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

SPECIALIST PILING, SUBSTRUCTURE and INFRASTRUCTURE CONTRACTOR

annual report **2020**

Overview

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

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

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

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

Contents

INTEGRATED MANAGEMENT SYSTEM

ISO 9001:2015
Quality Management

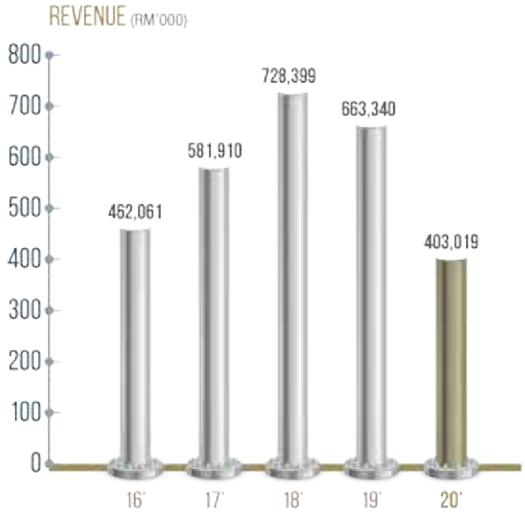
ISO 14001:2015
Environmental Management

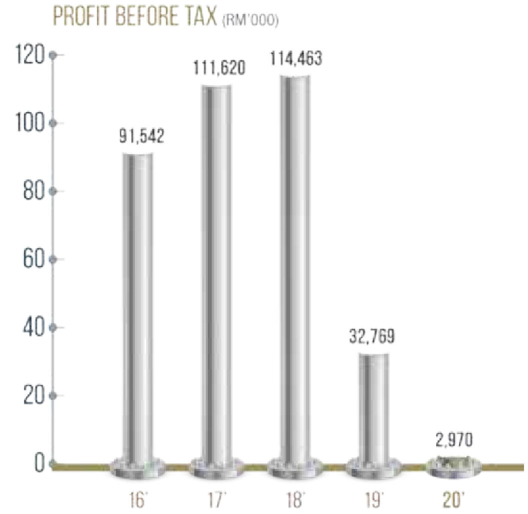
ISO 45001:2018
Occupational Safety and Health Management

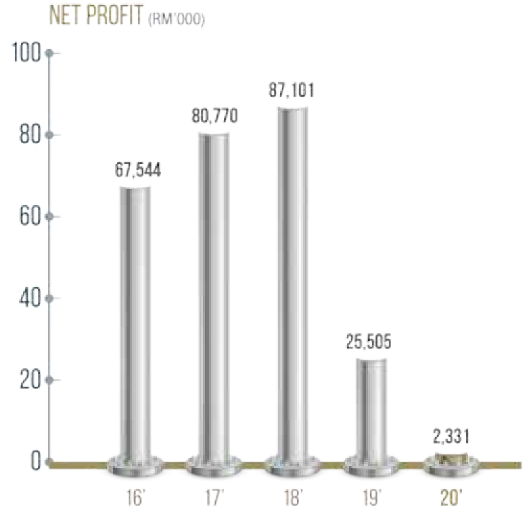
SME Competitiveness Rating For Enhancement

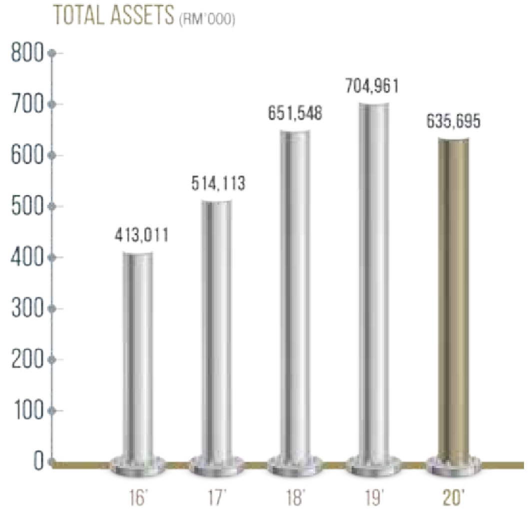
5-Star SCORE Rating

Financial Highlights









Financial year ended 30 June	2020	2019	2018	2017	2016
Revenue	**403,019**	663,340	728,399	581,910	462,061
Depreciation	**26,472**	30,497	29,564	24,558	19,991
Finance costs	**2,578**	3,494	2,433	1,701	1,573
Profit before tax	**2,970**	32,769	114,463	111,620	91,542
Profit before interest and tax	**5,548**	36,263	116,896	113,321	93,115
Profit before interest, tax and depreciation	**32,020**	66,760	146,460	137,879	113,106
Net profit for the year	**2,331**	25,505	87,101	80,770	67,544
Total assets	**635,695**	704,961	651,548	514,113	413,011
Shareholders' fund	**390,796**	395,157	369,652	303,951	247,257
Total borrowings	**82,238**	73,538	64,243	45,914	30,866
Share capital	**136,006**	136,006	136,006	136,006	107,000
Earnings per share (sen)	**0.17**	1.91	6.51	6.04	5.05
Net assets backing (sen)	**29.22**	29.54	27.63	22.73	18.49
Gearing ratio (times)	**0.21**	0.19	0.17	0.15	0.12
Interest cover ratio (times)	**2.15**	10.38	48.05	66.62	59.20
Return on equity (%)	**0.60**	6.45	23.56	26.57	27.32

Corporate Information

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

Company Secretaries
Lim Hooi Mooi (MAICSA 0799764)(SSM PC No.201908000134)
Te Hock Wee (MAICSA 7054787)(SSM PC No.202008002124)
Fong Sok Yee (MAICSA 7066501)(SSM PC No.202008001180)

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

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

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

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

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

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

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

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

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

Stock Exchange Listing
Main Market of Bursa Malaysia Securities Berhad
Construction Sector

Stock Name/Code
ECONBHD/5253
ECONBHD-WA/5253WA

Corporate Structure

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

100%
ECONPILE (M) SDN. BHD.
(Registration No.: 198701005594)(164265-P)

100%
TROPICAL BROADWAY SDN. BHD.
(Registration No.: 201601019205)(1190142-K)

100%
PLATINUM PRODUCTION SDN. BHD.
(Registration No.: 200001013169)(515775-H)

Management Discussion and Analysis

While players in the construction industry were already grappling with macroeconomic challenges in the form of slower flow of contracts from the public and private sectors at the beginning of the financial year ended 30 June 2020 ("FY2020") , the dire circumstances took a turn for the worse when the harsh impacts of the Covid-19 pandemic unfolded.

The Government's implementation of the Movement Control Order ("MCO") from 18 March 2020 on non-essential services effectively halted the progress of all construction projects nationwide. Although construction sites were legally allowed to operate in full capacity in early May 2020 – due to strict Standard Operating Procedures ("SOP") on-site requirements and mandatory Covid-19 screening for all foreign workers, the resumption to normal operations has been gradual and incremental. The slow rate of recovery to normal activities was also attributed to the various restrictions imposed on the supply chain components.

Nonetheless, backed by more than 30 years of industry experience and prudent financial positioning, we at Econpile have remained profitable despite a turbulent financial year under review.

ECONOMIC REVIEW

On a global scale, 2019 was weighed down by unresolved trade tensions, heightened market volatility and geopolitical uncertainties. This was evidenced in the global Gross Domestic Product ("GDP") growth which moderated to 2.5% in 2019 from 3.0% in 2018.

As a highly open and export-oriented economy, Malaysia was not spared by these global developments, as GDP grew at a slower rate of 4.3% in 2019 from 4.7% in the previous year. This was largely driven by higher private sector spending but partially offset by supply disruptions in the commodities sector and weaker investment activities.

In line with the weaker growth and inherent ambiguity in the status of mega infrastructure projects in the local front, the domestic construction sector remained largely stagnant with 0.1% growth in 2019 from 4.2% in 2018, due to the delay in works for major highways and completion of large petrochemical projects. The commercial property glut and elevated level of overhang residential properties also played a role in the slower expansion in 2019.

ECONOMIC REVIEW (Continued)

Furthermore, the change in ruling coalition in February 2020 added further uncertainties for ongoing and future infrastructure projects, with some undertakings retracing its steps to the drawing board. Besides that, the Covid-19 pandemic proved to be a major hurdle not just for the construction sector but the entire nation as the implementation of MCO and Conditional MCO ("CMCO") disrupted operations of non-essential services from 18 March 2020, with partial upliftment for selected industries in staggered phases, subject to adherence of standard operating procedures and conditions.

Nonetheless, we are confident that in the longer perspective, Malaysia would be able to endure the hurdles, while preserving macroeconomic and financial stability with its diversified nature of economy and strong foundation.

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 Holdings Bhd. has two wholly-owned subsidiaries, namely Econpile (M) Sdn. Bhd. ("EMSB") and Tropical Broadway Sdn. Bhd. ("TBSB"). EMSB carries out piling and foundation services while its subsidiary Platinum Production Sdn. Bhd. ("PPSB") is engaged in property investment, consisting of the Group's full-fledged workshop in Rawang to undertake regular maintenance of our fleet of machinery. The principal activity of TBSB is in property development.

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

Share Performance (1 October 2019 to 30 September 2020)

Year High	RM0.850
Year Low	RM0.300
Year Close	RM0.485
Trading Volume	1,364.295 million
Market Capitalisation as at 30 September 2020	648.688 million

FINANCIAL REVIEW

STATEMENT OF COMPREHENSIVE INCOME

The implementation of the MCO and CMCO to prevent further spreading of the Covid-19 virus had taken a toll on the Group's performance in FY2020.

Given the downcast landscape in the year under review and fewer working days in the second half of FY2020 amidst the MCO and CMCO, the group revenue declined 39.2% to RM403.0 million in FY2020 compared to RM663.3 million previously.

Piling and foundation works for property developments remained as the Group's main revenue generator, which made up RM283.0 million or 70.2% of total revenue. Billings for similar works for infrastructure and other projects contributed the remaining RM120.0 million or 29.8%.

The Group's FY2020 gross profit weakened to RM28.4 million from RM64.0 million a year earlier in line with the lower topline. At the same time, gross profit margin moderated by 250 basis points to 7.1% in FY2020 from 9.6% previously, as its project mix had a higher proportion of infrastructure works compared to the year earlier.

Still, operating expenses for FY2020 trimmed from RM35.7 million in FY2019 to RM24.7 million in FY2020. Finance costs also reduced 26.2% to RM2.6 million in FY2020 from RM3.5 million a year ago due to repayment of existing hire purchase and no new hire purchase taken up during the year.

This led the Group's FY2020 profit before tax to decrease 90.9% to RM3.0 million from RM32.8 million previously, while net profit softened to RM2.3 million in FY2020 from RM25.5 million in the previous corresponding year.

Nevertheless, it is important to note that despite the disruptions to the Group's operations during the MCO and CMCO periods, Econpile maintained its profitability through tighter cost control and careful planning of resources.

In light of the widespread effect of the Covid-19, the required resources to fund working capital for ongoing projects, and more prudent financial approach overall, the Board of Directors have determined not to declare any dividend in respect of FY2020.

We appreciate your understanding of this unprecedented situation and rest assured that the Board retains its intention to strengthen the foundation of our business, and be in a position to create value for our stakeholders, including shareholders.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020, the Group's total assets base declined to RM635.7 million from RM705.0 million previously, on the account of reduced trade receivables and lower value of property, plant and equipment.

Cash and cash equivalents together with other investments dipped to RM25.5 million as at 30 June 2020, from RM57.9 million a year ago, as Econpile utilised its cash pile primarily to fund working capital during the MCO and CMCO periods. It must also be noted that Econpile incurred minimal RM5.4 million in capital expenditure for the year under review, as our existing fleet of machinery was sufficient for current project needs.

The Group's total liabilities decreased to RM244.9 million as at 30 June 2020 from RM309.8 million previously. This was due to lower trade and other payables as a few projects were completed in the year under review. However, total borrowings increased to RM82.2 million versus RM73.5 million earlier as the Group increased its leverage to fund working capital for its 24 ongoing projects.

Shareholders' equity stood at a healthy RM390.8 million from RM395.2 million previously.

Having taken all things in perspective, the Group's net gearing level remained manageable at 0.15x in FY2020 from 0.05x in the previous corresponding year. We remain in a healthy financial position and have access to funds as and when required, providing us a strong financial foundation to enable the Group to ride out the effects of Covid-19.

OPERATIONAL HIGHLIGHTS

Having been in this competitive industry for over 30 years, we are no strangers to economic cycles and are well aware of the steps required to remain in the piling and substructure sector for the long haul.

Demonstrating our competitiveness in this industry despite the challenging circumstances, Econpile successfully secured RM314.9 million new contracts in FY2020, which mainly consisted of piling and substructure works for high-rise property development projects. Our orderbook stood at a commendable level of approximately RM670.0 million as at 30 June 2020.

Continuing from last year, both Phase One and Phase Two of Pavilion Damansara Heights project, with a total project footprint of approximately 15.9 acres, contributed to most of the site activities in FY2020. The total awarded contract value for the development has been increased from RM919.6 million to RM1.02 billion with the securing of the reinforced concrete works contract for a seven-storey retail podium for Phase Two in the financial year.

Working over the span of more than three (3) years, we have now completed the main structural works for the eight-level basement for Phase One of the development, the deepest underground space development in restricted urban areas of Kuala Lumpur with an enormous floor plate area totaling approximately 300,000 sq.m.. The adopted top-down construction method has made possible the simultaneous construction of both underground basement and 12 tower buildings above ground level. The top-down work sequence used alternate basement permanent floors as strutting slabs against the Contiguous Bored Pile ("CBP") basement wall. The sequence took into multifaceted considerations of basement floor (including temporary openings to facilitate earth removal and concreting works of lower floors) and CBP wall in modelling, design, logistic and construction work aspects.

Following the completion of piling works in Phase Two, basement construction works are currently in full swing in this parcel and the flurry of substructure activities will continue through next year. Being natural progression from the current basement works, the coming year will see our resources being progressively deployed to above ground level to continue the same nature of reinforced concrete works for the seven-storey retail podium.

Despite the lacklustre property market in the financial year, we have secured two (2) contracts of piling and substructure works from Tropicana Corporation which entails the construction of more than 500 bored piles as the foundation structure for two (2) mixed developments. The works align well with our core expertise and are providing us revenue and operating cashflow as we strive to produce deliverables in a timely manner.

In the infrastructure segment, the ongoing focus is on bored piling works for Light Rail Transit ("LRT3") Package GS04. The other projects in the segment are mostly either completed or near completion.

Our works for Package CA3 Sungei Besi-Ulu Kelang Elevated Expressway ("SUKE") have been recently completed with the installation of over 1,000 bored piles and 50 caisson piles. This project is of particular engineering importance as it showcases our pioneering expertise in large-diameter hard rock drilling using down-the-hole ("DTH") hammer in challenging rock formations. With percussion boring, the DTH technique, compared to conventional rotary drilling, has been proven to be significantly more efficient in hard rock areas. We have constructed 200 large-diameter bored piles for SUKE by using the DTH hammer to drill through hard granite strata.

With the accumulated experience and know-how, increasingly we are turning to DTH hammer for projects with hard underground layers to enhance overall piling performance.

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. The Group has served the Notification of Determination to ASMKL in March 2019 and all physical works at the Maju Kuala Lumpur project site have since been halted. The Group is allowed to claim for a total of RM73.7 million based on the first and second adjudications' decisions. Further, to date the Group has successfully enforced the adjudication decision for the first adjudication claim, i.e. an awarded sum of RM59.7 million to Econpile, as an Order/Judgement of the High Court in November 2019.

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

Pavilion Damansara Heights Phase One project site in July 2017

Pavilion Damansara Heights Phase One project site in September 2020

CORPORATE EXERCISE

On 15 September 2020, Econpile announced to undertake a private placement of up to 10% of the total number of issued shares. The proceeds from the private placement would largely be used to finance our working capital requirements such as payment of trade and other payables, general administrative expenses and other operating expenses, as well as partial repayment of the Group's banker's acceptance.

Bursa Malaysia Securities Berhad had, vide its letter dated 24 September 2020, approved the listing of and quotation for up to 160,500,003 shares to be issued pursuant to the proposed private placement.

This exercise will position our balance sheet towards longer-term sustainability and to be ready for the construction industry's eventual recovery.

Management Discussion and Analysis (Continued)

FUTURE OUTLOOK

Cognizant of the dire circumstances, Bank Negara Malaysia ("BNM") forecasted the nation's economy to chart GDP growth between -2.0% to 0.5% in 2020 as the effects of Covid-19 pandemic continue to weigh down the country's prospects. However, once this health crisis is either averted or managed, domestic growth is expected to be supported by the gradual increase of household spending, further progress in the implementation of transport-related projects and higher public sector expenditure.

BNM further anticipates for the local construction scene to be supported by the continuation of large-scale transport-related projects such as Klang Valley Mass Rapid Transit 2, Light Rail Transit 3 and Pan Borneo Highway.

While cautiously optimistic of the Group's prospects, we aim to retain Econpile's solid foundation by remaining prudent with our expenses, being focused on securing technically-complex projects that are financially viable, and enhancing our operational efficiency to boost our bottomline.

GROWTH STRATEGIES

With the Covid-19 pandemic causing demand and supply shocks on a global scale, our core focus is to keep the Group's operations sustainable going forward. In order to maintain a sustainable business model, we will be implementing the following strategies:

- **Adopt a prudent approach on expenses**

  As with any crisis, Covid-19 accelerated the urgency of maintaining lean operations and operating cash flow as a key measure of ensuring long-term survival. This entails taking on a more prudent approach with overall expenditure and prioritising critical functions across the Group.

  In the coming year, we will allocate minimal capital expenditure as our focus is mainly to maintain our fleet of machinery, and implement a tighter cost control policy internally.

- **Tender for projects that are financially viable in local and foreign markets**

  Despite the fewer tenders in general and reduced job size, we maintain our stance of participating in projects that are financially viable and corresponding to our expertise. As one of the few piling players in Malaysia with the skill to perform top-down construction works as well as a large in-house fleet with varied capabilities, our specialist competence and large capacity allow us the flexibility to bid competitively in the domestic and regional arenas.

Appreciation

We would like to express our thanks to the Board, management team, and our employees for your continuous commitment towards attaining commendable results despite the challenging business environment. Without your efforts, Econpile would not be where it is today.

We would also like to extend our sincere appreciation to our business partners, associates, suppliers, customers, and valued shareholders for your confidence in us. With your support, we will be well-positioned to take advantage of the opportunities when the construction sector recovers.

Sincerely,
The Cheng Eng
Group Managing Director

Pang Sar
Executive Director/ Group Chief Executive Officer

Directors' Profiles

From left to right:
1. Ong Poay Wah @ Chan Poay Wah (f)
Senior Independent Non-Executive Director
2. The Cheng Eng
Group Managing Director
3. Pang Sar
Executive Director/ Group Chief Executive Officer
4. KRISHNAN A/L C K MENON
Independent Non-Executive Chairman
5. The Kun Ann (f)
Executive Director
6. Dato' Rosli Bin Mohamed Nor
Independent Non-Executive Director

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

Krishnan A/L C K Menon (Male), a Malaysian aged 70, is our Independent Non-Executive Chairman. He was appointed to our Board on 20 February 2014. He is also a member of the Audit & Risk Management, Remuneration and Nomination Committees. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

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

He was a Non-Executive Director of Petroliam Nasional Berhad from 2010 to 2019. He is presently the Chairman of SCICOM (MSC) Berhad.

Mr Menon has attended all the five (5) Board meetings held during his tenure in office for the financial year ended 30 June 2020. He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2020.

THE CHENG ENG
Group Managing Director

The Cheng Eng (Male), a Malaysian aged 72, is our founder and Group Managing Director. He is also a substantial and major shareholder of the Company. He was appointed to our Board on 8 October 2013. As our Group Managing Director and a member of key senior management, he is responsible for senior oversight of operations as well as directing growth and strategic direction of the Group.

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

Mr The has attended all the five (5) Board meetings held during his tenure in office for the financial year ended 30 June 2020. He is the father of Ms The Kun Ann, an Executive Director of the Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2020.

Directors' Profiles (Continued)

PANG SAR
Executive Director/ Group Chief Executive Officer

Pang Sar (Male), a Malaysian aged 62, is our Executive Director and Group Chief Executive Officer. He is also a substantial and major shareholder of the Company. He was appointed to our Board on 8 October 2013. As a member of key senior management, he is responsible for managing the day-to-day operations as well as establishing the overall strategic direction for the Group. He graduated with a Bachelor of Science with Honours Degree in Civil Engineering from University of Leeds, United Kingdom. He is a member of the Institution of Engineers, Malaysia, and a Registered Professional Engineer with the Board of Engineers, Malaysia.

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

Mr Pang has attended all the five (5) Board meetings held during his tenure in office for the financial year ended 30 June 2020. He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2020.

THE KUN ANN
Executive Director

The Kun Ann (Female), a Malaysian aged 40, is our Executive Director. She was appointed to our Board on 8 October 2013. She joined our Group in 2010. As a member of key senior management, she is responsible for the corporate affairs and business development of our Group. She graduated with a Bachelor of Business and Commerce Degree and a Master of International Business, both from Monash University, Australia.

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

Ms The has attended all the five (5) Board meetings held during her tenure in office for the financial year ended 30 June 2020. She is the daughter of Mr The Cheng Eng, the Group Managing Director, also a major shareholder of the Company. She has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years nor has she been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2020.

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

Ong Poay Wah @ Chan Poay Wah (Female), a Malaysian aged 52, is our Senior Independent Non-Executive Director. She was appointed to our Board on 8 October 2013. She is the Chairperson of Nomination Committee and a member of the Audit & Risk Management and Remuneration Committees. She graduated with a Bachelor of Accountancy with Honours Degree from Universiti Utara Malaysia.

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

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

Ms Ong has attended all the five (5) Board meetings held during her tenure in office for the financial year ended 30 June 2020. She has no family relationship with any director and/or major shareholder of the Company/Group. She has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years nor has she been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2020.

Directors' Profiles (Continued)

DATO' ROSLI BIN MOHAMED NOR

Independent Non-Executive Director

Dato' Rosli Bin Mohamed Nor (Male), a Malaysian aged 61, is our Independent Non-Executive Director. He was appointed to the Board on 8 October 2013. He is the Chairman of the Audit & Risk Management and Remuneration Committees and a member of the Nomination Committee. He graduated with a Bachelor of Science in Civil Engineering from Brighton Polytechnic (presently known as Brighton University), United Kingdom.

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

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

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

Dato' Rosli has attended all the five (5) Board meetings held during his tenure in office for the financial year ended 30 June 2020. He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2020.

Key Senior Management Profile

From left to right:
1. Amrick Singh A/L Atar Singh
Deputy Senior General Manager (Projects)
2. Ng Heng Heem
Senior General Manager (Contracts)
3. Pang Sar
Executive Director/ Group Chief Executive Officer
4. The Cheng Eng
Group Managing Director
5. Choo King Hwa
Senior General Manager (Projects)
6. The Kun Ann (f)
Executive Director
7. Bin Lay Thiam
Senior General Manager (Finance)

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

Ng Heng Heem (Male), a Malaysian aged 64, is our Senior General Manager (Contracts). He was appointed to the position on 1 July 2014. He is responsible for the management, execution and monitoring of tender and contract functions of the Group. He graduated with a Bachelor of Quantity Surveying (Honours) from University of Technology Malaysia in 1979. He is a member of the Royal Institution of Surveyors Malaysia. and a professional member of the Royal Institution of Chartered Surveyors. He is also a registered Quantity Surveyor registered with Lembaga Juruukur Bahan Malaysia. He possesses over thirty-five (35) years of experience in contract administration and quantity surveying in the construction sector.

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2020.

Choo King Hwa (Male), a Malaysian aged 59, is our Senior General Manager (Projects). He was appointed to the position on 1 July 2014. He is responsible for the monitoring and management of site technical activities of our Group. He graduated with a Bachelor of Civil Engineering with Honours Degree from Monash University, Australia in 1985. He has over thirty (30) years of experience in a variety of technical and managerial roles locally and internationally, involving in tendering, design and all the way through to completion of construction of projects.

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2020.

Bin Lay Thiam (Male), a Malaysian aged 50, is our Senior General Manager (Finance). He was appointed to the position on 1 June 2012. He is responsible for directing the financial and accounting operations of the Group. He is a Chartered Accountant by profession and a Fellow of the Association of Chartered Certified Accountants, a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

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

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

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2020.

Amrick Singh A/L Atar Singh (Male), a Malaysian aged 51, is our Deputy Senior General Manager (Projects). He was appointed to the position on 1 July 2014. He is responsible for monitoring project performance and management of site operational matters. He graduated with a Bachelor of Civil Engineering with Honours Degree from Universiti Teknologi Malaysia in 1992. He passed the Safety and Health Officer Examination conducted by National Institute of Occupational Safety and Health in 1999.

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

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2020.

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

Sustainability Statement

A. Introduction

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

Our business, financial condition, and results of operations are highly dependent on the economic activity, property development projects and infrastructure initiatives in Malaysia. The political and economic uncertainties in the financial year have adversely affected the demand for new property and the timely roll-out of infrastructure projects. These have inevitably led to the decline in demand for our products and services. Further worsening the situation was the outbreak of Covid-19 in the first half of year 2020. The pandemic has added a perilous new dimension to an already challenging business environment for us. The scale and duration of these developments remain uncertain but could impact the Group's earnings and cash flow going forward.

As the pandemic and market conditions evolve, the Group has and will continue to remain focused on two priorities: protecting the health and safety of our employees and preserving the financial sustainability of the Group.

We are in our third year of our sustainability reporting. Last year, we formalised our sustainability governance as well as identification of material sustainability issues. This year, we made further progress by enhancing our baselines and quantitative goals which will in turn allow us to assess performance and improvement over time.

This Sustainability Statement underlines our commitment towards being a sustainable organisation and our endeavours to continuously improve our sustainability efforts across three aspects of sustainability i.e. economic, environmental and social ("EES"). In particular, the economic aspect, under the current market conditions, has become even more of a focal point for the Group where the recovery and resilience of the construction sector comes into sharp focus.

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

FY2020 EES Highlights

- Turnover: RM403.0 million
- Net profit: RM2.3 million
- Earnings per share: 0.17 sen

Economic

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

Environmental

- Employee gender ratio: 83% Male : 17% Female
- Health and Safety: achieved zero fatality and zero loss-time injury ("LTI")
- Zero positive case of Covid-19 at workplace

Social

B. Scope

This sustainability statement covers financial year ended 30 June 2020 ("FY2020") for the period from 1 July 2019 to 30 June 2020. It discloses information on our activities and achievements for FY2020 in EES areas and is reported in accordance with Global Reporting Initiative ("GRI") Core Option and Bursa Malaysia's Sustainability Reporting Guide, 2nd Edition, updated in 2018 ("SRG").

This year, we focused our efforts to achieve GRI and SRG framework requirements. Our short-term objective is to ensure compliance with key significant requirements in these frameworks. As part of these efforts, we introduced a sustainability governance structure to enhance the implementation of our sustainability activities, monitoring and reporting processes.

B. Scope (Continued)

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

C. Governance Structure

Our governance structure ensures overall accountability in sustainability areas for the Group to implement sustainability strategy across the business, rules and goal setting, and reporting processes. It also enables central coordination, organised and established a structured monitoring process across several organisational levels.

Board of Directors

↓

Sustainability Steering Committee

↓

Sustainability Working Committee

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

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

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

D. Stakeholders Engagement

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

Key Stakeholders	Engagement Channel/Approach
Internal	
Shareholders and Investors	Quarterly announcements of financial statements
	Small group meetings and conference calls
	Annual report
	General meeting - annual and extraordinary
	Bi-annual investor briefing
Employees	Performance review
	Management meeting
	Staff recreation club
	Open-door policy

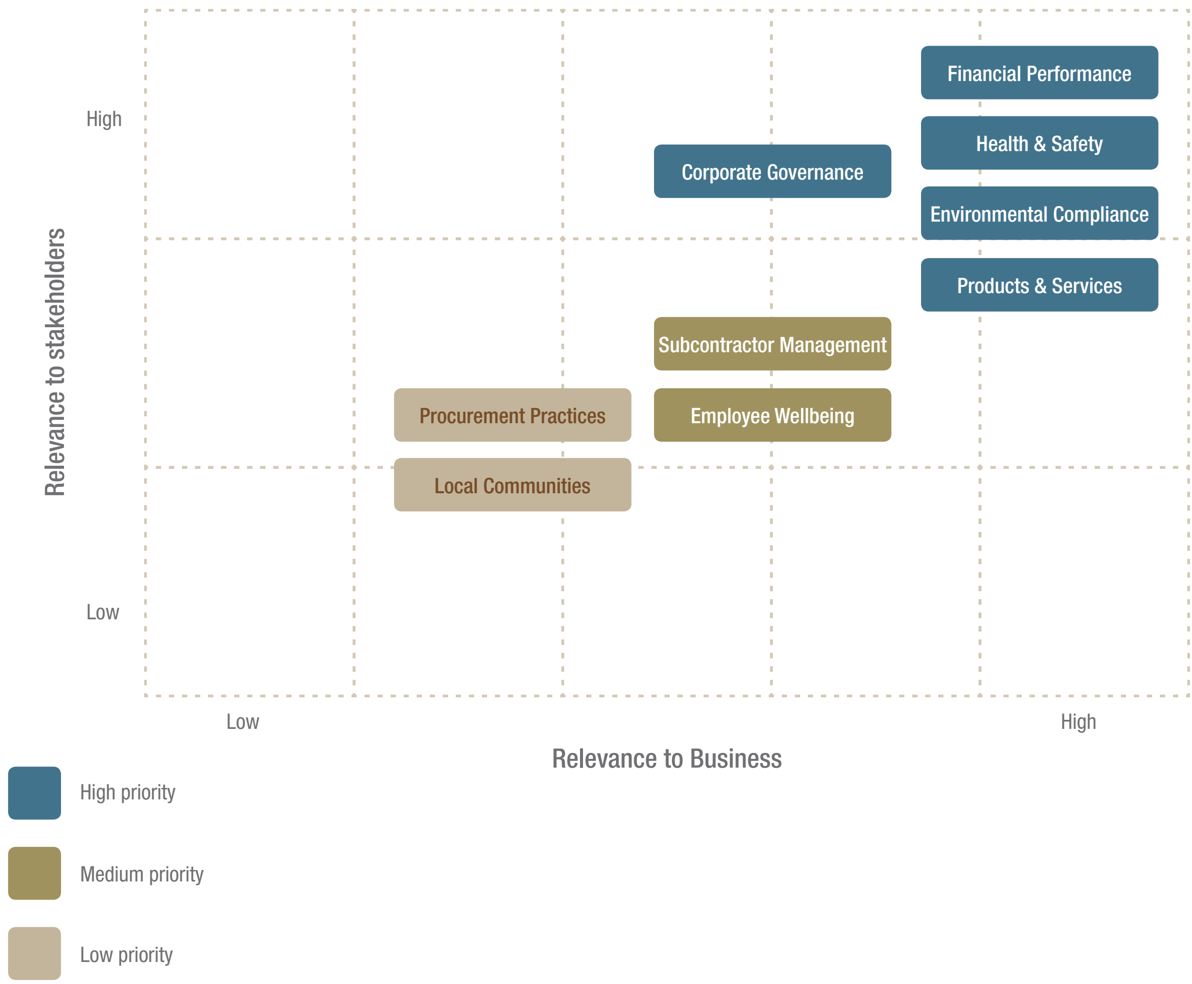
D. Stakeholders Engagement (Continued)

Key Stakeholders	Engagement Channel/Approach
External	
Customers	One-to-one meetings
	Dedicated project chat groups on messaging platform
Suppliers and subcontractors	Routine business reviews with key suppliers and subcontractors
	One-to-one meetings
Regulators and authorities	Statutory reporting
	One-to-one and small group meetings
Local communities	Individual and small group meetings
	Daily informal interactions

E. Material Sustainability Issues

In view of Covid-19 being a respiratory virus that is easily transmitted through close personal contact and the ongoing far-fetching impact it has on businesses worldwide, the priority ranking of Health and Safety as a material sustainability issue has been further raised to 'high' to both business and stakeholders in FY2020.

The ranking of other eight (8) identified sustainability issue have remained unchanged from the previous year.



E. MATERIAL SUSTAINABILITY ISSUES (Continued)

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

Economic	Environmental	Social
• Financial Performance • Corporate Governance • Products and Services • Procurement Practices • Sub-contractor management	• Environmental Compliance	• Health and Safety • Employee Wellbeing • Local Communities

Details of each sustainability matters are explained in the next sections.

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

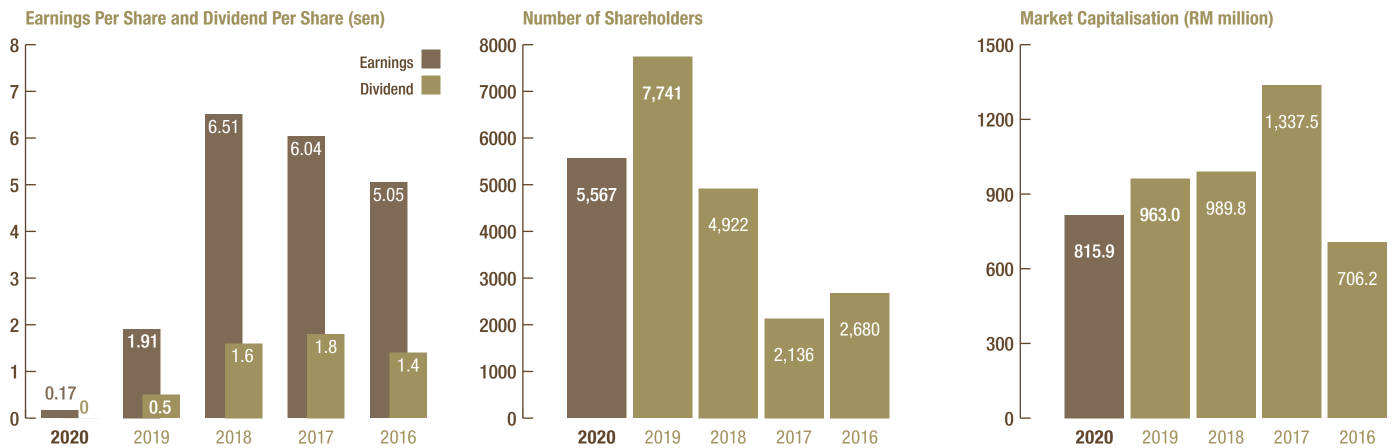
Financial Performance

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

Increasingly throughout the financial year, we are seeing pricing, an economic factor, as the key decision driver for clients to finalise the award of contracts. Accordingly, operating in a highly competitive pricing environment, the management of cost control is a critical business strategy for the Group today.

The Group is committed to deliver value to its shareholders through execution of its strategic plan and responsible financial management. For the financial year under review, the Group's earnings per share was 0.17 sen and no dividend is declared due to the reduction in profit and economic uncertainties.

As at the end of FY2020, the Company had 5,567 shareholders compared to 7,741 at the end of the previous year with a total of 1,337,500,025 ordinary shares currently. The quoted price of our share as at 30 June 2020 was RM0.61 with a market capitalisation of RM815.9 million.



E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Financial Performance (Continued)

	2020	2019	2018	2017	2016
Earnings per share (sen)	0.17	1.91	6.51	6.04	5.05
Dividend per share (sen)	0	0.5	1.6	1.8	1.4
Number of Shareholders	5,567	7,741	4,922	2,136	2,680
Market Capitalisation (RM million)	815.9	963.0	989.8	1,337.5	706.2

The Group has reported a decrease of 90.9% in net profit from RM25.5 million in FY2019 to RM2.3 million in FY2020. Revenue has also contracted by 39.2% to RM403.0 million from RM663.3 million in the previous financial year. The profit performance was affected largely by overall weak construction market and fewer working days in second half of FY2020 due to Covid-19 related governmental controls.

The complete audited financial statements for FY2020 are presented on pages 49 to 116 and the analysis of the profit performance is explained in the Management's Discussion and Analysis on pages 4 to 9 in this annual report.

Corporate Governance

The Group strives to comply with the best practices in regulatory requirements to achieve business sustainability and prosperity. The Board is committed to maintaining a high standard of corporate governance that fosters accountability, ethical behaviour and transparent disclosure.

The Group works closely with the Internal Auditors and External Auditors to ensure compliance to the reporting regulations.

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

Our corporate governance practices adopted are explained in detail in the Corporate Governance Overview Statement from page 28 to page 39 which covers topics such as our core policies, independence and diversity on the board, remuneration practices and other governance relevant matters.

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

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

Our Code of Ethics and Code of Conduct set out the standards of conduct and responsible behavior expected of all Directors and employees to promote corporate culture which inculcates ethical conduct throughout the Group.

Separately, the Group had on 28 May 2020 adopted an enhanced Whistleblowing Policy & Guidelines, accessible at www.econpile.com, so that any suspected bribery and corruption activities can be reported in a safe and confidential manner. Under the policy, whistleblower's identity is safeguarded and all whistleblowing reports are treated as confidential. All whistleblowing reports are addressed to our Senior Independent Director directly and will be escalated to the ARMC and the Board if necessary.

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Products and Services

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

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

We communicate with our clients informally through daily interactions. We believe that greater customer satisfaction is directly and positively linked with greater levels of product and service quality. Feedbacks from clients and consultants were communicated to us through several channels including informal basis during the financial year. These feedbacks centred on topics related to project timeliness, quality control and technical expertise. Recognising that complaints are particularly valuable feedback, project employees reported and shared details of these feedbacks with the management to address their root causes and determine best solutions.

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

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

Procurement Practices and Subcontractor Management

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

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

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

Our enhancement programme for management of procurement and subcontractors is depicted in the diagram below. The programme takes into account the activities required to support different stages of procurement process, from pre-construction, through construction to post-completion.

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Procurement Practices and Subcontractor Management (Continued)

Pre-Construction

- Budget review
- Materials planning
- Site visits to understand site conditions
- Preparation of logistics plan
- Preparation of project quality plan

Construction

- Kick-off meeting to commence work
- Submission of project quality plan and method of statement
- Staff training on work activities
- Continuous monitoring and education of staff
- Set up documentation and record keeping purposes
- Progress reports and progress meetings
- Filing of materials documentation and test reports
- Management reports

Project Closure

- Closure of Non-Conformance Reports ("NCRs")
- Completion of defects works
- Final audit prior to closing of final account
- Document archive management

We introduced assessments on work quality, timeliness, response to inquiry, financial capability and labour management in the programme. We encourage our suppliers and subcontractors to adopt standardised and certified quality management practices.

Environmental Compliance

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

During FY2020, we continue to manage the environment effects of our operations through ISO14001:2015 Environmental Management System. This certification highlights our commitment to environment protection and enables us to maintain compliance with environmental regulations by continuous improvement process.

(i) Pollution Control

In compliance with contractual provisions, detailed action plans on pollution control were developed for selected projects to minimise pollution in which the mechanism includes monitoring of air and water quality and noise levels.

Air Quality Monitoring

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

Noise Monitoring

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

Water Management

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

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Environmental Compliance (Continued)

(ii) Energy and Water Management

Purchased electricity and diesel are the dominant energy sources for the Group. Pavilion Damansara Heights was by far the largest project contributor to our revenue in FY2020. Accordingly, among all projects, it also recorded the highest consumption of water and energy during the financial year under review. Together with our headquarters office, the consumption of water and energy sources in FY2020 is as follows:

Water	Diesel	Electricity
10,186 M^3	1.158 million litres	135,909 kw/H

This is the first year we report on our consumption level of energy sources. It is only through tracking and measuring strategies that incremental improvement in their management is possible. The consumption indicators are used as a baseline and will subsequently become the benchmark for future monitoring.

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

During the year, both headquarters and Pavilion Damansara Heights project consumed a total of 10,186m^3 of water. For this project in particular, water conservation efforts include rainwater harvesting and water recycling. We also minimise any water run-off and monitor water quality prior to discharge of water to drainages in accordance with the DOE's regulatory requirements.

The majority of our energy usage occurs at the project sites. The Group consumes considerable amount of diesel to operate its heavy machinery and equipment from drilling rigs, crawler cranes to excavators. Diesel consumption is monitored to ensure optimal amount is used in our construction and piling activities. Our diesel saving efforts include turning off engines when not in use and regular servicing of machinery and equipment to ensure they are operating as efficiently as possible.

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

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

(iii) Waste Management

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

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

FY2020 saw us continuing the use of durable and reusable systems at project sites whenever practicable. Particularly, the use of modular formworks was increased for the casting of beams and slabs in the construction of basement, replacing conventional wood shuttering which has a short lifespan. In addition to a considerable reduction in construction waste generation, speed and efficiency were increased with lesser labour hours required.

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Environmental Compliance (Continued)

(iii) Waste Management (Continued)

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

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 Quality, Safety, Health and Environment ("QSHE") 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.

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

In addition, each major project has its own Safety, Health and Environment ("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.

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

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

The Group has achieved approximately 4.7 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.

Pavilion Damansara Heights is our biggest project and significant resources are allocated to the jobsite in meeting the health and safety needs. For Phase One of the project alone, together with main contractor, we have achieved a safety milestone of seven (7) million man-hours without LTI during FY2020.

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Health and Safety (Continued)

In order to raise awareness of fire safety and improve the ability to respond to emergencies, a large-scale fire drill was held last December on site. Nearly 700 people consisting our staff members and representatives from client and consultant participated in the exercise. During the drill, participants were being made aware of the site's evacuation plan and assembly point as well as being educated on steps to be taken in the event of emergency. There was also safety briefing and demonstration of the proper use of fire extinguisher.

(i) ISO 45001 Migration

Upholding high safety standard is vital for us to create a safe workplace for our employees and business partners. In addition to full compliance with legal requirements, we have successfully passed the transition audit from OHSAS 18001 to ISO 45001, the international standard for occupational health and safety best practice.

The audit, conducted by the BM Trada certification body, highlighted the effort made by the Group to meet the requirements set by the new standard. ISO 45001:2018 is designed to be integrated into an organisation's existing management processes, and in this way sits well alongside our existing ISO 9001:2015 Quality and ISO 14001:2015 Environmental management accreditations.

Progressing from the reactive approach of hazard control by delegation of hazard control responsibilities to safety management personnel, ISO 45001 takes a proactive approach to risk control that starts with the incorporation of health and safety in the overall management system of the organisation. It is a framework that can take the Group to the next level in safety and health management.

(ii) Covid-19 Health and Safety Measures

The unexpected outbreak of Covid-19 pandemic has presented unprecedented challenges and concerns for both our workers and the construction sector as a whole which are beyond the usual occupational conditions and hazards.

Following the government's decision to allow construction works to resume in early May 2020 after the ending of Movement Control Order, our QSHE department was immediately tasked with the responsibility to mitigate and manage Covid-19 transmission risks in our workplace as well as to implement the latest regulatory guidance applicable to the conduct of our work.

Workers were screened for symptoms and tested via RT-PCR for Covid-19 before recommencement of works. None of our workers were tested positive for the virus.

Our primary concern is to ensure the health and safety of our employees and we are proactive in establishing safe work practices. We are adhering to all prescribed guidelines issued by Ministry of International Trade and Industry ("MITI"), Ministry of Health ("KKM"), Construction Industry Development Board ("CIDB"), Department of Occupational Safety and Health Malaysia ("DOSH") in our Standard Operating Procedures ("SOPs") and will continue to be in full compliance, going forward as well.

These SOPs include standard precautions such as daily temperature screenings, use of personal protective equipment, maintaining hand hygiene and practice of social distancing at work. Other measures adopted include but not limited to:

- Limiting the number of employees and visitors in the workplace at any given time;
- Reconfiguring work spaces to maintain proper social distancing;
- Cleaning and disinfecting portable jobsite toilets regularly, refilling hand sanitiser dispensers frequently, and disinfecting high-touch items often; and,
- Utilising technology and digital communication channel to optimise remote productivity,

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Employee Wellbeing

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

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

(i) Diversity and Equal Opportunity

Our workforce is the foundation of our success, and we focus on recognising their contributions frequently and rewarding them fairly. Engaging employees in an inclusive and equal culture allows our workforce to contribute their best to the Group.

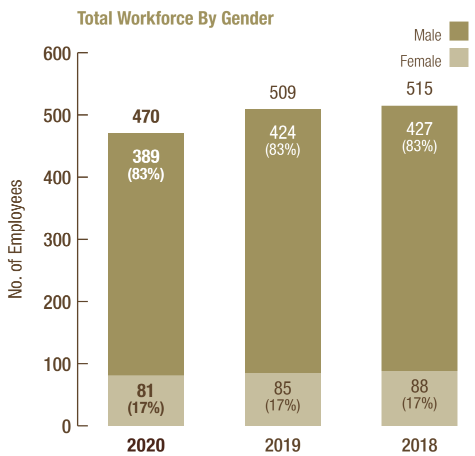
The Group is an equal-opportunity employer with diversity considered as a strategic asset to support the attainment of its commercial goals and sustainable development. Diversity includes, but is not limited to, gender, age and ethnicity. Diversity starts at the top of the Group. Our multi-ethnic Board composition consists of individuals from a mix of backgrounds with relevant professional experience and competencies. Both genders are represented at the highest level of the Group's decision-making body.

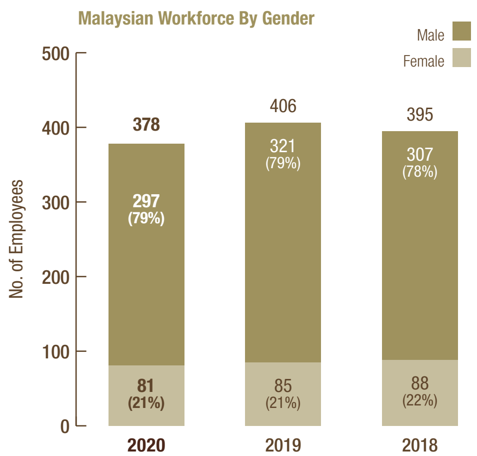
The Group is committed to promote diversity and inclusion in the workplace and aims to do so via:

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

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

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

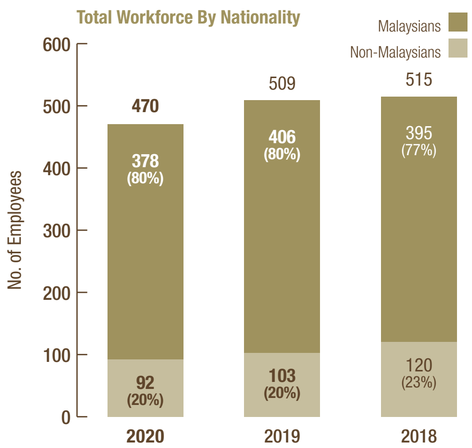




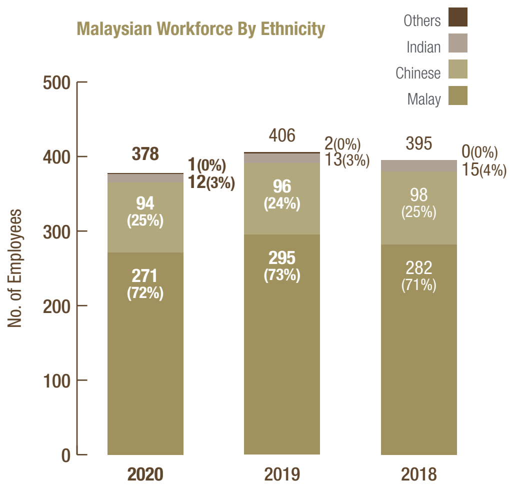
E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Employee Wellbeing (Continued)

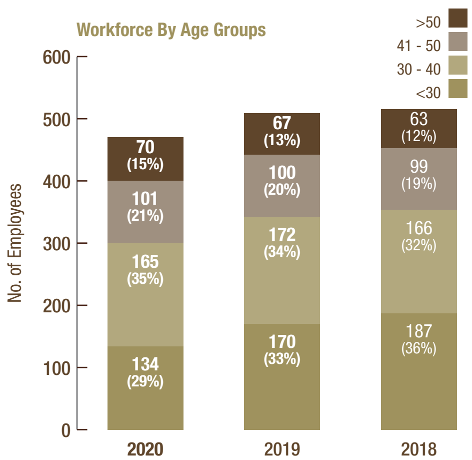
(i) Diversity and Equal Opportunity (Continued)



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



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



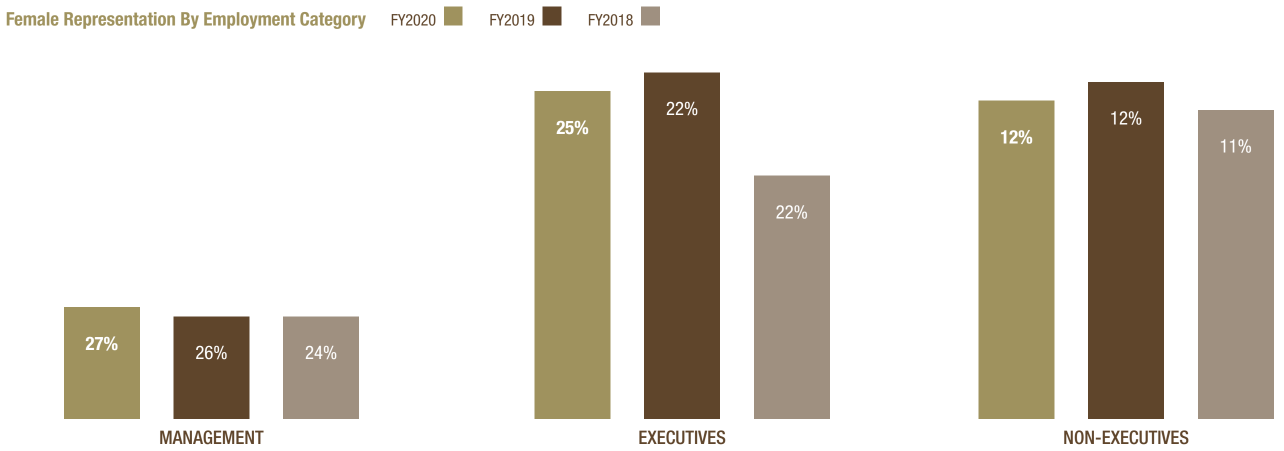
We have a healthy mix of ages among our employees, with people under the age of 40 constituting more than 63% of the total workforce. To ensure continuous supply of talent for the future, we employ graduates and trainees in all our business areas.

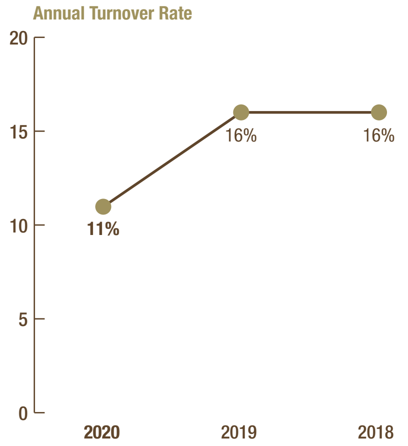
E. MATERIAL SUSTAINABILITY ISSUES (Continued)

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 female representation in management is 27% in FY2020.





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

(ii) Employees Benefits

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

(iii) Employees Training

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

Both internal and external training were provided to selected employees to improve their skills and knowledge. Given the current Covid-19 pandemic, health and safety remain the most important training focus and emphasis was also placed on the facilitation of sharing of technical knowledge among different project teams during the financial year. During FY2020, employees from the Project and Technical Department, Design Department, Contract and Procurement Department and Human Resources Department have also attended various trainings.

We are in the process of improving our data collection in order to produce an accurate depiction on our training hours.

E. MATERIAL SUSTAINABILITY ISSUES (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. Senior management interaction with all levels of employees is a daily occurrence throughout the Group.

In the past four (4) years, the Group has continued to strengthen employee engagement through various social activities. The Group organises various team-building activities in the first half of FY2020 to foster team spirit and a sense of belonging amongst employees. This is led mainly by its sports club which is principally tasked to promote healthy lifestyles in the Group.

Community Engagement

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

As for local community, we acknowledge our projects can have an impact on them at any time 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.

We participated in community-based dengue control programmes in Putrajaya during FY2020. In particular, we carried out communal work such as cleaning, fogging and larviciding at PPA Pudina, Precinct 17 and Apartment 5R3, Precinct 5.

F. LOOKING AHEAD

This Sustainability Statement is published in a climate of uncertainty in which the confluence of Covid-19 and a broader economic downturn has impacted many industries and businesses.

Our immediate focus in the coming year is on financial sustainability and viability. Cash flow management and securing new contracts will be our top priorities during the immediate recovery period.

Having said that, we recognise the importance of EES integration in contributing to stable and long-term returns. We will continuously improve our sustainability reporting in the coming reporting cycles to better communicate our EES practices and performance to our stakeholders.

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Econpile Holdings Berhad ("the Company") is supportive of the adoption of principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 ("the Code") pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board is committed to maintain a high standard of corporate governance within the Company and its subsidiaries (collectively referred to as "the Group") to protect and enhance stakeholders' value and the performance of the Group.

The Board is pleased to share the manner in which the three (3) principles and practices of the Code have been applied within the Group throughout the financial year ended 30 June 2020 ("FY2020") as well as its key focus area and future priorities in relation to corporate governance practices. The Company has generally applied all the best practices espoused by the Code during FY 2020 except for the following practices:

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

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

Practice 11.2 - Adoption of Integrated Reporting.

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

The detailed application of each best practice as set out in the Code during the FY2020 is disclosed in the Corporate Governance Report ("CG Report") which can be viewed on the corporate website at www.econpile.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

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

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

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

2. Board Charter and Policies

The Board Charter is in place and periodically reviewed and updated by the Board in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter sets out the roles and responsibilities of the Board, Chairman, Group Managing Director, Group Chief Executive Officer, Senior Independent Director and Company Secretaries, the formal schedule of matters reserved for the Board and Board Committees amongst others. The Board Charter was last reviewed by the Board on 26 August 2020 and can be viewed at www.econpile.com.

To strengthen the standards of corporate governance and corporate behaviour, the Board has formalised a Code of Ethics which is to be observed by all Directors. In addition, the 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 adopted by the Board on 29 August 2018 were last reviewed on 26 August 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2. Board Charter and Policies (Continued)

An enhanced Whistleblowing Policy & Guidelines, superseding the Whistleblowing Policy adopted on 29 August 2018, has also been approved and adopted by the Board on 28 May 2020 to ensure there is a structured channel for employees to raise concerns regarding malpractices committed within the Company without fear of reprisal.

In line with the implementation of new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission act 2009 effective 1 June 2020, the Board had on 28 May 2020 reviewed, approved and adopted the Anti-Bribery & Anti-Corruption Policy & Guidelines which sets out rules and guidance to Directors, Senior Management, employees and business associate who work for and/or act for or on behalf of the Group on how to deal with improper solicitation, requests for bribes and other corrupt activities and issues that may arise in the course of business.

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

3. Strategies Promoting Sustainability

The Board places great emphasis on corporate sustainability in economic, environmental and social areas. A report on the sustainability activities appears in the Sustainability Statement on pages 14 to 27 in this Annual Report.

4. Composition and Balance

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

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 and independent evaluation of the Board's decision-making process.

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

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

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

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 free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

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

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

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

6. Board Meeting and Time Commitment

The Board is aware of the time commitment expected of them to attend to matters of the Group. An annual meeting calendar is planned and agreed with the Directors. The Board meets on a quarterly basis with additional meetings being convened as and when necessary to, inter alia, approve annual business plans and budgets, operational and financial performance reports, investments and capital expenditures and quarterly reports. The Board is satisfied with the time commitment given by the Directors in discharging their duties for FY2020.

During the financial year, the Company held five (5) 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
Dato' Rosli Bin Mohamed Nor	Independent Non-Executive Director	5/5
Ong Poay Wah @ Chan Poay Wah	Senior Independent Non-Executive Director	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

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

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

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 qualified to act as company secretary under Section 235(2)(a) of the Companies Act 2016 and the Company Secretaries are Fellow or Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

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

9. Appointment to the Board

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

The members of the Board have remained unchanged since the Company's listing on Bursa Securities on 30 June 2014. For identification and recommendation of new Directors, due consideration shall be given to:

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

(b) boardroom diversity including gender diversity; and,

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

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

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

10. Re-election of Directors

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees

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

(a) Audit & Risk Management Committee

The Audit & Risk Management Committee ("ARMC") was established to assist the Board in fulfilling its responsibilities relating to financial reporting, risk management and internal control and reviewing the works of External and Internal Auditors. The ARMC comprises exclusively Independent Non-Executive Directors and the Chairman of the ARMC is Dato' Rosli Bin Mohamed Nor, an Independent Non-Executive Director, who is not the Chairman of the Board. The Terms of Reference of the ARMC are accessible at the Company's website at www.econpile.com and further details on the ARMC and its activities are contained in the ARMC Report on pages 45 to 47 of this Annual Report.

(b) Nomination Committee

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

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

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

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

The Nomination Committee carried out the following activities in FY2020:

(i) reviewed the required mix of skills and experience and core competencies of the Board;

(ii) assessed the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director including the Senior General Manager (Finance) and thereafter, recommended the findings to the Board;

(iii) reviewed the independence of the Independent Directors;

(iv) reviewed the terms of office and performance of the ARMC and each of its members;

(v) recommended to the Board the re-election of Directors; and,

(vi) reviewed the training attended by each Director.

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

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(b) Nomination Committee (Continued)

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

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

The three (3) Independent Non-Executive Directors are independent and fulfilled the definition of independence as set out in Listing Requirements. The breakdown of the Board by gender, age and ethnicity as at 30 June 2020 are as follows:

Gender		Age		Ethnicity (Malaysians)	
Male	4	30 to 50	1	Malay	1
Female	2	Above 50	5	Chinese	4
				Indian	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 female representation, whilst ensuring that diversity in age and ethnicity remains a feature of the Board. The Nomination Committee is delegated with the overall responsibility for implementation, monitoring and periodic review of the Board Diversity Policy.

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

The Nomination Committee had on 26 August 2020 reviewed the term of office and performance of the ARMC and each of its members to determine whether the ARMC and its members have carried out their duties in accordance with its Terms of Reference. The Directors' responses were collated by the Management and a summary of the findings was presented to the Nomination Committee for deliberation.

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

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

Based on the report of the Nomination Committee, the Board is of the view that the current size and composition is well-balanced and fairly reflects the interest of minority shareholders within the Group. In view thereof, the Board will be seeking shareholders' approval to re-elect The Cheng Eng and Pang Sar as Directors at the Eighth Annual General Meeting.

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(c) Remuneration Committee

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

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

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

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

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

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

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

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

12. Directors' Training

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

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

Name	Training/Course/Conference Title	Organised by
Krishnan A/L C K Menon	Preparing Ahead for Corporate Liability Provision (Malaysian Anti-Corruption Commission (Amendment) Act 2018)	Tricor Axcelasia Sdn. Bhd.
The Cheng Eng	44th Annual Conference on Deep Foundations	Deep Foundation Institute
	Preparing Ahead for Corporate Liability Provision (Malaysian Anti-Corruption Commission (Amendment) Act 2018)	Tricor Axcelasia Sdn. Bhd.
	Anti-Bribery & Anti-Corruption Framework Implementation Programme	Tricor Axcelasia Sdn. Bhd.
Pang Sar	Preparing Ahead for Corporate Liability Provision (Malaysian Anti-Corruption Commission (Amendment) Act 2018)	Tricor Axcelasia Sdn. Bhd.
	Anti-Bribery & Anti-Corruption Framework Implementation Programme	Tricor Axcelasia Sdn. Bhd.
The Kun Ann	Construction Seminar 2019	Wong & Partners
	Preparing Ahead for Corporate Liability Provision (Malaysian Anti-Corruption Commission (Amendment) Act 2018)	Tricor Axcelasia Sdn. Bhd.
	L2 Construction Series: Managing the Impact of the COVID-19 Outbreak on Construction Projects in Malaysia (Webinar)	Mega Asia Training Academy
	L2 Construction Series: Managing Construction Claim (Webinar)	Mega Asia Training Academy
	L2 Construction Series: An Interview with Chelsea Pollard (International Case Counsel of AIAC) (Webinar)	Mega Asia Training Academy
	L2 Construction Series: A Discussion on CIPAA Claim by L2 (Webinar)	Mega Asia Training Academy
	Wong & Partners' Webinar Series Managing Business Continuity: Meeting Contractual Obligation and Strengthening Your Position (Webinar)	Mega Asia Training Academy
	L2 Construction Series: MCO: FAQ on Employment & HR Issues (Webinar)	Mega Asia Training Academy
	Tricor Webinar Series: Tax Impact of COVID-19	Tricor Malaysia
	Anti-Bribery & Anti-Corruption Framework Implementation Programme	Tricor Axcelasia Sdn. Bhd.
Ong Poay Wah @ Chan Poay Wah	Budget 2020 + Sales & Service Tax Seminar	TAMS Training Services Sdn. Bhd.
Dato' Rosli Bin Mohamed Nor	Corporate Liability Malaysian Anti-Corruption Commission (Amendment) Act 2018: The Potential Risks Faced by the Company Directors and Senior Officers	Malaysian Integrity Academy Sdn. Bhd.

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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

13. Directors' and Senior Management's Remuneration

The Remuneration Committee is principally responsible for recommending to the Board the remuneration package of the Executive Directors and senior management. The level of remuneration reflects the experience and level of responsibilities undertaken by the Executive Directors and senior management. The remuneration package offered to the Executive Directors and senior management as well as fees payable to Non-Executive Directors are the responsibility of the entire Board. 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 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 Annual General Meeting. The breakdown of the Directors' remuneration paid in the financial year is as follows:

	Fees (RM)	Salaries (RM)	Other emoluments* (RM)	Benefits-in-kind (RM)	Total (RM)
On Company basis					
Executive Directors					
The Cheng Eng	-	120,000	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	-	6,000	-	83,000
Ong Poay Wah @ Chan Poay Wah	54,500	-	6,000	-	60,500
Dato' Rosli bin Mohamed Nor	63,000	-	6,000	-	69,000
On Group basis					
Executive Directors					
The Cheng Eng	-	1,155,000	265,266	35,200	1,455,466
Pang Sar	-	1,155,000	265,266	35,200	1,455,466
The Kun Ann	-	280,200	87,752	17,400	385,352
Non-Executive Directors					
Krishnan A/L C K Menon	77,000	-	6,000	-	83,000
Ong Poay Wah @ Chan Poay Wah	54,500	-	6,000	-	60,500
Dato' Rosli bin Mohamed Nor	63,000	-	6,000	-	69,000

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

13. Directors' and Senior Management's Remuneration (Continued)

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

Range of Remuneration	Number of Senior General Manager/ Assistant Senior General Manager
RM300,001-RM350,000	1
RM350,001-RM400,000	3

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Financial Reporting

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

2. Risk Management and Internal Control

Recognising the importance of risk management, a risk register is in place to identify, evaluate and manage the significant risks of the Group on an ongoing basis. The risks were identified through a series of validation meetings conducted by a professional service firm with the key management personnel to assess the key risks relating the respective areas of management. All identified key risks were rated and prioritised in terms of likelihood of the risk occurring and its impact should the risk occur. No risks were identified by the key management personnel as having high likelihood of occurrence and very significant impact on the business continuation of the Group. All identified controllable risks were monitored and appropriately managed through existing internal controls by the Group through the financial year under review. The key features of the risk management framework are set out on pages 40 to 42 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 45 to 47 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 FY2020. 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 in the Annual General Meeting.

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

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

PRINCIPLE C: INTEGRITY IN REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Corporate Disclosure Policy, Investors Relations and Shareholders Communication

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

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

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

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

2. Annual General Meeting ("AGM")

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

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

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

Corporate Governance Overview Statement (Continued)

KEY FOCUS AREA IN RELATION TO CORPORATE GOVERNANCE PRACTICES

Corporate governance was clearly imperative for the Group in FY2020 against the backdrop of a relatively challenging economic environment that is characterised by volatile market conditions and commodity prices. Against the aforementioned setting, during the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

Corporate governance areas which gained heightened attention from the Board during FY 2020 are as follows:

Anti-Bribery and Anti-Corruption

With the amendment to the Malaysian Anti-Corruption Commission Act 2018, a corporate liability provision under Section 17A has been introduced, which criminalises a company based on illegal actions taken by its employees (without the presence of adequate procedures) for the benefit of the company. This new provision has come into force on 1 June 2020. As such, the Group has adopted an Anti-Bribery & Anti-Corruption Policy & Guidelines on 28 May 2020 and will be focusing on implementing the policies and procedures to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices.

PRIORITIES FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021

Succession plan

The Board understands that succession planning is important for the continuity of the Group's business operations, hence, formulating a succession planning framework for its Key Senior Management is critical. 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 management position of the Company.

This Corporate Governance Overview Statement was approved by the Board on 7 October 2020.

Statement On Risk Management And Internal Control

INTRODUCTION

The Board is pleased to present its Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 30 June 2020, which has been prepared pursuant to paragraph 15.26 (b) of the Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), in this annual report. This statement outlines the nature and state of the risk management and internal control of the Group during the financial year. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and Group's assets.

BOARD'S RESPONSIBILITIES

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

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

RISK MANAGEMENT FRAMEWORK

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

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

The risk register is updated once every two years and the last update was presented to the ARMC and the Board in financial year 2019. The risk register was updated by senior management, with the assistance of a professional services firm. Through this risk assessment update, which took into consideration the economic and business outlook, risks were identified, assessed and rated, and existing risks were also re-evaluated. In addition, senior management has also identified mitigating measures or action plans to be implemented to reduce the potential impact from these key risks.

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

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

RISK MANAGEMENT FRAMEWORK

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

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

The risk management process mentioned above has been in place for the financial year under review and up to the date of approval of this Statement.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function assists the Board and ARMC by providing an independent assessment of the adequacy and effectiveness of the Group's risk management and internal control systems. Further details of the Internal Audit Function are set out in ARMC Report on pages 45 to 47 of this Annual Report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

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

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

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

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

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

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL (Continued)

g) The Group's subsidiary, Econpile (M) Sdn. Bhd., has an Integrated Management System in place for Quality, Environment, Occupational Health and Safety which is in compliance with international standards ISO 9001:2015, ISO14001:2015 and 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 2021, 9 September 2021 and 9 September 2021, respectively.

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

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

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

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

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

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

CONCLUSION

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

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

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

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2020 and nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Directors' Responsibility Statement

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

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

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

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

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Group and the Company for the financial year ended 30 June 2020 as set out on pages 49 to 116 of this Annual Report.

Additional Compliance Information

1. UTILISATION OF PROCEEDS

On 15 September 2020, the Company had announced its proposal to undertake a private placement comprising the issuance of up to ten (10) per centum of the total number of issued shares of the Company ("Placement Shares") to third parties to be identified ("Proposed Private Placement"), and had on 21 September 2020 made an application to Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities.

On 24 September 2020, Bursa Securities had granted its approval for the listing of and quotation of the Placement Shares on the Main Market of Bursa Securities. The Proposed Private Placement has yet to be implemented and hence, no proceeds were raised as at the date of this report.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred by the Company and the Group paid to the External Auditors for the financial year ended 30 June 2020 is amounting to RM55,000.00 and RM200,000.00, respectively. The amount of non-audit fees incurred by the Company/Group paid to the External Auditors for the financial year ended 30 June 2020 is amounting to RM10,000.00.

3. MATERIAL CONTRACTS

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

Audit & Risk Management Committee Report

A. MEMBERSHIP AND MEETINGS

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

<u>Chairman</u>	
Dato' Rosli Bin Mohamed Nor	Independent Non-Executive Director
<u>Members</u>	
* Krishnan A/L C K Menon	Independent Non-Executive Chairman
** Ong Poay Wah @ Chan Poay Wah	Senior Independent Non-Executive Director

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

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

The ARMC held five (5) meetings during the financial year ended 30 June 2020 ("FY 2020") which were attended by all members. The details of the attendance of each member of the ARMC are as follows:

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

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

B. SUMMARY OF WORK PERFORMED BY THE ARMC

The objective of ARMC is to assist the Board in fulfilling its statutory and fiduciary responsibilities towards maintaining adequate and effective risk management and internal control system. In furtherance of its oversight responsibilities, the ARMC has continued to review and report to the Board on the Group's financial reporting, internal control and risk management processes and the performance and independence of the External Auditors during the financial year. Principal works performed by the ARMC in discharging its duties and responsibilities during FY2020 were as follows:

External Audit

a) Reviewed the audit plan for FY2020, covering the audit engagement team, materiality, audit scope, independence, audit focus areas and audit timetable prepared by the External Auditors to ensure their scope is adequate and to confirm their independence and ojectivity.

b) Evaluated the suitability of the External Auditors taking into consideration amongst others, their independence, performance, competency, audit quality, adequacy of resources, communication and interaction and provision of non-audit services and made recommendation to the Board on their re-appointment.

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

d) Reviewed the fees of the External Auditors.

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

Financial Reporting

a) Reviewed the unaudited quarterly financial results of each quarter and the annual audited financial statements of the Group prior to recommending to the Board for their approval and subsequent release to Bursa Malaysia Securities Berhad.

b) Reviewed the progress of project costs and billings and the adequacy of impairment of trade receivables.

c) Reviewed the integrity of information in the financial statements and quarterly reports, with particular focuses on changes in accounting policies and practices, significant adjustments resulting from audit, going concern assumption, completeness of disclosures and compliance with applicable accounting standards.

d) Held two (2) private sessions with External Auditors without the presence of the Management on 28 August 2019 and 7 October 2019 to discuss issues encountered during the course of the audit and significant matters related to audit plan and strategy.

Internal Audit

a) Reviewed the internal audit report and audit recommendations made by the Internal Auditors and the corresponding corrective actions taken by the Management including the follow up reviews carried out to ensure satisfactory actions have been taken to address previously reported internal audit findings.

b) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function.

c) Held one (1) private session with Internal Auditors without the presence of the Management on 28 August 2019 to discuss issues encountered during the course of internal audit.

Others

a) Reviewed the related party transactions that may arise within the Group and the Company.

b) Reviewed quarterly management reports consist of financial performance review, project progress analysis and receivables ageing analysis.

c) Reviewed the adequacy and effectiveness of the system of internal control through the results of work performed by the Internal and External Auditors and discussion with key management.

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

C. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the ARMC, is outsourced to Tricor Axcelasia Sdn. Bhd. (f.k.a Axcelasia Columbus Sdn. Bhd.) ("Tricor Axcelasia"). The Engagement Director is Mr. Derek Lee who has diverse professional experience in internal audit, risk management, business continuity and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. Derek is also a Certified Internal Auditor (USA), has a Certification in Risk Management Assurance (USA) and Certification in Business Continuity Management (UK).

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

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

The major internal audit activities undertaken during the FY2020 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 statutory requirements.

d) Issued internal audit report incorporating audit recommendations and Management response.

e) Followed up on the implementation of corrective action plans to ensure satisfactory actions have been taken to address previous internal audit findings.

f) Attended ARMC meetings to table and discuss the audit reports and followed up on matters raised.

The summary of business processes reviewed by the ARMC in FY2020 are as follows:

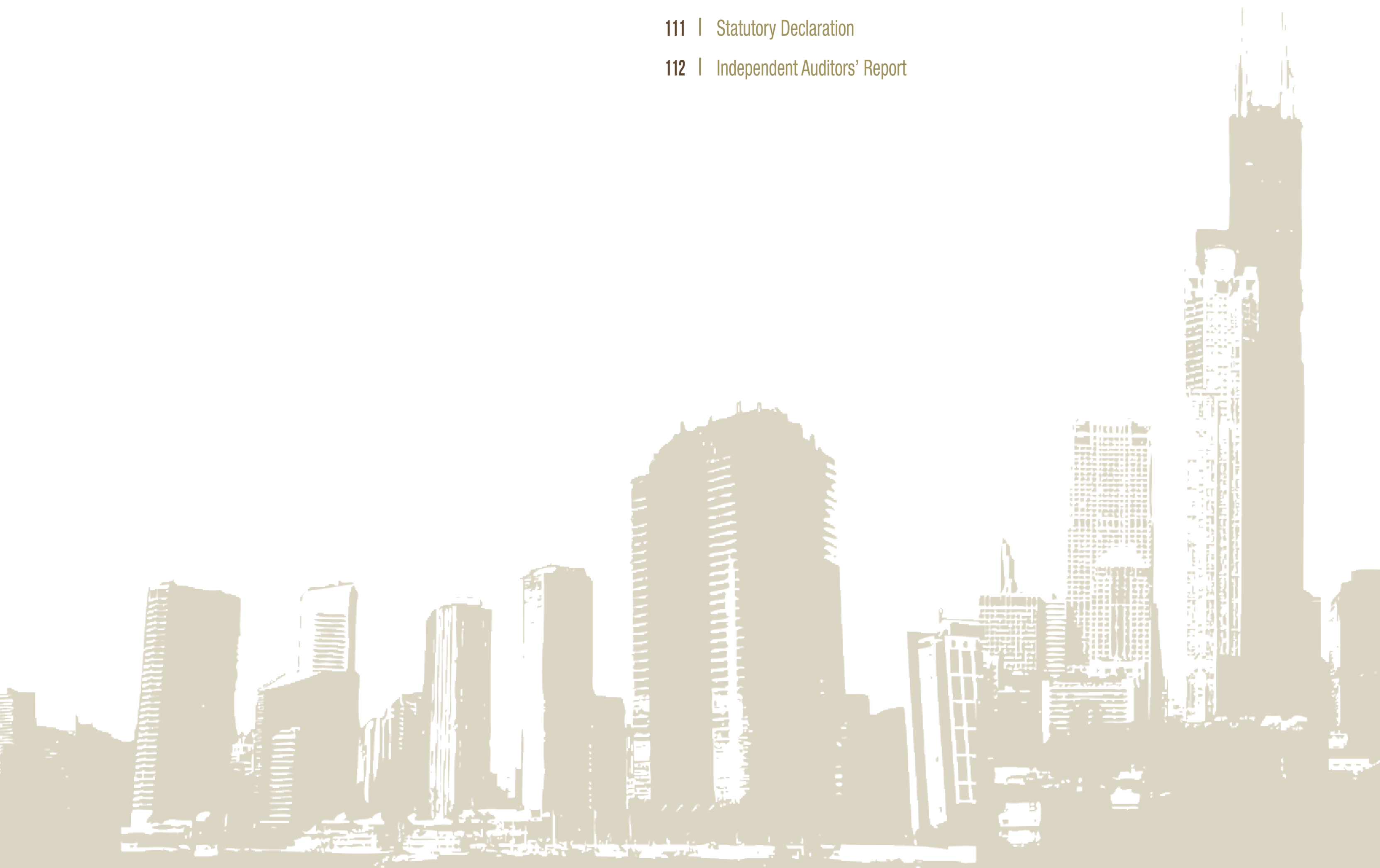
Entity	Business Processes Reviewed
Econpile Holdings Bhd.	Project Documentation Control - Document retention procedures - Recording and archiving procedures - Retrieval documents from storage Management Information System - Data back-up - Disaster recovery plan - Cyber security - IT policy and procedures

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

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

The total costs incurred for the outsourcing of the Internal Audit function for FY2020 was RM53,590.31.

Financial Statements



Directors' Report
For The Year Ended 30 June 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	2,331	478

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year ended 30 June 2019, a first and final ordinary dividend of 0.5 sen per ordinary share in respect of the financial year ended 30 June 2019 totalling RM6,687,500 was declared on 24 October 2019 and paid on 20 December 2019.

The Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

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

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

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

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.7.2019	Bought	Sold	At 30.6.2020
Interests in the Company:				
The Cheng Eng				
- own	364,500,018	-	(13,000,000)	351,500,018
- children*	380,000	-	-	380,000
Pang Sar	292,000,012	-	(15,000,000)	277,000,012
The Kun Ann	250,000	-	-	250,000
Krishnan A/L CK Menon	250,000	-	-	250,000
Dato' Rosli Bin Mohamed Nor	200,000	-	(200,000)	-
Ong Poay Wah @ Chan Poay Wah	1,500,000	-	-	1,500,000

	Number of warrants			
	At 1.7.2019	Exercised	Expired	At 30.6.2020
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 CK Menon	50,000	-	-	50,000
Dato' Rosli Bin Mohamed Nor	62,500	-	-	62,500
Ong Poay Wah @ Chan Poay Wah	300,000	-	-	300,000

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

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

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES AND DEBENTURES

There were no 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 the entitled shareholders of the Company on the basis of one (1) free warrant for every four (4) ordinary shares held in the Company. The exercise price of the 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 insured and insurance premium paid for Directors and other officers of the Company on a group basis were RM10,000,000 and RM18,800, respectively. There were no indemnity and insurance effected for auditors of the Company and the Group.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

OTHER STATUTORY INFORMATION (Continued)

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

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 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENT DURING THE YEAR

The significant event is as disclosed in Note 30 to the financial statements.

SUBSEQUENT EVENT DURING THE YEAR

The subsequent event is as disclosed in Note 31 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 21 to the financial statements.

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

The Cheng Eng

Pang Sar

Kuala Lumpur

Date: 7 October 2020

Statements Of Financial Position

As At 30 June 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Property, plant and equipment	3	57,401	78,595	-	-
Right-of-use assets	4	170	-	-	-
Investment properties	5	15,701	18,071	-	-
Investments in subsidiaries	6	-	-	94,000	94,000
Other investments	7	#	#	-	-
Other receivables	8	-	-	48,929	38,160
Total non-current assets		73,272	96,666	142,929	132,160
Other investments	7	902	17,838	902	17,838
Trade and other receivables	8	324,358	412,661	5	5
Contract assets	9	191,933	126,855	-	-
Prepayments		1,144	1,937	9	20
Current tax assets		16,596	8,356	-	-
Cash and cash equivalents	10	24,645	40,103	135	186
		559,578	607,750	1,051	18,049
Assets classified as held for sale	11	2,845	545	-	-
Total current assets		562,423	608,295	1,051	18,049
Total assets		635,695	704,961	143,980	150,209
Equity					
Share capital	12	136,006	136,006	136,006	136,006
Deficit in business combination		(87,000)	(87,000)	-	-
Retained earnings		341,790	346,151	7,705	13,914
Equity attributable to owners of the Company		390,796	395,157	143,711	149,920
Liabilities					
Loans and borrowings	13	3,371	6,004	-	-
Lease liabilities		78	-	-	-
Employee benefits	14	6,447	6,447	-	-
Deferred tax liabilities	15	334	5,634	-	-
Total non-current liabilities		10,230	18,085	-	-
Loans and borrowings	13	78,867	67,534	-	-
Lease liabilities		101	-	-	-
Trade and other payables	16	152,733	215,414	191	131
Contract liabilities	9	2,860	8,589	-	-
Current tax liabilities		108	182	78	158
Total current liabilities		234,669	291,719	269	289
Total liabilities		244,899	309,804	269	289
Total equity and liabilities		635,695	704,961	143,980	150,209

# denotes RM 1

The notes on pages 61 to 110 are an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive Income
For The Year Ended 30 June 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	17	403,019	663,340	-	6,800
Cost of sales	18	(374,575)	(599,337)	-	-
Gross profit		28,444	64,003	-	6,800
Other income		1,271	7,328	363	337
Administrative expenses		(18,651)	(21,953)	(1,179)	(1,080)
Net loss on impairment of financial instruments		(6,093)	(13,791)	-	-
Results from operating activities		4,971	35,587	(816)	6,057
Finance income	19	577	676	1,672	1,524
Finance costs	20	(2,578)	(3,494)	-	-
Net finance (costs)/income		(2,001)	(2,818)	1,672	1,524
Profit before tax	21	2,970	32,769	856	7,581
Tax expense	22	(639)	(7,264)	(378)	(358)
Profit and total comprehensive income for the year		2,331	25,505	478	7,223
Basic earnings per ordinary share (sen)	23	0.17	1.91		

The notes on pages 61 to 110 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity
For The Year Ended 30 June 2020

Group	Note	Share capital RM'000	Deficit in business combination RM'000	Retained earnings RM'000	Total equity RM'000
		<----Non-distributable---->		*Distributable*	
At 1 July 2018		136,006	(87,000)	320,646	369,652
Profit and total comprehensive income for the year		-	-	25,505	25,505
At 30 June 2019/1 July 2019, *as previously reported*		136,006	(87,000)	346,151	395,157
Adjustment on initial application of MFRS 16		-	-	(5)	(5)
At 1 July 2019, *restated*		136,006	(87,000)	346,146	395,152
Profit and total comprehensive income for the year		-	-	2,331	2,331
Dividends to owners of the Company	24	-	-	(6,687)	(6,687)
At 30 June 2020		136,006	(87,000)	341,790	390,796
		Note 12			

The notes on pages 61 to 110 are an integral part of these financial statements.

Statement Of Changes In Equity
For The Year Ended 30 June 2020

Company	Note	*Non-distributable* Share capital RM'000	*Distributable* Retained earnings RM'000	Total equity RM'000
At 1 July 2018		136,006	6,691	142,697
Profit and total comprehensive income for the year		-	7,223	7,223
At 30 June 2019/1 July 2019		136,006	13,914	149,920
Profit and total comprehensive income for the year		-	478	478
Dividends to owners of the Company	24	-	(6,687)	(6,687)
At 30 June 2020		136,006	7,705	143,711
		Note 12		

The notes on pages 61 to 110 are an integral part of these financial statements.

Statements Of Cash Flows
For The Year Ended 30 June 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities					
Profit before tax		2,970	32,769	856	7,581
Adjustments for:					
Depreciation of property, plant and equipment	3	26,305	30,457	-	-
Depreciation of right-of-use assets	4	97	-	-	-
Depreciation of investment properties	5	70	40	-	-
Dividend income		-	-	-	(6,800)
Fair value gain from other investments		(19)	(170)	(19)	(170)
Finance income	19	(577)	(676)	(1,672)	(1,524)
Finance costs	20	2,578	3,494	-	-
Gain on disposal of other investments		(344)	(166)	(344)	(166)
Gain on disposal of property, plant and equipment		-	(264)	-	-
Property, plant and equipment written off	3	248	-	-	-
Net impairment loss on financial assets	26	6,093	13,791	-	-
Operating profit/(loss) before working capital changes		37,421	79,275	(1,179)	(1,079)
Change in trade and other receivables and prepayments		83,003	72,949	11	19
Change in trade and other payables		(62,681)	17,637	60	-
Change in contract assets		(65,078)	(126,855)	-	-
Change in contract liabilities		(5,729)	8,589	-	-
Cash (used in)/generated from operations		(13,064)	51,595	(1,108)	(1,060)
Interest received		-	-	1,672	1,524
Tax paid		(15,253)	(21,650)	(458)	(326)
Tax refunded		1,000	-	-	-
Interest paid on lease liabilities	(IV)	(14)	-	-	-
Net cash (used in)/from operating activities		(27,331)	29,945	106	138

The notes on pages 61 to 110 are an integral part of these financial statements.

Statements Of Cash Flows (Continued)

For The Year Ended 30 June 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(II)	(5,359)	(3,732)	-	-
Acquisition of investment properties	(III)	-	(1,744)	-	-
Dividends received from a subsidiary		-	-	-	6,800
Interest received from fixed deposits		577	676	-	-
Increase in other investments		-	(15,000)	-	(15,000)
Proceeds from disposal of property, plant and equipment		-	464	-	-
Proceeds from disposal of other investment		17,299	-	17,299	-
(Increase)/Decrease in advances to subsidiaries		-	-	(10,769)	8,000
Net cash from/(used in) investing activities		12,517	(19,336)	6,530	(200)
Cash flows from financing activities					
Dividends paid to owners of the Company	24	(6,687)	-	(6,687)	-
Net drawdown of bankers' acceptances	(V)	14,323	16,430	-	-
Interest paid on loans and borrowings		(2,564)	(3,494)	-	-
Net (repayment of)/proceed from bank loan	(V)	(397)	1,604	-	-
Net repayment of hire purchase liabilities	(V)	(8,726)	(10,697)	-	-
Net drawdown of revolving credit	(V)	3,500	1,500	-	-
Payment of lease liabilities	(IV),(V)	(93)	-	-	-
Net cash (used in)/from financing activities		(644)	5,343	(6,687)	-
Net (decrease)/increase in cash and cash equivalents		(15,458)	15,952	(51)	(62)
Cash and cash equivalents at 1 July 2019		40,103	24,151	186	248
Cash and cash equivalents at 30 June 2020	(I)	24,645	40,103	135	186

The notes on pages 61 to 110 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:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash and bank balances	10	21,025	36,589	135	186
Deposits placed with licensed banks	10	3,620	3,514	-	-
		24,645	40,103	135	186

(II) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM5,359,000 (2019: RM4,190,000), of which RM nil (2019: RM458,000) was acquired by means of hire purchase arrangements.

(III) ACQUISITION OF INVESTMENT PROPERTIES

In 2019, the Group acquired investment properties with an aggregate cost of RM3,089,000 of which RM1,345,000 was settled by way of contra with trade receivables.

(IV) CASH OUTFLOWS FOR LEASES AS A LESSEE

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

The notes on pages 61 to 110 are an integral part of these financial statements.

(V) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	At 1 July 2018	Net changes from financing cash flows	Acquisition of asset	At 30 June 2019, as previously reported	Adjustment on initial application of MFRS 16	At 1 July 2019, restated	Net changes from financing cash flows	Acquisition of new lease	At 30 June 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bankers' acceptances	40,432	16,430	-	56,862	-	56,862	14,323	-	71,185
Bank loan	2,508	1,604	-	4,112	-	4,112	(397)	-	3,715
Lease liabilities	-	-	-	-	198	198	(93)	74	179
Revolving credit	-	1,500	-	1,500	-	1,500	3,500	-	5,000
Hire purchase liabilities	21,303	(10,697)	458	11,064	-	11,064	(8,726)	-	2,338
Total liabilities from financing activities	64,243	8,837	458	73,538	198	73,736	8,607	74	82,417

The notes on pages 61 to 110 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 2020 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 2020 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 7 October 2020.

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020
- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020
- Amendment to MFRS 16*, Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

1. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

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

- MFRS 17*, Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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

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

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

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

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

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 5 - valuation of investment properties
- Note 8 and Note 26.4 - impairment losses on trade receivables (including retention sum) and contract assets
- Note 17 - revenue from contracts with customers
- Note 28 - contingencies

2. SIGNIFICANT ACCOUNTING POLICIES

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

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 32.

(a) Basis of consolidation

(i) Subsidiaries

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

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

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of entities under common control

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(iv) Loss of control

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

(v) Transactions eliminated on consolidation

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

(b) Financial instruments

(i) Recognition and initial measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) Amortised cost

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

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

Financial assets (Continued)

(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 (i)(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

Current financial year (Continued)

(ii) Recognition and initial measurement (Continued)

(a) As a lessee (Continued)

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.

(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”.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (Continued)

Previous financial year

As a lessee

(i) Finance lease

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

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

(ii) Operating leases

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

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

(e) 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)

(e) 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.

(f) 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.

(g) 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.

(h) 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 (i)(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.

(i) Impairment

(i) Financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment (Continued)

(i) Financial assets (Continued)

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

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

The Group and the Company estimates the expected credit losses on trade receivables and contract assets individually and collectively based on their financial information, past trend of payments, external credit ratings, and with reference to historical credit loss experience.

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

At each reporting date, the Group and the Company assesses 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) Employee benefits

(i) Short term employee benefits

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

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

(ii) State plans

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

(iii) Defined benefit plans

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Revenue and other income

(i) Construction contract

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.

(m) Borrowing costs

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

(n) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income tax (Continued)

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.

(o) 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.

(p) 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.

(q) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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	Buildings	Plant and machinery	Piling and site equipment	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost										
At 1 July 2018	5,000	9,388	226,645	14,442	653	271	9,912	1,478	790	268,579
Additions	-	-	511	-	47	-	910	-	2,722	4,190
Disposals	-	-	(1,201)	-	-	-	(321)	-	-	(1,522)
Transfers	-	-	2,224	446	-	-	-	-	(2,670)	-
At 30 June 2019/ 1 July 2019	5,000	9,388	228,179	14,888	700	271	10,501	1,478	842	271,247
Additions	-	-	3,333	406	21	2	-	-	1,597	5,359
Write off	-	-	-	-	-	-	-	-	(248)	(248)
Transfers	-	-	917	-	-	-	-	-	(917)	-
At 30 June 2020	5,000	9,388	232,429	15,294	721	273	10,501	1,478	1,274	276,358
Depreciation										
At 1 July 2018	-	927	145,896	7,520	447	213	7,329	1,185	-	163,517
Depreciation for the year	-	194	26,439	2,343	118	54	1,029	280	-	30,457
Disposals	-	-	(1,061)	-	-	-	(261)	-	-	(1,322)
At 30 June 2019/ 1 July 2019	-	1,121	171,274	9,863	565	267	8,097	1,465	-	192,652
Depreciation for the year	-	195	23,005	2,069	56	3	969	8	-	26,305
At 30 June 2020	-	1,316	194,279	11,932	621	270	9,066	1,473	-	218,957
Carrying amounts										
At 1 July 2018	5,000	8,461	80,749	6,922	206	58	2,583	293	790	105,062
At 30 June 2019/ 1 July 2019	5,000	8,267	56,905	5,025	135	4	2,404	13	842	78,595
At 30 June 2020	5,000	8,072	38,150	3,362	100	3	1,435	5	1,274	57,401

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

3.1 Property, plant and equipment acquired under hire purchase

Included in property, plant and equipment of the Group are plant and machinery and motor vehicles acquired under hire purchase arrangements with carrying amounts of RM14,445,000 (2019: RM22,633,000) and RM1,207,000 (2019: RM1,989,000), respectively.

3.2 Security

The freehold land, a commercial property and the corporate office of the Group with a total carrying amount of RM12,390,000 (2019: RM12,568,000) were pledged as security for bank facilities granted to a subsidiary (see Note 13).

3.3 Capital work-in-progress

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

4. RIGHT-OF-USE ASSETS

Group	Land RM'000	Buildings RM'000	Total RM'000
At 1 July 2019	193	-	193
Addition	-	74	74
Depreciation for the year	(61)	(36)	(97)
At 30 June 2020	132	38	170

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

4.1 Extension options

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

4.2 Significant judgements and assumptions in relation to leases

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

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

4.3 Restriction imposed by lease

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

5. INVESTMENT PROPERTIES

	Note	Group RM'000
Cost		
At 1 July 2018		16,902
Additions		3,089
Disposals		(1,583)
At 30 June 2019/1 July 2019		18,408
Transfer to assets classified as held for sale	11	(2,300)
At 30 June 2020		16,108
Depreciation		
At 1 July 2018		297
Depreciation for the year		40
At 30 June 2019/1 July 2019		337
Depreciation for the year		70
At 30 June 2020		407
Carrying amounts		
At 1 July 2018		16,605
At 30 June 2019/1 July 2019		18,071
At 30 June 2020		15,701

Included in the investment properties are:

	Note	Group 2020 RM'000	2019 RM'000
Freehold land		1,261	1,261
Buildings		3,386	1,663
Work-in-progress	5.1	11,054	15,147
		15,701	18,071

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.

5. INVESTMENT PROPERTIES (Continued)

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

	Group 2020 RM'000	Group 2019 RM'000
Rental income	9	38
Direct operating expenses:		
- income generating investment properties	2	10
- non-income generating investment properties	77	37

5.1 Work-in-progress

The amount capitalised relates to the acquisitions of condominium and shop offices (2019: condominiums, shop offices and office suites) which are not available for use as the Company has yet to obtain vacant possession.

Fair value information

Fair value of investment properties is categorised as follows:

	Group 2020 RM'000	Group 2019 RM'000
Level 3		
Freehold land	2,581	3,189
Buildings	6,288	5,203
Work-in-progress	13,445	16,077
	22,314	24,469

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 require 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 2020 RM'000	Company 2019 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 2020 %	Effective ownership interest and voting interest 2019 %
Econpile (M) Sdn. Bhd. and its subsidiary:	Malaysia	General construction and piling works	100	100
Platinum Production Sdn. Bhd.	Malaysia	Rental of investment properties	100	100
Tropical Broadway Sdn. Bhd.	Malaysia	Property development	100	100

7. OTHER INVESTMENTS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current				
Club membership	#	#	-	-
Current				
Financial assets at fair value through profit or loss:				
Unit trusts, in Malaysia	902	17,838	902	17,838
	902	17,838	902	17,838
Representing items:				
At net realisable value	#	#	-	-
At fair value	902	17,838	902	17,838
	902	17,838	902	17,838

# denotes RM1

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current					
Non-trade					
Advances to subsidiaries	8.1	-	-	48,929	38,160
Current					
Trade					
Trade receivables		343,432	424,438	-	-
Less: Impairment losses		(22,430)	(16,337)	-	-
	8.2	321,002	408,101	-	-
Non-trade					
Other receivables		1,173	2,999	-	-
Deposits		2,183	1,561	5	5
		3,356	4,560	5	5
		324,358	412,661	5	5

8.1 Advances to subsidiaries

The advances to subsidiaries are unsecured, subject to interest at 4.00% (2019: 4.07%) per annum and are repayable on demand. The management had reviewed the expected repayment from the subsidiaries and hence had reclassified the advances to subsidiaries as non-current.

8.2 Trade receivables

Included in trade receivables are retention sums of RM136,792,000 (2019: RM152,765,000) relating to construction projects. Retention sums are unsecured, interest free and expected to be collected as follows:

	Group 2020 RM'000	Group 2019 RM'000
Within 1 year	5,432	4,833
More than 1 year	131,360	147,932
	136,792	152,765

8.3 Estimation uncertainty and critical judgements

The Group assesses the risk of loss of each customer individually and collectively based on their financial information and past trends of payment and with reference to historical credit loss experience. 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.

9. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	Group	
	2020	2019
	RM'000	RM'000
Contract assets	191,933	126,855
Contract liabilities	(2,860)	(8,589)

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

Included in contract assets is an amount of RM80.1million (2019: RM80.1million) related to a construction contract with a customer which is under litigation as disclosed in Note 28 (a).

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

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

	2020	2019
	RM'000	RM'000
Contract liabilities at the beginning of the period recognised as revenue	(8,589)	(2,659)

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	21,025	36,589	135	186
Deposits placed with licensed banks	3,620	3,514	-	-
	24,645	40,103	135	186

11. ASSETS CLASSIFIED AS HELD FOR SALE

	Note	Freehold land RM'000	Investment properties RM'000	Total RM'000
Group				
At 1 July 2018/30 June 2019/1 July 2019		545	-	545
Transfer from investment properties	5	-	2,300	2,300
At 30 June 2020		545	2,300	2,845

In 2017, a piece of freehold land is presented as an asset classified as held for sale following the commitment of Tropical Broadway Sdn. Bhd. ("TB"), a wholly owned subsidiary to inject the land under an agreement with a third-party property developer to develop the land into a housing development project. TB will provide the land for development whereas the 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 2020, the relevant approvals for the conversion and sub-division of the said land from the appropriate authorities have been obtained. The completion of sale is currently pending the payment of premium survey fees for the conversion of the land from agriculture land to residential land and the approval of building plan for the development project from the relevant authorities.

During the year, Econpile (M) Sdn. Bhd. ("EMSB"), a wholly owned subsidiary has committed to sell two units of its investment properties which are available for immediate sale. The buyers have been identified for the properties and EMSB is in the midst of executing the sales and purchase agreements.

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

12. CAPITAL AND RESERVES

Share capital

Group and Company	Amount 2020 RM'000	Number of shares 2020 '000	Amount 2019 RM'000	Number of shares 2019 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 July / 30 June	136,006	1,337,500	136,006	1,337,500

Ordinary shares

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

Deficit in business combination

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

13. LOANS AND BORROWINGS

	Note	Group 2020 RM'000	Group 2019 RM'000
Non-current			
Bank loan - secured	13.1	3,305	3,717
Hire purchase liabilities		66	2,287
		3,371	6,004
Current			
Bank loan - secured	13.1	410	395
Bankers' acceptances	13.2	71,185	56,862
Hire purchase liabilities		2,272	8,777
Revolving credit - unsecured	13.3	5,000	1,500
		78,867	67,534
		82,238	73,538

13.1 Bank loan - secured

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

13.2 Bankers' acceptances

The bankers' acceptances are secured / guaranteed as follows:

	Group 2020 RM'000	Group 2019 RM'000
Secured over freehold land and a commercial property of the Group	6,134	6,170
Guaranteed by the Company	65,051	50,692
	71,185	56,862

13.3 Revolving credit - unsecured

The revolving credit is unsecured, subject to interest at 5.12% (2019: 5.55%) per annum and guaranteed by the Company.

14. EMPLOYEE BENEFITS

Retirement benefits

	Group 2020 RM'000	Group 2019 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.

15. DEFERRED TAX LIABILITIES

Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group 2020 RM'000	Group 2019 RM'000
Property, plant and equipment	6,780	8,221
Right-of-use assets	41	-
Provisions	(6,444)	(2,587)
Lease liabilities	(43)	-
	334	5,634

15. DEFERRED TAX LIABILITIES (Continued)

Movement in temporary differences during the year

	At 1 July 2018 RM'000	Recognised in profit or loss RM'000 (Note 22)	At 30 June 2019/ 1 July 2019 RM'000	Recognised in profit or loss RM'000 (Note 22)	At 30 June 2020 RM'000
Group					
Property, plant and equipment	10,500	(2,279)	8,221	(1,441)	6,780
Right-of-use assets	-	-	-	41	41
Provisions	(2,220)	(367)	(2,587)	(3,857)	(6,444)
Lease liabilities	-	-	-	(43)	(43)
	8,280	(2,646)	5,634	(5,300)	334

16. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade					
Trade payables		137,447	195,032	-	-
Non-trade					
Other payables	16.1	10,928	14,037	-	-
Accrued expenses		4,358	6,345	191	131
		15,286	20,382	191	131
		152,733	215,414	191	131

16.1 Other payables

Included in other payables is an amount due to certain contract customers for acquisition of investment properties of RM10,635,000 (2019: RM12,622,000).

17. REVENUE

	2020 RM'000	2019 RM'000
Group		
Revenue from contracts with customers	403,019	663,340
Company		
Other revenue		
Dividend income	-	6,800

17.1 Disaggregation of revenue

Group	2020 RM'000	2019 RM'000
Primary geographical markets		
Malaysia	403,019	663,340
Major products and services lines		
Construction contracts	403,019	663,340
Timing of recognition		
Over time	403,019	663,340

17.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

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

17. REVENUE (Continued)

17.3 Transaction price allocated to the remaining performance obligations

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

	Group RM'000
2020	
Construction contracts	845,417
2019	
Construction contracts	1,133,532

The above revenue does not include variable consideration.

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

17.4 Significant judgements and assumptions arising from revenue recognition

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

Variable consideration

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

Liquidated and ascertained damages ("LAD")

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

Total contract cost

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

Performance obligations

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

18. COST OF SALES

	Group 2020 RM'000	Group 2019 RM'000
Construction costs	374,575	599,337

19. FINANCE INCOME

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost				
- deposits placed with licensed banks	577	676	-	-
- advances to subsidiaries	-	-	1,672	1,524
	577	676	1,672	1,524

20. FINANCE COSTS

	Group 2020 RM'000	Group 2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- bank loan	174	184
- bankers' acceptances	2,098	2,521
- hire purchase liabilities	292	789
Interest expense on lease liabilities	14	-
	2,578	3,494

21. PROFIT BEFORE TAX

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit before tax is arrived at after charging/ (crediting):					
Auditors' remuneration:					
- Audit fees		200	200	55	55
- Non-audit fees		10	10	10	10
Material expenses/(income)					
Depreciation of property, plant and equipment	3	26,305	30,457	-	-
Depreciation of right-of-use assets	4	97	-	-	-
Depreciation of investment properties	5	70	40	-	-
Personnel expenses (including key management personnel):					
- Contributions to Employees' Provident Fund		2,701	2,960	15	25
- Wages, salaries and others		30,948	35,013	278	278
Dividend income from a subsidiary		-	-	-	(6,800)
Fair value gain from other investments		(19)	(170)	(19)	(170)
Gain on disposal of other investments		(344)	(166)	(344)	(166)
Gain on disposal of property, plant and equipment		-	(264)	-	-
Property, plant and equipment written off		248	-	-	-
Expenses arising from leases					
Expenses relating to short-term leases	a	10,969	-	-	-
Rental expense in respect of:					
- Equipment and machinery		-	12,702	-	-
- Properties		-	909	-	-
Rental income from:					
- Machinery		(200)	(4,355)	-	-
- Investment properties		(9)	(38)	-	-
Interest expense on lease liabilities		14	-	-	-
Net loss on impairment of financial instruments					
Financial assets at amortised cost		6,093	13,791	-	-

Note a

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

22. TAX EXPENSE

Recognised in profit or loss

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Current tax expense					
Current year		3,459	9,984	382	360
Under/(Over) provision in prior year		2,480	(74)	(4)	(2)
Total current tax recognised in profit or loss		5,939	9,910	378	358
Deferred tax expense					
Origination and reversal of temporary differences		(2,700)	(618)	-	-
Over provision in prior year		(2,600)	(2,028)	-	-
Total deferred tax recognised in profit or loss	15	(5,300)	(2,646)	-	-
Total income tax expense		639	7,264	378	358

Reconciliation of tax expense

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit before tax	2,970	32,769	856	7,581
Income tax using Malaysian tax rate of 24%	713	7,865	206	1,820
Non-deductible expenses	2,455	1,582	263	252
Non-taxable income	(2,409)	(81)	(87)	(1,712)
Over provision in prior year	(120)	(2,102)	(4)	(2)
	639	7,264	378	358

23. BASIC EARNINGS PER ORDINARY SHARE

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

	Group	
	2020	2019
Profit attributable to ordinary shareholders (RM'000)	2,331	25,505
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 July	1,337,500	1,337,500
Weighted average number of ordinary shares at 30 June (basic)	1,337,500	1,337,500
Basic earnings per ordinary share (sen)	0.17	1.91

23. BASIC EARNINGS PER ORDINARY SHARE (Continued)

Diluted earnings per ordinary share

Diluted earnings per ordinary share of the Group is calculated by dividing the profit attributable to ordinary shareholders and the weighted average number of shares in issue and issuable under the warrants. The warrants are excluded from the computation of diluted earnings per ordinary shares as the warrants are out-of-the-money as at the end of the financial year and do not have any potential dilutive effect. Thus, the Group's diluted earnings per ordinary share at 30 June 2019 and 2020 are equivalent to its basic earnings per ordinary share as disclosed above.

24. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2020			
Final 2019 ordinary	0.5	6,687	20 December 2019
2019			
Nil	-	-	-

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. All the Group's operations are carried out in Malaysia.

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

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

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.

25. OPERATING SEGMENT (Continued)

Segment assets and liabilities (Continued)

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 2020 RM'000	Group 2019 RM'000
Total additions to property, plant and equipment	5,359	4,190
Total additions to investment properties	-	3,089
Total additions to right-of-use assets	74	-
	5,433	7,279
Segment profit	2,331	25,505
Included in the measure of segment profit are:		
Revenue from external customers	403,019	663,340
Depreciation of property, plant and equipment, right-of-use assets and investment properties	(26,472)	(30,497)
Net loss on impairment of financial instruments	(6,093)	(13,791)
Not included in the measure of segment profit but provided to Chief Executive Officer:		
Net finance costs	(2,001)	(2,818)

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

	Group 2020 RM'000	Group 2019 RM'000
Net finance costs		
Finance income	577	676
Finance costs	(2,578)	(3,494)
Consolidated net finance costs	(2,001)	(2,818)

Major customer

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

	Revenue 2020 RM'000	Revenue 2019 RM'000	Segment
All common control companies of :			
Customer A	131,632	257,366	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
2020			
Financial assets			
Group			
Other investments	902	902	-
Trade and other receivables	324,358	-	324,358
Cash and cash equivalents	24,645	-	24,645
	349,905	902	349,003
Company			
Other investments	902	902	-
Trade and other receivables	48,934	-	48,934
Cash and cash equivalents	135	-	135
	49,971	902	49,069
Financial liabilities			
Group			
Loans and borrowings	(82,238)	-	(82,238)
Trade and other payables	(152,733)	-	(152,733)
	(234,971)	-	(234,971)
Company			
Trade and other payables	(191)	-	(191)

26. FINANCIAL INSTRUMENTS (Continued)

26.1 Categories of financial instruments (Continued)

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

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
- Mandatorily required by MFRS 9	363	336	363	336
Financial assets at amortised cost	(5,516)	(13,115)	1,672	1,524
Financial liabilities at amortised cost	(2,564)	(3,494)	-	-
	(7,717)	(16,273)	2,035	1,860

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.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

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

Concentration of credit risk

The Group has 24 (2019: 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 two customers which accounted for 44% (2019: 46%) of trade receivables (including retention sums) and contract assets as at the end of the reporting period.

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

Recognition and measurement of impairment loss

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

26. FINANCIAL INSTRUMENTS (Continued)

26.4 Credit risk (Continued)

Trade receivables and contract assets (Continued)

Recognition and measurement of impairment loss (Continued)

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.

In addition, the Group has assessed the impairment of trade receivables and contract assets collectively in view of the current economic condition arising from the unprecedented Covid-19 pandemic and the sluggish construction and property development sectors.

Loss rates are based on actual credit loss experience over the past five years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs 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
2020			
Not past due	338,812	-	338,812
Past due 1 - 60 days	20,261	-	20,261
Past due 61 - 120 days	39,209	-	39,209
Past due more than 120 days	120,653	(6,000)	114,653
	518,935	(6,000)	512,935
Credit impaired			
Individually impaired	16,430	(16,430)	-
	535,365	(22,430)	512,935
Trade receivables	343,432	(22,430)	321,002
Contract assets	191,933	-	191,933
	535,365	(22,430)	512,935

26. FINANCIAL INSTRUMENTS (Continued)

26.4 Credit risk (Continued)

Trade receivables and contract assets (Continued)

Recognition and measurement of impairment loss (Continued)

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

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

	Trade receivables		
	Lifetime ECL	Credit impaired	Total
Group			
Balance at 1 July 2019	-	2,806	2,806
Amounts written off	-	(260)	(260)
Net remeasurement of loss allowance	-	13,791	13,791
Balance at 30 June 2019/1 July 2019	-	16,337	16,337
Net remeasurement of loss allowance	6,000	93	6,093
Balance at 30 June 2020	6,000	16,430	22,430

26. FINANCIAL INSTRUMENTS (Continued)

26.4 Credit risk (Continued)

Other investments

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

Cash and cash equivalents

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

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Company amounts to RM89,863,000 (2019: RM85,826,000) 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.

26. FINANCIAL INSTRUMENTS (Continued)

26.4 Credit risk (Continued)

Inter-company advances (Continued)

Exposure to credit risk, credit quality and collateral

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

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

Recognition and measurement of impairment loss

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

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

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

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

26.5 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.

26. FINANCIAL INSTRUMENTS (Continued)

26.5 Liquidity risk (Continued)

Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2020							
Non-derivative financial liabilities							
Trade and other payables	152,733	-	152,733	152,733	-	-	-
Bank loan - secured	3,715	3.75 - 3.92	4,469	543	534	1,536	1,856
Bankers' acceptances	71,185	2.92 - 4.58	71,185	71,185	-	-	-
Hire purchase liabilities	2,338	2.15 - 2.78	2,371	2,305	66	-	-
Lease liabilities	179	5.00 - 7.00	191	110	81	-	-
Revolving credit - unsecured	5,000	5.12	5,000	5,000	-	-	-
	235,150		235,949	231,876	681	1,536	1,856
2019							
Non-derivative financial liabilities							
Trade and other payables	215,414	-	215,414	215,414	-	-	-
Bank loan - secured	4,112	3.92 - 4.75	5,208	568	558	2,124	1,958
Bankers' acceptances	56,862	4.15 - 5.00	56,862	56,862	-	-	-
Hire purchase liabilities	11,064	2.15 - 2.95	11,389	9,071	2,259	59	-
Revolving credit - unsecured	1,500	5.55	1,500	1,500	-	-	-
	288,952		290,373	283,415	2,817	2,183	1,958

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
2020				
Non-derivative financial liabilities				
Trade and other payables	191	-	191	191
Financial guarantee	-	-	89,863	89,863
	191		90,054	90,054
2019				
Non-derivative financial liabilities				
Trade and other payables	131	-	131	131
Financial guarantee	-	-	85,826	85,826
	131		85,957	85,957

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 exposed to foreign currency risk as all of its sales and purchases are denominated in RM. The Group is also not significantly exposed to other price risk.

26.6.1 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

26. FINANCIAL INSTRUMENTS (Continued)

26.6 Market risk (Continued)

26.6.1 Interest rate risk (Continued)

Exposure to interest rate risk

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

	Group	
	2020	2019
	RM'000	RM'000
Fixed rate instruments		
Financial assets	3,620	3,514
Financial liabilities	(78,702)	(69,426)
	(75,082)	(65,912)
Floating rate instruments		
Financial liabilities	(3,715)	(4,112)

	Company	
	2020	2019
	RM'000	RM'000
Fixed rate instruments		
Financial assets	48,929	38,160

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

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
2020		
Floating rate instruments	(8)	8
2019		
Floating rate instruments	(9)	9

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.

Group	Fair value of financial instruments carried at fair value Level 2 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2020				
Financial assets				
Other investments	902	-	902	902
Financial liabilities				
Bank loan - secured	-	(3,731)	(3,731)	(3,715)
2019				
Financial assets				
Other investments	17,838	-	17,838	17,838
Financial liabilities				
Bank loan - secured	-	(4,140)	(4,140)	(4,112)

Company	Fair value of financial instruments carried at fair value Level 2 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
2020				
Financial assets				
Other investments	902	-	902	902
2019				
Financial assets				
Other investments	17,838	-	17,838	17,838

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 (2019: no transfer in either directions).

Level 3 fair value

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

Financial instruments not carried at fair value

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

Valuation process applied by the Group for Level 3 fair value

The Group has applied discounted cash flows valuation technique in the determination of fair values within Level 3. The accounts department has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

27. CAPITAL MANAGEMENT

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

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

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

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.

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Contingent liabilities not considered remote				
Guarantees given to contract customers in relation to construction contracts	70,674	80,598	3,136	-
Guarantees given to banks for facilities granted to a subsidiary	-	-	76,185	58,362
Guarantees given to suppliers for credit terms granted to a subsidiary	-	-	13,678	27,464
	70,674	80,598	92,999	85,826

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

(i) First Adjudication

In March 2019, EMSB initiated an adjudication proceeding against the customer in accordance with the Construction Industry Payment and Adjudication Act 2012 to recover the progress claims amounting to RM74.2 million.

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

On 1 July 2019, EMSB has submitted its affidavit to enforce the first adjudication decision dated 21 June 2019 via the High Court. Following that, the customer has proceeded to submit its own affidavit to oppose the enforcement and to set aside the adjudication decision. EMSB has successfully enforced the adjudication decision on 29 November 2019 while the customer filed notice of appeal on 17 December 2019. The case management for parties to update the Court of Appeal on the status of the Grounds of Judgement is fixed on 27 October 2020. The hearing date for the appeal has yet to be fixed. In the meantime, the customer filed a Stay of Execution application on 21 July 2020. The hearing of the Stay of Execution application took place on 28 August 2020 and the High Court has dismissed the application with costs to the Group. Based on the opinion of the solicitors, the Directors believe that the Group has a fair chance of winning the appeal above.

28. CONTINGENCIES (Continued)

Material litigations (Continued)

a) *(ii) Second Adjudication*

On 7 May 2019, EMSB filed for a second adjudication against the customer on the same grounds as the first adjudication for progress claims no. 25 to 26 amounting to RM5.9 million. On 17 September 2019, the Adjudicator has allowed for EMSB's claim on progress claims no. 25 to 26 amounting RM5.9 million. On 23 December 2019, EMSB has submitted its affidavit to enforce the second adjudication decision dated 17 September 2019 via the High Court. Following that, the customer has proceeded to submit its own affidavit to oppose the enforcement and to set aside the adjudication decision. The High Court hearing has taken place on 23 July 2020, 28 August 2020 and 24 September 2020 and decision is fixed on 28 October 2020. Based on the opinion of the solicitors, the Directors believe that EMSB has an even chance of success in its enforcement of the adjudication decision.

(iii) Arbitration

EMSB has initiated an arbitration against the customer with the Asian International Arbitration Centre on 13 August 2019. On 2 October 2019, EMSB has submitted its points of claim for loss and expense incurred for the project. The total amount claimed is RM169 million. The arbitration hearing is fixed in between October 2020 and December 2020.

(iv) Winding up and injunction

On 22 November 2019, EMSB demanded payment of the sum by way of a Sections 465 & 466 Notice pursuant to the Companies Act 2016. The customer has 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. On 9 January 2020, the High Court has allowed the customer's injunction application to restrain EMSB from presenting a winding up petition against the customer. EMSB then filed a Notice of Appeal on 3 February 2020 to appeal against the High Court decision. The appeal hearing is fixed on 4 March 2021. Based on the opinion of the solicitors, the Directors believe that EMSB has a fair chance in winning the appeal.

(v) Writ of Seizure

On 21 January 2020, EMSB has made a writ of seizure (WSS) application to the High Court. Ex-parte hearing has taken place on 3 March 2020 where EMSB has obtained a Prohibitory Order (PO) to prohibit the customer to deal with a piece of land it owned until 2 March 2021. EMSB has filed an Order for Sale of the land, but the customer applied to set aside the PO on 1 August 2020. The market value of the land is estimated to be in excess of RM200 million. The decision for the Setting Aside of PO and hearing for the Order for Sale application are now fixed on 8 October 2020.

28. CONTINGENCIES (Continued)

Material litigations (Continued)

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

In October 2015, the adjudication deemed the customer liable to pay EMSB its certified claims amounting to RM1,805,867, which was received by EMSB in July 2016 together with interest and costs. The customer was unsatisfied with the decision and had filed an appeal to the Federal Court on 3 July 2017. The hearing of the appeal is fixed on 22 October 2020. The solicitor is of the opinion that it is unlikely that the Federal Court would reverse the decision as the arbitration decision has been awarded in favour of EMSB as mentioned below.

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

On 5 October 2018, EMSB has been awarded a sum of RM3,841,088 together with interests and costs in the arbitration proceeding. Based on the arbitration award, EMSB is supposed to proceed to wind up the customer. However, the customer has wound up earlier without the knowledge of EMSB.

On 28 August 2019, EMSB has attempted to file their proof of debt with the liquidator and the claim is being rejected as the customer has been wound up. Dissatisfied with the liquidator decision, EMSB further filed its proof of debt appeal with the High Court.

c) In 27 May 2019, EMSB initiated a legal proceeding to wind up a customer for the sum of RM16.3 million which includes outstanding trade receivables, retention sum and claims for loss and expenses. The customer has been placed under liquidation.

29. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors and certain members of senior management of the Group.

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

Significant related party transactions

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

29. RELATED PARTIES (Continued)

Significant related party transactions (Continued)

	Transaction amounts for the year ended 30 June			
	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
A. Subsidiary				
Dividend income	-	-	-	(6,800)
Interest income	-	-	(1,672)	(1,524)
B. Key management personnel				
Directors				
- Fees	195	195	195	195
- Remuneration	3,226	3,760	318	331
	3,421	3,955	513	526
Other key management personnel				
- Remuneration	1,394	1,478	-	-

The estimated monetary value of Directors' benefit-in-kind of the Group is RM88,000 (2019: RM88,000).

30. SIGNIFICANT EVENT DURING THE YEAR

The coronavirus (Covid-19) pandemic was announced by the World Health Organisation in March 2020 given the outbreak of the virus in countries across the world including Malaysia. The Covid-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts.

The Group's current financial year results were adversely affected by the pandemic and enforcement of the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") between 18 March 2020 until 9 June 2020 coupled with the implementation of additional standard operating procedures, affecting all of the Group construction sites' activities and progress. Due to fluidity of the situation, the Covid-19 pandemic is expected to continue to have an adverse effect on the Group's future business operations. The Group is taking appropriate and timely measures to minimise the impact of the pandemic on the Group's operations.

31. SUBSEQUENT EVENT

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.

The proposed private placement is subject to and conditional upon the following approvals being obtained:-

(i) Bursa Securities, for the listing and quotation for the Placement Shares on the Main Market of Bursa Securities; and
(ii) any other relevant authority, if required.

The Company intends to utilise the proceeds to be raised from the proposed private placement to fund the Group's working capital requirements and for repayment of the Group's short-term borrowings.

No shares have been placed out as at the date of this report.

32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16, *Leases*.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 July 2019.

At 1 July 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 July 2019. The incremental rate applied is 7%. Right-of-use assets are measured at their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 July 2019.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristic;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 July 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- adjusted the right-of-use assets by the amount of provision for onerous contract under MFRS 137 immediately before the date of initial application, as an alternative to an impairment review.

Impacts on financial statements

Since the Group has applied MFRS 16 using the modified retrospective approach, there are no adjustments made to the prior period comparative.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 30 June 2019, and lease liabilities recognised in the statement of financial position at 1 July 2019.

	RM'000
Group	
Operating lease commitments at 30 June 2019	11,249
Discounted using the incremental borrowing rate at 1 July 2019	11,167
Recognition exemption for short-term leases	(10,969)
Lease liabilities recognised at 1 July 2019	198

There is no financial impact to the Company arising from the adoption of MFRS 16 as there is no lease arrangements.

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 53 to 110 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

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

The Cheng Eng
Director

Pang Sar
Director

Kuala Lumpur,

Date: 7 October 2020

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

I, **Bin Lay Thiam**, the officer primarily responsible for the financial management of Econpile Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 110 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Bin Lay Thiam, NRIC: 700509-10-5989, MIA CA 20452, in Kuala Lumpur in the Federal Territory on 7 October 2020.

Bin Lay Thiam

Before me:

Independent Auditors' Report

To The Members Of Econpile Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

We have audited the financial statements of Econpile Holdings Berhad, which comprise the statements of financial position as at 30 June 2020 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 53 to 110.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, 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(l)(i) - Significant accounting policy: Revenue and other income - Construction contracts, Note 9 - Contract assets and Note 17 - Revenue.

The key audit matter

The Group has recorded revenue from construction contracts of RM403,019,000 for the financial year ended 30 June 2020.

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

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

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

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

KEY AUDIT MATTERS (Continued)

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

How the matter was addressed in our audit

Our audit procedures include, among others:

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

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

Refer to Note 2(i)(i) - Significant accounting policy: Impairment - financial assets, Note 8 - Trade and other receivables, Note 9 - 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 2020 of RM321,002,000 and RM191,933,000 respectively. Included in contract assets is an amount of RM 80.1million related to a construction contract with a customer which is under litigation.

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

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

How the matter was addressed in our audit

Our audit procedures included, among others:

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

KEY AUDIT MATTERS (Continued)

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

How the matter was addressed in our audit (Continued)

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

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

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

Petaling Jaya, Selangor

Date: 7 October 2020

Analysis Of Shareholdings

As At 30 September 2020

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Shareholdings	%
Less than 100 shares	102	3,946	0.000
100 to 1,000 shares	578	346,567	0.026
1,001 to 10,000 shares	2,730	15,887,350	1.188
10,001 to 100,000 shares	1,957	61,869,024	4.626
100,001 to less than 5% of issued shares	416	767,143,108	57.356
5% and above of issued shares	3	492,250,030	36.804
Total	**5,786**	**1,337,500,025**	**100.000**

SUBSTANTIAL SHAREHOLDERS

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

	Direct Interest		Indirect Interest	
Shareholders	No. of Shares	%	No. of Shares	%
The Cheng Eng	346,500,018	25.91	380,000*	0.03
Pang Sar	277,000,012	20.71	-	-
Employees Provident Fund Board	118,446,300	8.86	-	-

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	346,500,018	25.91	380,000*	0.03
Pang Sar	277,000,012	20.71	-	-
The Kun Ann	250,000	0.02	-	-
Krishnan A/L C K Menon	250,000	0.02	-	-
Dato' Rosli Bin Mohamed Nor	-	-	-	-
Ong Poay Wah @ Chan Poay Wah	1,500,000	0.11	-	-

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

Analysis Of Shareholdings (Continued)
As At 30 September 2020

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2020

NO.	NAME	HOLDINGS	%
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UBS AG SINGAPORE FOR THE CHENG ENG	250,000,000	18.692
2	PANG SAR	170,750,012	12.766
3	THE CHENG ENG	71,500,018	5.346
4	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR	41,500,000	3.103
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	33,686,800	2.519
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	30,272,800	2.263
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR THE CHENG ENG (PBCL-0G0532)	25,000,000	1.869
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	24,668,100	1.844
9	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	24,232,550	1.812
10	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	20,335,378	1.520
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR (THIRD PARTY)	19,750,000	1.477
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	18,018,800	1.347
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (PBCL-0G0505)	17,062,000	1.276
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (PB-0J0028)	16,375,500	1.224
15	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC SMALLCAP FUND	13,928,400	1.041
16	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	13,552,400	1.013
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)	13,354,700	0.999
18	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	12,814,650	0.958
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PANG SAR (PB)	11,562,500	0.865
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	11,260,000	0.842
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	10,417,200	0.779
22	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	9,936,950	0.743
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	7,994,900	0.598

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2020

NO.	NAME	HOLDINGS	%
24	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)	7,749,400	0.579
25	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	7,659,700	0.573
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL ISLAMIC LIFETIME BALANCED FUND	7,362,600	0.550
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL DALI EQUITY FUND	7,213,100	0.539
28	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 5	7,021,800	0.525
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	7,000,000	0.523
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	6,941,800	0.519
		918,922,058	68.704

Analysis Of Warrant Holdings
As At 30 September 2020

Number of Outstanding Warrants	:	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	131	5,369	0.002
100 to 1,000	393	240,950	0.090
1,001 to 10,000	939	4,934,026	1.844
10,001 to 100,000	872	36,518,900	13.652
100,001 to less than 5% of issued warrants	264	123,750,750	46.262
5% and above of issued warrants	2	102,050,010	38.150
Total	**2,601**	**267,500,005**	**100.000**

DIRECTORS’ WARRANT HOLDINGS

	Direct Interest		Indirect Interest	
Directors	No. of Warrants	%	No. of Warrants	%
The Cheng Eng	68,900,008	25.76	76,000*	0.03
Pang Sar	58,400,002	21.83	-	-
The Kun Ann	50,000	0.02	-	-
Krishnan A/L C K Menon	50,000	0.02	-	-
Dato’ Rosli Bin Mohamed Nor	62,500	0.02	-	-
Ong Poay Wah @ Chan Poay Wah	300,000	0.11	-	-

Notes:-

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

LIST OF 30 LARGEST WARRANT HOLDERS AS AT 30 SEPTEMBER 2020

NO.	NAME	WARRANT HOLDINGS	%
1	THE CHENG ENG	63,900,008	23.89
2	PANG SAR	38,150,002	14.26
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR	11,250,000	4.21
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (PBCL-0G0505)	8,025,000	3.00
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR THE CHENG ENG (PBCL-0G0532)	5,000,000	1.87
6	DATIN SRI WONG PUI YOONG	4,400,000	1.65
7	DATO' SRI NG TECK LONG	3,800,000	1.42
8	NG TEIK CHONG	3,217,400	1.20
9	YEOW KIM CHOON	2,800,000	1.05
10	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	2,712,550	1.01
11	YAP YEE HOCK	2,609,300	0.98
12	CHIANG SONG KUAI	2,300,000	0.86
13	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	2,200,650	0.82
14	CHANG KIAN LEE	1,777,600	0.67
15	RHB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	1,520,000	0.57
16	KHOR CHEAN HOE	1,400,000	0.52
17	ENG LIAN ENTERPRISE SDN BHD	1,350,000	0.51
18	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE)	1,203,400	0.45
19	MOK CHAN KEE	1,200,000	0.45
20	YEOW WAI YEE	1,157,000	0.43
21	LEE KONG LAM	1,001,000	0.37
22	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH CHIN TIONG	1,000,000	0.37
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PANG SAR (PB)	975,000	0.36
24	TAN PU YEAN	890,500	0.33
25	LOW BEE LAN	874,200	0.33
26	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE2)	861,900	0.32
27	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR AIMAN BIN WAN MOHD IZZUDDIN	859,200	0.32
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOW KIM CHOON (E-IMO/JSI)	855,400	0.32
29	CHAN KIM HUAT	840,000	0.31
30	HARBENDAR KAUR A/P NASHTER SINGH	800,600	0.30
		168,930,710	63.15

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting ("8th AGM") of the Company will be conducted fully virtual from the Broadcast Venue at **Meeting Room, Level 8, Tower Block, Plaza Dwitasik, Jalan Sri Permaisuri, Bandar Sri Permaisuri, 56000 Kuala Lumpur, Malaysia** on **Thursday, 26 November 2020** at **10.00 a.m.** for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 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 RM194,500 for the financial year ending 30 June 2021 to be paid in arrears. ***(Ordinary Resolution 1)***

3. To approve the payment of Directors' benefits of up to RM100,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting 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) The Cheng Eng ***(Ordinary Resolution 3)***

   (b) Pang Sar ***(Ordinary Resolution 4)***

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

AS SPECIAL BUSINESS:

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

6. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental/ regulatory authorities (if any), the Directors of the Company be and are hereby authorised to allot and issue shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they may deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting." ***(Ordinary Resolution 6)***

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

By Order of the Board

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

26 October 2020

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 8th 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 8th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online.

   For further information, kindly refer to the Administrative Guide for the 8th AGM.

2. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 November 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*

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

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

5. *Where a member of the Company is an authorised nominee as defined in the 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 Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

7. *Where a member 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.*

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

   (i) *In hard copy form*
   Tricor Investor & Issuing House Services Sdn Bhd 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 (applicable to individual shareholder only)*
   Please refer to the Administrative Guide for further information on 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 Tuesday, 24 November 2020 at 10.00 a.m.*

12. *For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative 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. The certificate of appointment of authorised representative should be executed in the following manner:*

   (a) *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
   (b) *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
      (1) *at least two (2) authorised officers, of whom shall be a director; or*
      (2) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

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

EXPLANATORY NOTES TO THE AGENDA

(i) ***Item 1 of the Agenda***
<u>Audited Financial Statements for the financial year ended 30 June 2020</u>

This item is meant for discussion only. The provision of Section 248(2) and Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a motion to be put forward to vote by shareholders.

(ii) ***Ordinary Resolution 1***
<u>Directors' fees for the financial year ending 30 June 2021</u>

The Directors' fees proposed for the financial year ending 30 June 2021 are calculated based on current board size and assuming that all Non-Executive Directors will hold office until 30 June 2021. This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed are insufficient (due to enlarged board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

(iii) ***Ordinary Resolution 2***
<u>Directors' benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting</u>

Directors' benefits include meeting allowances payable to Directors and in determining the estimated amount, the Board has considered various factors including the current board size and number of scheduled meetings for the Board and Board Committee for the period from the date of the forthcoming Annual General Meeting until the next Annual General Meeting. In the event the proposed amount is insufficient (due to more meetings/enlarged board size), approval will be sought at the next Annual General Meeting for the shortfall.

(iv) ***Ordinary Resolutions 3 and 4***
<u>Re-election of Directors</u>

Mr The Cheng Eng and Mr Pang Sar are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 8th AGM.

The Board has through the Nomination Committee considered the assessment of the Directors and collectively agreed that they meet 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.

(v) ***Ordinary Resolution 5***
<u>Re-appointment of Auditors</u>

The Board has through the Audit & Risk Management Committee, considered the re-appointment of KPMG PLT as the Auditors of the Company. The factors considered by the Audit & Risk Management Committee in making the recommendation to the Board to table their re-appointment at the 8th AGM are disclosed in the Audit & Risk Management Committee Report of the 2020 Annual Report.

(vi) ***Ordinary Resolution 6***
<u>Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016</u>

The Company had, at the last Annual General Meeting held on 27 November 2019, obtained the mandate from the shareholders to allot up to a maximum of 10% of the total number of issued shares of the Company. The Company had on 15 September 2020 announced that the Company will undertake a private placement of up to ten (10) per centum of the total number of issued shares of the Company to third party investor(s) to be identified and at an issue price to be determined by the Board later ("Proposed Private Placement"). Subsequent thereto, Bursa Malaysia Securities Berhad had, vide its letter dated 24 September 2020, granted the Company with approval for the listing of and quotation for up to 160,500,003 shares of the Company to be issued pursuant to the Proposed Private Placement. As at the date of this Notice, no new shares were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 27 November 2019.

This proposed resolution, if passed, will empower the Directors to allot up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

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* (*delete as appropriate)

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

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company which will be conducted fully virtual from the Broadcast Venue at **Level 8, Tower Block, Plaza Dwitasik, Jalan Sri Permaisuri, Bandar Sri Permaisuri, 56000 Kuala Lumpur, Malaysia on Thursday, 26 November 2020 at 10.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
To approve the payment of Directors' fees for the financial year ending 30 June 2021 to be paid in arrears.	Ordinary Resolution 1		
To approve the payment of Directors' benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company.	Ordinary Resolution 2		
To re-elect Mr The Cheng Eng as Director.	Ordinary Resolution 3		
To re-elect Mr Pang Sar as Director.	Ordinary Resolution 4		
To re-appoint KPMG PLT as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	Ordinary Resolution 5		
Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 6		

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________________, 2020

____
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, of whom one 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 8th 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 8th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online.

   For further information, kindly refer to the Administrative Guide for the 8th AGM.

2. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 November 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*

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

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

5. *Where a member of the Company is an authorised nominee as defined in the 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 Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

7. *Where a member 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.*

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

   (i) *In hard copy form*
   Tricor Investor & Issuing House Services Sdn Bhd 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 (applicable to individual shareholder only)*
   Please refer to the Administrative Guide for further information on electronic submission of proxy form via TIIH Online.

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AFFIX STAMP

THE SHARE REGISTRAR
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
(Registration No.: 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

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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 Tuesday, 24 November 2020 at 10.00 a.m.*

12. *For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative 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. The certificate of appointment of authorised representative should be executed in the following manner:*

    (a) *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
    (b) *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
        (1) *at least two (2) authorised officers, of whom shall be a director; or*
        (2) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*

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 8th Annual General Meeting will be put forward to vote by way of poll.*

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

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