

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

**SUMMARY OF KEY MATTERS DISCUSSED AT THE FIFTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT FUNCTION ROOM 1 & 2, LEVEL 1, MAIN LOBBY, TPC KUALA LUMPUR, NO. 10, JALAN 1/70D, OFF JALAN BUKIT KIARA, 60000 KUALA LUMPUR ON WEDNESDAY, 22 NOVEMBER 2017 AT 10.00 A.M. (“5<sup>TH</sup> AGM”)**

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**AGENDA ITEM 1:  
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017  
TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

- 1: Mr Rashid Bin Esoofi Mamajiwalla, a shareholder, congratulated the Company for achieving its financial performance for the financial year ended 30 June 2017.

He noted that the Company had allocated approximately RM30.0 to 40.0 million for capital expenditure in the financial year ending 30 June 2018 to expand the Group’s fleet of machinery. He also noted that the Company had incurred rental expenses of approximately RM10.8 million for equipment and machinery in the financial year ended 30 June 2017.

He then posed the following questions:

- i) What was the basis for determining whether the Company should purchase or rent machinery or equipment?
- ii) In the financial year ended 30 June 2017, there was income of approximately RM3.9 million from rental of equipment. What were the types of equipment that were rented out and to whom were they rented to?
- iii) What did the “deficit in business combination” of RM87.0 million under Group for financial years 2016 and 2017 in the Statements of Financial Position on page 40 of the Annual Report mean?
- iv) The Group had approximately RM32.0 million of trade receivables past due more than 120 days in the Key Audit Matters under page 91 of the Annual Report .What were the prospects of recovering the debts and if the amount could not be recovered in full, what was the expected amount to be recovered?
- v) How does the Company keep abreast of the latest technology breakthrough in the construction industry?

Chairman replied as follows:

- i) When a project is awarded, the Company might not have the necessary machinery or equipment to perform the job prior to commencement. Therefore, the Company would either purchase or rent the machinery or equipment. It was a business decision whether the machinery or equipment would be purchased or rented.
- ii) The Company would rent out equipment to third parties and rental was based on arm’s length.
- iii) The deficit in business combination in the Statements of Financial Position was an accounting treatment. The amount was due to the pre-acquisition of Econpile (M) Sdn. Bhd. (i.e. reverse takeover) before the listing of the Company on the Main Board of Bursa Malaysia Securities Berhad.

- iv) In the construction industry, it was norm to have trade receivables past due for more than 120 days due to the duration for the certification of work done. If there were issues on the recoverability of trade receivables, the Company would assess the situation and issue notices to terminate the job.

The Company carries out a detailed study on the recoverability of trade receivables and at every quarter, the Audit & Risk Management Committee would go through the list of outstanding trade receivables.

- v) Mr The Cheng Eng and Ms The Kun Ann have visited Germany to explore new technologies. This would form part of the continuous training for the Directors.

Q2: Mr Ng Aik Pheng (“Mr Ng”), a shareholder, asked the following questions:

- i) What would be the expected impairment (if any) and the amount of provisions for depreciation, maintenance cost and write off of equipment for 2018?
- ii) Since the Company had invested heavily in capital expenditure, what were the new technologies for bored piling?

A2: Mr Pang Sar replied as follows:

- i) The Finance Department would assess the need for impairment and the Auditors would also carry out a review to ensure appropriate disclosures are made in the financial statements.
- ii) The Company incurred capital expenditure to improve machinery and upgrade capacity in order to maintain its position as the leader in the construction industry.

The boring machine highlighted by Mr Bin Lay Thiam, the Senior General Manager (Finance), during his short presentation on Econpile’s financial and operational highlights for the financial year ended 30 June 2017, was the biggest boring machine and it could construct bored piles with length of 100 metres.

The Company was in the midst of developing rock drilling machinery to tackle challenging projects with difficult rock formations. The Company carries out continuous improvement plans.

The Company had been able to maintain 3 years of continuous growth due to the continuous improvement plans and capital expenditure.

Q3: Mr Ng asked whether the margin for certain niche market could be maintained for the next 5 years?

A3: Chairman replied that the business environment was competitive and pricing must be reasonable.

The Company could charge a premium price for providing better bored piling and substructure solutions.