individuals. 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, supervision and management of the Company as well as assisting the Group Managing Director in all of his responsibilities. 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

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 are free from 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 judgement.

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, the tenure of an Independent Director shall not exceed a cumulative term of nine years. In the event the Independent Director continues to serve the Board after serving for nine years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process or the said Independent Director will be re-designated as Non-Independent Director.

The two (2) Independent Directors namely, Dato' Rosli Bin Mohamed Nor and Ong Poay Wah @ Chan Poay Wah have served in such position for a cumulative term of more than nine years. Ong Poay Wah @ Chan Poay Wah has resigned from the Board on 18 October 2022 and Dato' Rosli Bin Mohamed Nor has on the same date, been redesignated as Non-Independent Non-Executive Director of the Company.

6. Board Meeting and Time Commitment

The Board is aware of the time commitment expected from them to attend to matters of the Group. An annual meeting calendar is planned and agreed by 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 level of time commitment given by the Directors in discharging their duties for FY2022.

During the financial year, the Company held five 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	5/5
Ong Poay Wah @ Chan Poay Wah	Senior Independent Non-Executive Director (resigned on 18 October 2022)	5/5
Dato' Rosli Bin Mohamed Nor	Independent Non-Executive Director (redesignated as Non-Independent Non-Executive Director on 18 October 2022)	5/5
The Cheng Eng	Group Managing Director	5/5
Pang Sar	Executive Director and Group Chief Executive Officer	5/5
The Kun Ann	Executive Director	5/5

The Board has provided its commitment to the Company as evidenced by the attendance of Directors at Board meetings.

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

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 Committees 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, and the Management and 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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

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 attend all Board and Board Committees meetings including general meeting and ensure the meetings are properly convened and all deliberations and decisions made by the Board are accurately minuted, recorded and kept.

9. Appointment to the Board

The Board has adopted a fit and proper policy for the appointment and re-election of directors of the Group in May 2022 and it is accessible at the Company's website at www.econpile.com. This policy outlines the fit and proper criteria that are required of the candidates based on character and integrity, experience and competence, and time and commitment.

The NC 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 NC 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 NC is responsible to conduct assessment and evaluation on the proposed candidate.

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 NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Directors.

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

Upon completion of evaluation of the proposed candidate, the NC would make its recommendation to the Board. Based on the recommendation of the NC, 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.

Two independent non-executive directors were appointed to the Board of the Company on 3 August 2022 and 18 October 2022 respectively. The appointments of both Independent Non-Executive Directors, namely Teh Bee Choo and Law Siew Ngan were sourced through the business network of Board members. The NC had assessed the suitability of Teh Bee Choo and Law Siew Ngan including their independence before recommending them for appointment to the Board as Independent Non-Executive Directors. Among the proposed candidates, some of which were sourced through independent sources, the Board opined that the newly appointed Directors have the most appropriate skills, knowledge and experience and will be able to contribute positively to the Board.

10. Re-election of Directors

In accordance with the Company's Constitution, one-third of the Directors for the time being shall retire by rotation at each Annual General Meeting ("AGM") at least once in every 3 years but shall be eligible for re-election. 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 AGM subsequent to their appointment. The NC will, upon the review and evaluation of the Directors' performance and contribution to the Board together with their fit and proper declaration, if satisfactory, submit its recommendation to the Board for approval before tabling the same to the shareholders for approval at the AGM.

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 Krishnan A/L C K Menon, The Kun Ann, Teh Bee Choo and Law Siew Ngan. The retiring Directors have expressed their intention to seek for re-election at the forthcoming AGM.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees

The Board has established the ARMC, NC and RC, with respective Terms of Reference, to assist it in discharging its responsibilities.

Subsequent to the financial year end and up to the date of this Statement, with the support of the NC, the Board has reviewed and made the following changes to the composition of the Board Committees having considered diversity as recommended by the MCCG:-

(i) The Chairman of the Board, Krishnan A/L C K Menon, has stepped down from all Board Committees on 25 May 2022;
(ii) Ong Poay Wah @ Chan Poay Wah, has stepped down from all Board Committees on 18 October 2022 in conjunction with her resignation as a member of the Board;
(iii) Teh Bee Choo has been appointed as a member to all Board Committees on 3 August 2022 in conjunction with her appointment to the Board. She has been redesignated as the Chairperson of the ARMC on 18 October 2022;
(iv) Dato' Rosli Bin Mohamed Nor has been redesignated as Non-Independent Non-Executive Director on 18 October 2022 and consequently, redesignated as a member of the ARMC and NC, from chairman position; and
(v) Law Siew Ngan has been appointed as the Independent Non-Executive Director on 18 October 2022 and assumed the role as the Chairperson of the NC and RC and a member of the ARMC on the same day.

Consequently, the composition of the Board Committees is as follows:

Audit & Risk Management Committee

Chairperson	Teh Bee Choo (Independent Non-Executive Director)
Member	Dato' Rosli Bin Mohamed Nor (Non-Independent Non-Executive Director)
Member	Law Siew Ngan (Independent Non-Executive Director)

Nomination Committee

Chairperson	Law Siew Ngan (Independent Non-Executive Director)
Member	Dato' Rosli Bin Mohamed Nor (Non-Independent Non-Executive Director)
Member	Teh Bee Choo (Independent Non-Executive Director)

Remuneration Committee

Chairperson	Law Siew Ngan (Independent Non-Executive Director)
Member	Dato' Rosli Bin Mohamed Nor (Non-Independent Non-Executive Director)
Member	Teh Bee Choo (Independent Non-Executive Director)

All Board Committees comprise entirely Non-Executive Directors with a majority of Independent Directors and are chaired by Independent Directors. The Chairman of the Board does not sit on any Board Committees.

(a) Audit & Risk Management Committee

The ARMC was established to assist the Board in fulfilling its responsibilities relating to financial reporting, conflict of interest and related party transactions, and risk management and internal control. 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 42 to 44 of this Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(b) Nomination Committee

The NC 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 NC is available on the Company's website at www.econpile.com.

Meetings of the NC are held as and when necessary, and at least once a year. The NC met twice during FY2022. All members registered full attendance.

The NC carried out the following activities during the FY2022:

(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 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) reviewed and recommended to the Board the re-election of Directors;
(vii) reviewed the trainings attended by each Director;
(viii) reviewed the Directors' Fit and Proper Policy;
(ix) reviewed the Board Diversity Policy and Workplace Diversity Policy; and
(x) reviewed the Terms of Reference of the NC.

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 NC.

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 major shareholders of the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(b) Nomination Committee (Continued)

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 is as follows:

	As at 30 June 2022	As at the date of this Statement
Gender		
Male	4	4
Female	2	3
Age		
30 to 50	1	1
Above 50	5	6
Ethnicity (Malaysian)		
Malay	1	1
Chinese	4	5
Indian	1	1

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 women representation on the Board, whilst ensuring that diversity in age and ethnicity remains a feature of the Board. The NC is delegated with the overall responsibility for implementation, monitoring and periodic review of the Board Diversity Policy.

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

The NC had on 29 August 2022 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 NC for deliberation. The NC was satisfied with the performance of the Board and Board Committees as a whole, as well as the contribution of each Director.

The NC also reviewed the results of the assessment and evaluation of the Directors who are due for retirement at the 10th 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 10th AGM.

Based on the report of the NC, the Board is of the view that the current size and composition is well-balanced and fairly reflects the interest of minority shareholders within the Group. In view thereof, the Board will be seeking shareholders’ approval to re-elect Krishnan A/L C K Menon, The Kun Ann, Teh Bee Choo and Law Siew Ngan as Directors at the 10th AGM.

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

Subsequent to the financial year end and up to the date of this Statement, the NC has convened two special meetings, on 3 August 2022 and 18 October 2022 respectively to review and recommend the appointment of Teh Bee Choo and Law Siew Ngan as the Independent Non-Executive Directors of the Company. The nomination process were carried out as per the guidelines and processes stated in Paragraph 9 of this Statement on page 27.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(c) Remuneration Committee

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

Meetings of the RC are held as and when necessary, and at least once a year. The RC met twice during the FY2022 and all the members registered full attendance.

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

The Company has adopted a Remuneration Policy which sets out the remuneration principles and guidelines for the Board and key senior management of the Company. The Remuneration Policy aims to attract, motivate and retain qualified Directors and key senior management. The remuneration of Executive Directors and key 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 RC and the Remuneration Policy were updated during the financial year to reflect the adoptions of the best practices of the MCCG and 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 marketplace 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	Revised Malaysian Code on Corporate Governance & Amendments to Listing Requirements	Tricor Training Academy
The Cheng Eng	Revised Malaysian Code on Corporate Governance & Amendments to Listing Requirements	Tricor Training Academy
Pang Sar	Revised Malaysian Code on Corporate Governance & Amendments to Listing Requirements	Tricor Training Academy
The Kun Ann	Tricor Webinar: Business Must Go On - The Digital Signing Way	Tricor Services (M) Sdn Bhd
	Developing an Inclusive Workforce	Wong & Partners
	Customs Audit in Malaysia: Trends and Tips	Wong & Partners
	Developing Inclusive Leaders: Tips for Success	Wong & Partners
	Revised Malaysian Code on Corporate Governance & Amendments to Listing Requirements	Tricor Training Academy

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

12. Directors' Training (Continued)

Name	Training/Course/Conference Title	Organised by
Ong Poay Wah @ Chan Poay Wah	AmFocus Series 2021 Market Outlook: 2nd Edition	AmInvestment Bank Berhad
	The Dollar Stronger For Longer: Currency Outlook for 2nd half 2021	RHB Bank Berhad
	Revised Malaysian Code on Corporate Governance & Amendments to Listing Requirements	Tricor Training Academy
	HSBC Fusion: Secrets to Digital Marketing Success	HSBC
	Tricor Taxand 2022 Malaysian Budget	Tricor Taxand Sdn Bhd
	Market Outlook 1H2022	Bursa Malaysia
Dato' Rosli Bin Mohamed Nor	Integrated Reporting (IR) Briefing for Board of Directors & Senior Management	Malaysian Institute of Accountants
	Revised Malaysian Code on Corporate Governance & Amendments to Listing Requirements	Tricor Training Academy
	TCFD 101 Climate Disclosure Training Programme	Bursa Malaysia
	Insights into Task force on Climate-Related Financial Disclosures and Sustainable Finance	KPMG Board Leadership Centre

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 RC 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 for the FY2022 is as follows:

	Fees	Salaries	Other emoluments*	Benefits-in-kind	Total
	(RM)	(RM)	(RM)	(RM)	(RM)
On Company basis					
Executive Directors					
The Cheng Eng	-	120,000	7,993	-	127,993
Pang Sar	-	120,000	7,993	-	127,993
The Kun Ann	-	36,000	8,244	-	44,244
Non-Executive Directors					
Krishnan A/L C K Menon	77,000	-	7,000	-	84,000
Ong Poay Wah @ Chan Poay Wah	54,500	-	7,000	-	61,500
Dato' Rosli Bin Mohamed Nor	63,000	-	7,000	-	70,000

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

13. Directors' and Key Senior Management's Remuneration

	Fees (RM)	Salaries (RM)	Other emoluments* (RM)	Benefits-in-kind (RM)	Total (RM)
On Group basis					
Executive Directors					
The Cheng Eng	-	689,250	74,412	22,700	786,362
Pang Sar	-	689,250	74,412	22,700	786,362
The Kun Ann	-	271,400	57,128	13,650	342,178
Non-Executive Directors					
Krishnan A/L C K Menon	77,000	-	7,000	-	84,000
Ong Poay Wah @ Chan Poay Wah	54,500	-	7,000	-	61,500
Dato' Rosli Bin Mohamed Nor	63,000	-	7,000	-	70,000

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

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 individuals, i.e. three Executive Directors, three 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 MCCG 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	1
RM450,001-RM500,001	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Financial Reporting

The Board aims to present a balanced, clear and comprehensive assessment of the Group's financial position and performance primarily through its annual reports, quarterly interim financial results and press releases. In the process of preparing 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 judgement and estimates were made, they were based on reasonableness and prudence.

Corporate Governance Overview Statement (Continued)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

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. Following the risk assessment exercise undertaken by the internal audit function during the FY2022, the risk profile of the Group was updated in August 2022 to reflect the current environment and operations. The top five risks identified are (i) project delay, (ii) project cost overrun; (iii) fluctuation of material prices; (iv) liquidity risk; and (v) shortage of skilled workers.

All identified controllable risks were monitored and appropriately managed through existing internal controls by the Group throughout the financial year under review. The key features of the risk management framework are set out on pages 37 to 39 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 42 to 44 of this Annual Report.

3. Relationship with External Auditors

The Group has established a formal and transparent arrangement with the External Auditors to meet their professional requirements through the ARMC. The External Auditors attended three (3) out of five (5) scheduled meetings of the ARMC in FY2022. 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 AGM. The ARMC has a policy whereby a former audit partner shall observe a cooling-off period of at least 3 years before being appointed as a member of the ARMC.

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 CORPORATE 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

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

1. Corporate Disclosure Policy, Investors Relations and Shareholders Communication (Continued)

During the FY2022, the Group had 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

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 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' rights to appoint a proxy and details of the resolutions that will be tabled at the AGM. The resolutions set out in the Notice will be voted by poll and an independent scrutineer will be appointed to validate the votes.

The Company has held its AGM virtually since 2020 in view of the outbreak of the COVID-19 pandemic. The 9th AGM was conducted virtually via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH") via its TIIH Online website at https://tiih.online. The RPV facilities provided by TIIH is subject to the Personal Data Protection Policy. Necessary security measures have been taken by TIIH to prevent cyber threats.

Administrative guide was issued to assist shareholders on the registration, participation and voting using the RPV facilities. The administrative guide was also published in the Company's website at www.econpile.com to encourage shareholders' participation.

The shareholders were able to raise questions prior to the 9th AGM via TIIH Online website and the questions received were addressed by the Board at the AGM. At the 9th AGM, the Company has also addressed as many live questions as possible from the shareholders, within the allocated timeframe. All questions received in advance and those posed real time during the AGM were made visible to all the meeting participants.

All resolutions set out in the Notice of 9th AGM were voted remotely using the RPV facilities.

The outcome of 9th AGM was announced to Bursa Securities on the same day of the meeting. The minutes of the 9th AGM including the Company's responses to questions raised at the meeting was published on the Company's website at www.econpile.com within 30 business days after the 9th AGM.

The Company will be conducting its 10th AGM virtually via the RPV facilities, allowing attendance of shareholders and proxy holders via remote participation and voting in absentia.

KEY FOCUS AREA IN RELATION TO CORPORATE GOVERNANCE PRACTICES

Succession Plan for Independent Directors

The Independent Directors namely Dato' Rosli Bin Mohamend Nor and Ong Poay Wah @ Chan Poay Wah have both reached the nine-year term limit on 8 October 2022.

On 18 October 2022, Dato' Rosli Bin Mohamed Nor has been redesignated as Non-Independent Non-Executive Director and on the same day, Ong Poay Wah @ Chan Poay Wah has stepped down from the Board as Independent Non-Executive Director.

The Board, with the assistance of NC, has appointed two Independent Directors namely, Teh Bee Choo and Law Siew Ngan, on 3 August 2022 and 18 October 2022 respectively.

As at the date of this Statement, the Board has seven members, comprising three Executive Directors, three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The composition of the Board fulfils the requirement of Paragraph 15.02(1) of the Listing Requirements.

PRIORITIES FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023

Liquidity Risk Management

Continuing from last year, liquidity risk is still at the top of the risk management agenda as most of the Group's customers are still experiencing cash flow challenges, reeling from the lingering impact of the pandemic. Compounding the situation, the drastic spike in steel prices, and to a lesser extent, cement, in the past year has contributed to cost overrun in the Group's projects.

The Board would continue to ensure liquidity risk management practices are firmly in place so that the Group will always have sufficient liquidity to meet upcoming liabilities, even under stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

Succession Plan for 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 18 October 2022.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("Board") is pleased to present its Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 30 June 2022, 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"). 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 the 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 AND INTERNAL CONTROL SYSTEM

Whilst the Board maintains ultimate control over risk and control issues, it has delegated to the Audit & Risk Management Committee ("ARMC") to oversee the implementation of the system of risk management and internal control within established parameters and framework.

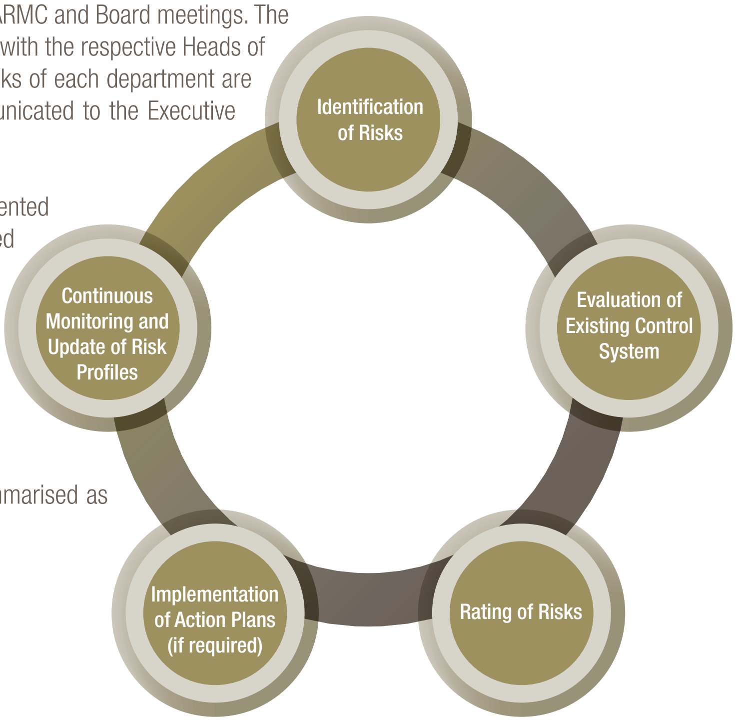
RISK MANAGEMENT FRAMEWORK

The Group adopted the COSO-ERM Integrated Framework, a worldwide recognised comprehensive framework advocated by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), as the Group's framework in managing the Enterprise Risk Management of the Group.

The key risks relating to the Group's strategic matters are discussed at the ARMC and Board meetings. The responsibility for identifying and managing the risks of each department lies with the respective Heads of Department. 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.

The risk register is updated once every two years and the last update was presented to the ARMC and the Board on 29 August 2022. The risk register was updated by Key Senior Management, with the assistance of a professional services firm. Through this risk assessment update, which took into consideration of the economic and business outlook, risks were identified, assessed and rated, and existing risks were also re-evaluated. In addition, Senior Management has also identified mitigating measures or action plans to be implemented to reduce the potential impact from these key risks.

The risk management process adopted in updating the risk register is summarised as follows:



Statement on Risk Management and Internal Control (Continued)

RISK MANAGEMENT FRAMEWORK (Continued)

The key elements of 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 the 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.

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 42 to 44 of this Annual Report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

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

b) The Executive Directors are closely involved in the running of the business and operations of the Group and 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 on a monthly basis 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 management 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) 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.

g) 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.

h) Anti-Bribery and Anti-Corruption 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.

i) 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.

OTHER KEY ELEMENTS OF INTERNAL CONTROL (Continued)

j) 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.

k) 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.

l) 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.

m) The Board has established several Board Committees to assist in discharging its duties. These include the ARMC, Nomination Committee and Remuneration Committee. These Board Committees are delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective terms of reference.

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.

ASSURANCE FROM THE MANAGEMENT

The Board has also received assurance from the Group Managing Director, Group Chief Executive Officer and the Deputy 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 2022 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 18 October 2022.

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 a 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 state of affairs of the Group and the Company as at 30 June 2022.

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 2022 as set out on pages 45 to 114 of this Annual Report.

Additional Compliance Information

1. 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 2022 is amounting to RM75,000 and RM243,000, 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.

2. Material Contracts involving the interests of Directors and Major Shareholders

There were no material contracts entered into by the Group which involved the Directors and major shareholders' interests subsisting at the end of the previous financial year or entered into during the financial year.

Audit & Risk Management Committee Report

A. COMPOSITION AND MEETINGS

Following the resignation of Krishnan A/L C K Menon and Ong Poay Wah @ Chan Poay Wah as members of the Audit & Risk Management Committee ("ARMC") on 25 May 2022 and 18 October 2022 respectively, the ARMC comprises the following members:

Chairperson
Teh Bee Choo **Independent Non-Executive Director**
(appointed as a member on 3 August 2022 and redesignated as the Chairperson of the ARMC on 18 October 2022)

Members
Dato' Rosli Bin Mohamed Nor **Non-Independent Non-Executive Director**
(redesignated as Non-Independent Non-Executive Director on 18 October 2022)

Law Siew Ngan **Independent Non-Executive Director**
(appointed on 18 October 2022)

All members of the ARMC are financially literate. None of the members were former key audit partners of the Company's existing External Auditors. Ms Teh Bee Choo and Ms Law Siew Ngan are members of the Malaysian Institute of Accountants. The composition of the ARMC meets the requirements of Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The ARMC held 5 meetings during the financial year ended 30 June 2022 ("FY2022") 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 (resigned on 25 May 2022)	5/5
Ong Poay Wah @ Chan Poay Wah (resigned on 18 October 2022)	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 reports to the Board of Directors ("Board") on matters discussed at every ARMC meeting.

B. TERMS OF REFERENCE

The duties and responsibilities of the ARMC are as set out in the Terms of Reference of the ARMC which is available on the Company's website at www.econpile.com. The Terms of Reference was last reviewed by the ARMC on 25 May 2022.

C. 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. The activities undertaken by the ARMC in discharging its duties and responsibilities for FY2022 were as follows:

External Audit

a) Reviewed the audit plan for FY2022, covering the audit engagement team, materiality, audit scope, independence, audit focus areas and audit timetable prepared by the External Auditors to ensure that their scope of work is adequate and they are independent.

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

External Audit (Continued)

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 and remuneration.

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

d) Reviewed the audit fees and non-audit fees and services provided by the External Auditors.

Financial Reporting

a) Reviewed the unaudited quarterly financial results of each quarter and the annual audited financial statements of the Group and the Company for FY2022 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, in particular 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 the External Auditors without the presence of the Management on 29 August 2022 to discuss issues encountered during the course of the audit and significant matters related to audit plan and strategy to ensure that there were no restrictions on the scope of audit for FY2022. There were no major concerns from the External Auditors.

Internal Audit

a) Reviewed the internal audit reports and recommendations made by the Internal Auditors and the corresponding corrective actions taken by the Management including follow up reviews 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 the Internal Auditors without the presence of the Management on 29 November 2021 to discuss issues encountered during the course of internal audit. There were no major concerns from the Internal Auditors.

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 Senior Management.

d) Reviewed the Anti-Bribery and Anti-Corruption Policy.

e) Reviewed the External Auditors' Assessment Policy.

f) Reviewed the Terms of Reference of ARMC.

g) Reviewed Corporate Governance Report.

h) Reviewed the ARMC Report, Statement on Risk Management and Internal Control, and Corporate Governance Overview Statement and recommended to the Board for approval prior to their inclusion in the Annual Report.

Audit & Risk Management Committee Report (Continued)

D. 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.. 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 3 to 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 internal audit activities undertaken during the FY2022 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 reports 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 internal audit reports and followed up on matters raised.

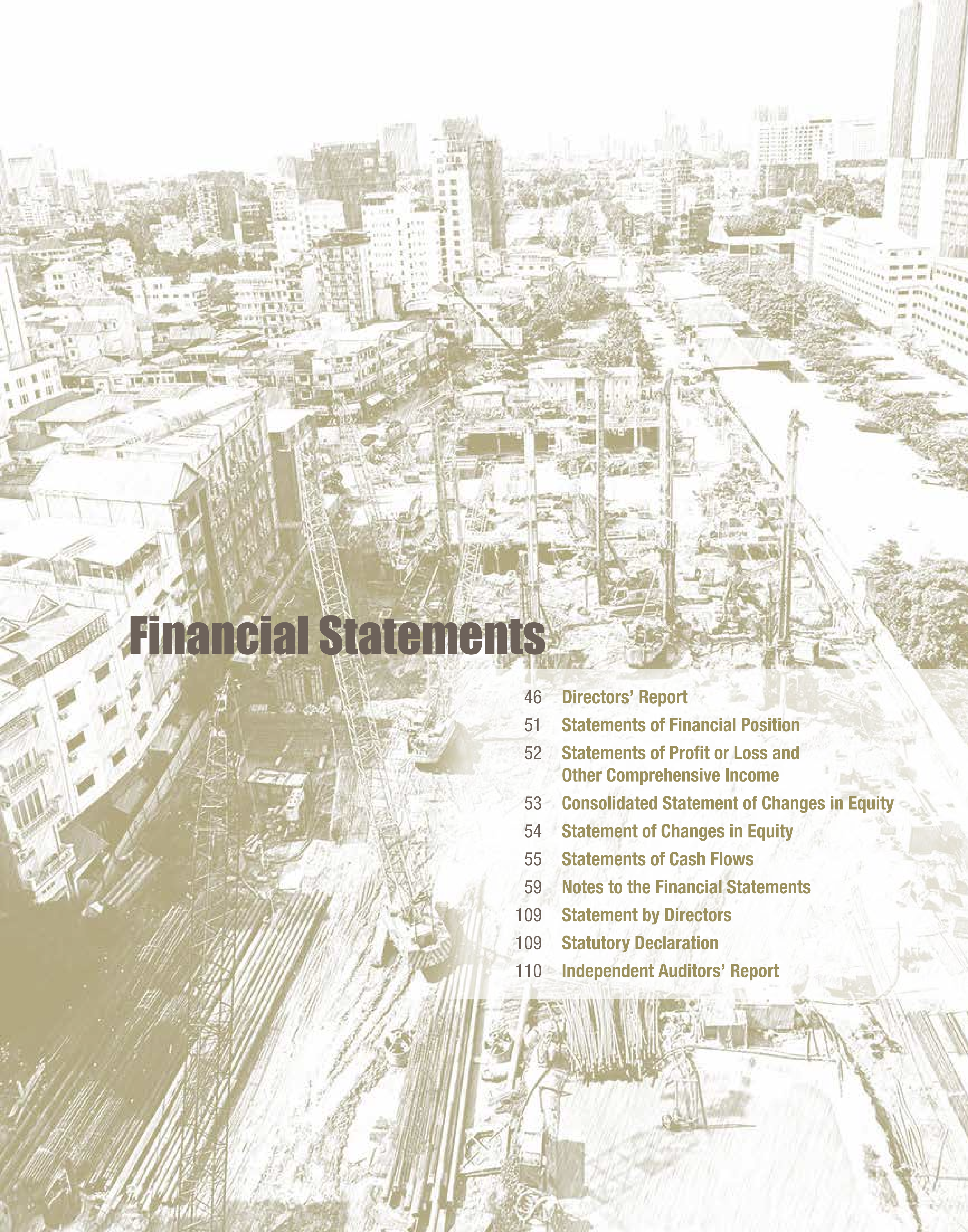
The following areas are covered by the Internal Auditors during the financial year under review:

Entity	Auditable Areas
Econpile (M) Sdn. Bhd.	Project Management Health and Safety Management

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.

The ARMC had reviewed the adequacy of scope, functions, competency and resources of the Internal Audit Function and is 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 the FY2022 was RM45,000.



Financial Statements

Directors' Report

for the year ended 30 June 2022

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

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
(Loss)/Profit for the year	(40,900)	1,582

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*
Dato' Rosli Bin Mohamed Nor
Krishnan A/L C K Menon
Teh Bee Choo (appointed on 3 August 2022)
Law Siew Ngan (appointed on 18 October 2022)
Ong Poay Wah @ Chan Poay Wah (resigned on 18 October 2022)

* *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 1.7.2021	Bought	Sold	At 30.6.2022
Interests in the Company:				
The Cheng Eng				
- own	346,500,018	3,433,100	-	349,933,118
- 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 1.7.2021	Exercised	Expired	Sold	At 30.6.2022
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
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' Report (Continued)

for the year ended 30 June 2022

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 those shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 30 June 2022 are as follows:

	From the Company RM'000	From subsidiaries RM'000
Directors of the Company:		
Fees	195	-
Remuneration	321	1,556
Estimated money value of any other benefits	-	59
	516	1,615

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

There were no 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 of 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) there are no bad debts to be written off and adequate provision has been made for doubtful debts, and

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

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

i) that would render it necessary to write off any 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 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report (Continued)

for the year ended 30 June 2022

Auditors

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

The auditors' remuneration of the Group and of the Company during the year are RM243,000 and RM75,000 respectively.

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

The Cheng Eng

Pang Sar

Kuala Lumpur

Date: 18 October 2022

Statements Of Financial Position
as at 30 June 2022

	Note	Group 2022 RM'000	Group 2021 RM'000 Restated	Company 2022 RM'000	Company 2021 RM'000
Assets					
Property, plant and equipment	3	24,906	39,412	-	-
Right-of-use assets	4	1,235	2,120	-	-
Investment properties	5	14,140	17,378	-	-
Investments in subsidiaries	6	-	-	94,000	94,000
Other investments	7	#	#	-	-
Deferred tax assets	8	3,374	3,374	-	-
Trade and other receivables	9	-	-	92,191	90,748
Total non-current assets		43,655	62,284	186,191	184,748
Other investments	7	1,035	1,019	1,035	1,019
Trade and other receivables	9	435,038	365,859	5	5
Contract assets	10	113,174	202,359	-	-
Prepayments		1,546	2,429	11	21
Current tax assets		19,077	20,685	-	-
Cash and cash equivalents	11	51,920	52,380	241	22
		621,790	644,731	1,292	1,067
Assets classified as held for sale	12	545	2,289	-	-
Total current assets		622,335	647,020	1,292	1,067
Total assets		665,990	709,304	187,483	185,815
Equity					
Share capital	13	177,206	177,206	177,206	177,206
Reserves		224,570	265,947	9,825	8,243
Equity attributable to owners of the Company		401,776	443,153	187,031	185,449
Liabilities					
Loans and borrowings	14	26,957	3,926	-	-
Lease liabilities		422	1,168	-	-
Employee benefits	15	6,447	6,447	-	-
Total non-current liabilities		33,826	11,541	-	-
Loans and borrowings	14	85,052	75,498	-	-
Lease liabilities		847	972	-	-
Trade and other payables	16	123,984	176,484	182	135
Contract liabilities	10	13,952	1,400	-	-
Current tax liabilities		674	256	270	231
Provision	17	5,879	-	-	-
Total current liabilities		230,388	254,610	452	366
Total liabilities		264,214	266,151	452	366
Total equity and liabilities		665,990	709,304	187,483	185,815

# denotes RM 1

The notes on pages 59 to 108 are an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive Income

for the year ended 30 June 2022

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Revenue	18	366,551	420,141	-	-
Cost of sales	19	(382,513)	(387,407)	-	-
Gross (loss)/profit		(15,962)	32,734	-	-
Other income		5,911	2,073	18	117
Administrative expenses		(16,767)	(18,129)	(1,075)	(1,447)
Net (loss)/gain on impairment of financial instruments		(1,637)	292	-	-
Results from operating activities		(28,455)	16,970	(1,057)	(1,330)
Finance income	20	416	305	3,423	2,419
Finance costs	21	(3,527)	(3,053)	-	-
Net finance (costs)/income		(3,111)	(2,748)	3,423	2,419
(Loss)/Profit before tax	22	(31,566)	14,222	2,366	1,089
Tax expense	23	(9,334)	(3,127)	(784)	(551)
(Loss)/Profit for the year		(40,900)	11,095	1,582	538
Other comprehensive (expense)/ income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		(477)	62	-	-
(Loss)/Profit and total comprehensive (expense)/ income for the year		(41,377)	11,157	1,582	538
Basic (loss)/earnings per ordinary share (sen)	24	(2.89)	0.80		

The notes on pages 59 to 108 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity
for the year ended 30 June 2022

		<----------Non-distributable--------->			Distributable	
	Note	Share capital	Deficit in business combination	Translation reserve	Retained earnings	Total equity
Group		RM'000	RM'000	RM'000	RM'000	RM'000
At 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/ 1 July 2021		177,206	(87,000)	62	352,885	443,153
Loss for the year		-	-	-	(40,900)	(40,900)
Foreign currency translation differences for foreign operation		-	-	(477)	-	(477)
Loss and total comprehensive expense for the year		-	-	(477)	(40,900)	(41,377)
At 30 June 2022		177,206	(87,000)	(415)	311,985	401,776
		Note 13				

The notes on pages 59 to 108 are an integral part of these financial statements.

Statement of Changes In Equity

for the year ended 30 June 2022

		Non-distributable	*Distributable*	
		Share	**Retained**	**Total**
	Note	**capital**	**earnings**	**equity**
Company		**RM'000**	**RM'000**	**RM'000**
At 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 2021/1 July 2021		177,206	8,243	185,449
Profit and total comprehensive income for the year		-	1,582	1,582
At 30 June 2022		177,206	9,825	187,031
		Note 13		

The notes on pages 59 to 108 are an integral part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(31,566)	14,222	2,366	1,089
Adjustments for:					
Depreciation of property, plant and equipment	3	16,290	22,838	-	-
Depreciation of right-of-use assets	4	1,010	637	-	-
Depreciation of investment properties	5	70	77	-	-
Fair value gain from other investments		(16)	(117)	(16)	(117)
Finance income	20	(416)	(305)	(3,423)	(2,419)
Finance costs	21	3,527	3,053	-	-
Gain on disposal of property, plant and equipment	22	(141)	(370)	-	-
Gain on disposal of investment property		(221)	(140)	-	-
Gain on termination of lease		-	(7)	-	-
Gain on unrealised foreign exchange		(723)	-	-	-
Loss/(Gain) on disposal of asset held for sale		144	(23)	-	-
Net impairment loss/(gain) on financial instruments	26.4	1,637	(292)	-	-
Operating (loss)/profit before working capital changes		(10,405)	39,573	(1,073)	(1,447)
Change in trade and other receivables and prepayments		(73,349)	(42,493)	10	(12)
Change in trade and other payables	(iii)	(50,597)	23,751	47	(56)
Change in contract assets		89,185	(10,426)	-	-
Change in contract liabilities		12,552	(1,460)	-	-
Change in provision		5,879	-	-	-
Cash (used in)/generated from operations		(26,735)	8,945	(1,016)	(1,515)
Interest received		-	-	3,423	2,419
Tax paid		(3,903)	(10,776)	(745)	(398)
Interest paid on lease liabilities	(iv)	(63)	(56)	-	-
Net cash (used in)/from operating activities		(30,701)	(1,887)	1,662	506

The notes on pages 59 to 108 are an integral part of these financial statements.

Statement of Cash Flows (Continued)
for the year ended 30 June 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(1,202)	(3,329)	-	-
Acquisition of investment properties		(95)	(1,999)	-	-
Acquisition of subsidiary, net of cash and cash equivalents acquired		-	(1)	-	-
Interest received from fixed deposits		416	305	-	-
Proceeds from disposal of property, plant and equipment		177	370	-	-
Proceeds from disposal of investment properties		1,581	385	-	-
Proceeds from disposal of asset held for sale		1,600	579	-	-
Increase in advances to subsidiaries		-	-	(1,443)	(41,819)
Net cash from/(used in) investing activities		2,477	(3,690)	(1,443)	(41,819)
Cash flows from financing activities					
Change in pledged deposits		(62)	(1,561)	-	-
Proceeds from issue of shares		-	41,200	-	41,200
Net repayment of bankers' acceptances	(v)	(5,959)	(16,134)	-	-
Interest paid on loans and borrowings		(3,464)	(2,997)	-	-
Net proceed from bank loan	(v)	29,016	1,072	-	-
Net repayment of hire purchase liabilities	(v)	(572)	(2,272)	-	-
Net drawdown of revolving credit	(v)	10,000	13,000	-	-
Payment of lease liabilities	(iv),(v)	(998)	(619)	-	-
Net cash from financing activities		27,961	31,689	-	41,200
Net (decrease)/increase in cash and cash equivalents		(263)	26,112	219	(113)
Cash and cash equivalents at 1 July		48,275	22,101	22	135
Effect of exchange rate fluctuations on cash held		(259)	62	-	-
Cash and cash equivalents at 30 June	(i)	47,753	48,275	241	22

The notes on pages 59 to 108 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	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	11	46,639	47,180	241	22
Deposits placed with licensed banks	11	5,281	5,200	-	-
		51,920	52,380	241	22
Less: Deposits pledged	11	(4,167)	(4,105)	-	-
		47,753	48,275	241	22

(ii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,802,000 (2021: RM4,849,000), of which RM100,000 (2021: RM1,520,000) was acquired by means of hire purchase arrangements and RM500,000 (2021: Nil) were acquired by means of contra with one other debtor.

(iii) Proceed from disposal of investment properties

During the financial year, the Group sold investment properties amounting to RM1,903,000 to its subcontractor for a total consideration of RM1,903,000 settled by way of contra with amount owing to the subcontractor.

(iv) Cash outflows for leases as a lessee

	Note	2022	2021
		RM'000	RM'000
Included in net cash from operating activities:			
Payment relating to short-term leases	22	7,463	8,940
Interest paid in relation to lease liabilities	22	63	56
		7,526	8,996
Included in net cash from financing activities:			
Payment of lease liabilities		998	619
Total cash outflows for leases		8,524	9,615

The notes on pages 59 to 108 are an integral part of these financial statements.

Statement of Cash Flows (Continued)
for the year ended 30 June 2022

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

	At 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
Group					
Bankers' acceptances	71,185	(16,134)	-	-	55,051
Bank loans	3,715	1,072	-	-	4,787
Lease liabilities	179	(619)	2,658	(78)	2,140
Revolving credit	5,000	13,000	-	-	18,000
Hire purchase liabilities	2,338	(752)	-	-	1,586
Total liabilities from financing activities	82,417	(3,433)	2,658	(78)	81,564

	At 1 July 2021	Net changes from financing cash flows	Acquisition of new lease	Foreign exchange movements	At 30 June 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Bankers' acceptances	55,051	(5,959)	-	-	49,092
Bank loans	4,787	29,016	-	-	33,803
Lease liabilities	2,140	(998)	46	81	1,269
Revolving credit	18,000	10,000	-	-	28,000
Hire purchase liabilities	1,586	(472)	-	-	1,114
Total liabilities from financing activities	81,564	31,587	46	81	113,278

The notes on pages 59 to 108 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 2022 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 2022 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 18 October 2022.

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 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)*

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- 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*

Notes To The Financial Statements (Continued)

1. Basis of preparation (Continued)

(a) Statement of compliance (Continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 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 plans to apply the abovementioned accounting standards and amendments where applicable:

- 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 and amendments 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 as 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 18 - 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.

(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.

2. Significant accounting policies (Continued)

(a) Basis of consolidation (Continued)

(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.

(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.

2. Significant accounting policies (Continued)

(c) Financial instruments (Continued)

(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.

(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.

Notes To The Financial Statements (Continued)

2. Significant accounting policies (Continued)

(c) Financial instruments (Continued)

(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.

(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.

2. Significant accounting policies (Continued)

(d) Property, plant and equipment (Continued)

(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.

(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.

The Group and the Company use the simplified approach to measures loss allowances at an amount equal to lifetime expected credit loss which are the expected credit losses that result from all possible default events over the expected life of the asset, except for cash and cash equivalents. The credit risk of cash and cash equivalents which has not increased significantly since initial recognition are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

2. Significant accounting policies (Continued)

(j) Impairment (Continued)

(i) Financial assets (Continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. 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 based on their financial information, past trend of payments, external credit ratings, where applicable 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.

(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.

Notes To The Financial Statements (Continued)

2. Significant accounting policies (Continued)

(l) Employee benefits

(i) Short term employee benefits

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

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

(ii) State plans

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

(iii) Defined benefit plans

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

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

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

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

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

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2. Significant accounting policies (Continued)

(n) 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.

(o) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

(p) 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.

2. Significant accounting policies (Continued)

(q) 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.

(r) 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.

(s) 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.

(t) 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 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/ 1 July 2021	5,000	9,388	236,305	16,526	853	380	10,688	1,602	43	280,785
Additions	-	-	593	928	66	32	80	-	103	1,802
Disposals	-	-	(305)	-	-	-	(36)	-	-	(341)
Transfers	-	-	-	146	-	-	-	-	(146)	-
Effect of movement in exchange rates	-	-	-	3	5	-	23	-	-	31
At 30 June 2022	5,000	9,388	236,593	17,603	924	412	10,755	1,602	-	282,277
Depreciation										
At 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 July 2021	-	1,510	213,763	13,915	705	287	9,704	1,489	-	241,373
Depreciation for the year	-	195	14,139	1,366	66	32	467	25	-	16,290
Disposals	-	-	(305)	-	-	-	-	-	-	(305)
Effect of movement in exchange rates	-	-	-	3	3	-	7	-	-	13
At 30 June 2022	-	1,705	227,597	15,284	774	319	10,178	1,514	-	257,371
Carrying amounts										
At 1 July 2020	5,000	8,072	38,150	3,362	100	3	1,435	5	1,274	57,401
At 30 June 2021/ 1 July 2021	5,000	7,878	22,542	2,611	148	93	984	113	43	39,412
At 30 June 2022	5,000	7,683	8,996	2,319	150	93	577	88	-	24,906

Notes To The Financial Statements (Continued)

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, motor vehicles and, piling and site equipment acquired under hire purchase arrangements with carrying amounts of RM2,882,000 (2021: RM8,792,000), RM197,000 (2021: RM558,000) and RM127,000 (2021: Nil), respectively.

3.2 Security

The freehold land, a commercial property and the corporate office of the Group with a total carrying amount of RM5,972,000 (2021: RM12,211,000) are 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 2020	132	38	170
Additions	884	1,774	2,658
Depreciation for the year	(208)	(429)	(637)
Derecognition*	(71)	-	(71)
At 30 June 2021/1 July 2021	737	1,383	2,120
Addition	-	46	46
Depreciation for the year	(301)	(709)	(1,010)
Effect of movement in exchange rates	33	46	79
At 30 June 2022	469	766	1,235

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

The Group leases a 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 considers all facts and circumstances including its 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 2020	16,108
Additions	1,999
Disposal	(305)
At 30 June 2021/1 July 2021	17,802
Additions	95
Disposals	(3,376)
At 30 June 2022	14,521
Depreciation	
At 1 July 2020	407
Depreciation for the year	77
Disposal	(60)
At 30 June 2021/1 July 2021	424
Depreciation for the year	70
Disposals	(113)
At 30 June 2022	381
Carrying amounts	
At 1 July 2020	15,701
At 30 June 2021/1 July 2021	17,378
At 30 June 2022	14,140

Notes To The Financial Statements (Continued)

5. Investment properties (Continued)

Included in the investment properties are:

	Note	Group 2022 RM'000	Group 2021 RM'000
Freehold land		929	1,440
Buildings		2,719	3,638
Work-in-progress	5.1	10,492	12,300
		14,140	17,378

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 2022 RM'000	Group 2021 RM'000
Rental income	4	-
Direct operating expenses:		
- income generating investment properties	2	-
- non-income generating investment properties	78	89

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 2022 RM'000	Group 2021 RM'000
Level 3		
Freehold land	959	2,164
Buildings	4,047	6,176
Work-in-progress	10,689	13,068
	15,695	21,408

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 2022 RM'000	Company 2021 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 2022 %	Effective ownership interest and voting interest 2021 %
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 Piling Solutions Co., Ltd.[1]	Cambodia	General construction and piling works	100	100
Tropical Broadway Sdn. Bhd.	Malaysia	Property development	100	100

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

7. Other investments

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current				
Club membership	#	#	-	-
Current				
Financial assets at fair value through profit or loss: Unit trusts, in Malaysia	1,035	1,019	1,035	1,019
	1,035	1,019	1,035	1,019

# denotes RM1

8. Deferred tax assets

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Group	
	2022	2021
	RM'000	RM'000
Property, plant and equipment	(4,852)	(4,852)
Right-of-use assets	(87)	(87)
Provisions	8,225	8,225
Lease liabilities	88	88
	3,374	3,374

Movement in temporary differences during the year

	At 1 July 2020	Recognised in profit or loss	At 30 June 2021/ 1 July 2021	Recognised in profit or loss	At 30 June 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
		(Note 23)		(Note 23)	
Group					
Property, plant and equipment	(6,780)	1,928	(4,852)	-	(4,852)
Right-of-use assets	(41)	(46)	(87)	-	(87)
Provisions	6,444	1,781	8,225	-	8,225
Lease liabilities	43	45	88	-	88
	(334)	3,708	3,374	-	3,374

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2022	2021
	RM'000	RM'000
Unutilised tax losses	39,969	-
Unabsorbed capital allowances	8,942	-
Other deductible temporary differences	914	7,521
	49,825	7,521

8. Deferred tax assets (Continued)

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Company can utilise the benefits therefrom.

Pursuant to the latest tax legislation, unused tax losses from a year of assessment ("YA") can only be carried forward up to 10 consecutive YAs. The table below shows the unutilised tax losses expire in respective YA:

	2022
	RM'000
Expiry	
YA 2032	39,969

The unabsorbed capital allowances and other deductible temporary differences do not expire under current tax legislation.

9. Trade and other receivables

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Non-current					
Non-trade					
Advances to subsidiaries	9.1	-	-	92,191	90,748
Current					
Trade					
Trade receivables		450,876	380,292	-	-
Less: Impairment losses		(23,775)	(22,138)	-	-
	9.2	427,101	358,154	-	-
Non-trade					
Other receivables		3,200	2,698	-	-
Deposits		4,737	5,007	5	5
		7,937	7,705	5	5
		435,038	365,859	92,196	90,753

Notes To The Financial Statements (Continued)

9. Trade and other receivables (Continued)

9.1 Advances to subsidiaries

The advances to subsidiaries are unsecured, subject to interest at 3.75% (2021: 3.75%) per annum and repayable on demand. The management has reviewed the expected repayment from the subsidiaries and hence reclassified the advances to subsidiaries as non-current.

9.2 Trade receivables

Included in trade receivables are retention sums of RM151,246,000 (2021: RM138,096,000) relating to construction projects. Retention sums are unsecured, interest free and expected to be collected as follows:

	Group	
	2022	2021
	RM'000	RM'000
Within 1 year	36,214	11,967
More than 1 year	115,032	126,129
	151,246	138,096

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	
	2022	2021
	RM'000	RM'000
Contract assets	113,174	202,359
Contract liabilities	(13,952)	(1,400)

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 (2021: 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 customers for construction contracts, which revenue is recognised overtime from the 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:

	2022	2021
	RM'000	RM'000
Contract liabilities at the beginning of the period recognised as revenue	(1,400)	(2,860)

11. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	46,639	47,180	241	22
Deposits placed with licensed banks	5,281	5,200	-	-
Cash and cash equivalents in the statements of financial position	51,920	52,380	241	22
Deposits pledged with licensed banks	(4,167)	(4,105)	-	-
Cash and cash equivalents in the statements of cash flows	47,753	48,275	241	22

The deposits placed with licensed banks are pledged as security for the bank loans and revolving credit of the Group.

12. Assets classified as held for sale

	Note	Group	
		2022	2021
		RM'000	RM'000
Assets classified as held for sale			
Freehold land	12.1	545	545
Investment properties		-	1,744
		545	2,289

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 2022, the premium survey fees for the conversion of the land from agriculture land to residential land have been paid. The completion of sale is currently pending the approval of building plan for the development project from the relevant authorities.

13. Capital and reserves

Share capital

Group and Company	Number of shares 2022 '000	Amount 2022 RM'000	Number of shares 2021 '000	Amount 2021 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 July	1,417,500	177,206	1,337,500	136,006
Issued for cash under private placement	-	-	80,000	41,200
At 30 June	1,417,500	177,206	1,417,500	177,206

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 at 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 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 2022 RM'000	Group 2021 RM'000
Non-current			
Bank loans – secured	14.1	26,383	2,886
Hire purchase liabilities		574	1,040
		26,957	3,926
Current			
Bank loans – secured	14.1	7,420	1,901
Bankers' acceptances	14.2	49,092	55,051
Hire purchase liabilities		540	546
Revolving credit - unsecured	14.3	28,000	18,000
		85,052	75,498
		112,009	79,424

14.1 Bank loans - secured

The bank loans are secured by way of a first legal charge over the corporate office of the Group (see Note 3) and deposits pledged with licensed banks (see Note 11).

14.2 Bankers' acceptances

The bankers' acceptances of RM49,092,000 (2021: RM55,051,000) are guaranteed by the Company.

14.3 Revolving credit - unsecured

The revolving credit is secured by deposits pledged with licensed banks (see Note 11), subject to interest at 3.99% - 4.32% (2021: 3.82% - 3.99%) per annum and guaranteed by the Company.

15. Employee benefits

Retirement benefits

	Group 2022 RM'000	Group 2021 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

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade					
Trade payables		106,524	151,915	-	-
Non-trade					
Other payables	16.1	12,891	13,748	-	-
Accrued expenses		4,569	10,821	182	135
		17,460	24,569	182	135
		123,984	176,484	182	135

16.1 Other payables

Included in other payables is an amount due to certain contract customers for acquisition of investment properties of RM10,350,000 (2021: RM12,259,000).

17. Provisions

	Group Onerous contracts RM'000
At 1 July 2020/30 June 2021/1 July 2021	-
Provisions made	5,879
At 30 June 2022	5,879

Provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract with customer is lower than the unavoidable cost of meeting its obligations under the contract.

18. Revenue

	Group 2022 RM'000	Group 2021 RM'000
Revenue from contracts with customers	366,551	420,141

18.1 Disaggregation of revenue

Group	2022 RM'000	2021 RM'000
Primary geographical markets		
Malaysia	234,302	380,456
Cambodia	132,249	39,685
	366,551	420,141
Major products and services lines		
Construction contracts	366,551	420,141
Timing of recognition		
Over time	366,551	420,141

18.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

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

Notes To The Financial Statements (Continued)

18. Revenue (Continued)

18.3 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
2022	
Construction contracts	536,013
2021	
Construction contracts	806,997

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.

18.4 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.

18. Revenue (Continued)

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

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.

19. Cost of sales

	Group	
	2022	2021
	RM'000	RM'000
Construction costs	382,513	387,407

20. Finance income

	Group		Company	
	2022	2021	2022	2021
	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	416	305	-	-
- advances to subsidiaries	-	-	3,423	2,419
	416	305	3,423	2,419

21. Finance costs

	Group	
	2022	2021
	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- bank loans	1,159	133
- bankers' acceptances	2,234	2,831
- hire purchase liabilities	71	33
Interest expense on lease liabilities	63	56
	3,527	3,053

Notes To The Financial Statements (Continued)

22. (Loss)/Profit before tax

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging/ (crediting):					
Auditors' remuneration:					
- Audit fees		243	210	75	65
- Non-audit fees		10	10	10	10
Material expenses/(income)					
Depreciation of property, plant and equipment	3	16,290	22,838	-	-
Depreciation of right-of-use assets	4	1,010	637	-	-
Depreciation of investment properties	5	70	77	-	-
Personnel expenses (including key management personnel):					
- Contributions to Employees' Provident Fund		2,279	2,342	15	15
- Wages, salaries and others		24,455	26,191	278	278
Fair value gain from other investments		(16)	(117)	(16)	(117)
Gain on disposal of property, plant and equipment		(141)	(370)	-	-
Gain on disposal of investment property		(221)	(140)	-	-
Gain on unrealised foreign exchange		(723)	-	-	-
Gain on realised foreign exchange		(1,750)	-	-	-
Loss/(Gain) on disposal of asset held for sale		144	(23)	-	-
Expenses arising from leases					
Expenses relating to short-term leases	a	7,463	8,940	-	-
Rental income from:					
- Machinery		(129)	-	-	-
- Investment properties		(4)	-	-	-
Interest expense on lease liabilities		63	56	-	-
Net loss/(gain) on impairment of financial instruments					
Financial assets at amortised cost		1,637	(292)	-	-

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.

23. Tax expense

Recognised in profit or loss

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Current tax expense					
Current year		2,888	4,287	784	552
Under/(Over) provision in prior year		2,807	2,548	-	(1)
Withholding tax	23.1	3,639	-	-	-
Total current tax recognised in profit or loss		9,334	6,835	784	551
Deferred tax expense					
Origination and reversal of temporary differences		-	279	-	-
Over provision in prior year		-	(3,987)	-	-
Total deferred tax recognised in profit or loss	8	-	(3,708)	-	-
Total income tax expense		9,334	3,127	784	551
Reconciliation of tax expense					
(Loss)/Profit before tax		(31,566)	14,222	2,366	1,089
Income tax using Malaysian tax rate of 24%		(7,576)	3,414	568	261
Effect of tax rates in foreign jurisdictions		(374)	(49)	-	-
Non-deductible expenses		1,450	1,411	220	319
Non-taxable income		(765)	(210)	(4)	(28)
Unrecognised deferred tax		10,153	-	-	-
Under/(Over) provision in prior year		2,807	(1,439)	-	(1)
Withholding tax	23.1	3,639	-	-	-
		9,334	3,127	784	551

23.1 Withholding tax

The withholding tax relates to the tax withheld from billings to its foreign subsidiary.

24. Basic (loss)/earnings per ordinary share (sen)

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
(Loss)/Profit attributable to ordinary shareholders (RM'000)	(40,900)	11,095
Weighted average number of ordinary shares ('000)		
Weighted average number of ordinary shares at 30 June (basic)	1,417,500	1,378,705
Basic (loss)/earnings per ordinary share (sen)	(2.89)	0.80

Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per ordinary share of the Group is calculated by dividing the (loss)/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 (loss)/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 loss per ordinary share at the reporting date is equivalent to its basic (loss)/earnings per ordinary share as disclosed above.

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.

25. Operating segment (Continued)

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.

	Group	
	2022	2021
	RM'000	RM'000
Total additions to property, plant and equipment	1,802	4,849
Total additions to investment properties	95	1,999
Total additions to right-of-use assets	46	2,658
	1,943	9,506
Segment (loss)/profit	(40,900)	11,095
Included in the measure of segment (loss)/profit are:		
Revenue from external customers	366,551	420,141
Depreciation of property, plant and equipment, right-of-use assets and investment properties	(17,370)	(23,552)
Net (loss)/gain on impairment of financial instruments	(1,637)	292
Not included in the measure of segment profit but provided to Chief Executive Officer:		
Net finance costs	(3,111)	(2,748)

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

	Group	
	2022	2021
	RM'000	RM'000
Net finance costs		
Finance income	416	305
Finance costs	(3,527)	(3,053)
Consolidated net finance costs	(3,111)	(2,748)

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.

Notes To The Financial Statements (Continued)

25. Operating segment (Continued)

Geographical segments (Continued)

	Group	
	External revenue RM'000	Non-current assets RM'000
Geographical information		
2022		
Malaysia	234,302	37,906
Cambodia	132,249	2,375
	366,551	40,281
2021		
Malaysia	380,456	56,789
Cambodia	39,685	2,121
	420,141	58,910

Major customer

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

	Revenue		Segment
	2022 RM'000	2021 RM'000	
All common control companies of :			
Customer A	132,249	39,685	General construction and pilling work
Customer B	73,592	119,051	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
2022			
Financial assets			
Group			
Other investments	1,035	1,035	-
Trade and other receivables	435,038	-	435,038
Cash and cash equivalents	51,920	-	51,920
	487,993	1,035	486,958
Company			
Other investments	1,035	1,035	-
Trade and other receivables	92,196	-	92,196
Cash and cash equivalents	241	-	241
	93,472	1,035	92,437
Financial liabilities			
Group			
Loans and borrowings	(112,009)	-	(112,009)
Trade and other payables	(123,984)	-	(123,984)
	(235,993)	-	(235,993)
Company			
Trade and other payables	(182)	-	(182)

Notes To The Financial Statements (Continued)

26. Financial instruments (Continued)

26.1 Categories of financial instruments (Continued)

	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)

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
- Mandatorily required by MFRS 9	16	117	16	117
Financial assets at amortised cost	1,252	597	3,423	2,419
Financial liabilities at amortised cost	(3,464)	(2,997)	-	-
	(2,196)	(2,283)	3,439	2,536

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.

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.

Trade receivables and contract assets

Concentration of credit risk

The Group has 20 (2021: 27) 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 three (2021: five) customers which accounted for 48% (2021: 56%) 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 reporting period by geographic region was:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Domestic	512,123	540,996
Cambodia	28,152	19,517
	540,275	560,513

26. Financial instruments (Continued)

26.4 Credit risk (Continued)

Trade receivables and contract assets (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
2022			
Not past due	266,072	-	266,072
Past due 1 - 60 days	35,975	-	35,975
Past due 61 - 120 days	70,422	-	70,422
Past due more than 120 days	167,806	-	167,806
	540,275	-	540,275
Credit impaired			
Individually impaired	23,775	(23,775)	-
	564,050	(23,775)	540,275
Trade receivables	450,876	(23,775)	427,101
Contract assets	113,174	-	113,174
	564,050	(23,775)	540,275
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

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
	RM'000	RM'000	RM'000
Group			
Balance at 1 July 2020	6,000	16,430	22,430
Net remeasurement of loss allowance	(6,000)	5,708	(292)
Balance at 30 June 2021/1 July 2021	-	22,138	22,138
Net remeasurement of loss allowance	-	1,637	1,637
Balance at 30 June 2022	-	23,775	23,775

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 amount 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 statement 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 monitors 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 RM89,726,000 (2021: RM89,310,000) 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, there was no indication that these advances to subsidiaries are not recoverable. As these amounts are considered to have low credit risk, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

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
2022							
Non-derivative financial liabilities							
Trade and other payables	123,984	-	123,984	123,984	-	-	-
Bank loans - secured	33,803	3.75 - 4.07	37,132	8,650	8,354	18,811	1,317
Bankers' acceptances	49,092	2.39 - 3.42	49,092	49,092	-	-	-
Hire purchase liabilities	1,114	2.58 - 2.78	1,172	583	583	6	-
Lease liabilities	1,269	3.75 - 4.98	1,302	877	425	-	-
Revolving credit - unsecured	28,000	3.99 - 4.32	28,000	28,000	-	-	-
	237,262		240,682	211,186	9,362	18,817	1,317
2021							
Non-derivative financial liabilities							
Trade and other payables	176,484	-	176,484	176,484	-	-	-
Bank loans - 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

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
2022				
Non-derivative financial liabilities				
Trade and other payables	182	-	182	182
Financial guarantee	-	-	89,726	89,726
	182		89,908	89,908
2021				
Non-derivative financial liabilities				
Trade and other payables	135	-	135	135
Financial guarantee	-	-	89,310	89,310
	135		89,445	89,445

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 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	
	2022	**2021**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	5,281	5,200
Financial liabilities	(79,475)	(76,777)
	(74,194)	(71,577)
Floating rate instruments		
Financial liabilities	(33,803)	(4,787)

	Company	
	2022	**2021**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	92,191	90,748

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 rate at the end of the reporting period would not affect profit or loss.

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**
2022		
Floating rate instruments	(77)	77
2021		
Floating rate instruments	(11)	11

26. Financial instruments (Continued)

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**
2022				
Financial assets				
Other investments	1,035	-	1,035	1,035
Financial liabilities				
Bank loans - secured	-	(33,282)	(33,282)	(33,803)
2021				
Financial assets				
Other investments	1,019	-	1,019	1,019
Financial liabilities				
Bank loans - secured	-	(4,749)	(4,749)	(4,787)
Company				
2022				
Financial assets				
Other investments	1,035	-	1,035	1,035
2021				
Financial assets				
Other investments	1,019	-	1,019	1.019

26. Financial instruments (Continued)

26.7 Fair value information (Continued)

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 (2021: 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 manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants. The debt-to-equity ratio is calculated as total debt divided by total equity. The Group includes within total debt, loans and borrowings and lease liabilities.

The Group is in compliance with the covenants as at the end of the reporting period.

Notes To The Financial Statements (Continued)

27. Capital management (Continued)

The debt-to-equity ratio at the end of the reporting period is as follows;

	Note	2022 RM'000	2021 RM'000
Loans and borrowings	14	112,009	79,424
Lease liabilities		1,269	2,140
Total debt		113,278	81,564
Total equity		401,776	443,153
Debt-to-equity ratio		0.28	0.18

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Guarantees given to contract customers in relation to construction contracts	53,556	55,632	12,284	2,242

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:-

28. Contingencies (Continued)

28.2 Material litigations (Continued)

a) *(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 23.

Based on the adjudication decision secured in June 2019 ("Adjudication Decision"), the customer was ordered to make payment of RM59.8 million (excluding costs and interest) to EMSB. EMSB successfully enforced the adjudication decision as if it is an order or judgement of the High Court.

Following that, the customer filed appeals to the Court of Appeal against the High Court Orders which enforced the Adjudication Decision ("Enforcement Order") and the Court of Appeal dismissed the customer's applications to set aside and/or stay the Adjudication Decision. The customer's appeal against the Enforcement Order was dismissed with costs. However, the Court of Appeal allowed a stay of the Adjudication Decision pending disposal of an arbitration proceedings between the parties ("COA Stay Order"). EMSB filed a leave application to the Federal Court for leave to appeal against the COA Stay Order. The hearing of the leave application is now fixed on 23 November 2022.

Based on the opinion of the solicitors, the Directors are of the view that the Group has a fair chance of obtaining leave to appeal from the Federal Court.

(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 (excluding costs and interests) to EMSB. EMSB successfully enforced the Adjudication Decision as if it is an order or judgement of the High Court.

Similar to the First Adjudication, the customer filed appeals to the Court of Appeal against the High Court Orders which enforced the Adjudication Decision and the Court of Appeal dismissed the customer's applications to set aside and/or stay the Adjudication Decision. The hearing of the appeals is fixed for 28 October 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.

(iii) Winding up petition and injunction

Upon obtaining the first adjudication decision, 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 to the Court of Appeal.

Due to the COA Order, the Group has withdrawn its Notice of Appeal on 18 May 2022.

Notes To The Financial Statements (Continued)

28. Contingencies (Continued)

28.2 Material litigations (Continued)

a) (iv) *Writ of Seizure and Sale*

Notwithstanding the Enforcement Order, 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 setting aside application and allowed the Order for Sale and fixed a Public Auction on 24 May 2021.

The customer filed an appeal against the Registrar's decision which dismissed the customer's setting aside application to the High Court Judge in Chambers. The appeal to the High Court Judge in Chambers was dismissed. The customer has subsequently filed an appeal to the Court of Appeal. The hearing of the appeal has taken place on 14 August 2022 and the Court of Appeal has also dismissed the customer's appeal.

In addition, the customer also filed an appeal to the High Court Judge in Chambers with regard to the Registrar's Order for Sale. Similarly, the High Court Judge in Chambers has dismissed the appeal. The customer then filed another appeal to the Court of Appeal. The hearing of the appeal has taken place on 14 August 2022 and the Court of Appeal has also dismissed the customer's appeal.

In view of the appeals filed by the customer, EMSB filed an application for a new Public Auction date which was fixed on 5 July 2022. In the meantime, the customer filed an application to stay EMSB's new Public Auction date application pending the disposal of the appeals. The new Public Auction date was subsequently vacated due to the COA Stay Order.

Upon the Public Auction date having been vacated, EMSB proceeded to file an application for the extension of the PO. At the same time, the customer also filed an application to set aside the PO in light of the COA Stay Order. On 24 August 2022, the Registrar dismissed EMSB's application to extend the PO. However, the Registrar also dismissed the customer's application to set aside the PO. Instead, the Registrar has ordered for the WSS and the PO to be stayed based on the COA Stay Order. Both parties have filed appeal against the Registrar's decisions to the High Court Judge in Chambers and the hearing of the appeals is fixed for 1 November 2022.

(v) *Writ of Seizure and Sale (2)*

Notwithstanding the High Court order on the second adjudication, the customer refused to make any payment to EMSB. Similar to the first adjudication, EMSB made a writ of seizure and sale (WSS) application to the High Court. Ex-Parte hearing has taken place on 30 August 2022 where EMSB has obtained a Prohibitory Order (PO) to prohibit the customer to deal with a piece of land it owned until 28 February 2023.

(vi) *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 hearing is in progress, with the dates fixed from September 2022 to February 2023.

Based on the opinion of the solicitors, the Directors are of the view that the Group has a fair chance of succeeding in its claim and defending the counterclaim by the customer.

28. Contingencies (Continued)

28.2 Material litigations (Continued)

a) *(vi) Preservation of Assets*

EMSB has also filed an Originating Summons to preserve the customer's assets pending the conclusion of the Arbitration Proceedings. The hearing is now fixed on 17 November 2022.

Based on the opinion of the solicitors, the Directors are of the view that EMSB has a fair chance of succeeding in this Originating Summons.

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.

In April 2022, the external party filed and application to amend the Writ of Summons and Statement of Claim to delete sum claimed of RM4.08 million and amend it to 'damages to be assessed by the honourable Court' which was allowed by the Court. The next case management meeting is fixed on 7 April 2023 for the parties to update the Court on filing of all papers for full 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.

Notes To The Financial Statements (Continued)

29. Related parties (Continued)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Note 9.

	Transaction amounts for the year ended 30 June			
	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
A. Subsidiary				
Interest income	-	-	(3,423)	(2,419)
B. Key management personnel				
Directors				
- Fees	195	195	195	195
- Remuneration	1,877	2,010	321	321
	2,072	2,205	516	516
Other key management personnel				
- Remuneration	1,316	1,153	-	-

The estimated monetary value of Directors' benefit-in-kind of the Group is RM59,000 (2021: RM75,000).

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 59 to 108 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 2022 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: 18 October 2022

Statutory Declaration

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

I, **Lau Kent Lit @ Loh Kent Lit**, 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 59 to 108 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 Lau Kent Lit @ Loh Kent Lit, MIA CA 33683, in Kuala Lumpur in the Federal Territory on 18 October 2022.

Lau Kent Lit @ Loh Kent Lit

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 2022 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 59 to 108.

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 2022, 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(n)(i) - Significant accounting policy: Revenue and other income - Construction contracts, Note 10 - Contract assets and Note 18 - Revenue.

The key audit matter

The Group has recorded revenue from construction contracts of RM366,551,000 for the financial year ended 30 June 2022.

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.

Key Audit Matters (Continued)

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

The key audit matter (Continued)

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

- Estimated costs to complete the contracts;
- The ability to deliver the contract works within the contractual timelines and whether there is any exposure to liquidated and ascertained damages; and
- Provision for onerous contracts due to potential cost overrun.

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 and estimation of costs to complete 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; and
  - 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 review of project correspondences with contract customers;
- 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; and
- Assessed the adequacy of the provision for onerous contracts for contracts with cost overrun.

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 2022 of RM427,101,000 and RM113,174,000, respectively. Included in contract assets is an amount of RM80,100,000 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.

Independent Auditors' Report (Continued)

To The Members Of Econpile Holdings Berhad

Key Audit Matters (Continued)

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

How the matter was addressed in our audit

Our audit procedures included, among others:

- Checked the Expected Credit Loss ("ECL") model developed by the Group for compliance with the requirements of MFRS 9 Financial Instruments.
- Checked the accuracy of trade receivables 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 and inquired management of their assessment;
- 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 and inquired management of their assessment; and
- Inspected subsequent approved progress billings from contract customers to assess the recoverability of contract assets.
- For contract assets under litigation, performed the following procedures, among others:
  - Inquired management of the status and their assessment of contract asset under litigations which was reviewed and noted by the audit and risk management committee;
  - Obtained the status of contract asset under litigations and relevant legal opinions from external legal counsels; and
  - Assessed the adequacy of the Group's disclosures made in respect of litigations.

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 Groupand 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.

Independent Auditors' Report (Continued)

To The Members Of Econpile Holdings Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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: 18 October 2022

Analysis Of Shareholdings

As At 30 September 2022

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	105	3,942	0.001
100 to 1,000 shares	624	385,262	0.027
1,001 to 10,000 shares	3,426	21,320,757	1.504
10,001 to 100,000 shares	3,527	124,217,139	8.763
100,001 to less than 5% of issued shares	758	775,889,795	54.736
5% and above of issued shares	3	495,683,130	34.969
Total	**8,443**	**1,417,500,025**	**100.000**

SUBSTANTIAL SHAREHOLDERS

According to the register kept under Section 144 of the Companies Act 2016, the following are the substantial shareholders of the Company:

	Direct Interest		Indirect Interest	
Shareholders	No. of Shares	%	No. of Shares	%
The Cheng Eng	349,933,118	24.69	380,000*	0.03
Pang Sar	277,000,012	19.54	-	-
Employees Provident Fund Board	123,452,600	8.71	-	-

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	%	No. of Shares	%
The Cheng Eng	349,933,118	24.69	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	-	-
Teh Bee Choo (appointed on 3 August 2022)	-	-	-	-
Dato' Rosli Bin Mohamed Nor	-	-	-	-
Ong Poay Wah @ Chan Poay Wah (resigned on 18 October 2022)	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.

Analysis Of Shareholdings (Continued)

As At 30 September 2022

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2022

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	74,933,118	5.286
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	35,071,400	2.474
5	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR	29,000,000	2.046
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PANG SAR (PB)	28,624,500	2.019
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	27,672,800	1.952
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	26,918,600	1.899
9	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	26,832,350	1.893
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR THE CHENG ENG (PB)	25,000,000	1.764
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR (THIRD PARTY)	19,750,000	1.393
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (PB-0J0028)	16,375,500	1.155
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)	14,149,200	0.998
14	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	13,048,550	0.921
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	12,597,000	0.889
16	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR (THIRD PARTY)	12,500,000	0.882
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CPIAM EQ)	12,300,000	0.868
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	11,260,000	0.794
19	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	9,936,950	0.701
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AM INV)	9,000,000	0.635
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	8,747,900	0.617
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	7,994,900	0.564
23	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 5	7,231,800	0.510

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2022 (Continued)

NO.	NAME	HOLDINGS	%
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TOH HOOI HAK (PB)	7,007,300	0.494
25	ENG LIAN ENTERPRISE SDN BHD	6,750,000	0.476
26	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 2	6,700,250	0.473
27	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN EQUITY 3	6,409,950	0.452
28	AVEST ASSET SDN BHD	6,000,000	0.423
29	TAN YU YEH	5,860,400	0.414
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AIIMAN IS EQ)	5,682,200	0.401
		894,104,680	63.076

Analysis Of Warrant Holdings

As At 30 September 2022

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

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Warrant Holders	Total Warrant Holdings	%
Less than 100	137	5,593	0.002
100 to 1,000	356	216,762	0.081
1,001 to 10,000	765	3,916,340	1.464
10,001 to 100,000	698	30,018,200	11.222
100,001 to less than 5%	282	131,293,100	49.081
5% and above	2	102,050,010	38.150
Total	**2,240**	**267,500,005**	**100.000**

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Indirect Interest	
Directors	No. of Warrants	%	No. of Warrants	%
The Cheng Eng	68,900,008	25.76	76,000*	0.03
Pang Sar	58,400,002	21.83	-	-
The Kun Ann	50,000	0.02	-	-
Krishnan A/L C K Menon	50,000	0.02	-	-
Teh Bee Choo (appointed on 3 August 2022)	-	-	-	-
Dato' Rosli Bin Mohamed Nor	-	-	-	-
Ong Poay Wah @ Chan Poay Wah (resigned on 18 October 2022)	300,000	0.11	-	-

Notes:-

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

LIST OF LARGEST 30 WARRANT HOLDERS AS AT 30 SEPTEMBER 2022

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	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR THE CHENG ENG (PB)	5,000,000	1.869
6	YAP YEE HOCK	3,921,000	1.464
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD ZOLKEFLEE BIN ABD HAMID	2,831,600	1.059
8	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR SOH CHIN TIONG	2,147,400	0.803
9	LIM HOCK CHAI	2,100,000	0.785
10	TANG CHI CHEONG	1,997,900	0.747
11	NG TEIK CHONG	1,913,700	0.715
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SYAFIQ AMEERUL IBTISYAM BIN ZULKIFLEE	1,750,000	0.654
13	NOR MAHANI BINTI HARUN	1,550,000	0.579
14	RHB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE. LTD. (A/C CLIENTS)	1,520,000	0.568
15	LENNIE CHEW CHON GIAP	1,400,000	0.523
16	ENG LIAN ENTERPRISE SDN BHD	1,350,000	0.505
17	DIANA SUHAIZA BINTI SAID	1,340,000	0.501
18	AZIZUL BIN AHMAD	1,200,000	0.449
19	MOK CHAN KEE	1,200,000	0.449
20	MOHD ZULHIMI BIN UJANG	1,006,900	0.376
21	HERMAN BIN MD AZHARI	1,003,000	0.375
22	MASLANI BIN RIDWAN	1,000,200	0.373
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IRDIANI BINTI MOHAMED SAFAR	1,000,000	0.374
24	MOHD NAJID BIN MD YAHYA	1,000,000	0.374
25	YEOW KIM CHOON	1,000,000	0.374
26	LOW BEE LAN	874,200	0.327
27	YOONG CHEE KEONG	860,000	0.321
28	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG FOOK HIN	800,000	0.299
29	CHONG KUAN YEE	800,000	0.299
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD HAMZAH BIN ALIVI	800,000	0.299
		163,665,910	61.183

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 10th Annual General Meeting 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, 28 November 2022** at **10.00 a.m.** for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 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 of up to an aggregate amount of RM244,500 for the financial year ending 30 June 2023. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' benefits of up to an aggregate amount of RM150,000 for the period from 29 November 2022 until the next Annual General Meeting of the Company. **(Ordinary Resolution 2)**

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

   (a) Krishnan A/L C K Menon **(Ordinary Resolution 3)**

   (b) The Kun Ann **(Ordinary Resolution 4)**

5. To re-elect the following Directors who are retiring in accordance with Clause 78 of the Constitution of the Company:-

   (a) Teh Bee Choo **(Ordinary Resolution 5)**

   (b) Law Siew Ngan **(Ordinary Resolution 6)**

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)**

AS SPECIAL BUSINESS:

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

7. **Waiver of Pre-emptive Rights pursuant to Section 85 of the Companies Act 2016** **(Special Resolution)**

   "**THAT** pursuant to Section 85 of the Companies Act 2016 read together with Clause 12(3) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees subject to the passing of Ordinary Resolution 8 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016."

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

"**THAT** contingent upon the passing of the Special Resolution on waiver of pre-emptive rights under Section 85 of the Companies Act 2016 and pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting, 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, when aggregated with the total number of such shares issued during the preceding twelve (12) months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they may deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa 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 held 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 the earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting ("Proposed General Mandate")."

9. 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

FOO PEI KOON (MAICSA 7067238) (SSM PC NO. 202108000380)
FONG SOK YEE (MAICSA 7066501) (SSM PC NO. 202008001180)
TE HOCK WEE (MAICSA 7054787) (SSM PC NO. 202008002124)
Company Secretaries
Kuala Lumpur

28 October 2022

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 10th Annual General Meeting ("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 10th AGM via the Remote Participation and Voting ("RPV") facilities 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 10th AGM.

2. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 November 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.*

Notice Of Annual General Meeting (Continued)

3. *A member of the Company who is entitled to attend and vote at a general meeting may 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 48 hours before the time appointed for holding the 10th AGM 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 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.

   (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 10th 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 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, 26 November 2022 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 10th 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 2022

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 AGM. As such, this Agenda item is not a business which requires a motion to be put forward to vote by shareholders.

(ii) ***Ordinary Resolution 1***
Directors' fees for the financial year ending 30 June 2023

The Directors' fees proposed for the financial year ending 30 June 2023 are calculated based on the current board size and assuming that all Non-Executive Directors will hold office until 30 June 2023. This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Company appoints additional Non-Executive Directors, approval on additional Directors' fees will be sought at the next AGM.

(iii) ***Ordinary Resolution 2***
Directors' benefits for the period from 29 November 2022 until the next AGM

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 29 November 2022 until the next AGM 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 or enlarged board size), approval will be sought at the next AGM for the shortfall.

(iv) ***Ordinary Resolutions 3 to 6***
Re-election of Directors

Mr Krishnan A/L C K Menon, Ms The Kun Ann, Ms Teh Bee Choo and Ms Law Siew Ngan are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 10th AGM.

Notice Of Annual General Meeting (Continued)

The profile of the Directors who are standing for re-election are as follows:-

Ordinary Resolution 3 – Mr Krishnan A/L C K Menon (Independent Non-Executive Chairman)	
Nationality / Age / Gender *Malaysian / 72 / Male*	***Working experience*** *He spent 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 6 years and left as an Executive Vice-President in 1994. After serving 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.*
Present Directorship(s) *SCICOM (MSC) Berhad*	
Family relationship with any Director and/or major shareholder of the Company *He has no family relationship with any Directors/ major shareholders of the Company.*	

Ordinary Resolution 4 – Ms The Kun Ann (Executive Director)	
Nationality / Age / Gender *Malaysian / 42 / Female*	***Working experience*** *She has 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.*
Present Directorship(s) -	
Family relationship with any Director and/or major shareholder of the Company *She is the daughter of Mr The Cheng Eng, the Group Managing Director and major shareholder of the Company.*	

Ordinary Resolution 5 – Ms Teh Bee Choo (Independent Non-Executive Director)	
Nationality / Age / Gender *Malaysian / 59 / Female*	***Working experience*** *She has over 30 years of extensive working experience in accounting and financial management. She is the Chief Financial Officer of PESTECH International Berhad ("PESTECH"), currently heading its Accounts and Finance Division. Prior to joining PESTECH in 2008, her work experience includes holding various senior finance positions in private and public companies.*
Present Directorship(s) -	
Family relationship with any Director and/or major shareholder of the Company *She has no family relationship with any Directors/ major shareholders of the Company.*	

Ordinary Resolution 6 – Ms Law Siew Ngan (Independent Non-Executive Director)	
Nationality / Age / Gender *Malaysian / 61 / Female*	***Working experience*** *She has over 30 years of extensive experience across financial management, accounting, audit, risk management, human resources and senior level strategic planning. She started her career by serving articleship at Hanafiah, Raslan and Mohamed followed by a progressive career in commerce holding various senior positions in finance and corporate in private and public companies from 1990 to 2018.*
Present Directorship(s) -	
Family relationship with any Director and/or major shareholder of the Company *She has no family relationship with any Directors/ major shareholders of the Company.*	

Saved as disclosed in the 2022 Annual Report, the retiring Directors have no conflict of interest with the Company.

The Board had, through the Nomination Committee, carried out the necessary assessment on the aforesaid Directors except for Ms Teh Bee Choo and Ms Law Siew Ngan who were newly appointed to the Board on 3 August 2022 and 18 October 2022 respectively. The Nomination Committee concluded that the retiring Directors 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. They have devoted sufficient time to carry out their responsibilities throughout their tenure. Ms The Kun Ann has vast experience in the operations of the Group and is able to provide valuable input to the Group whilst Mr Krishnan A/L C K Menon has exercised due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director of the Company.

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 10th AGM are disclosed in the Audit & Risk Management Committee Report of the 2022 Annual Report.

(vi) ***Special Resolution***
Waiver of Pre-emptive Rights pursuant to Section 85 of the Companies Act 2016

This Special Resolution is pertaining to the waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive rights. This Special Resolution, if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance.

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

Subject to the passing of the Special Resolution on the waiver of pre-emptive rights under Section 85 of the Companies Act 2016, this proposed resolution, if passed, will empower the Directors to issue and 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 AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

This is a renewal of the mandate obtained from shareholders at the last AGM held on 29 November 2021. 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, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for 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, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 29 November 2021 and the mandate will lapse at the conclusion of the 10th AGM.

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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 10th AGM 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, 28 November 2022 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 of up to an aggregate amount of RM244,500 for the financial year ending 30 June 2023.	Ordinary Resolution 1		
To approve the payment of Directors' benefits of up to an aggregate amount of RM150,000 for the period from 29 November 2022 until the next Annual General Meeting of the Company.	Ordinary Resolution 2		
To re-elect Krishnan A/L C K Menon as Director.	Ordinary Resolution 3		
To re-elect The Kun Ann as Director.	Ordinary Resolution 4		
To re-elect Teh Bee Choo as Director.	Ordinary Resolution 5		
To re-elect Law Siew Ngan 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		
Waiver of Pre-emptive Rights pursuant to Section 85 of the Companies Act 2016.	Special Resolution		
Authority to Issue and Allot 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_________________, 2022

____
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 10th Annual General Meeting ("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 10th AGM via the Remote Participation and Voting ("RPV") facilities 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 10th AGM.

2. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 November 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.*

3. *A member of the Company who is entitled to attend and vote at a general meeting may 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.*

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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

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 10th AGM 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 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.

   (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 10th 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, 26 November 2022 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 10th AGM will be put to vote by way of poll.*

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

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