




Annual Report 2021

EcoBuilt Holdings Bhd
Registration No. 200301033338 (635759-U)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Noordin Bin Sulaiman
Chairman/Independent Non-Executive Director

Datuk Ong Chee Koen
Executive Director/Chief Executive Officer

Wong Wen Miin
Independent Non-Executive Director

Datuk Ng Seing Liong PJN, JP
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Ng Seing Liong PJN, JP
Chairman/Independent Non-Executive Director

Dato' Noordin Bin Sulaiman
Independent Non-Executive Director

Wong Wen Miin
Independent Non-Executive Director

NOMINATION COMMITTEE

Wong Wen Miin
Chairperson/Independent Non-Executive Director

Dato' Noordin Bin Sulaiman
Independent Non-Executive Director

Datuk Ng Seing Liong PJN, JP
Independent Non-Executive Director

REMUNERATION COMMITTEE

Dato' Noordin Bin Sulaiman
Chairman/Independent Non-Executive Director

Datuk Ng Seing Liong PJN, JP
Independent Non-Executive Director

COMPANY SECRETARIES

Joanne Toh Joo Ann
[SSM PC No. 202008001119 (LS 0008574)]
Sia Ee Chin
[SSM PC No. 202008001676 (MAICSA 7062413)]

REGISTERED OFFICE
Unit 30-01, Level 30, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : 03-2783 9191
Fax : 03-2783 9111

SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
[Company 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
Tel : 03-2783 9299
Fax : 03-2783 9222

PRINCIPAL BANKER

Public Bank Berhad
RHB Bank Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

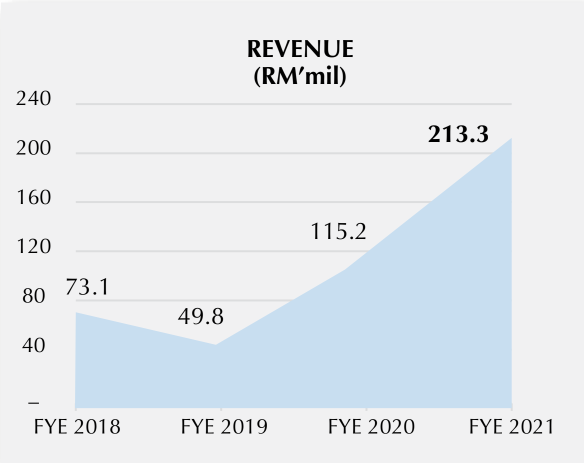
Bursa Malaysia Securities Berhad (MAIN Market)
Stock Name : ECOHLDS
Stock Code : 0059

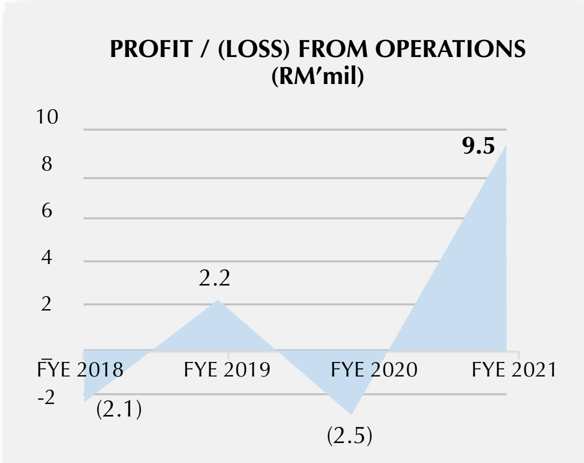
AUDITOR

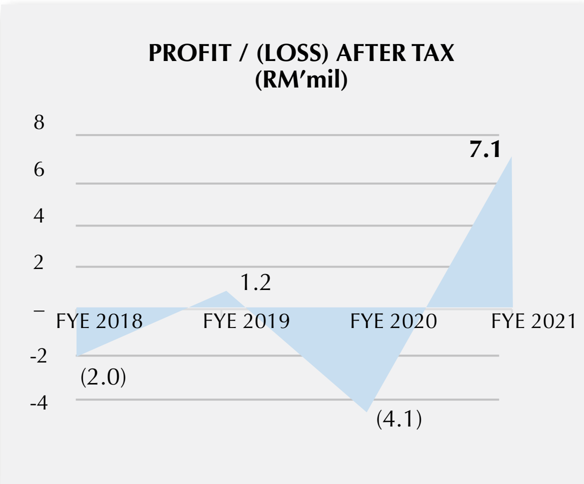
HLB AAC PLT (LLP0022843-LCA & AF001977) (AF 001977)
(Formerly known as **Morison AAC PLT)**
18, Jalan Pinggir 1/64, Jalan Kolam Air
Off Jalan Sultan Azlan Shah (Jalan Ipoh)
51200 Kuala Lumpur, Malaysia
Tel : 03-4048 2888

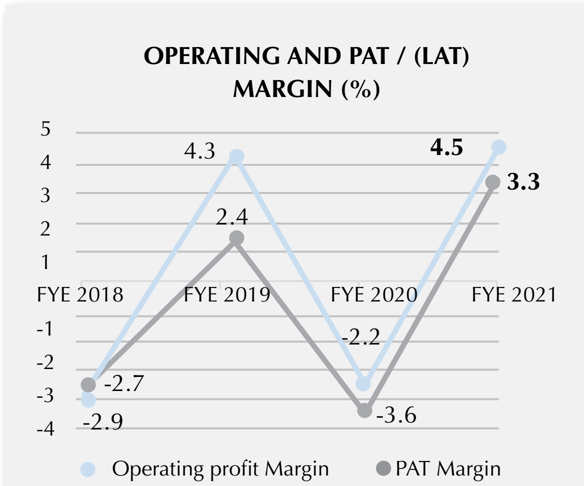
CORPORATE WEBSITE
www.eco-built.com.my

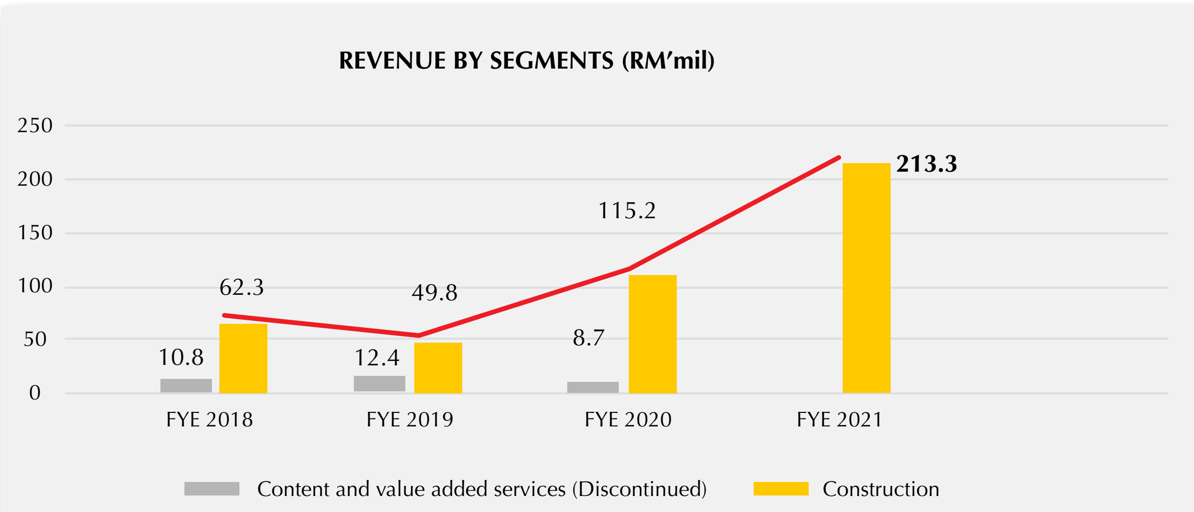
FINANCIAL HIGHLIGHTS











Financial highlights for FYE 2018 consists of continuing and discontinued operations.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES

OVERVIEW OF THE GROUP'S BUSINESS

Established in 2004, Ecobuilt Holdings Berhad ("Ecobuilt" or "the Company") and its subsidiaries ("the Group") had on 19 April 2017 started to involve in construction industry through the incorporation of Eko Bina Sdn Bhd (formerly known as E&J Builders Sdn Bhd) ("Eko Bina"). In FYE 2020, Ecobuilt has discontinued its digital contents and value-added services segment by disposing all the relevant subsidiaries, and the Group has solely transformed into a construction company with years of experience in civil engineering, building contracting and construction as well as property development. The Group has now expanded our building portfolio to residential, commercial and mixed development projects.

FINANCIAL PERFORMANCE REVIEW

	FYE 2021 RM'000	FYE 2020 RM'000	Variance RM'000	%
<u>Statements of Profit or Loss and Other Comprehensive Income</u>				
Continuing operations				
Revenue	**213,266**	115,236	98,030	85.1
Purchases and other direct costs	**(196,327)**	(107,027)	(89,300)	(83.4)
Other operating income	**724**	315	409	>100.0
Other operating expenses	**(8,164)**	(11,002)	2,838	(25.8)
Profit/(Loss) from operations	**9,499**	(2,478)	11,977	>100.0
Finance costs	**(351)**	(263)	(88)	(33.5)
Profit/(Loss) before tax	**9,148**	(2,741)	11,889	>100.0
Profit/(Loss) after tax	**7,124**	(4,128)	11,252	>100.0
Discontinued operations				
Profit for the financial year, net of tax	–	1,872	(1,872)	(100.0)
Profit/(Loss) for the financial year	**7,124**	(2,256)	9,380	>100.0

Review on Statements of Profit or Loss and Other Comprehensive Income

<u>Continuing operations</u>

The Group's total revenue increased substantially by RM98.0 million or 85.1% from RM115.2 million in FYE 2020 to RM213.3 million in FYE 2021. The increase in revenue mainly contributed from our ongoing projects such as Bukit OUG Residence project, The Shore project and Riveria City @ KL Sentral project which contributed revenue of RM119.2 million, RM44.5 million and RM32.7 million respectively. We have also completed the residential project located in Cheras and the eighty-four (84) units industrial terrace in FYE 2021 which contributed revenue of RM3.9 million and RM1.8 million respectively in this financial year.

We are glad to announce that we have secured two (2) letters of award during FYE 2021. Eko Bina Sdn Bhd (formerly known as E&J Builders Sdn Bhd) ("Eko Bina"), our wholly owned subsidiary, had on 5 January 2021 accepted the letter of award from VTS Property Builders Sdn Bhd for the appointment as a main contractor for a 15-storey retail and commercial suites at Kota Kinabalu, Sabah. The contract sum of this project is RM72.3 million and it is expected to be completed within twenty-seven (27) months or by April 2023.

On 18 January 2021, Eko Bina has accepted another letter of award from Golden Wave Sdn Bhd for the appointment as main contractor for a mixed commercial development at Kota Kinabalu, Sabah. The contract sum of this project is RM166.4 million and it is expected to be completed within sixteen (16) months or by May 2022. Both projects have contributed positively to the financial year under review and is expected to make a higher revenue and earnings contribution in FYE 2022 and FYE 2023.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES (CONTINUED)

FINANCIAL PERFORMANCE REVIEW (CONTINUED)

Review on Statements of Profit or Loss and Other Comprehensive Income (continued)

Continuing operations (continiued)

Our purchases and other direct costs mainly consist of purchase of materials, sub-contractor costs and architectural costs. Our purchases and other direct costs have increased by RM89.3 million or 83.4% from RM107.0 million in FYE 2020 to RM196.3 million in FYE 2021 in line with the increase in revenue from higher construction activities undertaken by the Group during the financial year.

Other operating income has increased by RM0.4 million from RM0.3 million in FYE 2020 to RM0.7 million in FYE 2021, mainly attributed to higher interest income received.

Our other operating expenses decreased by RM2.8 million or 25.8% from RM11.0 million in FYE 2020 to RM8.2 million in FYE 2021, mainly due to the absence of the one-off impairment loss on goodwill amounted to RM6.5 million from the acquisition of Rexallent Construction Sdn Bhd (“Rexallent”) in FYE 2020. However, the decrease was partially offset by the increase in depreciation of property, plant and equipment by RM1.4 million and the increase on net expected credit loss allowance by RM0.9 million in FYE 2021.

Finance costs increased by RM0.1 million or 33.5% from RM0.3 million in FYE 2020 to RM0.4 million in FYE 2021 mainly due to higher lease facilities drawdown and the compliance of MFRS 16 Lease.

With the familiarisation of Covid-19 pandemic restrictions as well as guidelines and regulations imposed by Malaysian Government during various Movement Control Order (“MCO”), the Group has recorded a profit before tax of RM9.1 million as compared to the loss before tax of RM2.7 million in FYE 2020. The experience in coping with new normal during the outbreak of Covid-19 has assisted us to run our operations smoothly and ramp up our construction progress aggressively.

	31 May 2021 RM’000	31 May 2020 RM’000	Variance RM’000	%
Statements of Financial Position				
Non-current assets	**79,834**	69,945	9,889	14.1
Current assets	**133,324**	94,048	39,276	41.8
Non-current liabilities	**5,392**	4,587	805	17.5
Current liabilities	**83,958**	53,081	30,877	58.2

Review on Statements of Financial Position

The Group’s non-current assets increased by RM9.9 million or 14.1% from RM69.9 million as at 31 May 2020 to RM79.8 million as at 31 May 2021, mainly arising from the net increase of property, plant and equipment by RM5.1 million and other investments in quoted shares by RM5.7 million. The increase in property, plant and equipment is mainly from the purchase of a freehold land with a purchase price of RM5.6 million. Ecobuilt has on 16 November 2020 entered into a Sale and Purchase Agreement with Laksana Empayar Sdn Bhd to acquire the said land, measuring approximately 5,337 square meters, for the purpose of storing construction equipment and materials of the Group.

Our current assets increased by RM39.3 million or 41.8% from RM94.0 million as at 31 May 2020 to RM133.3 million as at 31 May 2021. Such increase was mainly because of higher trade receivables balances by RM52.6 million due to slower collections from our customers in conjunction with the implementation of various MCO. However, it is partially offset by the decrease in cash and cash equivalent by RM12.4 million and also the drawdown of short-term deposits.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES (CONTINUED)

FINANCIAL PERFORMANCE REVIEW (CONTINUED)

Review on Statements of Financial Position (continued)

The Group's non-current liabilities increased by RM0.8 million or 17.5% from RM4.6 million as at 31 May 2020 to RM5.4 million as at 31 May 2021, mainly due to higher lease liabilities which is in line with the compliance of MFRS 16 Lease.

As at 31 May 2021, the Group's current liabilities amounted to RM84.0 million, representing an increase of RM30.9 million or 58.2% from RM53.1 million as at 31 May 2020. The increase was mainly attributed to the increase of trade payable balances by RM23.2 million due to the temporary suspension of operations during the implementation of various MCO and our cash flow management strategy to match the collection from our customers. Our other payable balances were also increased by RM5.5 million due to the significant increase on the accrued of subcontractor fees for Riveria City @ KL Sentral project, Bukit OUG project and Cheras Residential project. In addition, our contract liabilities increased by RM1.6 million, mainly arising from the Bukit OUG project.

	31 May 2021 RM'000	31 May 2020 RM'000	Variance RM'000	%
Statements of Cash Flows				
Net cash (used in)/generated from operating activities	**(10,240)**	24,446	(34,686)	>(100.0)
Net cash used in investing activities	**(4,137)**	(36,263)	32,126	88.6
Net cash generated from financing activities	**2,172**	10,052	(7,880)	(78.4)
Cash and cash equivalents as at 31 May	**4,635**	17,019	(12,384)	(72.8)

Review on Statements of Cash Flows

As at 31 May 2021, our Group recorded a net cash used in operating activities of RM10.2 million as compared to a net cash generated from operating activities of RM24.4 million as at 31 May 2020. This was mainly attributed to the increase in trade receivable balances resulted from slower collection from customers in the event of implementation of various MCO in response to the Covid-19 pandemic.

The Group recorded a lower net cash used in investing activities of RM4.1 million as at 31 May 2021 as compared to a higher net cash used in investing activities of RM36.3 million as at 31 May 2020, mainly due to the absence of one-off cash outflow arising on acquisition and disposal of subsidiaries in FYE 2020 amounted to RM18.9 million and RM6.9 million respectively. The cash outflow for purchase of property, plant and equipment also reduced by RM6.2 million from RM11.0 million as at 31 May 2020 to RM4.8 million as at 31 May 2021.

The Group has recorded a net cash generated from financing activities amounting to RM2.2 million as at 31 May 2021 and RM10.1 million as at 31 May 2020. The decrease was mainly due to the one-off proceeds from private placement amounted to RM12.0 million during FYE 2020. However, on 2 October 2020, the Company has undertaken a private placement exercise of 31,356,300 new ordinary shares, representing up to 10% of the total issued shares of Ecobuilt, at RM0.149 per share. The said private placement has resulted a cash inflow of RM4.7 million.

RISK RELATING TO OUR BUSINESS

Impacts of Covid-19 Pandemic

In view of the continual upheavals and disruptions arising from the ongoing Covid-19 pandemic, Malaysian Government has undertaken several measures such as various stages of MCO and National Recovery Plan ("NRP") in an effort to contain the spread of Covid-19 while guiding Malaysia to the recovery path.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES (CONTINUED)

RISK RELATING TO OUR BUSINESS (CONTINUED)

Impacts of Covid-19 Pandemic (continued)

Since the first MCO imposed by the Malaysian Government on 18 March 2020, the Group has been continuously complying to the Standard Operating Procedures ("SOP") advocated by local authorities and taking initiatives to establish and implement our operating SOP as well as health and safety protocol in our workplace.

With the familiarisation of Covid-19 pandemic restriction and all relevant SOP imposed by the Malaysian Government, we are now able to adapt to a new normal and resume our business operations with lesser impact.

However, due to the continuing uncertainty, we are still exposing to the following risks related to the outbreak of Covid-19: -

Key Risks	Description	Mitigation Strategy
Economic Impact of Covid-19 Pandemic	Malaysia's economic has remained sluggish under the weight of several MCO periods.	The Executive Board and Top Management are aware of the challenges faced by the Group. We have and will continue to take initiatives in minimising the adverse impact from Covid-19 pandemic and movement restriction on the Group. These include the right sizing of the work force, putting on hold expansionary plans and stringent control on employees' safety and health as our utmost priority. Nonetheless, with the roll out of National Covid-19 Immunisation Programme, we are optimistic that most of the business shall slowly get on the recovery track, supported by a series of economic stimulus packages announced by the Malaysian Government to provide relief to businesses and households. On top of the economic stimulus package introduced by the Malaysian Government, the Group will also be more attentive on our cash flow management to ensure that Ecobuilt is supported by a healthy cash flow during this challenging time.
Delay in Project Completion	The Group understands the financial and reputational implications of delay in completing construction projects and handing over of units to customers. Delays may lead to exposure of Liquidated and Ascertained Damages ("LAD") claims from buyers. The Group faced operation disruption where our construction works were temporarily halted as a result of the implementation of MCO. Any project delays will subsequently result in negative impact on cash flow, profitability and reputation of the Group.	The Group always keeps itself abreast of the latest SOP and announcement from the Malaysian Government to ensure full compliance and develop a relevant response solution in a timely manner. At our construction sites, we have implemented and utilised technology to improve efficiencies and productivity as well as using Industrialised Building System ("IBS") and formworks. We have also in place project management plan/tool and quality management system. Policy and procedures for the selection of consultants is established to ensure that only qualified and competent contractors and consultants are selected for our projects. In that regard, we closely monitor the work progress on site and the performance of selected contractor. In the event of any project delay, we have implemented a "catch-up" construction work programme in order to reduce the adverse effect from such delay.

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURES (CONTINUED)

RISK RELATING TO OUR BUSINESS (CONTINUED)

Competition and Business Risks

Competition in the construction industry is rising, resulted from the increasing new entrants and existing companies, regardless local or international. In order to stay ahead of the competition, the Group is taking appropriate initiatives such as being cost efficient through effective project management and cost control policies, providing quality products as well as actively seeking and taking advantage of any new opportunities in the industry.

Economic, Political and Regulatory Risks

Any adverse developments in political, economic, market, interest rate, taxation, regulatory and social conditions may materially affect our Group's involvement in the construction industry. These changes are mostly beyond our Group's control. Our Group intends to mitigate such risks by continuously reviewing our business development strategies timely, or as and when necessary, to respond to the changes in such factors and conditions.

FUTURE PROSPECT AND OUTLOOK

It has been more than one year in facing the outbreak of Covid-19, yet, we are still living in the unprecedented time. The Covid-19 pandemic has severely affected nearly every aspect of our daily life. This year, the global and local economy is expected to remain challenging, coupled with the ongoing international trade conflicts. Aside from the unfavourable economic condition, the construction industry is also facing some other key challenges, including property overhang, soaring prices of building material, shortage of workers as well as operation disruption due to implementation of MCO.

However, with the rapid roll out of National Covid-19 Immunisation Programme, FYE 2022 is expected to be a recovery year. In this respect, Malaysian Government has introduced several initiatives to support the local household and businesses, and the local economy as a whole. The Real Estate and Housing Developers' Association Malaysia ("REHDA") has reintroduced the Home Ownership Campaign 2020-2021 ("HOC") and has extended the HOC till 31 December 2021 under the announcement of "Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan" on 31 May 2021. The benefits of HOC including stamp duty exemption and minimum 10% discount from property price, shall encourage the purchase of properties and stimulate the property market.

In addition, Bank Negara Malaysia ("BNM") has remained the Overnight Policy Rate ("OPR") at 1.75%. This monetary policy shall continue to benefit the households and businesses in terms of lower finance costs from mortgage and hire purchase loan as well as banking facilities. Other initiatives such as 6-month moratorium shall also cushion the economic impact on households and businesses.

Looking ahead, our Board is positive and confident that the Group is able to make our way through this rocky road with our improved order book on the back of our expertise and experience in the industry. Ecobuilt strive to work on our core competencies and continue to deliver values to our shareholders.

BOARD OF DIRECTORS

Dato' Noordin Bin Sulaiman, Male, aged 64, Malaysian citizen, is the Independent Non-Executive Chairman of Ecobuilt Holdings Berhad ("Ecobuilt" or "Company"). He was appointed to the Board on 01 November 2018. He graduated with Bachelor Degree (Hons) from University Malaya in 1980. He then obtained his Diploma in Public Management and Diploma in Management Science from Institut Tadbiran Awam Negara (INTAN) in 1981 and 1986 respectively.

He started his career as assistant for Director in the Implementation & Coordination Unit (ICU), Prime Minister's Department in 1981. Throughout his 36 years of service with the Government, he was involved in several roles in various government departments such as assistant for Director in Public Service Department, Principal Assistant Secretary for Ministry of Defence Sabah, Principal Assistant District Officer (Development) for District and Land Office Hulu Langat, Principal Assistant District Officer (Land) for District and Land Office Hulu Langat, Secretary for Shah Alam City Council, District Officer for District and Land Office Klang and Deputy Secretary for Selangor State Economic Planning. Prior to his retirement, he held the position of State Treasury Officer for Selangor Government Office from 2012 to 2017.

Currently, Dato' Noordin is also a Non-Independent Non-Executive Director of Theta Edge Berhad, Putrajaya Perdana Berhad and an Independent Non-Executive Director of Worldwide Holdings Berhad and Kumpulan Hartanah Selangor Berhad.

He is the Chairman of the Remuneration Committee and also a member of the Audit Committee and Nomination Committee of the Company. He has no family relationship with any other Directors and/or substantial shareholders of Ecobuilt. He has no conflict of interest with Ecobuilt and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

Datuk Ong Chee Koen, Male, aged 65, Malaysian citizen, is an Executive Director and Chief Executive Officer of Ecobuilt. He was appointed to the Board on 20 March 2017. He is an experienced construction and property development professional who is also a graduate in Civil Engineering. He has more than 40 years' experience in both public and private company. He started his career in construction in late 70's as a Site Engineer, has both supervision and management experience inseveral public and private projects namely development for UKM University in Bangi, USM in Penang, Price Hotel in Kuala Lumpur and several public buildings in peninsular Malaysia in the 80's and 90's. His strength in construction and project management has him being entrusted by public work department to recovery and turnaround 3 abandoned public project during the late year 80's financial crisis. On completion, together with his partner, the project management company were rewarded as PKK class (A) registered construction company. He is also highly valued for his business acumen, having hands on experiences and involvement in IPOs, acquisition and merger scheme.

Apart from his spouse, Datin Siow Lee Fah, who is a Substantial Shareholder of Ecobuilt, he has no family relationship with any other Directors and/or substantial shareholders of Ecobuilt. He has no conflict of interest with Ecobuilt and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers.

BOARD OF DIRECTORS (CONTINUED)

Madam Wong Wen Miin, Female, aged 64, a Malaysian citizen, is an Independent Non-Executive Director of Ecobuilt. She was appointed to our Board on 1 November 2018. Madam Wong earned her Masters in Economics from University of Malaya in 2006 and graduated in Resource Economics from University of Agriculture Malaysia in year 1983.

Madam Wong began her career in 1983 with the Ministry of Works Malaysia where she was responsible for the budgeting, coordination, and management of public roads, government buildings and water projects in Sarawak, Sabah and Labuan. In 1988, she was transferred from the Ministry of Works to the Ministry of Finance Malaysia. During her tenure of over 30 years there, she was involved in the preparation of loan agreements, facilitation of multilateral loan agreements between the Malaysian government and international organisations, consolidation of financial laws into the Financial Services Act and Islamic Financial Services Act with Bank Negara Malaysia as well as the establishment of standard operating procedures for terms and conditions in the granting of house loans to civil servants.

In 2017, she was promoted from the position of the Deputy Under Secretary (Investment Evaluation Sector) of the Strategic Investment Division of the Ministry of Finance Malaysia to the Prime Minister's Department as the Deputy Director General (Special Projects) of the Public Private Partnership Unit. There, she contributed significantly in the fast-tracking and the conclusion of privatisation projects using the concept of Public Private Partnership together with relevant government ministries/agencies and private companies. She currently serve as Independent Non-Executive Director in Kim Teck Cheong Consolidated Berhad and OSK Holdings Berhad.

She is the Chairman of the Nomination Committee and also a member of the Audit Committee of the Company. She has no family relationship with any other Directors and/or substantial shareholders of Ecobuilt. She has no conflict of interest with Ecobuilt and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

Datuk Ng Seing Liong PJN, JP, Male, aged 67, a Malaysian citizen, is an Independent Non-Executive Director of Ecobuilt. He was appointed to our Board on 15 November 2019.

He has more than 35 years experience in the fields of audit, tax, business advisory, receivership and liquidation for a wide variety of industry. Currently, he is the Senior Partner of S.L. Ng & Associates. He holds membership of various professional bodies including Malaysian Institute of Accountans (MIA), Association of Chartered Certified Accountants (ACCA), Institute of Chartered Secretaries & Administrators (ICSA), Malaysia Institute of Certified Public Accountants (MICPA), Chartered Tax Institute of Malaysia (CTIM) and Malaysia Institute of Co-operative & Management Auditors (AICMA).

Due to his vast contribution to Societies and Schools, he was awarded with the appointment as the Justice of Peace (JP) of Selangor in 1999 by DYMM Sultan Selangor. On 7 June 2008, he was awarded the title Panglima Jasa Negara (PJN) by the DYMM Yang Di Pertua Agong.

Currently, Datuk Ng serves on the Board of Directors of United Teochew (Malaysia) Berhad and also Independent Non-Executive Director of Enest Group Berhad and Golden Land Berhad.

He is the Chairman of the Audit Committee and also a member of the Nomination Committee and Remuneration Committee of the Company. He has no family relationship with any other Directors and/or substantial shareholders of Ecobuilt. He has no conflict of interest with Ecobuilt and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT

Chan Kah Hwang, Male, aged 48, a Malaysian citizen, is the Chief Operating Officer of Rexallent Construction Sdn Bhd. He is responsible for project development, project management and project coordination for the ongoing construction works and future projects of Ecobuilt group.

He graduated from College Tunku Abdul Rahman in 1996 with a Diploma in Technology (Building).

He began his career as a Site Quantity Surveyor in Kemas Construction Sdn Bhd in 1996 upon completion of his study and thereafter act as a Contract Executive with PJD Construction Sdn Bhd and Kenneison Brother Construction Sdn Bhd. He left to join LST Builder Sdn Bhd in 2005 as Contract Manager. In 2007, he left to join Bangsar Height-MKL Sdn Bhd, Bangsar Height GLC Sdn Bhd, Bangsar Height Synergy Sdn Bhd & GLC Prima Sdn Bhd as a Contract Director which involving property development.

With more than 24 years of valuable experience in infrastructure, building and property development field, he has worked through the corporate ladder in this sector.

He does not hold any directorship in other public companies and listed issuers.

He has no family relationship with any other Directors and/or substantial shareholders of Ecobuilt. He has no conflict of interest with Ecobuilt and has no convictions for any offences within the past 5 years other than traffic offences or any public sanction or penalty imposed by the regulatory bodies during the financial year.

AUDIT COMMITTEE REPORT

A. MEMBERS AND MEETING ATTENDANCE

The Audit Committee ("AC") was established by the Board of Directors and comprises three (3) members who are Independent Non-Executive Directors.

Pursuant to the Terms of Reference of AC, the Committee shall be appointed by the Directors from among themselves and shall not be fewer than three (3) members. All the AC members must be Non-Executive Directors, with a majority of independent directors. The Chairman of the AC shall be an independent director and shall not be the Chairman of the Board. The Chief Executive Officer and the alternate director shall not be a member of the AC. At least one member of the AC:-

(i) must be a member of the Malaysian Institute of Accountants; or
(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
  (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  (b) he must be a member of one of the association of accountants specified in Part II of 1st Schedule of the Accountants Act 1967; or
(iii) fulfills such other requirements as prescribed or approved by the Exchange.

The AC held a total of six (6) meetings during the financial year ended 31 May 2021 and details of the members and their attendance record are as follows:-

Name of Audit Committee Member	Meetings Attended
Datuk Ng Seing Liong PJN, JP (Chairman, Independent Non-Executive Director)	6/6
Wong Wen Miin (Independent Non-Executive Director)	6/6
Dato' Noordin Bin Sulaiman (Independent Non-Executive Director)	6/6

The Committee may invite the External Auditors, any other Board members and senior management of the Group to be present during meetings to assist in its deliberations. At least once a year, the Committee shall meet with the External Auditors and without the presence of Management and the Executive Directors.

B. TERMS OF REFERENCE

The Terms of Reference of the AC is available for viewing at the Company's website at www.eco-built.com.my. The last review of the Term of Reference of the AC was on 30 April 2019.

AUDIT COMMITTEE REPORT (CONTINUED)

C. SUMMARY OF ACTIVITIES OF AC

During the financial year ended 31 May 2021, the following activities were carried out by the AC:-

(a) Overview of Financial Performance and Reporting

i. Reviewed the unaudited quarterly financial results and recommend the same to the Board for approval;
ii. Reviewed the draft audited financial statements of the Company for the financial year ended 31 May 2020 and recommended the same to the Board for approval;
iii. Reviewed the financial performance of the Company and the Group; and
iv. Reviewed the Group's compliance with the accounting standards and relevant regulatory requirements.

(b) Oversight of External Audit

i. Reviewed the Audit Review Memorandum for the financial year ended 31 May 2020 presented by the External Auditors, entailing the significant audit findings, significant deficiencies in internal control, status of audit, compliance with the ethical requirements on independence, communication with the AC, summary of audit adjustments, summary of unadjusted differences and total audit and non-audit fees;
ii. Reviewed and evaluated the adequacy and effectiveness of the Group's accounting policies, procedures and system of internal controls;
iii. Private discussion with the External Auditors without the presence of Management and the Executive Directors; and
iv. Reviewed the suitability and independence of the External Auditors and upon reviewed and being satisfied with the results of the said assessment, the same has been recommended to the Board for approval.

(c) Oversight of Internal Audit

i. Reviewed the reports from the Internal Auditors on Risk Assessment and assessed the Internal Auditors' findings and Management's responses and made the necessary recommendations to the Board for notation;
ii. Reviewed the existing internal controls and work processes undertaken by the respective departments in the Group under review for relevant areas or businesses and the Group's systems and practices for identification and management of risks; and
iii. Reviewed and recommended improvements to the existing internal controls and risk management system of the Group.

AUDIT COMMITTEE REPORT (CONTINUED)

C. SUMMARY OF ACTIVITIES OF AC (CONTINUED)

d) Reviewed of Related Party Transactions

Monitored and reviewed the related party transactions and any conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises the question of Management integrity on a quarterly basis.

(e) Oversight of Internal Control Matters

i. Reviewed and confirmed the minutes of the AC Meetings; and
ii. Reviewed the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2021.

D. INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to an independent professional services firm with suitable experience and capabilities to handle the internal audit functions, who reports directly to the AC, to assist the Committee in discharging its duties and responsibilities.

The scope of internal audit encompass the examination and evaluation of the adequacy, existence and effectiveness of the Group's governance, system of internal control structure and the quality of performance in carrying out assigned responsibilities to achieve the Group's stated goals and objectives.

The internal auditors also perform ad-hoc appraisals, inspections, investigations, examinations and reviews as may be requested by the Committee or senior management from time to time.

The Statement on Risk Management and Internal Control with an overview of the state of the risk management and internal controls within the Group is found on pages 35 to 38 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Ecobuilt Holdings Berhad ("Ecobuilt" or "the Company") is dedicated to ensure that a high standard of corporate governance is upheld throughout Ecobuilt and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism in order to protect stakeholders' interests while enhancing shareholders' value and the financial position of the Group.

The Board is mindful of the importance of maintaining a sound corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") to enhance business prosperity in a sustainable manner through ethical business conducts. The Board monitors the Group's corporate governance practices and procedures at all times, and, where appropriate, will adopt and implement the best practices as prescribed in the MCCG 2017 in an effort to the promote good corporate governance for driving the Group's long-term business success.

The Board is pleased to present this Corporate Governance Overview Statement which generally outlined the application adopted by the Group for complying the best practice provisions as laid out in the MCCG 2017 during the financial year ended 31 May 2021 ("FYE 2021"). This Statement is prepared pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). This Statement is to be read together with the Corporate Governance Report ("CG Report"), which is available on the Company's website at www.eco-built.com.my/financial-report/ or on the Bursa Securities' website at www.bursamalaysia.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards of the Group

The Board has the ultimate responsibility to promote the Group's long-term success by directing and supervising the Group's affairs. In the collective oversight and management of the Company, the Board has developed corporate objectives, policies and position descriptions including the scope of Management's responsibilities, which the Management is aware and is responsible for meeting.

The Board is aware of the principal risks in all business aspects where the Group operates. In order to achieve a fair balance between risks incurred and potential returns to shareholders, the Board ensures that there are appropriate systems in place which effectively monitor and manage these risks of the Group in the long run.

The Board is guided by the Board Charter to discharge its fiduciary duties. The principal roles and responsibilities of the Board are stated as follows: -

- Review, Adopt and Monitor Strategic Plan of the Group

  The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. Under this ever-changing business environment, the Board has formulated both short-term and long-term strategies of the Group along with its proposed business plans for the forthcoming year. The Board also monitors budgetary exercise to support the Group's business plan and budget plan.

- Implement Internal Compliance Controls and Justify Measure to Address Principal Risks

  The Board is fully alert of the responsibilities to maintain a proper internal control system. The Board's responsibilities for the Group's system of internal controls are including financial condition of the business, operational, regulatory compliance as well as risk management matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I – BOARD RESPONSIBILITIES (CONTINUED)

1. Board's Leadership on Objectives and Goals (continued)

1.1 Strategic Aims, Values and Standards of the Group (continued)

- Formulate and Implement an Appropriate Succession Planning

  The Board is responsible to formulate and has in place an appropriate succession plan encompassing the appointment, training and determination of compensation for Senior Management of the Group, assessment of Directors' performance and, where appropriate, retirement and appointment of new member to the Board.

- Develop and Implement an Investor Relations Programme or Shareholder Communications Policy for the Group

  The Board understands the importance of delivering timely and accurate information to shareholders and other stakeholders. All shareholders and stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Group through a series of regular disclosure events during the financial year. The Company's website is designed as the primary communication medium to provide information to all shareholders and stakeholders.

Clear Lines of Roles and Responsibilities

As stipulated in the Board Charter, the Board is entrusted with the following duties and responsibilities: -

- Reviewing, adopting and monitoring strategic plans for the Group;
- Overseeing the conduct of the Company's business by receiving updates and sharing from the Chief Executive Officer ("CEO") during the quarterly Board meeting;
- Identifying risks and assume active role in ensuring the implementation of appropriate systems to manage or mitigate these risks;
- Delegating responsibility to the Nomination Committee on succession planning, including appointing, training, fixing the compensation of the key Managements and the adoption of succession policy;
- Ensuring measures are in place to assess and oversee Management's performance;
- Developing and implementing an investor relations programme or shareholder communications policy for the Group; and
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines. The details on the internal control systems are stated in the Statement of Risk Management and Internal Control.

Delegation of Functions to the Management

The Board is responsible for the collectively oversight and overall management of the Company while delegating specific authorities to the Audit Committee, Nomination Committee and Remuneration Committee (collectively referred as "Board Committees") and the CEO to ensure an effective discharge of responsibilities.

While the Board may delegate its authority to Board Committees, it should not abdicate its responsibilities and should reserve the following significant affairs for its consideration: -

- Approval of financial results;
- Declaration of dividends;
- Business acquisition; and
- Corporate proposal.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I – BOARD RESPONSIBILITIES (CONTINUED)

1. Board's Leadership on Objectives and Goals (continued)

1.1 Strategic Aims, Values and Standards of the Group (continued)

Delegation of Functions to the Management (continued)

CEO assumes the executive responsibility with regards to the Group's daily business management. Amongst others, the responsibilities of the CEO include: -

- Developing the business direction and strategies of the Group;
- Ensuring that the Group's business strategies and policies are effectively implemented;
- Providing the direction for the implementation of short-term and long-term business plans;
- Providing strong leadership, such as effectively communicating a vision, management philosophy and business strategy to employees;
- Keeping the Board well informed of salient aspects and issues concerning the Group's operations and ensuring that adequate management reports are submitted to Board members;
- Responsible for the effective management of the Group's day-to-day operations; and
- Ensuring that there are adequate systems and controls to safeguard the interests of the Group and all stakeholders.

Meanwhile, the duties and functions delegated to the Chief Operating Officer ("COO") includes the following: -

- Supervising head of divisions and departments who are responsible for all functions contributing to the success of the Group;
- Ensuring efficiency and effectiveness of the operation for the Group; and
- Providing information on relevant industry matters and updates to the CEO and the Board during the quarterly Board meetings.

The Board Committees are delegated with certain functions to assist in overseeing the Group's affairs with power to act on behalf of the Board in line with respective terms of reference as prescribed in the Board Charter. Even though specific authorities are delegated to the Board Committees, the Board shall keep itself informed of the significant decisions made by each Board Committee through the reports or briefings by the Chairman of the respective Board Committees and the tabling of minutes of the Board Committee meetings at Board meetings on quarterly basis.

Strategic Planning to Promote Business Sustainability

The Board recognises the importance of business sustainability in terms of long-term value creation to our shareholders and stakeholders. In this regard, the Board regularly reviews the Group's operational practices which may affect the sustainability of economic, environment, governance and social aspects of its business.

1.2 Chairman of the Board

The Board is led by Dato' Noordin Bin Sulaiman, an Independent Non-Executive Director of the Company. He is responsible for leading the Board in the stewardship of Ecobuilt and ensuring its overall effectiveness.

The Chairman acts as a facilitator at Board meetings to ensure that all Directors have contributed their opinions on matters being deliberated and that no Board member has dominant power to interfere the objectivity during the discussion. As such, he leads the discussion on the strategies and policies recommended by the Management at the Board meetings. He also chairs the general meetings to facilitate the communication between the Board and shareholders.

The responsibilities of the Chairman is outlined in the Board Charter at www.eco-built.com.my/corporate-info/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I – BOARD RESPONSIBILITIES (CONTINUED)

1. Board's Leadership on Objectives and Goals (continued)

1.3 Clear Distinct Between the Chairman and CEO

The Chairman of the Board is Dato' Noordin Bin Sulaiman while the CEO of the Group is Datuk Ong Chee Koen.

By having two different individuals to hold the position of the Board Chairman and CEO respectively, we are able to ensure a balance of control, power and authority between the governance of the Company and the Group. The Board Chairman is responsible in leading the Board in its collective oversight of Management and ensure effectiveness of the Board as a whole while the Board has delegated its responsibilities to the CEO for monitoring the Group's day-to-day management, business operations as well as the implementation of the Board's policies and decisions across the Group. The CEO is supported by the Senior Management in running day-to-day business.

The key responsibilities of the CEO can be found in the Board Charter, published on the Company's website at www.eco-built.com.my/corporate-info/.

1.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) Company Secretaries who are both qualified in accordance with the requirements of the Companies Act, 2016. The Company Secretaries regularly update the Board on the latest statutory and regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for management of meetings. The Board always has direct access to the advice from Company Secretaries to ensure the adherence to Board policies and procedures, relevant rules and regulations as well as best practices on corporate governance.

The Company Secretaries also carry out the following functions, amongst others: -

- Advise the Directors on their obligations to disclose their interest in securities, conflict of interest and related party transactions, if any;
- Advise the Directors on their roles and responsibilities to ensure an effective discharge of responsibilities;
- Advise and remind the Directors on the prohibition on dealing in securities during closed period and the restriction on disclosure of price sensitive information;
- Prepare and circulate the Board and Board Committees meeting agenda to all Directors prior to the scheduled meeting; and
- Attend and facilitate all Board and Board Committees meetings to ensure that all meetings are properly convened. The Company Secretaries also ensure that accurate and proper records of the proceedings and resolutions passed are minutes and maintained accordingly via a secured retrieval system.

The roles and responsibilities of Company Secretaries are set out in the Board Charter, which is made available on the Company's website at www.eco-built.com.my/corporate-info/.

Our Company Secretaries always keep themselves abreast with the latest developments on relevant corporate governance and regulatory requirements. During FYE 2021, both Company Secretaries have attended relevant development and trainings programmes to enhance their capability in discharging their duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I – BOARD RESPONSIBILITIES (CONTINUED)

1. Board's Leadership on Objectives and Goals (continued)

1.5 Access to Information and Advice

The Board, as the ultimate decision-making body of the Company, fully understands the importance of obtaining sufficient and accurate information. All Directors, including Independent Non-Executive Directors, have full and timely access to all information concerning the Group or other external information as they may feel necessary.

For every scheduled Board and Board Committee meeting, all Directors are provided with Board papers and reports which include the Group's performance and major operational, financial and corporate information. Such information is distributed in advance of the meeting to provide the Directors with sufficient time to obtain further explanation and clarification, where necessary, in order to make informed decision in the meeting. However, in the event of urgent and confidential matters, the relevant meeting materials will only be distributed during the Board meeting.

The Directors also obtain full and unrestricted access to independent professional advice in furtherance of their duties, at the Company's expense, if necessary; with prior approval obtained from the Chairman. The requisition shall include an indication of fee that will be spent on the professional advice.

2. Demarcation of Responsibilities

2.1 Board Charter

As part of the governance process, the Board is guided by a Board Charter which sets out the composition and balance, authority, appointment and re-election, roles and responsibilities as well as matters reserved for the Board's decision.

The Board Charter is reviewed periodically, or as and when the necessary, to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available for reference at the Company's website at www.eco-built.com.my/corporate-info/.

3. Good Business Conduct and Healthy Corporate Culture

3.1 Code of Ethics

The Board has adopted the Code of Ethics ("Code") to maintain an ethical corporate culture while protecting shareholders' interests and the Group's assets. The Code outlines the following principles: -

(i) Conflicts of interest;
(ii) Corporate opportunities;
(iii) Protection of confidential information;
(iv) Protection and proper use of company assets;
(v) Compliance with laws, rules and regulations;
(vi) Trading on inside information;
(vii) Compliance with this Code and reporting of any illegal or unethical behaviour; and
(viii) Waivers and amendments.

The Board will review the Code when the need arises to ensure that it remains relevant and appropriate. The Code are published on the Company's website at www.eco-built.com.my/corporate-info/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I – BOARD RESPONSIBILITIES (CONTINUED)

3. Good Business Conduct and Healthy Corporate Culture (continued)

3.2 Whistle Blowing Policy

On top of the adoption of the Code, the Board has implemented a Whistle Blowing Policy as part of our continuous effort in maintaining high standards of ethical conduct within the Group. The Whistle Blowing Policy serves as an avenue for all employees to disclose any improper conduct within the Group. If an employee has a reasonable belief that an employee or the Company engaged in any action that violates any applicable law, or regulation, including those concerning accounting and auditing, or constitute a fraudulent practice, the employee shall immediately report such information to the Chairman. If the employee does not feel comfortable to report such information to the Chairman, he or she is expected to report the information to the other Independent Directors.

All reports will be addressed in an appropriate and timely manner. Any reporting individual who has made the report in good faith will be protected by keeping the his/her identity confidential during the conduct of investigation.

All stakeholders may refer to our Company's website at www.eco-built.com.my/corporate-info/ for further details of the Whistle Blowing Policy.

3.3 Anti-Bribery and Corruption Policy

To further strengthen the ethical business conduct and dealings within the Group, the Board has formalised and in place an Anti-Bribery and Corruption Policy ("ABC Policy") during this financial year. This ABC Policy is prepared pursuant to Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act and guided by the Guidelines on Adequate Procedures issued in accordance with Section 17A of the MACC Act.

The ABC Policy generally set outs the key guiding principles and mitigating controls in place in relation to anti-bribery and corruption matters. The ABC Policy is made available on the Company's website at www.eco-built.com.my/corporate-info/.

PART II – BOARD COMPOSITION

4. Diverse and Effective Board

4.1 Right Board Balance

In FYE 2021, the Board consists of four (4) members, comprising one (1) Executive Director (who is also holding the concurrent position of CEO at present) and three (3) Independent Non-Executive Directors.

The Board, having reviewed its size and composition, is satisfied that the current composition is in compliance with the provisions of the Listing Requirements and the best practice advocated by the MCCG 2017. The mix of skills and experience in the present Board, including core competencies with diverse professional background ranging from business, marketing and technical knowledge, enables the Board to discharge its responsibilities and manage the Company effectively. A brief description of the background of each Director is presented on pages 9 to 10 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

4. Diverse and Effective Board (continued)

4.2 Re-election of Directors and Re-appointment of Directors by Rotation

In line with the Clause 78 of the Company's Constitution, all Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment.

The Clause 76(3) of the Company's Constitution also indicates that at least one third (1/3) of the Directors shall retire by rotation and seek for re-election at each AGM and each Director shall submit himself/herself for re-election every three (3) years.

4.3 Time Commitment and Directorship in Other Public Listed Companies

In accordance to our Board Charter, all Director shall comply with the Listing Requirements as prescribed by Bursa Securities for the limit on number of directorships in other public listed companies in Malaysia.

In addition, during the time of appointment, all Directors shall devote sufficient time to carry out their responsibilities accordingly. Should any Director intend to accept new directorship(s), he/she is required to notify the Chairman in advance. The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment so long as the appointment is not in conflict with the Group's business and does not affect the discharge of his/her duty as a Director of the Company.

The Directors have appropriately contributed their time and commitment to their roles and responsibilities as Directors of the Company. For the FYE 2021, the Board is satisfied with the level of time and commitment devoted by all Directors of the Company towards fulfilling their duties and responsibilities.

The Board shall meet at least four (4) times a year to, amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened. As such, the Directors may also approve various matters requiring the sanction of the Board by way of written resolutions.

All Directors are required to achieve at least 50% attendance of total Board meetings. Any Director shall notify the Chairman and/or Company Secretaries, where applicable, with appropriate leave of absence. During the financial year under review, the Board has convened a total of six (6) Board meetings, with the attendance record reflected as follows: -

Directors	Total Meetings Attended	Percentage of Attendance
Dato' Noordin Bin Sulaiman	6/6	100%
Datuk Ong Chee Koen	6/6	100%
Datuk Ng Seing Liong PJN, JP	6/6	100%
Wong Wen Miin	6/6	100%
Ir. Yap Nam Fee (Resigned on 30 June 2020)	1/1 *	100%

** Note: Reflects the number of meetings during the time of the Director held office*

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

4. Diverse and Effective Board (continued)

4.4 Directors' Continuous Professional Development

All Directors are provided with opportunities, and are encouraged to attend relevant training programme, seminars and conferences in order to keep them updated on relevant new legislations, best practices, financial reporting requirements and/or other relevant courses to further enhance their skills and knowledge while assisting them to discharge their duties in a more effective way.

The Nomination Committee is entrusted to assess the training requirement of the Directors annually to identify their training needs and enrol the Directors for the relevant training programme. Every Director is advised to attend at least one (1) workshop or seminar during the financial year.

All Directors have successfully attended the Mandatory Accreditation Program prescribed by the Bursa Securities. The Directors have attended trainings during FYE2021 with the details as follows: -

Attendee(s)	Seminars / Conferences / Training Programmes Attended	Date Attended
Datuk Ng Seing Liong PJN, JP	JPA International Virtual Committee Meeting to Discuss How Countries Around the World Handling to Covid-19 Problems	11 June 2020
	Managing Strata Issues During the RMCO Period	14 July 2020
	Updates on Critical Tax Issues for Property Development Sector Webinar	29 July 2020
	MIA Webinar Series: IFRS/MFRS9 Financial Instruments - A practical guide	5 August 2020
	National Tax Conference 2020	25 & 26 August 2020
	Housing Conference 2020 Webinar	26 & 27 November 2020
	2021 Budget Seminar	30 November 2020
	MIA Webinar Series: Covid-19 Impact on Financial Reporting MFRS 2, 15, 102, 119, 121, 137	4 December 2020
	Legal Insights to Tax Audits & Investigations Webinar	10 December 2020
	Malaysian Tax Lens in The 'New Norn' For Property Developers Webinar	22 March 2021
Dato' Noordin Bin Sulaiman	TH-Mid-year Strategic Plan Review 2020	29 June to 1 July 2020
	Corruption Risk & Anti Money Laundering Act	11 November 2020
Wong Wen Miin	Assessing Financial Risks	21 October 2020
	Budget Seminar	17 November 2020
	Property Talk	30 September 2020
	Corporate Presentation / Green Packet Berhad	26 January 2021
Datuk Ong Chee Koen	Tackling Practical Problems Faced by Taxpayers	2 March 2021

The Board is also updated by the Company Secretaries with regards to any significant changes in relevant laws and regulations. The Board will continue to undergo other relevant training programs that can further enhance their skills and knowledge in the latest development relevant to the Group, particularly corporate governance and regulatory development, to carry out their responsibilities effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

4. Diverse and Effective Board (continued)

4.5 Independence of Directors

According to MCCG 2017, the tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years. Shareholders' approval shall be sought in the event if the Board intends to retain the Independent Director upon completion of nine (9) years term. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek for annual shareholders' approval via two-tier voting process.

Currently, none of our Independent Directors have served on the Board beyond nine (9) years.

4.6 Policy of Independent Director's Tenure

Currently, the Company does not have a policy which limits the tenure of its Independent Directors to nine (9) years as the Board believes that the Independent Directors' experience accumulated with Ecobuilt's business operations may bring benefits to the Board and the Company.

The Independent Non-Executive Directors play a crucial supervisory role in providing independent view to the Board's deliberation and decision-making process. As such, the Independent Non-Executive Directors shall always ensure that matters and issues brought to the Board are fully discussed and examined by taking into account the interest of all stakeholders in the Group.

In order to ensure the effectiveness of the Independent Non-Executive Directors, the Board has developed the criteria to assess the independence and carries out such assessment annually.

The Board, through the Nomination Committee, has conducted the annual assessment on the independence of its Independent Non-Executive Directors to ensure that the Independent Non-Executive Director is able to continue to bring independent and objective judgment to Board deliberations. Supported by the assessment, the Nomination Committee is satisfied that the Independent Non-Executive Directors had been objective and independent in expressing their views and in participating in deliberations and decision-making of the Board during the financial year under review.

4.7 Diversity of the Board and Senior Management Team

The Board is mindful of the importance and advantages of having diversity in terms of skills, experience, age, gender, cultural background and ethnicity at leadership and employee level. A range of diversity dimensions may cultivate a broad range of attributes and perspectives to the boardroom and to various levels of Management within the Group.

Our Nomination Committee makes independent recommendations for the appointment of new Board members. In making such recommendations, the Nomination Committee will assess and evaluate the suitability of candidates, taking into account of the candidates' character, experience, integrity, competency, time commitment and other qualities, before recommending their appointment to the Board.

4.8 Recruitment Criteria

Subsequent to the recommendations by Nomination Committee, the appointment of new Director is the responsibility of the entire Board. The appointment shall go through a formal and transparent selection process in line with the Company's Constitution. This process has been reviewed, approved and adopted by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

4. Diverse and Effective Board (continued)

4.8 Recruitment Criteria (continued)

In general, the process for the appointment of new Director to the Board is as follows: -

(i) the Nomination Committee reviews the Board's composition through Board assessment/evaluation;
(ii) the Nomination Committee determines skills matrix;
(iii) the Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
(iv) the Nomination Committee recommends to the Board for appointment; and
(v) the Board approves the appointment of the candidates.

Nomination Committee will consider the following factors when recommending a person for appointment as a Director of the Company: -

(i) the merits and time commitment required to effectively discharge his/her duties;
(ii) the outside commitments of the candidate and to ensure that he/she has sufficient time to effectively discharge his/her duty; and
(iii) the extent to which the appointee is likely to work constructively with the existing Directors and contribute to the overall effectiveness of the Board.

4.9 Gender Diversity

The Board is supportive of gender diversity and the Board currently has one (1) female Director out of four (4) Directors which represents 25% female representation of the entire Board. Having reviewed the gender mix with diverse professional background ranging from financial, technical and business experience, the Board is satisfied with its current composition.

The Board has adopted a formal written policy on gender diversity, which can be referred from the Company's website at www.eco-built.com.my/corporate-info/.

4.10 New Candidates for Board Appointment

Generally, the Board adopts a flexible approach when selecting and appointing new Director depending upon the circumstances and timing of the appointment. The Nomination Committee will help to assess and recommend to the Board, including the candidature of Directors, appointment of Directors to Board Committees, review of the Board's succession plans and training programmes for the Board.

In assessing suitability of candidates, consideration will be based on the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of professional knowledge, skills, experience and diversity (including gender diversity), understanding of the business, the markets and the industry in which the Group operates and the accounting, finance and legal matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

4. Diverse and Effective Board (continued)

4.11 Nomination Committee

The Nomination Committee was established on 23 November 2007 with the primary function of recommending the Board on the suitably qualified candidates for all directorships after taking into consideration the following criteria: -

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity; and
- In the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

As narrated in the terms of reference, apart from recommending new Directors, the Nomination Committee is also responsible for the following functions: -

(a) Consider, in making its recommendations, candidates for directorships;
(b) Assess and recommend to the Board, Directors to fill the seats on Board Committees;
(c) Undertake an annual review of the required mix of skills, experience and diversity (including gender diversity) and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this forthwith in every Annual Report;
(d) Assist the Board to introduce a criteria and to formulate and implement a procedure to be carried out by the Nomination Committee annually for assessing the effectiveness of the Board as a whole, the Board Committees and for assessing the contributions of each individual Director;
(e) To ensure that the Directors to retire by rotation to be in accordance with the Company's Constitution;
(f) To ensure that the process carried out in the evaluation and assessment be properly documented;
(g) To conduct assessment of the Independent Directors who have served the Board for a period of nine (9) years and above and to recommend to the Board whether the Independent Director should remain independent or be re-designated;
(h) To review the induction and training needs of Directors; and
(i) To report to the Board on Board and key Management succession planning.

The terms of reference of the Nomination Committee are attached in the Board Charter which is available for reference at the Company's website at www.eco-built.com.my/corporate-info/.

The present composition of the Nomination Committee is as follows: -

Chairperson : Wong Wen Miin (Independent Non-Executive Director)
Member : Dato' Noordin Bin Sulaiman (Independent Non-Executive Director)
Member : Datuk Ng Seing Liong PJN, JP (Independent Non-Executive Director)

During FYE 2021, the Nomination Committee has conducted two (2) meetings, with the details of the members' attendance tabled as follows: -

Directors	Total Meetings Attended	Percentage of Attendance
Wong Wen Miin	2/2	100%
Dato' Noordin Bin Sulaiman	2/2	100%
Datuk Ng Seing Liong PJN, JP	2/2	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II – BOARD COMPOSITION (CONTINUED)

4. Diverse and Effective Board (continued)

4.11 Nomination Committee (continued)

The summary of activities undertaken by the Nomination Committee during the FYE 2021 includes the following: -

i) Assessed the effectiveness and required mix of skills and experience of the Board as a whole;
ii) Assessed the independence of Independent Directors;
iii) Reviewed and recommend to the Board on the re-election of Directors;
iv) Assessed and reviewed the training needs for Directors; and
v) Reviewed the succession planning of the Board and the Group's Senior Management.

5. Overall Effectiveness of the Board and Individual Directors

5.1 Annual Evaluation

The Nomination Committee has established performance criteria and assesses the effectiveness of the Board as a whole, including Board Committees and contributions of each individual Director, on an annual basis. As such, the annual assessment covers the required mix of skills and experience including core competencies where Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently.

The Board has adopted the following customised evaluation form for the said assessment: -

- Individual Director Self Evaluation Sheet
- Independent Directors' Self-Assessment Checklist
- Board and Board Committee Evaluation Self-Assessment
- Audit Committee Member's Self and Peer Evaluation

On 27 August 2021, Nomination Committee conducted the annual review and assessment and tabled to the Board for discussion. For FYE 2021, the Nomination Committee, through the conduct of annual assessment, is of the opinion that every Director has satisfied with requirements in terms of the character, experience, integrity, competence and time to effectively discharge their duties.

The Nomination Committee had also on 27 August 2021 assessed the training needs of the Directors to ensure that the Directors receive appropriate training to keep abreast of latest regulatory developments and business trend.

PART III – REMUNERATION

6. Remuneration Framework

6.1 Remuneration Policy

The Board believes that a fair remuneration policy is able to attract, retain and motivate Directors and Senior Management in driving Ecobuilt's long-term objectives. The Board has formed a Remuneration Committee to review and ensure that the remuneration fairly reflect the Board's responsibilities, the expertise and the complexity of its operations. The said remuneration should also be in line with the business strategy and long-term objectives of Ecobuilt.

The Board has adopted a Remuneration Policy, which can be referred from the Company's website at www.eco-built.com.my/corporate-info/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART III – REMUNERATION (CONTINUED)

6. Remuneration Framework (continued)

6.2 Remuneration Committee

The Remuneration Committee was established on 23 November 2007 with the primary responsibility to recommend the Board on the remuneration packages for Executive Directors taking into consideration the individual performance, seniority, experience and scope of responsibility that is sufficient to attract and retain the Directors needed to the Company successfully.

The present members of the Remuneration Committee are as follows: -

Chairman : Dato' Noordin Bin Sulaiman (Independent Non-Executive Director)
Member : Datuk Ng Seing Liong PJN, JP (Independent Non-Executive Director)

The Remuneration Committee met two (2) times during the FYE 2021. The details of the meeting attendance are as follows: -

Directors	Total Meetings Attended	Percentage of Attendance
Dato' Noordin Bin Sulaiman	2/2	100%
Datuk Ng Seing Liong PJN, JP	2/2	100%

The Remuneration Committee is responsible to evaluate, deliberate and recommend to the Board a remuneration package for Executive Director based on their individual performances and that of the Group and in line with market norms and industry practice.

The determination of the remuneration packages for Non-Executive Directors is a matter of the Board as a whole. The individuals concerned should abstain themselves from discussing their own remuneration. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on recommendations of the Board.

7. Remuneration of Directors and Senior Management

7.1 Directors' Remuneration

The aggregate Directors' remuneration paid or payable to all Directors of the Company categorised into appropriate components for the FYE 2021 are as follows: -

Director	Company		Group	
	Fees RM	Salaries and Other Emoluments RM	Fees RM	Salaries and Other Emoluments RM
Dato' Noordin Bin Sulaiman	36,000	3,000	36,000	3,000
Datuk Ong Chee Koen	–	–	60,000	187,800
Datuk Ng Seing Liong PJN, JP	36,000	3,000	36,000	3,000
Wong Wen Miin	36,000	3,000	36,000	3,000
Ir. Yap Nam Fee (Resigned on 30/6/2020)	–	–	–	13,517

The fees and allowances for Independent Non-Executive Directors are determined by the Board, subject to the shareholders' approval which to be sought at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART III – REMUNERATION (CONTINUED)

7. Remuneration of Directors and Senior Management (continued)

7.2 Remuneration of Senior Management

The total remuneration received by Senior Management of the Group including salary, bonus, benefits-in-kind and other emoluments in bands with RM250,000 for the FYE 2021 is tabled as follows: -

Range of Remuneration	Number of Senior Management
Below RM250,000	–
RM250,001 to RM500,000	1
RM500,001 to RM750,000	–
RM750,001 to RM1,000,000	–

The Company believes that the remuneration disclosure on named basis may not be in its best interest due to confidentiality and the Board is of the view that the above remuneration disclosure by band of RM250,000 satisfied the accountability and transparency aspects of the MCCG 2017.

The explanation for the departure of Practice 7.2 of the MCCG 2017 is disclosed in the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

8. Effective and Independent Audit Committee

8.1 Composition of Audit Committee

The Audit Committee is established to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The Audit Committee also oversees the Group's risk management and internal control framework.

The Audit Committee consists exclusively of Independent Non-Executive Directors as follows: -

Chairman : Datuk Ng Seing Liong PJN, JP (Independent Non-Executive Director)
Member : Dato' Noordin Bin Sulaiman (Independent Non-Executive Director)
Member : Wong Wen Miin (Independent Non-Executive Director)

The Audit Committee is chaired by an Independent Non-Executive Director who is distinct from the Chairman of the Board. The Audit Committee has full access to both the Internal and External Auditors who, in turn, have access at all times to the Chairman of the Audit Committee.

8.2 Cooling-off Period for Appointment of Former Key Audit Partner

To uphold the utmost independence of audit, the terms of reference of Audit Committee has clearly stated that a former key audit partner is required to observe for a cooling-off period of at least two (2) years prior to the appointment as a member of the Audit Committee.

None of our present Audit Committee members were former key audit partners.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART I – AUDIT COMMITTEE (CONTINUED)

8. Effective and Independent Audit Committee (continued)

8.3 Assessment of Suitability and Independence of External Auditors

The Board, through the Audit Committee, has established an appropriate and transparent relationship with the External Auditors. The External Auditors report directly to the Audit Committee and will periodically highlight matters related to compliance with the accounting standard and other related regulatory requirements to the Audit Committee and the Board's attention.

The Audit Committee, assisted by the Management, carries out annual assessment on the suitability and independence of the External Auditors. The assessment is conducted by completing personalised evaluation form with the inclusion of the following factors into consideration: -

- the adequacy of professionalism and experience of the External Auditors;
- the resources of the External Auditors; and
- the fees and the independence of the level of non-audit services rendered to the Group.

Through the assessment conducted for FYE 2021, the Audit Committee is satisfied with the suitability, competency and independence, supported by the confirmation provided by the External Auditors that they have complied with the ethical requirements with respect to the audit of the Group in accordance with all relevant professional and regulatory requirements. As such, the Audit Committee has recommended the re-appointment of the External Auditors, Messrs HLB AAC PLT, which should seek for shareholders' approval in forthcoming AGM.

The External Auditors are also invited to the AGM to respond and reply to the shareholders' enquiries pertaining to the conduct of the statutory audit and the preparation and contents of the audited financial statements.

The Audit Committee is accorded with explicit authority to communicate directly with the External Auditors without the presence of Executive Directors and the Management to ensure that the independence and objectivity of the External Auditors are not compromised.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the FYE 2021.

The amounts of audit and non-audit fees paid/payable to the External Auditors or a firm affiliated to the External Auditors by the Company and the Group for the FYE 2021 are as follows:

	Company RM	**Group RM**
Audit fees	32,000	114,000
Non-Audit fees	3,000	3,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART I – AUDIT COMMITTEE (CONTINUED)

8. Effective and Independent Audit Committee (continued)

8.4 Financial Literacy of Audit Committee

The composition of the Audit Committee meets the requirements of Paragraph 15.09(1)(a), (b) and (c) of the Listing Requirements. All members of the Audit Committee are believed to be able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as member of the Audit Committee.

The Audit Committee Chairman, Datuk Ng Seing Liong PJN, JP, is a member of the Malaysian Institute of Accountants ("MIA"). Meanwhile, Madam Wong Wen Miin has over 30 years' experience in finance-related field through her career path with the Ministry of Finance Malaysia.

All members of the Audit Committee are mindful that they should undertake continuous professional development to keep themselves abreast of the latest relevant developments in accounting and auditing standards, practices and rules. They are also updated by the Management and External Auditors on such latest developments.

The Nomination Committee is satisfied that the Audit Committee have discharged their functions, duties and responsibilities accordingly and supported the Board in ensuring that the Group upholds appropriate corporate governance standards at all times.

Further details of the composition of the Audit Committee, its terms of reference, attendance of meetings by the individual members and the summary of activities during FYE 2021 are set out in the Audit Committee Report on pages 12 to 14 of this Annual Report.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Proper Risk Management and Internal Control

9.1 Effective Risk Management and Internal Control Framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of risk management and internal control, which covering financial, operational and compliance controls as well as risk management. The Board regularly reviews the effectiveness of the system in order to safeguard shareholders' investments and the Group's assets. The system is designed to assess current and emerging risks and to respond to the identified risks affecting the Group.

To enhance the system of risk management and internal control, the Board has in place an on-going monitoring and review of the existing risk management process in the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified, evaluated, monitored and managed to minimise the potential impact towards achieving our business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

9. Proper Risk Management and Internal Control (continued)

9.2 Features of the Risk Management and Internal Control Framework

The Board regards the sound system of internal control and risk management as an integral part of the Group's business. However, such system can only provide reasonable but not absolute assurance against material misstatements or losses.

The Audit Committee regularly evaluates the adequacy and effectiveness of the Group's internal control systems by considering recommendations from both the Internal and External Auditors and reviewing the actions taken on lapses/deficiencies identified.

The information on the Group's internal control is further elaborated in page 36 on the Statement on Risk Management and Internal Control of this Annual Report.

10. Internal Audit Function

The Company has outsourced its internal audit function to AlphaOne Governance Sdn Bhd, an independent internal audit service provider. The Internal Auditors conducts regular review and appraisals of the effectiveness of the governance, risk management and internal control processes within the Company. The Internal Auditors report directly to the Audit Committee and has unrestricted access to the Audit Committee.

The internal audit function of the Company is effective and remains independent all the time. Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control and Audit Committee Report within this Annual Report.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Stakeholders Engagement

11.1 Continuous Communication between Company and Stakeholders

The Board recognises that shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website acts as the primary medium in providing information to all shareholders and stakeholders.

At present, the Board and the Management communicate regularly with the shareholders and other stakeholders through the following communication platforms: -

(i) Bursa Securities

The Company releases all material information publicly through Bursa Securities and the shareholders and the members of public may obtain such information from the announcements and financial information on Bursa Securities' website at www.bursamalaysia.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

PART I – COMMUNICATION WITH STAKEHOLDERS (CONTINUED)

11. Stakeholders Engagement (continued)

11.1 Continuous Communication between Company and Stakeholders (continued)

(ii) Company website

The Company's website, www.eco-built.com.my, incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by both shareholders and the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company.

11.2 Integrated Report

The Board recognises the benefit of integrated reporting. However, due to limited resources, the Board has not prepared the integrated report.

11.3 Corporate Disclosure Policies

The Board does not have a Corporate Disclosure Policy. However, the Company ensures that disclosure is in compliance with the disclosure requirements as set out in Listing Requirements of Bursa Securities.

PART II – CONDUCT OF GENERAL MEETINGS

12. General Meetings

12.1 Notice of General Meetings

Shareholders are notified of the meeting and provided with a copy of the Notice of AGM at least twenty-eight (28) days before the meeting to provide sufficient time for shareholders to peruse and understand about the Group's financial and non-financial performance before the actual event takes place.

12.2 Poll Voting

At the Sixteenth (16th) AGM held on 12 November 2020, all resolutions put forth for shareholders' approval at the 16th AGM were voted by poll and an independent scrutineer was appointed to the validate the votes cast at the 16th AGM.

Pursuant to the Listing Requirements of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all resolutions as set out in the Notice of the Seventeenth (17th) AGM and future general meetings will be conducted by poll. An independent scrutineer will be appointed to validate the votes cast at the general meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

PART II – CONDUCT OF GENERAL MEETINGS (CONTINUED)

12. General Meetings (continued)

12.3 Attendance of Directors at the General Meeting

The Board endeavours to be present at the AGM as we acknowledge that the presence of all Directors will provide opportunity for shareholders to effectively engage each Director. In the 16th AGM held on 12 November 2020, all Directors attended the AGM and the Chair of each Board Committee provided meaningful responses to the questions raised by shareholders.

Accordingly, barring any unforeseen circumstances, all Directors will continue to be present at the forthcoming 17th AGM to enable the shareholders to raise questions and concerns directly to those responsible.

12.4 Encourage Shareholder Participation at General Meeting

The Company allows a member to appoint a proxy who may not be a member of the Company. Ecobuilt has not set the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Company's Constitution further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.

Due to the outbreak of Covid-19 pandemic, the 16th AGM was conducted on a virtual basis to ensure that all Directors and shareholders are able to participate the AGM under a safe condition. The Company has leveraged on technology to convene the virtual 16th AGM through live streaming where shareholders participated and voted remotely during the AGM, as guided by the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.

In view of the resurgence of Covid-19 pandemic, the Company will continue to utilise the technology to conduct the 17th AGM on a virtual basis as part of our safety measures and to contain the spread of Covid-19.

This Corporate Governance Overview Statement was approved by the Board on 28 September 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. Variation in Results

There were no deviation of 10% or more between the profit after taxation stated in the unaudited fourth quarter ended 31 May 2021 announced on 27 August 2021 and the audited financial statements of the Group for the financial year ended 31 May 2021.

2. Profit Forecast / Profit Guarantee

During the year under review, the Company did not provide any profit forecast / guarantee in any public documents.

3. Material Contract

There was no material contract entered into by the Company and its subsidiaries involving Directors and major shareholders' interest which was still subsisting at the end of the financial year ended 31 May 2021.

4. Recurrent Related Party Transaction Statement

There was no significant recurrent related party transaction of revenue or trading nature during the financial year under review.

5. Utilisation of Proceeds

The Company had on 13 April 2020 proposed to undertake a Private Placement of 31,356,316 New Ecobuilt Shares, representing 10% of total issued Ecobuilt Shares.

On 2 October 2020, a total of 31,356,300 Ecobuilt Shares at the Subscription Price of RM0.1490 each were listed and quoted on the Main Market of Bursa Securities, raising gross proceeds of approximately RM4.67 million.

The proceed raised from the Private Placement have been fully utilised as follows:-

Details	**Utilised (RM'000)**
Full/ partial payment for a piece of land intended as the Group's new storage or warehouse	4,504
General working capital	157
Estimated expenses	11
Total	4,672

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") of Ecobuilt Holdings Berhad ("Ecobuilt") is pleased to provide the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 May 2021, which has been prepared, taken into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and made in accordance with the recommendations of the Malaysian Code of Corporate Governance.

BOARD RESPONSIBILITIES

The Board undertakes responsibilities for maintaining a sound system of internal control that supports the achievement of the corporate policies, aims and objectives of Ecobuilt Group of Companies by continuous improvement on internal control and risk management.

The system of risk management and internal control is designed to safeguard shareholders' investment and the Group's assets, and for reviewing its adequacy and integrity. In view of the limitations underlying any system of the internal controls which covers financial, operational, compliance controls and risk management procedures, the system is designated to provide reasonable but not absolute assurance of its effectiveness and is designated to manage rather than eliminate the risk of failure to achieve the corporate aims and objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an on-going process to identify, evaluate, monitor and manage any significant risks through the internal controls set out in order to attain reasonable assurance that business objectives have been met. The processes which have been instituted throughout the Group, except for associated companies and joint ventures which are not under the control of the Group. These controls are regularly reviewed by the Board and subject to continuous improvement. The Board, through its Audit Committee, regularly reviews the results of this process which has been in place for the year under review and up to the date of issuance of the Annual Report and financial statements.

The Board is of the view that the risk management and internal control system is in place for the year under review and up to the date of issuance of the annual report is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group's assets.

RISK MANAGEMENT SYSTEM

Towards formalising the risk management functions within the Group, the Board has engaged an independent professional firm with suitable experience and capabilities to handle the internal audit functions, and to assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control system.

Key management personnel and Heads of Department are responsible for assisting the Board to implement policies and procedures on risk management and internal control. Significant risk affecting the Group's strategic and business plans are escalated to the Board at their scheduled meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

RISK MANAGE MENT SYSTEM (CONTINUED)

During the financial year, the Group had identified major risk areas of concern and mitigating actions were taken. The major risks are outlined below:

(1) Competition and business diversification risks

The Group faces direct competition from both new entrants and existing companies involved in the construction industry. The Group is also disadvantaged as a new entrant in the construction industry due to lack of relevant track record and brand name compared to the existing construction companies which may enjoy established brand names and entrenched reputation in the industry. Therefore, the Group seeks to be competitive in the construction industry by being cost efficient through effective project management and cost control policies, providing quality products and competitive pricing as well as actively seeking new opportunities in the construction industry.

(2) Dependency on key management personnel

The Group's involvement in the construction industry will depend on the abilities, skills, experience and competency of Datuk Ong Chee Koen and other key management personnel. The loss of any of these key management personnel without suitable and timely replacement may adversely affect the Group's construction business. The Group is aware of such a risk and will strive to retain its key personnel by way of attractive remuneration and project-based incentives.

(3) Economic, political and regulatory risks

Any adverse developments in political, economic, market, interest rate, taxation, regulatory and social conditions may materially affect the Group's involvement in the construction industry. These include changes which are beyond the Group's control. The Group intends to mitigate such risks by continuously reviewing our business development strategies to respond to changes in such factors and conditions.

INTERNAL CONTROL SYSTEM

Key internal controls in place for the Group are as follows: -

(1) Well-defined organisational structure with clear lines of accountability and responsibilities provide a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board's approval.

(2) The Board and Audit Committee meet at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements and two (2) internal audit reports. Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

(3) Internal policies and procedures had been established for key business units within the Group.

(4) Proper delegation of authorities that sets out decision that needs to be taken and the appropriate levels of management involved including matters that require the Board's approval.

(5) Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group.

(6) Management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Audit Committee and Board for their review and approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

INTERNAL AUDIT FUNCTION

The Board is of the view that by outsourcing the internal audit function, it provides the Group a professional, independent and more objective review on the overall adequacy of the Group's internal control system and environment.

The Internal Auditors report directly to the Audit Committee and is guided by an approved Internal Audit Charter. The internal audit is guided by the International Professional Practices Framework issued by the Institute of Internal Auditors which contains the international standards for internal auditing. The Internal Auditors, performed review on key processes within the Group according to the Internal Audit Plan which have been approved by the Audit Committee and assessed the effectiveness of the internal control system, based on their procedures.

The internal audit report which highlights material non-compliance or weaknesses, risks and implications, and management responses are presented at the Audit Committee Meetings. The Management is responsible for ensuring that corrective actions are taken within the stipulated time frame. Subsequent review on the implementation of corrective actions taken for previous audit findings will also be performed by the Internal Auditors and reported to the Audit Committee.

The Internal Auditors performed independent assessment of the risks identified, evaluated and managed by risk owners. Such assessment provides guidance in determining the risk-based audit plan and scope of work as well as preparation of audit programme for a more effective audit to be conducted.

The Internal Audit Plan which is prepared based on areas of higher risk exposure has been approved by the Audit Committee. During the financial year ended 31 May 2021, the business processes / audit areas covered construction and contract management, including tendering as follows:

(1) To ensure there is a proper internal control system in place for:
    - Preparation of cost estimates / project budget;
    - Pre-qualification of subcontractors;
    - Tendering / quotation process;
    - Evaluation of tenders / quotations and subcontractors; and
    - Awarding of contracts.

(2) Review of policies and procedures

(3) Review of Letter of Award/Contracts

The fees incurred for the internal audit function and risk management function for the financial year ended 31 May 2021 was RM13,000.

Based on the report of the appointed Internal Auditors, the Board is satisfied that there is no significant breakdown or weaknesses in the system of internal control of the Group that may have a material impact against the operations of the Group for the financial year ended 31 May 2021.

OTHER RISK AND CONTROL PROCESSES

The Group has set in place standard operating procedures internally covering major and critical facets of the Group's business process. Procedures are primarily geared towards the prevention of wastages, handling loss and major functional aspects of business operations. The procedures are subject to review as processes change or when new business requirements need to be met.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

REVIEW BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main Market Listing Requirements of Bursa Securities, the External Auditors, Messrs. HLB AAC PLT, has reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 31 May 2021 in accordance with Malaysian Approved Standards on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report and reported to the Board that based on their review, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

MANAGEMENT'S ASSURANCE

The Chief Operating Officer and Head of Accounts and Finance, representing the management, has given reasonable assurance to the Board that the Group's risk management and internal controls system are adequate and effective, in all material aspects, based on the risk management and internal controls adopted by the Group.

CONCLUSION

The Directors believes that the system of the internal control is considered appropriate to the business operations and that the risk taken is at an acceptable level within the context of the business environment of the Group. It should be noted that such arrangements do not eliminate the possibility of collusion or deliberate circumvention of procedures by employees. Human error and/or other unforeseen circumstances can result in poor judgement. For the financial year under review, there was no significant internal control deficiencies or material weaknesses resulting in material losses, contingencies or uncertainties which would require separate disclosure in this Annual Report.

The statement was approved by the Board on 28 September 2021.

CORPORATE SUSTAINABILITY STATEMENT

Ecobuilt Holdings Berhad ("Ecobuilt") and its subsidiaries ("Ecobuilt Group" or "the Group") is cognisant of the importance of sustainability in value creation over a long term for the Group and various stakeholders.

The Board of Directors ("Board") is pleased to present this Sustainability Statement ("Statement") for the financial year ended 31 May 2021 ("FYE 2021"). This Statement outlines our approaches in addressing the Group's sustainability material matters, risks and opportunities which are important to our various stakeholders.

SCOPE OF THIS STATEMENT

This Statement covers the Group's sustainability efforts and performance in the business of civil engineering, building contracting and construction and property development, for the financial year from 1 June 2020 to 31 May 2021, unless otherwise specified.

ASSESSMENT OF MATERIAL MATTERS

We have conducted an annual assessment to identify or review a list of material matters relevant to our Group and various stakeholders. Please refer to our Material Matters Matrix within this Statement.

BASIS OF THIS STATEMENT

This Statement was prepared based on the available internal information and in accordance to the Main Market Listing Requirements, Sustainability Reporting Guide 2nd Edition and Sustainability Toolkits, as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

FEEDBACK

As part of our continuous efforts to improve the sustainability measures and reporting standards, we welcome stakeholders' feedback on this Statement and any other relevant matters. Comments and enquiries can be directed to inquiry@eco-built.com.my.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

OUR SUSTAINABILITY RESPONSIBILITIES AND COMMITMENTS

Ecobuilt was established in 2004 and currently listed on the Main Market of Bursa Securities.

As a responsible public-listed company, we fully recognise our continuous accountability and commitments to create sustainable values to various stakeholders and to enrich our future generations. These are embedded in our Group's mission and values.

OUR MISSION

We aim to provide world class property developments and services to help create a better community for the future generations.

OUR VALUES

We always believe that by using the following five (5) brand values, we will continue to build the right thing together globally: -

- Hard work
- Responsibility
- Morality
- Integrity
- Vitality

These are the values that we will continue to adhere to as an essential part of what it means to be Ecobuilt as we move towards the future.

OUR SUSTAINABILITY STRATEGIES

A universal call for action to promote prosperity while protecting the planet, the 2030 Agenda for Sustainable Development is adopted by all United Nations Member States in 2015. Ecobuilt as a responsible corporate entity, truly understand that the achievement of 17 Sustainable Development Goals ("SDG") requires a massive and collective commitment from various parties. Hence, we shall focus on six (6) SDG which are most relevant to our business operations, as illustrated in the following table, within the three (3) sustainability pillars: -

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

OUR SUSTAINABILITY GOVERNANCE

Board of Directors

Ultimate responsibility to oversee and monitor the Group's sustainability initiatives and strategies

Audit Committee

To monitor the efficiency and quality of the Group's risk management and internal control system to ensure good and efficient business practices

Nomination Committee

To assess and recommend the appointment of Board members for ensuring the Board effectiveness

Remuneration Committee

To establish a remuneration policy and fix remuneration packages in a way that motivate Directors and Senior Management to enhance the Group's long-term value

In Ecobuilt, the Board serves as the ultimate decision-making body to advocate sustainability initiatives within the Group by providing guidance and overseeing the Group's sustainability practices. The Board ensures that the Group's long-term value creation is underpinned by appropriate strategic planning in the context of economic, environmental and social considerations.

The Board regards the risk management and internal controls system as an integral part of our corporate governance and business sustainability. In order to have an effective discharge of responsibilities, the Board has delegated its responsibilities to review the adequacy and effectiveness of the Group's risk management and internal controls system to Audit Committee while the overall performance of the Group as well as the effectiveness of the Board are monitored by Nomination Committee and Remuneration Committee.

In addition to the sustainability governance structure, Ecobuilt realises that good corporate governance should be supported by ethical business conducts and dealings across the Group. In this regard, the Group has developed a Code of Ethics ("the Code") to identify and emphasise the areas of ethical risks. It serves as a guidance for all employees to promote ethical practices and behaviours.

A Whistle Blowing Policy has also been established for employees to report any violation of laws and regulations, fraud, corruption, bribery or criminal offences.

Pursuant to the Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act, the Group has in FYE 2021 formalised an Anti-Bribery and Corruption Policy ("ABC Policy") to further strengthen the business ethics and integrity within the Group.

All the Code, Whistle Blowing Policy and ABC Policy are made available on our website at http://eco-built.com.my/corporate-info/.

The Code

- To avoid any potential or actual conflict of interest;
- Owe duty of care to the Group;
- To maintain and protect confidential information;
- To protect and make proper use of the Group's assets;
- To comply with all applicable laws, rules and regulations;
- To prohibit insider trading; and
- To promote ethical behaviour and report any illegal or unethical behaviour.

Whistle Blowing Policy

Whistle Blowing Policy outlines a reporting procedure for employees to report on any irregularities or misconduct actions.

Employees are encouraged to report to the Chairman or Independent Director immediately if he/she has reasonably belief that another employee of Ecobuilt has engaged in any action that warrant the reporting. Such report will be treated fairly, properly and confidentially.

ABC Policy

The Group has zero tolerance against any form of bribery and/or corruption. Guided by the Guidelines on Adequate Procedures issued in accordance to Section 17A of the MACC Act, the ABC Policy outlines the key guiding principles and mitigating controls in place in relation to anti-bribery and corruption.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

MATERIALITY ASSESSMENT

Materiality assessment is an essential procedure to identify and prioritise any sustainability matters which bring material impact to our daily business operations and the interest of our various stakeholders. We have adopted a rating approach to conduct the assessment of material matters by identifying and ranking the relevant economic, environmental and social matters in accordance to respective significance and degree of its impacts to the Group and various stakeholders.

Identification

Identify relevant sustainability matters across the Group's operations

Assessment

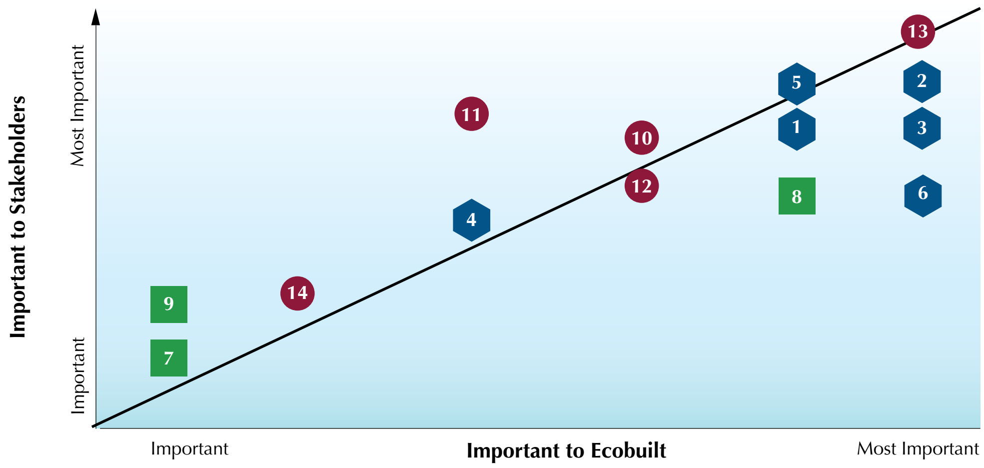
Assess the identified material matters from both business and stakeholders' perspectives

Ranking

Rank each material matters by prioritising based on the degree of impacts towards business and stakeholders

In FYE 2021, we have re-assessed the material matters identified in FYE 2020 and we maintained substantially the same material matters identified in FYE 2020 as they remained relevant to our business operations and stakeholders. However, with the Covid-19 outbreak in Malaysia since March 2020, it has certainly affected our view to re-prioritise the materiality level of certain material matters identified to better reflect the ongoing economic and social uncertainties. Materiality matters such as occupational health and safety management was identified as the alarming issue which concerns our stakeholders and the Group the most.

Based on our assessment, we have identified and ranked fourteen (14) key areas which matter the most to our Group and various stakeholders, as follows: -



Economic

1 Economic Resilience
2 Business Growth and Expansion
3 Products and Services Quality
4 Supply Chain Management
5 Customer Satisfaction
6 Corporate Governance

Environmental

7 Workplace Sustainability
8 Environmental Compliance
9 Pollution and Waste Management

Social

10 Dynamic Workplace
11 Employee Welfare
12 Employee Engagement and Development
13 Occupational Health and Safety
14 Community Engagement and Development

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

STAKEHOLDERS ENGAGEMENT

We understand that long-lasting and quality relationships with various stakeholders are able to create strong synergy relationships and support us in long run. By understanding the needs and expectations of various stakeholders, we are able to identify our room of improvement and enhance our core competencies. Our engagement approaches with key stakeholders are as follows: -

Stakeholders	Stakeholders Interest/Material Matters	Engagement Approaches
Shareholders/Investors	• Investment risks and returns • Share price performance • Business performance and profitability • Corporate governance	• Annual report • Quarterly financial results • Annual/extraordinary general meetings • Bursa announcements • Company website • Press releases
The Board	• Operational improvement and business expansion • Business Performance and Profitability • Risk management and internal controls • Corporate Governance • Interest of various stakeholders	• Board meetings • Annual/extraordinary general meetings • Company events
Employees	• Career growth opportunities • Continuous training and development • Occupational health and safety • Competitive compensation and benefits packages	• Training and development program • Employee performance evaluation and appraisal • Regular engagement with management • Company events
Suppliers	• Long-term business relationship • Supplier selection and evaluation • Credit terms	• Email • Face-to-face communications
Customers	• Quality products and services • Customer satisfaction • New products innovation • Competitive pricing and on-time delivery	• Advertisement and marketing events • Company website • Email and face-to-face communications • Customer feedback survey
Government/Regulators	• Legal compliance • Corporate governance • Licenses and permits • Workforce health and safety	• Compliance audit • Bursa announcements • Company website • Renewal of licenses and permits
Community	• Employment creation • Local economic development • Impact of operations on surrounding environment • Economic support	• Corporate social responsibility programs • Company website • Voluntary community events
Analyst/Media	• Financial and operational performance • Business growth and expansion plans • Corporate action	• Annual report • Quarterly financial results • Press conferences • Annual/extraordinary general meetings • Bursa announcements • Company website

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

ECONOMIC

ECONOMIC RESILIENCE

To maintain and enhance our competitiveness during challenging times

FYE 2021 was definitely a remarkably challenging year for most businesses around the world, not only due to the Covid-19 pandemic, but also the domestic and global political tensions which intensify the economic recession. Nevertheless, Ecobuilt Group is not only capable of adapting and sustaining the business but to thrive on such challenges.

We are pleased to announce that we have successfully recorded an all-time high revenue at RM213.3 million in FYE 2021. Thanks to our Board, management team and all employees who made this possible, as well as the strong supports from our customers. Further details of our financial performance for FYE 2021 are narrated in the Management Discussion and Analysis section of this Annual Report.

Despite the challenging economic environment, the Malaysian Government has introduced several recovery initiatives to assist and support the local households and businesses. For instance, the Real Estate and Housing Developers' Association Malaysia ("REHDA") has reintroduced the Home Ownership Campaign 2020-2021 ("HOC") with an extended deadline to 31 December 2021 to stimulate the local property market in resolving the prolonged softening of property market.

HOC
2020-2021
HOME OWNERSHIP
CAMPAIGN

As at 9 September 2021, Bank Negara Malaysia ("BNM") is still maintaining the Overnight Policy Rate ("OPR") at all-time low of 1.75%. The Group is benefited from such low OPR in reducing our finance costs during this challenging time while Malaysian households are able to enjoy a lower interest rate when applying for property mortgage loan. The lower OPR has contributed to stimulating the local property market.

To ride out of the Covid-19 pandemic, we have outlined a series of short-term and long-term business sustainability strategies. Most of all, having a healthy cash flow is paramount to build a sustainable business. In short run, we will continue to closely monitor our liquidity management and operating efficiency in order to reduce non-essential operating costs and thereby enhance our profit margin. As for long run, we will continue to actively explore and take advantage on any arising opportunity to secure more contracts so as to improve our order book and enhance our brand reputation.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

ECONOMIC

BUSINESS GROWTH AND EXPANSION

To grow and expand our business continuously

Sustainable Development Goals 9 ("SDG 9") advocates resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. In line with SDG 9, we strive to build quality homes and offices to improve the quality of people's life since our diversification into construction industry in FYE 2018.

While undertaking a mixed development project, Riveria City @ KL Sentral which we secured in FYE 2020, we have further improved our order book by securing additional two (2) projects for the development of a mixed commercial development amounted to RM166.4 million and a 15-storey retail and commercial suites amounted to RM72.3 million. Both projects are located at Kota Kinabalu, Sabah, and are expected to be completed by 2022 and 2023 respectively.

Apart from the above, we are actively looking for potential business growth and expansion opportunities in order to sustain, improve and create value to the Group and various stakeholders continuously.

SUPPLY CHAIN MANAGEMENT

To manage and maintain a sustainable supply chain

In order to ensure a sustainable supply chain and support local economic growth, we engage local suppliers for 100% of our procurements made in FYE 2021. This is in line with SDG 8 which promote sustained, inclusive and sustainable economic growth.

PRODUCTS AND SERVICES QUALITY

To monitor and improve the quality of our products and services continuously

SDG 11 promotes in making cities and human settlements inclusive, safe, resilient and sustainable. In line with SDG 11, we attempt to deliver top quality products and services to our customers with safety and sustainable considerations in place.

We always ensure that our products are safe and in compliance with the relevant quality and safety standards. We have in place several quality monitoring methods such as consistent quality inspection during construction period, issuance of non-conformance report as and when necessary, as well as regular site inspection by our project consultants. We are well aware that our products and services quality and safety have direct impact to our reputation, brand image and customer confidence, hence we will continue to improve the quality and safety of our buildings.

As part of our efforts in promoting sustainable cities and communities, we collaborate with property developers to promote holistic living by connecting innovative buildings with sustainable lifestyles. Our ongoing project, Riveria City @ KL Sentral is strategically located at the prime area of Kuala Lumpur, surrounded by modern convenience and metropolitan lifestyle such as walking distance to public transportations and connection with other townships. The said development focuses on providing convenience to the public while balancing between urban development needs and quality of the surrounding environment.

CUSTOMER SATISFACTION

To understand our customers' expectation and improve continuously

In ensuring the sustainability and long-term growth of our business, we keep track of our customers satisfaction by getting feedbacks from customers frequently. We take in customers' feedback constructively in order to assess how we are doing and where to improve accordingly. Meanwhile, any enquiries and complaints from customers shall be dealt with by our team members within a short period of time.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

ECONOMIC

CORPORATE GOVERNANCE

To ensure good corporate governance within the Group to safeguard our stakeholders' interest

While focusing on growing our business, we acknowledge the importance of SDG 16 to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

In the Group, our business transactions and operational practices are governed by our standard operating procedures ("SOP"), the Code and Whistle Blowing Policy, emphasising ethical practices in daily business operations. In FYE 2021, we have further adopted ABC Policy as an effort to further strengthen the business integrity where all forms of malpractices or practices of bribery and corruption within the Group are strictly prohibited. All employees are committed to carry out their obligations and responsibilities diligently and decently. We are also obligated to comply with all relevant laws and regulations in Malaysia.

During FYE 2021, we are pleased to report that no employees had been disciplined or dismissed, no contracts with suppliers or customers being terminated, nor have any public cases been brought against Ecobuilt and its employees due to non-compliance with the Code, ABC Policy and/or any relevant laws and regulations in Malaysia. In this regard, there was no fines, penalties or settlements imposed or made during the financial year.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

ENVIRONMENT

WORKPLACE SUSTAINABILITY

To protect the environment and provide a better future for our future generations

In meeting the SDG 12 to achieve a sustainable management and efficient use of natural resources, we always promote the following daily sustainable and eco-friendly practices in office as we believe great changes starts with small actions!

SMALL CONTRIBUTION FROM US, BIG HELP TO OUR MOTHER EARTH

Encourage paperless transactions by using electronic payments and adopt e-documents to reduce the paper usage

Reduce, reuse and recycle waste papers, paper products and swapped equipment

Reduce energy consumption through timely maintenance and reduction in usage of air-conditioner, switch off lights and conserve water whenever possible

ENVIRONMENTAL COMPLIANCE

To comply with environmental laws and protect the environment

As a construction player, Ecobuilt is aware of and has been regularly monitoring the environmental impacts caused by our construction sites. We ensure compliance to all applicable environmental laws and regulations in Malaysia at all times.

In FYE 2021, we are glad to highlight that there was no fine or penalty imposed by the relevant environmental authorities to Ecobuilt.

POLLUTION AND WASTE MANAGEMENT

To minimise the impact of pollution and waste disposal

Inevitably, noise and ambient dust are generated from our construction operations such as excavation, demolition, carpentry works, hacking and vehicles movement etc. As a responsible construction company, we ensure our contractors monitor and control the noise level and ambient dust generated in accordance to local environmental pollution control regulations.

We also ensure all the scheduled wastes and non-hazardous solid wastes generated are disposed at the approved disposal facilities and regulated landfills respectively.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

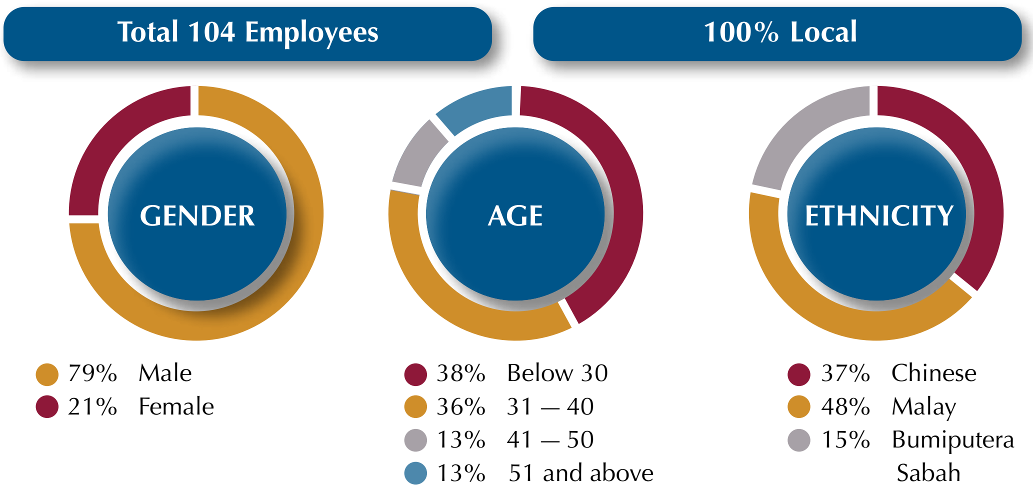
SOCIAL

DYNAMIC WORKPLACE

To embrace a diverse and multi-cultural workplace with equal opportunity given

As at 31 May 2021, we have 104 employees in total. As a 100% Malaysian organisation, we embrace the beauty of diversity that multicultural communities can offer in inspiring creativity and drive innovation. We strive to achieve inclusivity by providing equal opportunity and growth potentials to all our talented employees.

Due to the nature of our business activities in construction industry, 79% of our workforce are male employees as at 31 May 2021. Nevertheless, we have embraced diversity in our workforce in term of age and ethnicity as follows: -



EMPLOYEE WELFARE

To take care of employees' interests and welfare

Ecobuilt perceives its employees as the most valuable asset of its businesses. Hence, employees' interest and welfare are well taken care by the Group. It is also important to provide a healthy and conducive working environment so as to unleash the full potential of our employees.

We always ensure that our employees' working days and hours as well as compensation are in compliance with all applicable labour laws and regulations in Malaysia. In addition, our employees are able to enjoy additional employee benefits according to their respective job grade and/or years of service.

Ecobuilt's Employee Benefits
- ✓ Annual leave
- ✓ Emergency leave
- ✓ Birthday leave
- ✓ Medical leave and allowance
- ✓ Hospitalisation leave
- ✓ Maternity leave
- ✓ Replacement leave
- ✓ Marriage leave and grant
- ✓ Compassionate leave and care
- ✓ Infant care subsidy
- ✓ Travelling claims
- ✓ Company Group Hospitalisation and Surgical Insurance Scheme

EMPLOYEE ENGAGEMENT & DEVELOPMENT

To support the consistent development of workforce

Ecobuilt cherish and value our employees' efforts and contribution to the Group. We recognise that continuous learning and development is the key to our employees' and the Group's long-term growth and success.

We have provided both in-house and external training programs to enhance our employees' skills and knowledge. Due to the outbreak of Covid-19 and enforcement of Movement Control Order ("MCO") by the Malaysian Government, all trainings were conducted online in order to protect our people's health and safety. In average, 8 hours of training are provided to each employee during FYE 2021.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

To minimise injury and accident in workplace

In advocating SDG 3 of ensuring healthy lives and promote well-being for all at all ages, our people's health and safety is amongst the utmost priority of the Group's sustainability agenda especially at the current Covid-19 pandemic. Regardless of Covid-19 pandemic, we always place heavy emphasise on the occupational health and safety due to the nature of construction industry which has a wider exposure to inherent and environment risks and hazards.

In an effort to protect every employee and member of public from the exposure to risk and hazard, we have in place an Environmental Health and Safety Policy to govern the Group's occupational health and safety matters so as to build a safe and sound working environment.

The main objectives of having the Environmental Health and Safety Policy in place are as follows: -

To provide and maintain a safe hazard-free and health working environment for all workers.

To cultivate and develop a strong "Safe Working Culture" in our operations and to provide training to employees in this regard.

To ensure the involvement and active participation of all project employees for the achievement of these objectives.

We are pleased to share that we have continued to maintain an injury and accident free workplace in FYE 2021 as no work-related injury case was reported during the financial year. We will continue to offer a zero-injury working envionment to our employees by having stringent safety and health controls in place continously.

Covid-19 Measures

After a year since the outbreak of Covid-19 in March 2020, we are still facing the public health threat amid the resurgence of Covid-19. On top of the construction-related laws and regulations, the Group is also complying to all latest Covid-19 SOP advocated by the Malaysian Government in order to safeguard our people as well as the public's health.

In addition, we have undertaken the following precautionary measures across our Group's operations to prevent the spread of Covid-19 at workplace: -

- ✓ Conduct temperature check before entering into office or construction sites;
- ✓ Prepare face mask and hand sanitisers for the ease and convenience of employees and visitors;
- ✓ Clean and sanitise workplace regularly with disinfectants;
- ✓ Rearrange office seating to ensure social distancing;
- ✓ Arrange employees to work from home, whenever possible; and
- ✓ Conduct virtual meetings and discussions to minimise travels and physical contacts.

However, we do have positive Covid-19 cases detected in our workplace in FYE2021 and we have taken immediate action to shut down our site for two (2) weeks and all other's non-detected workers are also required to do self-quarantine. In order to mitigate and avoid the same incident from happening, we will continue to maintain the good hygiene and stringent controls so as to offer a safe and healthy working environment to our people and members of public.

CORPORATE SUSTAINABILITY STATEMENT (CONTINUED)

SOCIAL

COMMUNITY ENGAGEMENT AND DEVELOPMENT

To enrich the society by giving back to the community

We take from the society and we give back to the community.

Ecobuilt acknowledges the importance of being a socially responsible company to lend a helping hand to the needy.

On 12 July 2021, we have donated staple food such as eggs, flour, condensed milk, cooking oil, sugar and etc to Brickfields residents. The contributions were initiated by our Group CEO, Datuk Ong Chee Koen in collaboration with Brickfields Police Station.


In addition, we had also on 22 July 2021 contributed 200 food baskets which contained basic groceries and staple food such as rice, cooking oil, sardine, noodles, biscuit and etc to Sabah residents as our hearty supports during this challenging time of Covid-19 pandemic.

The donations were presented by Mr. Chang Keng Sing, our Project Director to Y. Bhg. Puan Noorliza Awang Alip, the mayor of Kota Kinabalu City Hall.


STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 2016 to ensure that financial statements for each financial year which give a true and fair view of the financial position as at the end of the financial year and the financial performance of the Group for the financial year.

In preparing the financial statements, the Directors are responsible for the adoption of suitable accounting policies that comply with the provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible to ensure that the appropriate accounting policies are consistently applied in the financial statements, supported where necessary by reasonable and prudent judgements.

The Directors hereby confirm that suitable accounting policies have been consistently applied in the preparation of the financial statements. The Directors also confirm that there has been adequate accounting records maintained to safeguard the assets of the Group.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management service to its subsidiaries.

The principal activities of its subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year attributable to:		
- Owners of the Company	6,622,247	5,492,800
- Non-controlling interests	501,593	–
	7,123,840	5,492,800

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend to be paid for the financial year under review.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

On 2 October 2020, the issued and fully paid-up capital of the Company increased from RM54,484,406 comprising of 313,563,166 ordinary shares to RM59,156,495 comprising of 344,919,466 ordinary shares through the issuance of 31,356,300 new ordinary shares pursuant to private placement at an exercise price of RM0.149 per share for a cash consideration of RM4,672,089.

The newly issued ordinary shares ranked pari passu in all respect with the existing ordinary shares.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk Ong Chee Koen
Dato' Noordin Bin Sulaiman
Wong Wen Miin
Datuk Ng Seing Liong
Yap Nam Fee (Resigned on 30 June 2020)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	At 1.6.2020	**Acquired**	**Disposed**	**At 31.5.2021**
Interest in the Company:				
Ecobuilt Holdings Berhad				
Direct interest				
Datuk Ong Chee Koen	300,000	–	(300,000)	–
Datuk Ng Seing Liong	100,000	–	–	100,000
Indirect interest				
Datuk Ong Chee Koen	33,550,400 [1, 2 & 3]	–	(756,000) [3]	32,794,400 [1&2]

Notes:

[1] *Deemed interested through his direct interest in E&J Venture Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.*

[2] *Deemed interested through his direct interest in Ecobuilt (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.*

[3] *Deemed interested through direct interest held by his spouse pursuant to Section 8 of the Companies Act, 2016.*

By virtue of their interests in the shares of the Company, Datuk Ong Chee Koen and Datuk Ng Seing Liong are deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries during the financial year.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) 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 the 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.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are disclosed in Note 24 to the financial statements.

SUBSIDIARY COMPANIES

Details of the subsidiary companies are disclosed in Note 5 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in Note 22 to the financial statements.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of insurance premium paid for the Directors of the Company was RM4,600.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

(i) the amount written off for bad debts or the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION (CONTINUED)

No contingent 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 affect the ability of the Group and of the Company to meet their obligations when they fall due.

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which the report is made.

SIGNIFICANT EVENT

Details of significant event are disclosed in Note 35 to the financial statements.

MATERIAL LITIGATION

Details of material litigation are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, HLB AAC PLT (formerly know as Morison AAC PLT) (LLP0022843-LCA & AF001977), have expressed their willingness to accept re-appointment.

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

DATUK ONG CHEE KOEN **DATUK NG SEING LIONG**

KUALA LUMPUR
28 September 2021

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, **DATUK ONG CHEE KOEN** and **DATUK NG SEING LIONG**, being two of the Directors of **ECOBUILT HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 62 to 112 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 31 May 2021 and of their financial performance and cash flows for the financial year then ended.

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

DATUK ONG CHEE KOEN **DATUK NG SEING LIONG**

KUALA LUMPUR
28 September 2021

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, **WOO SAU FAN**, being the officer primarily responsible for the financial management of **ECOBUILT HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements and information set out on pages 62 to 112 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed WOO SAU FAN)
at KUALA LUMPUR)
on this date of 28 September 2021) **WOO SAU FAN**

Before me,

KHATIJAH BINTI KAMARUDDIN (W 739)
COMMISSIONER FOR OATHS
No. 19-M, Jalan Manis 3
Taman Segar, Cheras
56100 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD
Registration No. 200301033338 (635759-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Ecobuilt Holdings Berhad, which comprise the statements of financial position as at 31 May 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 112.

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 31 May 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. 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.

Key audit matters	How our audit addressed the key audit matters
Impairment of goodwill on consolidation *Refer to Note 2.2(iii), Note 2.4 (c) and Note 4 to the financial statements* As at 31 May 2021, the Group recorded goodwill on consolidation amounting to RM32.7 million. Pursuant to MFRS 136 Impairment of Assets, the Group has assessed the recoverable amount of the identified cash generating unit ("CGU"), Rexallent Construction Sdn. Bhd. ("Rexallent") based on its value in use.	Our audit procedures focused on the following: • discussed with Chief Operating Officer and Directors on the prospective projects for Rexallent; • evaluated the reasonableness of management's impairment assessment and the process by which it is developed;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Impairment of goodwill on consolidation (continued) *Refer to Note 2.2(iii), Note 2.4 (c) and Note 4 to the financial statements (continued)* We focus on this area because of the complexity and subjectivity of the assumptions involved in the impairment assessment.	Our audit procedures focused on the following: (continued) • challenged key assumptions used in the impairment assessment model, including forecast revenue, forecast operating expenses and discount rate; and • performed sensitivity analysis on the key assumptions used by management.
Revenue recognition on construction contracts *Refer to Note 2.2(i), Note 2.4(l) and Note 20 to the financial statements* During the financial year, the Group recognised revenue from construction activities amounting to RM213.3 million. We focused on this area because the accounting for construction contracts activities is inherently complex as it involves the use of significant estimates and judgements made by the management which includes the followings: • estimation of the total budgeted project costs and the assessment of cost yet to be incurred to complete these projects; • determination of the progress towards satisfaction of the performance obligations and overall progress of the Group's projects; • consideration of variation orders and claims with the Group's customers; • estimation of adjustments in transaction price arising from penalties from liquidated and ascertained damages.	Our audit procedures focused on the following: • obtained an understanding and tested the Group's internal controls over construction project budget approvals and revenue recognition process; • evaluated the management's key judgements used in the estimation of budgeted construction contract costs by examining documentation with subcontractors, historical evidence or results of these estimates; • verified the budgeted revenue by examining the construction projects' approved letters of award; • discussed with project team to understand the nature of the variation orders and claims included in the budgeted revenue and inspected the correspondences from the customers; • inspected the costs incurred to date and compared against sub-contractor claim certificates and suppliers' invoices to corroborate the projects' progress towards satisfaction of the performance obligations and reasonableness of the estimated project budget; • performed re-computations on the calculation of the stage of completion to ascertain there is no mathematical error in the profit recognition; and • reviewed the stage of completion of all on-going construction projects and review the extension of time approved by the customers to determine if any adjustment to the transaction price is required arising from the estimation for liquidated and ascertained damages.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Expected credit loss of trade receivables *Refer to Note 2.2(ii), Note 2.4(f)(iv) and Note 9 to the financial statements* As at 31 May 2021, the Group carried trade receivables balance of RM110.3 million and recognised expected credit loss allowance of RM1.8 million. In assessing the expected credit loss, the Group considered the historical loss rate of the receivables and any known adverse conditions in respect of the receivables which would affect the recoverability of the balances. We focused on this area due to the inherent subjectivity in making judgement in relation to credit risk exposure in determining the recoverability of the trade receivables.	Our audit procedures focused on the following: • recomputed the probability of default using historical data and forward-looking information applied by the Group; • scrutinised trade receivable ageing and investigated trends and conditions that may indicate objective evidence of impairment; • reviewed long outstanding trade receivables and discussed with management on the recoverability; and • reviewed the appropriateness and reasonableness of the assumptions applied in the management's assessment of the expected credit loss, taking into account specific known receivables' circumstances.

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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

- 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 Group's or the Company's ability 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 achieves fair presentation.

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ECOBUILT HOLDINGS BERHAD (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

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 any responsibility to any other person for the content of this report.

HLB AAC PLT
(LLP0022843-LCA & AF001977)
Chartered Accountants

TANG YAN YU
Approved Number: 03452/10/2021 J
Chartered Accountant

KUALA LUMPUR
28 September 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**23,152,858**	18,068,929	**6,706,192**	1,139,808
Goodwill on consolidation	4	**32,737,146**	32,737,146	**–**	–
Investment in subsidiary companies	5	**–**	–	**91,924,260**	42,060,196
Other investments	6	**19,387,500**	13,700,500	**–**	–
Right-of-use assets	7	**628,617**	337,456	**–**	–
Amount owing by subsidiary companies	8	**–**	–	**–**	32,673,470
Other receivables	11	**3,600,000**	4,800,000	**3,600,000**	4,800,000
Deferred tax assets	17	**328,059**	300,837	**–**	–
		79,834,180	69,944,868	**102,230,452**	80,673,474
Current Assets					
Trade receivables	9	**108,542,530**	55,951,321	**–**	–
Contract assets	10	**10,841,623**	12,970,044	**–**	–
Other receivables	11	**7,601,794**	7,348,835	**4,762,419**	4,681,070
Tax recoverable		**1,702,950**	758,543	**93,805**	54,195
Cash and cash equivalents	12	**4,635,137**	17,019,240	**3,794,227**	14,243,463
		133,324,034	94,047,983	**8,650,451**	18,978,728
TOTAL ASSETS		**213,158,214**	163,992,851	**110,880,903**	99,652,202
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	**59,156,495**	54,484,406	**59,156,495**	54,484,406
Reserves	14	**62,350,671**	50,041,424	**50,389,588**	44,896,788
Equity attributable to owners of the Company		**121,507,166**	104,525,830	**109,546,083**	99,381,194
Non-controlling interests	5(c)	**2,301,350**	1,799,757	**–**	–
TOTAL EQUITY		**123,808,516**	106,325,587	**109,546,083**	99,381,194
Non-Current Liabilities					
Borrowings	15	**1,389,571**	1,419,452	**–**	–
Lease liabilities	16	**3,746,250**	2,622,874	**–**	–
Deferred tax liabilities	17	**255,831**	544,278	**–**	–
		5,391,652	4,586,604	**–**	–
Current Liabilities					
Trade payables	18	**72,266,790**	49,083,927	**–**	–
Contract liabilities	10	**1,882,790**	321,781	**–**	–
Other payables	19	**7,388,013**	1,850,539	**1,334,820**	271,008
Borrowings	15	**73,391**	62,800	**–**	–
Lease liabilities	16	**2,347,062**	1,580,986	**–**	–
Tax payable		**–**	180,627	**–**	–
		83,958,046	53,080,660	**1,334,820**	271,008
TOTAL LIABILITIES		**89,349,698**	57,667,264	**1,334,820**	271,008
TOTAL EQUITY AND LIABILITIES		**213,158,214**	163,992,851	**110,880,903**	99,652,202

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Continuing operations					
Revenue	20	**213,266,025**	115,235,964	**–**	–
Purchases and other direct costs	21	**(196,326,768)**	(107,027,499)	**–**	–
Other operating income	22	**723,714**	315,491	**5,924,807**	7,666,742
Employee benefits expense	23	**(931,578)**	(384,956)	**–**	–
Directors' remuneration	24	**(500,240)**	(665,984)	**(108,000)**	(124,500)
Other operating expenses	22	**(6,732,162)**	(9,950,864)	**(314,407)**	(6,323,798)
Profit/(Loss) from operations		**9,498,991**	(2,477,848)	**5,502,400**	1,218,444
Finance costs	25	**(350,896)**	(263,046)	**–**	–
Profit/(Loss) before taxation		**9,148,095**	(2,740,894)	**5,502,400**	1,218,444
Taxation	26	**(2,024,255)**	(1,387,547)	**(9,600)**	37,865
Profit/(Loss) for the financial year from continuing operations		**7,123,840**	(4,128,441)	**5,492,800**	1,256,309
Discontinued operations					
Profit for the financial year from discontinued operations, net of tax	27(a)	**–**	1,871,944	**–**	–
Profit/(Loss) for the financial year		**7,123,840**	(2,256,497)	**5,492,800**	1,256,309
Other comprehensive income/(loss):					
Continuing operations					
Items that will not be reclassified subsequently to profit or loss					
- Fair value gain/(loss) on financial assets at fair value through other comprehensive income		**5,687,000**	(1,292,500)	**–**	–
Other comprehensive income/(loss) for the financial year from continuing operations		**5,687,000**	(1,292,500)	**–**	–
Total comprehensive income/(loss) for the financial year		**12,810,840**	(3,548,997)	**5,492,800**	1,256,309

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Profit/(Loss) for the year attributable to:					
Owners of the Company					
- Continuing operations		**6,622,247**	(4,718,845)	**5,492,800**	1,256,309
- Discontinued operations	27(a)	**–**	1,871,944	**–**	–
		6,622,247	(2,846,901)	**5,492,800**	1,256,309
Non-controlling interests					
- Continuing operations	5(c)	**501,593**	590,404	**–**	–
		7,123,840	(2,256,497)	**5,492,800**	1,256,309
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company					
- Continuing operations		**12,309,247**	(6,011,345)	**5,492,800**	1,256,309
- Discontinued operations	27(a)	**–**	1,871,944	**–**	–
		12,309,247	(4,139,401)	**5,492,800**	1,256,309
Non-controlling interests					
- Continuing operations	5(c)	**501,593**	590,404	**–**	–
		12,810,840	(3,548,997)	**5,492,800**	1,256,309
Earnings/(Loss) per share					
Basic and diluted (sen)	28				
- Continuing operations		**1.98**	(1.75)		
- Discontinued operations		**–**	0.69		
		1.98	(1.06)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

		Attributable to owners of the Company					
		Non-distributable		Distributable			
Group	**Note**	**Share Capital RM**	**Fair Value Reserve RM**	**Retained Profits RM**	**Sub-Total RM**	**Non-Controlling Interests RM**	**Total Equity RM**
At 1 June 2019		17,525,258	–	54,180,825	71,706,083	1,209,353	72,915,436
Loss for the financial year		–	–	(2,846,901)	(2,846,901)	590,404	(2,256,497)
Other comprehensive loss:							
- Fair value loss on financial assets at fair value through other comprehensive income		–	(1,292,500)	–	(1,292,500)	–	(1,292,500)
Total comprehensive loss for the financial year		–	(1,292,500)	(2,846,901)	(4,139,401)	590,404	(3,548,997)
Issuance of share capital	13	36,959,148	–	–	36,959,148	–	36,959,148
At 31 May 2020		54,484,406	(1,292,500)	51,333,924	104,525,830	1,799,757	106,325,587
At 1 June 2020		54,484,406	(1,292,500)	51,333,924	104,525,830	1,799,757	106,325,587
Profit for the financial year		–	–	6,622,247	6,622,247	501,593	7,123,840
Other comprehensive income:							
- Fair value income on financial assets at fair value through other comprehensive income		–	5,687,000	–	5,687,000	–	5,687,000
Total comprehensive income for the financial year		–	5,687,000	6,622,247	12,309,247	501,593	12,810,840
Issuance of share capital	13	4,672,089	–	–	4,672,089	–	4,672,089
At 31 May 2021		**59,156,495**	**4,394,500**	**57,956,171**	**121,507,166**	**2,301,350**	**123,808,516**

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

Company	Note	Non-distributable Share Capital RM	Non-distributable Fair Value Reserve RM	Distributable Retained Profits RM	Total RM
At 1 June 2019		17,525,258	–	43,640,479	61,165,737
Profit/Total comprehensive income for the financial year		–	–	1,256,309	1,256,309
Issuance of share capital	13	36,959,148	–	–	36,959,148
At 31 May 2020		54,484,406	–	44,896,788	99,381,194
At 1 June 2020		54,484,406	–	44,896,788	99,381,194
Profit/Total comprehensive income for the financial year		–	–	5,492,800	5,492,800
Issuance of share capital	13	4,672,089	–	–	4,672,089
At 31 May 2021		**59,156,495**	**–**	**50,389,588**	**109,546,083**

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Cash Flows from Operating Activities					
Profit/(Loss) before taxation					
- Continuing operations		**9,148,095**	(2,740,894)	**5,502,400**	1,218,444
- Discontinued operations	27(a)	**–**	1,872,006	**–**	–
		9,148,095	(868,888)	**5,502,400**	1,218,444
Adjustments for:					
Amortisation of intangible assets for discontinued operation	27(b)	**–**	35,004	**–**	–
Depreciation of property, plant and equipment					
- Continuing operations		**4,213,558**	2,793,591	**63,421**	79,928
- Discontinued operation	27(b)	**–**	326,168	**–**	–
Depreciation of right-of-use assets		**362,068**	229,582	**–**	–
Finance costs	25	**364,662**	276,810	**–**	–
(Reversal)/Impairment loss on investment in subsidiary companies	5(a)	**–**	–	**(5,439,804)**	5,439,804
Impairment loss on goodwill		**–**	6,514,604	**–**	–
Net expected credit loss allowance					
- Trade receivables	9	**1,492,048**	652,292	**–**	–
- Other receivables	11	**19,860**	–	**–**	–
Provision for compensation		**299,034**	–	**–**	–
Loss/(Gain) on disposal of subsidiary companies	27(a)	**–**	1,231,363	**–**	(7,493,992)
Remeasurement of lease liabilities		**(47,945)**	–	**–**	–
Gain on disposal of an associate		**–**	(6,700)	**–**	(6,700)
Gain on disposal of property, plant and equipment		**(8,383)**	–	**–**	–
Dividend income		**–**	(77,509)	**–**	–
Interest income					
- Continuing operations		**(446,451)**	(166,629)	**(445,003)**	(161,650)
- Discontinued operation	27(b)	**–**	(239,684)	**–**	–
Unrealised gain on foreign exchange for discontinued operation	27(b)	**–**	(189)	**–**	–
Operating profit/(loss) before changes in working capital		**15,396,546**	10,699,815	**(318,986)**	(924,166)
Changes in working capital					
Trade receivables		**(54,083,257)**	(616,413)	**–**	–
Contract assets/(liabilities)		**3,689,430**	(1,845,104)	**–**	–
Other receivables		**927,181**	37,275,537	**1,118,651**	(3,412,266)
Amount owing by subsidiary companies		**–**	–	**(11,750,790)**	11,283,566
Trade payables		**23,182,863**	(3,850,096)	**–**	–
Other payables		**4,112,479**	(15,935,103)	**(62,149)**	(43,410)
		(22,171,304)	15,028,821	**(10,694,288)**	7,827,890
Cash (used in)/generated from operations		**(6,774,758)**	25,728,636	**(11,013,274)**	6,903,724
Tax refund		**260,042**	963,424	**–**	–
Tax paid		**(3,725,000)**	(2,245,727)	**(49,210)**	(108,330)
		(3,464,958)	(1,282,303)	**(49,210)**	(108,330)
Net cash (used in)/generated from operating activities		**(10,239,716)**	24,446,333	**(11,062,484)**	6,795,394

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (CONTINUED)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Cash Flows from Investing Activities					
Purchase of property, plant and equipment	29(a)	**(4,781,643)**	(10,985,307)	**(4,503,844)**	–
Additions in intangible assets		**–**	(19,907)	**–**	–
Proceeds from disposal of property, plant and equipment		**19,000**	–	**–**	–
Net cash outflow arising on acquisition of a subsidiary company		**–**	(18,852,171)	**–**	(20,000,000)
Net cash (outflow)/inflow arising on disposal of subsidiary companies		**–**	(6,895,882)	**–**	6,000,000
Net cash inflow arising on disposal of an associate		**–**	6,700	**–**	6,700
Dividend received		**–**	77,509	**–**	–
Interest received		**446,451**	406,313	**445,003**	161,650
Net cash used in investing activities		**(4,316,192)**	(36,262,745)	**(4,058,841)**	(13,831,650)
Cash Flows from Financing Activities					
Proceeds from issuance of share capital	13	**4,672,089**	11,959,148	**4,672,089**	11,959,148
Repayment of term loans	29(b)	**(19,290)**	(42,910)	**–**	–
Repayment of lease liabilities	29(b)	**(2,116,332)**	(1,587,858)	**–**	–
Interest paid		**(364,662)**	(276,810)	**–**	–
Net cash generated from financing activities		**2,171,805**	10,051,570	**4,672,089**	11,959,148
Net (decrease)/increase in cash and cash equivalents		**(12,384,103)**	(1,764,842)	**(10,449,236)**	4,922,892
Effect of exchange rate changes		**–**	189	**–**	–
Cash and cash equivalents at the beginning of the financial year		**17,019,240**	18,783,893	**14,243,463**	9,320,571
Cash and cash equivalents at the end of the financial year		**4,635,137**	17,019,240	**3,794,227**	14,243,463
Cash and cash equivalents at the end of the financial year comprises:					
Short-term deposits with fund management companies		**3,718,580**	10,947,577	**3,718,580**	10,947,577
Cash and bank balances		**916,557**	6,071,663	**75,647**	3,295,886
		4,635,137	17,019,240	**3,794,227**	14,243,463

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management service to its subsidiaries.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at D-G-11 & D-1-11, Medan Connaught, Jalan 3/144A, 56000 Kuala Lumpur.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.2.

Accounting standards, amendments to accounting standards and IC interpretation that are effective for the Group's and the Company's financial year beginning on or after 1 June 2020 are as follows:

- Amendments to References to the Conceptual Framework in MFRS Standards:
  - Amendments to MFRS 2, "Share Based Payments"
  - Amendments to MFRS 3, "Business Combinations"
  - Amendments to MFRS 6, "Exploration for and Evaluation of Mineral Resources"
  - Amendments to MFRS 14, "Regulatory Deferral Accounts"
  - Amendments to MFRS 101, "Presentation of Financial Statements"
  - Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors"
  - Amendments to MFRS 134, "Interim Financial Reporting"
  - Amendments to MFRS 137, "Provisions, Contingent Liabilities and Contingent Assets"
  - Amendments to MFRS 138, "Intangible Assets"
  - Amendments to IC Interpretation 12, "Service Concession Arrangements"
  - Amendments to IC Interpretation 19, "Extinguishing Financial Liabilities with Equity Instruments"

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Accounting standards, amendments to accounting standards and IC interpretation that are effective for the Group's and the Company's financial year beginning on or after 1 June 2020 are as follows: (continued)

- Amendments to References to the Conceptual Framework in MFRS Standards: (continued)
  - Amendments to IC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine"
  - Amendments to IC Interpretation 22, "Foreign Currency Transactions and Advance Considerations"
  - Amendments to IC Interpretation 132, "Intangible Assets- Web Site Costs"

- Amendments to MFRS 3, "Business Combinations" (Definition of a Business)

- Amendments to MFRS Standards arising from Definition of Material:
  - Amendments to MFRS 101, "Presentation of Financial Statements"
  - Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors"

- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform:
  - Amendments to MFRS 7, "Financial Instruments: Disclosures"
  - Amendments to MFRS 9, "Financial Instruments"
  - Amendments to MFRS 139, "Financial Instruments: Recognition and Measurement"

The above amendments to accounting standards and amendments to IC interpretation effective during the financial year do not have any significant impact to the financial results and position of the Company, except as follows:

The Group early adopted amendment to MFRS 16, "COVID-19-Related Rent Concessions" which exempts lessees from having to determine whether rent concessions on individual lease contracts as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

Accounting standards and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2021

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

Annual periods beginning on/after 1 January 2022

- Amendments to MFRS 3, "Business Combinations" (Reference to the Conceptual Framework)
- Amendments to MFRS 116, "Property, Plant and Equipment" (Proceeds before Intended Use)
- Amendments to MFRS 137, "Provision, Contingent Liabilities and Contingent Assets" (Onerous Contracts - Cost of Fulfilling a Contract)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Accounting standards and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective: (continued)

Annual periods beginning on/after 1 January 2022 (continued)

- Annual Improvement to MFRS Standards 2018 – 2020:
  - Amendment to MFRS 101, "First-time Adoption of Malaysian Financial Reporting Standards"
  - Amendment to MFRS 9, "Financial Instruments"
  - Amendment to Illustrative Examples accompanying MFRS 16, "Leases"
  - Amendment to MFRS 141, "Agriculture"

Annual periods beginning on/after 1 January 2023

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

Effective date yet to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and of the Company.

2.2 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Revenue recognition from construction contracts

The Group recognises revenue from construction contracts over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation using the output method. The output method recognises revenue based on contract work certified to date which depicts the basis of direct measurements of value to the customer for the work performed to date relative to the remaining construction work promised under the contract.

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations, the estimated total contract revenue and costs, as well as the recoverability of the cost incurred to fulfill the contract with the customer. In making the judgement, the Group evaluates by relying on past experience, industry practices and the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting estimates and judgements (continued)

(ii) Measurement of expected credit loss allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward looking estimates at the end of reporting period.

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis based on value-in-use to determine its recoverable amount. This requires an estimation of value-in-use of the cash-generating unit to which the goodwill is allocated. Estimating the value-in-use requires the Group to make estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in these estimates could significantly affect the recoverable amount at the end of each reporting period.

2.3 Basis of consolidation

(i) Subsidiary companies

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (continued)

(i) Subsidiary companies (continued)

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

(ii) Joint arrangement

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. The classification either as joint operations or joint ventures depends upon on the contractual rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to the Group's interest in the joint operation, the Group recognises its assets plus its share of any assets held jointly, liabilities plus its share of any liabilities incurred jointly, revenue from the sale of its share of the output arising from the joint operation plus share of the revenue from the sale of the output by the joint operation and expenses plus its share of any expenses incurred jointly.

2.4 Summary of significant accounting policies

(a) Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised as net in the profit or loss.

(ii) Depreciation and impairment

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended to use. Other property, plant and equipment are depreciated on the straight line method to their residual values over their estimated useful lives as follows:

Freehold land and buildings	50 years
Furniture, fittings and equipment	5 - 10 years
Renovation	5 - 10 years
Motor vehicles	5 years
Research and development equipment	2 - 10 years
Content library	2 years
Plant and machinery	5 years
Cabin	5 years

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount in accordance with accounting policy Note 2.4(c).

(c) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

(c) Impairment of non-financial assets (continued)

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 related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(d) Cash and cash equivalents

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

(e) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(f) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

(f) Financial assets (continued)

(i) Classification (continued)

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iii) Subsequent measurement

<u>Debt instruments</u>

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and amount owing by subsidiary companies.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- <u>Amortised cost</u>

  Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

(f) Financial assets (continued)

(iii) Subsequent measurement (continued)

Debt instruments (continued)

- FVOCI

  Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

- FVTPL

  Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's and the Company's right to receive payments is established.

(iv) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

For trade receivables and contract assets, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

(f) Financial assets (continued)

(iv) Impairment (continued)

In measuring expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group and the Company define a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

(g) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Finance liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Fair value though profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(i) Leases

(i) Accounting by lessee

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(j) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

(j) Current and deferred income tax (continued)

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by 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 liability. The unwinding of the discount is recognised as finance cost.

When the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(l) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and the Company and its customer has approved the contract and intend to perform their respective obligations, the Group's and Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

(l) Revenue from contracts with customers (continued)

(i) Construction activities

Revenue from construction activities is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance creates and enhances an asset that the customer controls as the Group and the Company perform.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on direct measurements of the value transferred by the Group and the Company to the customer (e.g. surveys or appraisals of performance completed to date).

Incremental costs of obtaining a contract, if recoverable, are capitalised as contract assets and are subsequently amortised consistently with the pattern of revenue for the related contract.

(ii) Sale of building materials

Revenue from sale of building materials is recognised when the Company satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

(iii) Other revenue and income

Revenue and income from other sources are recognised as follows:

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

(m) 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) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

(n) Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(o) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

(p) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view for resale. Classification as a discontinued operation occurs upon disposal or when the operations meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Plant and machinery RM	Cabin RM	Total RM
Cost							
At 1.6.2020	3,088,960	757,234	390,152	477,635	21,823,343	34,700	26,572,024
Additions	5,629,805	109,944	–	2,000	3,566,355	–	9,308,104
Disposal	–	–	–	(133,700)	–	–	(133,700)
At 31.5.2021	8,718,765	867,178	390,152	345,935	25,389,698	34,700	35,746,428
Accumulated depreciation							
At 1.6.2020	266,271	434,669	317,737	373,292	7,096,336	14,790	8,503,095
Charge for the financial year	61,779	87,931	31,660	39,643	3,985,605	6,940	4,213,558
Disposal	–	–	–	(123,083)	–	–	(123,083)
At 31.5.2021	328,050	522,600	349,397	289,852	11,081,941	21,730	12,593,570
Carrying amount							
At 31.5.2021	**8,390,715**	**344,578**	**40,755**	**56,083**	**14,307,757**	**12,970**	**23,152,858**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land and buildings RM	Furniture, fittings and equipment RM	Renovation RM	Motor vehicles RM	Research and development equipment RM	Content library RM	Plant and machinery RM	Cabin RM	Total RM
Cost									
At 1.6.2019	6,437,325	1,798,003	968,154	1,182,783	2,867,409	5,059,499	3,322,627	34,700	21,670,500
Additions	–	162,758	–	500,247	–	–	13,596,695	–	14,259,700
Acquisition of a subsidiary company	–	178,558	11,564	341,637	–	–	4,904,021	–	5,435,780
Disposal of subsidiary companies	(3,348,365)	(1,382,085)	(589,566)	(1,547,032)	(2,867,409)	(5,059,499)	–	–	(14,793,956)
At 31.5.2020	3,088,960	757,234	390,152	477,635	–	–	21,823,343	34,700	26,572,024
Accumulated depreciation									
At 1.6.2019	893,153	1,292,452	523,414	1,021,805	2,833,004	5,059,499	351,610	7,850	11,982,787
Charge for the financial year	112,004	180,204	90,037	141,846	25,193	–	2,563,535	6,940	3,119,759
Acquisition of a subsidiary company	–	131,318	8,095	306,449	–	–	4,181,191	–	4,627,053
Disposal of subsidiary companies	(738,886)	(1,169,305)	(303,809)	(1,096,808)	(2,858,197)	(5,059,499)	–	–	(11,226,504)
At 31.5.2020	266,271	434,669	317,737	373,292	–	–	7,096,336	14,790	8,503,095
Carrying amount									
At 31.5.2020	2,822,689	322,565	72,415	104,343	–	–	14,727,007	19,910	18,068,929

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land and building RM	Furniture, fittings and equipment RM	Renovation RM	Total RM
Cost				
At 1.6.2020	1,288,960	285,959	314,405	1,889,324
Additions	5,629,805	–	–	5,629,805
At 31.5.2021	6,918,765	285,959	314,405	7,519,129
Accumulated depreciation				
At 1.6.2020	221,271	236,413	291,832	749,516
Charge for the financial year	25,779	20,747	16,895	63,421
At 31.5.2021	247,050	257,160	308,727	812,937
Carrying amount				
At 31.5.2021	**6,671,715**	**28,799**	**5,678**	**6,706,192**
Cost				
At 1.6.2019/31.5.2020	1,288,960	285,959	314,405	1,889,324
Accumulated depreciation				
At 1.6.2019	195,492	213,705	260,391	669,588
Charge for the financial year	25,779	22,708	31,441	79,928
At 31.5.2020	221,271	236,413	291,832	749,516
Carrying amount				
At 31.5.2020	1,067,689	49,546	22,573	1,139,808

The Group's freehold land and buildings with a carrying amount of RM1,719,000 (2020: RM1,755,000) are pledged to a licensed bank as security for borrowings as disclosed in Note 15 to the financial statements.

Included in the property, plant and equipment of the Group are motor vehicle and plant and machinery acquired under hire purchase financing with carrying amount as follows:

	Group	
	2021 RM	**2020 RM**
Motor vehicles	**52,132**	100,565
Plant and machinery	**6,776,971**	4,769,799
	6,829,103	4,870,364

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. GOODWILL ON CONSOLIDATION

	Group	
	2021 RM	2020 RM
Cost		
At beginning of the financial year	**39,251,750**	–
Acquisition of subsidiary company	**–**	39,251,750
At end of the financial year	**39,251,750**	39,251,750
Accumulated impairment loss		
At beginning of the financial year	**6,514,604**	–
Impairment for the financial year	**–**	6,514,604
At end of the financial year	**6,514,604**	6,514,604
Carrying amount	**32,737,146**	32,737,146

Impairment test for goodwill on consolidation

The Group undertakes an annual impairment assessment on its cash-generating unit ("CGU") identified, Rexallent Construction Sdn. Bhd., being the lowest level of asset for which the management monitors the goodwill of the Group.

Key assumptions used to determine recoverable amount

The recoverable amount of the Group's CGU has been determined based on value-in-use calculation. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a four-year period. Cash flows beyond the four-year period are extrapolated using the estimated growth rates.

Management estimates the projected revenue based on awarded projects and future projects revenue which a percentage of estimated success rate is applied to the estimated contract sums. Other key assumptions used for the value-in-use calculation are as follows:

	Group	
	2021	2020
Terminal growth rate	**0%**	0%
Pre-tax discount rate	**10.6%**	9.3%

Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU.

The Group's review includes an impact assessment of changes in key assumptions. The following key assumptions are particularly sensitive:

- A 50 basis points ("bp") increase in the pre-tax discount rate will increase the impairment loss recognised on the CGU by RM Nil (2020: RM347,958); and
- A 50 basis points ("bp") decrease in the pre-tax discount rate will decrease the impairment loss recognised on the CGU by RM Nil (2020: RM376,228).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company 2021 RM	Company 2020 RM
Unquoted shares, at cost	**47,500,000**	47,500,000
Less: Impairment loss	**–**	(5,439,804)
	47,500,000	42,060,196
Amount due from subsidiary companies treated as quasi-investment	**44,424,260**	–
	91,924,260	42,060,196

The amount due from subsidiary companies are non-trade in nature, unsecured and interest free. The settlement is neither planned or likely to occur in the foreseeable future as it is the intention for the Company to treat this amount as long-term source of capital to the subsidiary companies as this amount is, in substance, a part of the Company's net investment in the subsidiary companies.

Movement on the provision of impairment loss on investment in subsidiary companies is as follows:

	Company 2021 RM	Company 2020 RM
At beginning of the financial year	**5,439,804**	1,593,994
Add: Impairment loss during the financial year	**–**	5,439,804
Less: Disposal of subsidiary companies	**–**	(1,593,994)
Add: Reversal during the financial year	**(5,439,804)**	–
At end of the financial year	**–**	5,439,804

<u>Impairment assessment for investment in Rexallent Construction Sdn. Bhd. ("Rexallent")</u>

During the financial year, the Company has undertaken the impairment assessment of its investment in Rexallent. The assessment was triggered by improvement in net current assets position and profits from operations of Rexallent.

The recoverable amount of Rexallent has been determined based on value-in-use calculation. The key assumptions used to determine the recoverable amount are disclosed in Note 4 to the financial statements.

Based on the impairment assessment, the recoverable amount as at 31 May 2021 exceeded the Company's investment in Rexallent, hence impairment losses were reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(b) The subsidiary companies and shareholding therein are as follows:

Name of company	Country of incorporation and principal place of business	Effective ownership and voting interest 2021 %	2020 %	Principal activities
Direct holding:				
Eko Bina Sdn. Bhd. (Formerly known as E&J Builders Sdn. Bhd.)	Malaysia	**100**	100	General contractors for construction work of a related activities
Rexallent Construction Sdn. Bhd.	Malaysia	**100**	100	General contractors for construction work of a related activities
Indirect holding: Subsidiary of Eko Bina Sdn. Bhd.				
Gabungan Eko Construkt Sdn. Bhd. (Formerly known as Gabungan EJB Construkt Sdn. Bhd.)	Malaysia	**51**	51	General contractors for construction work of a related activities

(c) Non-controlling interests ("NCI") in a subsidiary company

	Gabungan Eko Construkt Sdn. Bhd. 2021 RM	2020 RM
Non-current assets	**1,390,324**	1,569,470
Current assets	**18,480,701**	11,509,698
Non-current liabilities	**(422,380)**	(183,766)
Current liabilities	**(14,752,012)**	(9,222,429)
Net assets	**4,696,633**	3,672,973
Carrying amount of NCI as at 31 May	**2,301,350**	1,799,757
Revenue	**29,590,020**	30,472,446
Profit/Total comprehensive income for the year	**1,023,659**	1,204,906
Profit/Total comprehensive income allocated to NCI during the year	**501,593**	590,404
Cash flows from operating activities	**125,324**	2,366,124
Cash flows from investing activities	**(262,906)**	(254,028)
Cash flows from financing activities	**(1,031,105)**	(998,284)
Net (decrease)/increase in cash and cash equivalents	**(1,168,687)**	1,113,812
Ownership interest and voting rights percentage held by NCI	**49%**	49%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. OTHER INVESTMENTS

	Group	
	2021	**2020**
	RM	**RM**
Financial assets at fair value through other comprehensive income		
Quoted shares in Malaysia	**19,387,500**	13,700,500

7. RIGHT-OF-USE ASSETS

	Accommodations	
	2021	**2020**
	RM	**RM**
Group		
Cost		
At 1 June	**567,038**	509,349
Additions	**653,229**	57,689
Completion of right-of-use assets	**(100,397)**	–
At 31 May	**1,119,870**	567,038
Accumulated depreciation		
At 1 June	**229,582**	–
Charge for the financial year	**362,068**	229,582
Completion of right-of-use assets	**(100,397)**	–
At 31 May	**491,253**	229,582
Carrying amount	**628,617**	337,456

During the financial year, the Group has reassessed the useful life of its accommodation rights-of-use assets due to an early termination of an accommodation lease. Accordingly, the depreciation for right-of-use assets of the said accommodation was accelerated during the financial year.

8. AMOUNT OWING BY SUBSIDIARY COMPANIES

	Company	
	2021	**2020**
	RM	**RM**
Non-current	**–**	32,673,470

The amount owing by subsidiary companies are non-trade in nature, unsecured, interest-free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TRADE RECEIVABLES

	Group 2021 RM	Group 2020 RM
Trade receivables	**77,048,798**	30,169,446
Retention sum receivables	**33,265,878**	26,854,009
	110,314,676	57,023,455
Less: Accumulated expected credit loss allowance	**(1,772,146)**	(1,072,134)
	108,542,530	55,951,321

At the reporting date, the Group's concentration of the top 3 (2020: 3) trade customers of the Group represents 76% (2020: 69%) of the total trade receivables.

The movement in accumulated expected credit loss allowance on trade receivables are as follows:

	Group 2021 RM	Group 2020 RM
At beginning of the financial year	**1,072,134**	–
Acquisition of subsidiary	**–**	419,842
Allowance during the financial year	**1,492,048**	792,036
Reversal during the financial year	**–**	(139,744)
Written-off during the financial year	**(792,036)**	–
At end of the financial year	**1,772,146**	1,072,134
Represented by:		
Individual impairment	**326,532**	792,036
Lifetime expected credit loss impairment	**1,445,614**	280,098
	1,772,146	1,072,134

The Group's normal trade credit terms range are 30 to 120 days (2020: 30 to 120 days).

The ageing analysis is as follows:

	Group 2021 RM	Group 2020 RM
Neither past due nor individually impaired	**74,840,748**	38,154,586
Past due 1 - 90 days but not individually impaired	**22,598,043**	11,205,440
Past due 91 - 180 days but not individually impaired	**10,592,206**	1,339,770
Past due more than 180 days but not individually impaired	**1,957,147**	5,531,623
	35,147,396	18,076,833
Individually impaired	**326,532**	792,036
	110,314,676	57,023,455

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TRADE RECEIVABLES (CONTINUED)

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments.

The Group's trade receivables that are past due at the reporting date but not impaired relate mainly to customers who have never defaulted on payments but are slow paymasters and are periodically monitored.

The Group's trade receivables of RM326,532 (2020: RM792,036) were individually impaired. The individually impaired receivables relate to the long outstanding balance owing by main contractor.

10. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2021	**2020**
	RM	**RM**
Cost incurred to date	**907,747,393**	700,651,396
Add: Attributable profits	**58,954,667**	56,629,406
	966,702,060	757,280,802
Less: Progress billings	**(957,743,227)**	(744,632,539)
	8,958,833	12,648,263
Represented by:		
Construction activities:		
- contract assets	**10,841,623**	12,970,044
- contract liabilities	**(1,882,790)**	(321,781)
	8,958,833	12,648,263

Contract costs incurred during the financial year is derived after charging:

		Group	
		2021	**2020**
	Note	**RM**	**RM**
Short-term leases		**6,694,300**	7,069,252
Depreciation of right-of-use assets		**286,368**	215,160
Employee benefits expense	23	**6,324,747**	5,319,686
Finance costs	25	**13,766**	13,764

<u>Unsatisfied long-term contracts</u>

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied as at the reporting date of the Company was RM828,423,817 (2020: RM583,608,642) of which the Company expects to be recognised as revenue over the next 4 to 23 months (2020: 4 to 26 months).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. OTHER RECEIVABLES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Other receivables	**9,899,124**	10,030,819	**8,368,266**	9,487,617
Less: Accumulated impairment loss	**(41,809)**	(21,949)	**(21,949)**	(21,949)
	9,857,315	10,008,870	**8,346,317**	9,465,668
Prepayments	**382,852**	266,707	**2,730**	2,030
Deposits	**961,627**	1,873,258	**13,372**	13,372
	11,201,794	12,148,835	**8,362,419**	9,481,070
Analysed as:				
Current	**7,601,794**	7,348,835	**4,762,419**	4,681,070
Non-current	**3,600,000**	4,800,000	**3,600,000**	4,800,000
	11,201,794	12,148,835	**8,362,419**	9,481,070

Movement on the impairment loss during the financial year as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
At beginning of the financial year	**21,949**	21,949	**21,949**	21,949
Allowance during the financial year	**19,860**	–	**–**	–
At end of the financial year	**41,809**	21,949	**21,949**	21,949

Included in other receivables of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Consideration receivable on disposal of subsidiary companies	**4,800,000**	6,000,000	**4,800,000**	6,000,000

Pursuant to the Supplemental Shares Sale Agreement, the consideration receivable on disposal of subsidiary companies bear an interest rate of 4.50% (2020: 4.50%) per annum.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Short-term deposits with fund management companies	**3,718,580**	10,947,577	**3,718,580**	10,947,577
Cash and bank balances	**916,557**	6,071,663	**75,647**	3,295,886
	4,635,137	17,019,240	**3,794,227**	14,243,463

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND CASH EQUIVALENTS (CONTINUED)

The interest rates per annum of the short-term deposits that were effective as at the reporting date are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	%	**%**	**%**	**%**
Short-term deposits with fund management companies	**1.67 - 2.68**	2.40 - 3.54	**1.67 - 2.68**	2.40 - 3.54

Deposits of the Group and the Company have an average maturity period of 30 days (2020: 30 days). Bank balances and short-term deposits with licensed banks are deposits held at call with banks.

13. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2021	**2020**	**2021**	**2020**
	Units	**Units**	**RM**	**RM**
Issued and fully paid				
At beginning of the financial year	**313,563,166**	162,709,500	**54,484,406**	17,525,258
Issuance of share capital	**31,356,300**	150,853,666	**4,672,089**	36,959,148
At end of the financial year	**344,919,466**	313,563,166	**59,156,495**	54,484,406

On 2 October 2020, the issued and fully paid-up capital of the Company increased from RM54,484,406 comprising of 313,563,166 ordinary shares to RM59,156,495 comprising of 344,919,466 ordinary shares through the issuance of 31,356,300 new ordinary shares pursuant to private placement at an exercise price of RM0.149 per share for a cash consideration of RM4,672,089.

The newly issued ordinary shares ranked pari passu in all respect with the existing ordinary shares.

14. RESERVES

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Non-Distributable:					
Fair value reserve	(a)	**4,394,500**	(1,292,500)	**–**	–
Distributable:					
Retained profits		**57,956,171**	51,333,924	**50,389,588**	44,896,788
		62,350,671	50,041,424	**50,389,588**	44,896,788

(a) Fair value reserve

Fair value reserve represents the cumulative fair value changes of financial assets through other comprehensive income until they are disposed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. BORROWINGS

	Group	
	2021 RM	2020 RM
Current		
Secured:		
Term loans	**73,391**	62,800
Non-current		
Secured:		
Term loans	**1,389,571**	1,419,452
Secured:		
Term loans	**1,462,962**	1,482,252

The above term loans obtained from a licensed bank are secured by the following:

(a) The principal instrument, a facilities agreement for the sum of RM1,540,250 (2020: RM1,540,250);

(b) A registered open all monies 1st party charge created over the property as disclosed in Note 3 to the financial statements;

(c) Guaranteed by the Company; and

(d) A legal charge over the freehold building of the Company as disclosed in Note 3 to the financial statements.

The term loans bear an interest rate of 2.30% (2020: 2.30%) per year below the bank's base lending rate.

The maturity profile of the term loan is as follows:

	Group	
	2021 RM	2020 RM
Repayable within one year	**73,391**	62,800
Repayable between one and five years	**317,828**	300,176
Repayable more than five years	**1,071,743**	1,119,276
	1,462,962	1,482,252

16. LEASE LIABILITIES

	Group	
	2021 RM	2020 RM
Repayable within twelve months	**2,347,062**	1,580,986
Repayable after twelve months	**3,746,250**	2,622,874
	6,093,312	4,203,860

During the financial year, the Group reassessed its lease liability due to an early termination of an accommodation lease. Accordingly, a remeasurement gain of RM47,945 (2020: RM NIL) is recognised in profit or loss.

The lease liabilities of the Group bear interest at rate of 3.30% - 7.89% (2020: 3.30% - 7.89%) per annum.

Included in lease liabilities are lease financing amounting to RM5,443,323 (2020: RM3,750,506) secured by corporate guarantee by the Company as disclosed in Note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED TAXATION

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	Group 2021 RM	Group 2020 RM
Deferred tax assets	**328,059**	300,837
Deferred tax liabilities	**(255,831)**	(544,278)
	72,228	(243,441)

The movements on the net deferred tax liabilities are as follows:

	Group 2021 RM	Group 2020 RM
At beginning of the financial year	**(243,441)**	(207,052)
Acquisition of a subsidiary company	**–**	246,877
Recognised in profit or loss (Note 26):		
- property, plant and equipment	**(233,942)**	(257,007)
- provision	**97,926**	(29,447)
- right-of-use assets	**(1,466)**	3,188
- unabsorbed capital allowance	**453,151**	–
	315,669	(283,266)
At end of the financial year	**72,228**	(243,441)

The components of deferred tax assets and liabilities of the Group during the financial year prior to offsetting are as follows:

	Group 2021 RM	Group 2020 RM
Deferred tax assets:		
- property, plant and equipment	**–**	233,613
- provision	**165,150**	67,224
- right-of-use assets	**1,722**	3,188
- unabsorbed capital allowance	**453,151**	–
	620,023	304,025
Offsetting	**(291,964)**	(3,188)
Net deferred tax assets	**328,059**	300,837
Deferred tax liabilities:		
- property, plant and equipment	**(547,795)**	(547,466)
Offsetting	**291,964**	3,188
Net deferred tax liabilities	**(255,831)**	(544,278)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED TAXATION (CONTINUED)

The deductible temporary difference and unutilised tax losses of the Group and of the Company for which no deferred tax assets were recognised in the statements of financial position are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised tax losses	**4,504,632**	4,572,744	**4,504,632**	4,572,744
Unabsorbed capital allowance	**1,234,136**	416,161	**400,486**	416,161
	5,738,768	4,988,905	**4,905,118**	4,988,905
Deferred taxation not recognised at 24% (2020: 24%)	**1,377,304**	1,197,337	**1,177,228**	1,197,337

18. TRADE PAYABLES

	Group	
	2021 RM	2020 RM
Trade payables	**54,832,219**	33,350,990
Retention sums payable	**17,434,571**	15,732,937
	72,266,790	49,083,927

The normal trade credit terms granted to the Group and the Company range from 30 to 90 days (2020: 30 to 90 days).

Included in trade payables of the Group is an amount of RM Nil (2020: RM731,268) payable to a related company with common Director.

19. OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	**2,666,788**	1,509,755	**1,298,420**	234,608
Accrued expenses	**4,634,625**	340,784	**36,400**	36,400
Deposits received	**86,600**	–	**–**	–
	7,388,013	1,850,539	**1,334,820**	271,008

Included in accrued expenses of the Group is a provision of compensation amounting to RM299,034 (2020: RM Nil) arising from material litigation as disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. REVENUE

Revenue for continuing operations comprise of the following:

	Group	
	2021	**2020**
	RM	**RM**
Revenue recognised from contracts with customers:		
Sales of building materials	**155,337**	4,368,561
Construction activities	**213,110,688**	110,867,403
	213,266,025	115,235,964

Breakdown of revenue recognised from contracts with customers is as follows:

	Group	
	2021	**2020**
	RM	**RM**
Geographical market		
Malaysia	**213,266,025**	115,235,964
Timing of revenue recognition		
At a point in time	**155,337**	4,368,561
Over time	**213,110,688**	110,867,403
	213,266,025	115,235,964

21. PURCHASES AND OTHER DIRECT COSTS

	Group	
	2021	**2020**
	RM	**RM**
Construction activities	**196,326,768**	107,027,499

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. OTHER OPERATING EXPENSES/(INCOME)

Included in other operating expenses/(income) from continuing operations are the following charges/(credits):

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration				
- current year	**114,000**	126,000	**32,000**	32,000
- overprovision in prior year	**(500)**	(2,500)	**–**	–
- non-audit services	**3,000**	3,000	**3,000**	3,000
Depreciation of property, plant and equipment	**4,213,558**	2,793,591	**63,421**	79,928
Depreciation of right-of-use assets	**362,068**	229,582	**–**	–
(Reversal)/Impairment loss on investment in subsidiary companies	**–**	–	**(5,439,804)**	5,439,804
Impairment loss on goodwill	**–**	6,514,604	**–**	–
Net expected credit loss allowance				
- trade receivables	**1,492,048**	652,292	**–**	–
- other receivables	**19,860**	–	**–**	–
Provision of compensation	**299,034**	–	**–**	–
Short term lease of equipment	**47,072**	29,692	**–**	–
Loss/(Gain) on disposal of subsidiary companies	**–**	1,231,363	**–**	(7,493,992)
Remeasurement of lease liabilities	**(47,945)**	–	**–**	–
Gain on disposal of an associate	**–**	(6,700)	**–**	(6,700)
Gain on disposal of property, plant and equipment	**(8,383)**	–	**–**	–
Dividend income	**–**	(77,509)	**–**	–
Interest income	**(446,451)**	(166,629)	**(445,003)**	(161,650)

23. EMPLOYEE BENEFITS EXPENSE

The employee benefits expense for continuing operations are as follows:

	Group	
	2021 RM	2020 RM
Employee benefits expense (excluding Directors) comprise:		
Charged to profit or loss	**931,578**	384,956
Recognised in contract costs (Note 10)	**6,324,747**	5,319,686
	7,256,325	5,704,642

Included in the total employee benefits expense above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM710,808 (2020: RM545,329).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. DIRECTORS' REMUNERATION

The Directors' remuneration for continuing operations are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Executive Directors:				
- Salary and other emoluments	**371,300**	506,540	**–**	–
- Defined contribution plan	**20,940**	34,944	**–**	–
	392,240	541,484	**–**	–
Non-executive directors:				
- Fees	**108,000**	124,500	**108,000**	124,500
	500,240	665,984	**108,000**	124,500

	Number of Directors	
Executive Directors:		
Below RM250,000	**1**	2
Non-executive Directors:		
Below RM50,000	**3**	5

25. FINANCE COSTS

	Note	Group	
		2021	**2020**
		RM	**RM**
Interest expense on:			
- Term loans		**47,232**	61,714
- Lease liabilities		**317,430**	215,096
		364,662	276,810
Interest expense charged to:			
- Purchases and other direct costs	10	**13,766**	13,764
- Finance costs		**350,896**	263,046
		364,662	276,810

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. TAXATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current taxation:				
- Current year provision	**2,493,381**	968,151	**9,600**	–
- (Over)/Under provision in prior year	**(153,457)**	136,192	**–**	(37,865)
	2,339,924	1,104,343	**9,600**	(37,865)
Deferred taxation:				
- Original and reversal of temporary differences	**257,578**	283,266	**–**	–
- Over provision in prior year	**(573,247)**	–	**–**	–
	(315,669)	283,266	**–**	–
Taxation for the financial year	**2,024,255**	1,387,609	**9,600**	(37,865)
Taxation for the financial year attributable to:				
- Continuing operations	**2,024,255**	1,387,547	**9,600**	(37,865)
- Discontinued operation	**–**	62	**–**	–
	2,024,255	1,387,609	**9,600**	(37,865)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit/(loss) for the financial year.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) before taxation from continuing operations	**9,148,095**	(2,740,894)	**5,502,400**	1,218,444
Profit before taxation from discontinued operation	**–**	1,872,006	**–**	–
Profit/(Loss) before taxation	**9,148,095**	(868,888)	**5,502,400**	1,218,444
Taxation at statutory tax rate of 24% (2020: 24%)	**2,195,543**	(208,533)	**1,320,576**	292,427
Expenses not deductible for tax purposes	**499,386**	2,983,012	**121,487**	1,495,299
Income not subject to tax	**(123,937)**	(1,857,564)	**(1,412,354)**	(1,838,962)
Change in unrecognised temporarily differences	**179,967**	334,502	**(20,109)**	51,236
(Over)/Under provision of current taxation in prior year	**(153,457)**	136,192	**–**	(37,865)
Over provision of deferred taxation in prior years	**(573,247)**	–	**–**	–
Taxation for the financial year	**2,024,255**	1,387,609	**9,600**	(37,865)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. DISCONTINUED OPERATIONS

On 29 July 2019, the Company entered into a Shares Sale Agreement with Dato' Lim Thean Keong for the disposals of three wholly-owned subsidiaries as below for a total cash consideration of RM12,000,000:

(i) the entire equity interest in M-Mode Mobile Sdn. Bhd., comprising of 250,000 ordinary shares;

(ii) the entire equity interest in Mobile Multimedia Sdn. Bhd., comprising of 100,000 ordinary shares; and

(iii) the entire equity interest in Tameko Sdn. Bhd., comprising of 2 ordinary shares.

M-Mode Mobile Sdn. Bhd., Mobile Multimedia Sdn. Bhd. and Tameko Sdn. Bhd. are involved in the content and value added service business segment of the Group.

On 28 February 2020, the Company entered into a Supplemental Shares Sale Agreement with Dato' Lim Thean Keong to vary and amend certain salient terms of the Shares Sale Agreement and consequently, M-Mode Mobile Sdn. Bhd., Mobile Multimedia Sdn. Bhd. and Tameko Sdn. Bhd. ceased to be subsidiaries of the Group.

(a) An analysis of the results of the discontinued operations are as follows:

	Group 1.6.2019 to 29.2.2020 RM
Revenue	8,673,440
Purchases and other direct costs	(880,084)
Other operating income	240,423
Employee benefits expense	(979,929)
Directors' remuneration	(313,563)
Other operating expenses	(3,636,918)
Loss on disposal of discontinued operations	(1,231,363)
Profit before taxation	1,872,006
Taxation (Note 26)	(62)
Profit for the financial year	1,871,944
Other comprehensive income	–
Total comprehensive income	1,871,944

(b) Other operating expenses/(income) from discontinued operation are the following charges/(credits):

	Group 1.6.2019 to 29.2.2020 RM
Amortisation of intangible assets	35,004
Auditors' remuneration	
- current year	25,575
- non-audit services	6,000
Depreciation of property, plant and equipment	326,168
Rental of equipment	6,011
Rental of storage space	1,326
Rental of premises	22,950
Unrealised gain on foreign exchange	(189)
Interest income	(239,684)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. DISCONTINUED OPERATIONS (CONTINUED)

(c) The net cash flows generated from discontinued operations:

	Group 1.6.2019 to 29.2.2020 RM
Net cash generated from operating activities	4,946,191
Net cash used in investing activities	(280,470)
Net increase in cash and cash equivalents	4,665,721

28. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the consolidated profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the financial year.

	Group	
	2021 RM	**2020 RM**
Profit/(Loss) for the financial year attributable to the owners of the Company		
- Continuing operations	**6,622,247**	(4,718,845)
- Discontinued operations	**–**	1,871,944
	6,622,247	(2,846,901)
Weighted average number of ordinary shares issued	**334,352,822**	269,910,170
Basic earnings/(loss) per share (sen)		
- Continuing operations	**1.98**	(1.75)
- Discontinued operations	**–**	0.69
	1.98	(1.06)

(b) Diluted earnings/(loss) per share

There is no diluted earnings/(loss) per share as the Group does not have any dilutive potential ordinary of shares during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. CASH FLOW INFORMATION

(a) Purchase of property, plant and equipment

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cost of property, plant and equipment purchased	**9,308,104**	14,259,700	**5,629,805**	–
Less: Hire purchase financing	**(3,400,500)**	(3,274,393)	**–**	–
Less: Other payables	**(1,125,961)**	–	**(1,125,961)**	–
Cash payment	**4,781,643**	10,985,307	**4,503,844**	–

(b) Reconciliation of liabilities arising from financing activities

	Term loan RM	Lease liabilities RM	Total RM
Group			
At 1.6.2020	1,482,252	4,203,860	5,686,112
Cash flow	(19,290)	(2,116,332)	(2,135,622)
Lease financing for additions of property, plant and equipment	–	3,400,500	3,400,500
Remeasurement of lease liabilities	–	(47,945)	(47,945)
Acquisition of right-of-use assets	–	653,229	653,229
Total non-cash changes	–	4,005,784	4,005,784
At 31.5.2021	**1,462,962**	**6,093,312**	**7,556,274**
At 1.6.2019	1,525,162	1,603,395	3,128,557
Cash flow	(42,910)	(1,587,858)	(1,630,768)
Lease financing for additions of property, plant and equipment	–	4,044,393	4,044,393
Acquisition of a subsidiary company	–	86,241	86,241
Acquisition of right-of-use assets	–	57,689	57,689
Total non-cash changes	–	4,188,323	4,188,323
At 31.5.2020	1,482,252	4,203,860	5,686,112

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. SEGMENTAL INFORMATION

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:

Investment holding	:	Investment
Content and value added services	:	Mobile content and date application services
Construction	:	Construction works

Segment revenue, results and assets include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets are used to measure the return of assets of each segment.

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

The Group has discontinued the contents and value added sevices during the financial year ended 31 May 2020. As such, information about operating segments had not been reported separately for financial year ended 31 May 2021 as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely general construction work of a related activities.

(a) Business segments

	← Continuing Operations →				Discontinued Operations	
	Construction RM	Investment holding RM	Elimination RM	Total RM	Contents and value added services RM	Total RM
2020						
REVENUE						
External revenue	115,235,964	–	–	115,235,964	8,673,440	123,909,404
Intersegment revenue	26,477,734	–	(26,477,734)	–	–	–
	141,713,698	–	(26,477,734)	115,235,964	8,673,440	123,909,404
RESULTS						
Profit/(Loss) from operations	3,694,704	1,218,444	(7,390,996)	(2,477,848)	1,872,006	(605,842)
Finance costs	(265,051)	–	2,005	(263,046)	–	(263,046)
Taxation	(1,324,650)	37,865	(100,762)	(1,387,547)	(62)	(1,387,609)
Profit/(Loss) for the year	2,105,003	1,256,309	(7,489,753)	(4,128,441)	1,871,944	(2,256,497)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. SEGMENTAL INFORMATION (CONTINUED)

(a) Business segments (continued)

	Continuing Operations				Discontinued Operations	
	Construction RM	Investment holding RM	Elimination RM	Total RM	Contents and value added services RM	Total RM
2020						
OTHER INFORMATION						
Segment assets	133,789,699	99,652,202	(69,449,050)	163,992,851	–	163,992,851
Segment liabilities	117,523,948	271,008	(60,127,692)	57,667,264	–	57,667,264
Capital expenditure	13,759,453	–	–	13,759,453	520,154	14,279,607
Depreciation of property, plant and equipment	2,713,663	79,928	–	2,793,591	326,168	3,119,759
Amortisation of intangible assets	–	–	–	–	35,004	35,004

(b) Information about major customers

The following are the major customers individually accounting for 10% or more of Group's revenue for current period and prior year:

	Group	
	2021 RM	2020 RM
Customer A	**44,507,397**	39,225,423
Customer B	**119,226,205**	41,649,495
Customer C	**32,677,524**	–
	196,411,126	80,874,918

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group monitors the capital using gearing ratio, which is net borrowings divided by equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio within reasonable levels.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest bearing liabilities				
Borrowings	**1,462,962**	1,482,252	**–**	–
Lease liabilities	**5,457,104**	3,861,173	**–**	–
	6,920,066	5,343,425	**–**	–
Less: Cash and cash equivalents	**(4,635,137)**	(17,019,240)	**(3,794,227)**	(14,243,463)
Net liquidity	**2,284,929**	(11,675,815)	**(3,794,227)**	(14,243,463)
Equity attributable to owners of the Company	**121,507,166**	104,525,830	**109,546,083**	99,381,194
Gearing ratio	**0.02**	N/A	**N/A**	N/A

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments and their categories:

	Financial assets at fair value through other comprehensive income RM	Financial assets and liabilities at amortised cost RM	Total RM
2021			
Group			
Financial assets			
Other investments	19,387,500	–	19,387,500
Trade receivables	–	108,542,530	108,542,530
Other receivables	–	10,818,942	10,818,942
Cash and cash equivalents	–	4,635,137	4,635,137
	19,387,500	**123,940,609**	**143,328,109**
Financial liabilities			
Trade payables	–	72,266,790	72,266,790
Other payables	–	7,388,013	7,388,013
Borrowings	–	1,462,962	1,462,962
Lease liabilities	–	6,093,312	6,093,312
	–	**87,211,077**	**87,211,077**
Company			
Financial assets			
Other receivables	–	8,359,689	8,359,689
Cash and cash equivalents	–	3,794,227	3,794,227
	–	**12,153,916**	**12,153,916**
Financial liability			
Other payables	**–**	**1,334,820**	**1,334,820**
2020			
Group			
Financial assets			
Other investments	13,700,500	–	13,700,500
Trade receivables	–	55,951,321	55,951,321
Other receivables	–	11,882,128	11,882,128
Cash and cash equivalents	–	17,019,240	17,019,240
	13,700,500	84,852,689	98,553,189

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL INSTRUMENTS (CONTINUED)

The table below provides an analysis of financial instruments and their categories (continued):

	Financial assets at fair value through other comprehensive income RM	Financial assets and liabilities at amortised cost RM	Total RM
2020			
Group			
Financial liabilities			
Trade payables	–	49,083,927	49,083,927
Other payables	–	1,850,539	1,850,539
Borrowings	–	1,482,252	1,482,252
Lease liabilities	–	4,203,860	4,203,860
	–	56,620,578	56,620,578
Company			
Financial assets			
Other receivables	–	9,479,040	9,479,040
Amount owing by subsidiary companies	–	32,673,470	32,673,470
Cash and cash equivalents	–	14,243,463	14,243,463
	–	56,395,973	56,395,973
Financial liability			
Other payables	–	217,008	217,008

Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing. At reporting date, there were no significant concentrations of credit risk other than as disclosed in Note 9. The Group monitors the results of the related parties regularly to safeguard credit risk on balances from intercompany receivables.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL INSTRUMENTS (CONTINUED)

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 trade and other payables, borrowings and lease liabilities.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flow RM	On demand or within one year RM	One to five years RM	More than five years RM
2021						
Group						
Trade payables	72,266,790	–	72,266,790	72,266,790	–	–
Other payables	7,388,013	–	7,388,013	7,388,013	–	–
Borrowings	1,462,962	BLR - 2.30	1,857,556	118,680	593,400	1,145,476
Lease liabilities	6,093,312	2.55 - 4.02	7,640,244	2,909,351	4,730,893	–
	87,211,077		**89,152,603**	**82,682,834**	**5,324,293**	**1,145,476**
Company						
Other payables	**1,334,820**	**–**	**1,334,820**	**1,334,820**	**–**	**–**
2020						
Group						
Trade payables	49,083,927	–	49,083,927	49,083,927	–	–
Other payables	1,850,539	–	1,850,539	1,850,539	–	–
Borrowings	1,482,252	BLR - 2.30	1,931,062	112,610	474,720	1,343,732
Lease liabilities	4,203,860	2.55 - 4.31	4,672,327	1,813,891	2,858,436	–
	56,620,578		57,537,855	52,860,967	3,333,156	1,343,732
Company						
Other payables	217,008	–	217,008	217,008	–	–

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows.

(a) Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's and the Company's deposits and borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk (continued)

(a) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the financial year are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Fixed rate instruments				
Short-term deposits with licensed fund management companies	**3,718,580**	10,947,577	**3,718,580**	10,947,577
Lease liabilities	**(5,457,104)**	(3,861,173)	**–**	–
	(1,738,524)	7,086,404	**3,718,580**	10,947,577
Floating rate instruments				
Term loans	**(1,462,962)**	(1,482,252)	**–**	–

Since the Group's and the Company's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's and the Company's profit or loss.

As at 31 May 2021, if interest rates of floating rate instruments had been lower by 25 basis points ("bp") with all other variables held constant, this will result in post-tax increases of the Group of RM2,780 (2020: RM2,816) in profit or loss.

Fair value information

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

The carrying amount of long term borrowings carried on the statements of financial position reasonably approximate fair value as it is a floating rate instrument that is re-priced to market interest rates on or near the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices in active markets for identical assets or liabilities.
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: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statements of financial position:

	2021 Level 1 Fair Value RM	**2020 Level 1 Fair Value RM**
Group		
Financial asset		
Financial assets at fair value through other comprehensive income	**19,387,500**	13,700,500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

The following table analyses the fair values of financial instruments not carried at fair value, together with their carrying amounts in the statements of financial position:

	Group			
	2021		2020	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities				
Lease liabilities	**6,093,312**	**5,642,030**	4,203,860	4,193,403

33. CONTINGENT LIABILITIES

	2021 RM	2020 RM
Group		
Corporate guarantees in favour of customers of its wholly-owned subsidiary, Eko Bina Sdn. Bhd. for performance obligation of a project awarded to the subsidiary.	**35,683,300**	23,748,379
Company		
Corporate guarantees in favour of customers of its wholly-owned subsidiary, Eko Bina Sdn. Bhd. for performance obligation of a project awarded to the subsidiary.	**35,683,300**	23,748,379
Corporate guarantee in favour of licensed banks for repayment of the following:		
- fixed rate industrial hire purchase facilities granted to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to part finance the purchase of machineries and equipment.	**8,000,000**	8,000,000
- industrial hire purchase facility granted to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to part finance the purchase of one unit of tower crane.	**520,000**	520,000
- hire purchase facilities granted to its indirect subsidiary, Gabungan Eko Construkt Sdn. Bhd. to part finance the purchase of two units of passenger hoist.	**435,069**	435,069
- hire purchase facility granted to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to part finance the purchase of machineries.	**3,389,325**	1,520,496
- term loan facility granted to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to finance the purchase of properties.	**1,540,250**	1,540,250
- domestic recourse factoring facility to its wholly owned subsidiary, Eko Bina Sdn. Bhd. to finance approved certified progress claims by the customer.	**35,000,000**	35,000,000
Corporate guarantees in favour of suppliers of its indirect subsidiary, Gabungan Eko Construkt Sdn. Bhd. for the supply of goods.	**9,274,160**	7,274,160
Corporate guarantees in favour of suppliers of its wholly owned subsidiary, Rexallent Construction Sdn. Bhd. for the supply of goods.	**8,200,000**	1,600,000
	102,042,104	79,638,354

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

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 the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are 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 of the Group, and certain members of senior management of the Group.

(a) The significant related party transactions of the Group and of the Company, other than key management personnel compensation, are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Purchase of materials from a related company with common Director	**56,722**	503,439
Rental of machinery and labour cost in operating the machineries charged by a related company with common Director	**171,150**	229,743

(b) The remuneration of directors and other member of key management during the financial year is disclosed in Note 24 to the financial statements.

35. SIGNIFICANT EVENT

With the development from COVID-19 outbreak, the Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 and subsequently entered into various phases to curb the spread of the COVID-19 outbreak in Malaysia. The imposition of the MCO has resulted in disruptions to the Group's and the Company's business operations.

Nonetheless, with the roll out of National Covid-19 Immunisation Programme, we are optimistic that most of the business shall slowly get on the recovery track, supported by a series of economic stimulus packages announced by the Malaysian Government to provide relief to businesses and households.

36. MATERIAL LITIGATION

(a) <u>Chong Cheng Voon vs Safetags Solution Sdn. Bhd. ("Safetag") & Rexallent Construction Sdn. Bhd. ("Rexallent") & Dexon Electrical Engineering Sdn. Bhd. ("Dexon") & Cytrix Engineering Sdn. Bhd. ("Cytrix Engineering") (collectively referred as the "Defendants")</u>

On 4 July 2018, Chong Cheng Voon ("CCV"), an employee of Cytrix brought an action against the Defendants claiming damages for pain and suffering, medical expenses and loss of future earnings as a result of injuries whilst engaged at work at the 3 Element project construction site of which Safetags, Rexallent, Dexon and Cytrix were the developer, main contractor, nominated sub-contractor and sub-sub contractor respectively.

In undertaking the work, Dexon and Rexallent had separately procured a Workmen Compensation Insurance Policy from MSIG and Berjaya Sompo respectively. All the four named defendants are insured person in the policy for their respective rights and interests.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36. MATERIAL LITIGATION (CONTINUED)

(a) Chong Cheng Voon vs Safetags Solution Sdn. Bhd. ("Safetag") & Rexallent Construction Sdn. Bhd. ("Rexallent") & Dexon Electrical Engineering Sdn. Bhd. ("Dexon") & Cytrix Engineering Sdn. Bhd. ("Cytrix Engineering") (collectively referred as the "Defendants") (continued)

The points of defense raised so far as Rexallent is concerned are as follows:

(i) Rexallent had put in place adequate health and safety measures at the work site to the letter of the law;

(ii) CCV who was not wearing a proper and approved safety helmet, was wholly or partly responsible for the injuries; and

(iii) CCV is eligible to SOCSO protection and his employer, Cytrix is a contributor. As such, CCV's remedies lie solely under the Employees' Social Security Act 1969.

On 23 April 2021, a judgement sum amounting to RM299,034 together with interest and costs has been awarded against Rexallent. Rexallent and other defendants are in the process of compiling and filing of common Record of Appeal. The Shah Alam High Court had fixed the appeal for further case management on 23 September 2021 pending the filing of the Record of Appeal, which subsequently extended to 23 December 2021. As at 31 May 2021, the Company recognised a provision on the judgement sum amounting to RM299,034 together with interest and costs has been awarded against Rexallent as disclosed in Note 19 to the financial statements.

37. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 May 2021 were authorised for issue in accordance with a resolution of the Board of Directors dated 28 September 2021.

LIST OF PROPERTIES
AT 31 MAY 2021

No	Proprietor	Title/ Location	Description/ Existing Use	Tenure	Approximate Age of Offices	Built-Up Area (sq. ft.)	Carrying Value (RM)	Date of Acquisition
1	Ecobuilt Holdings Berhad	Geran 37731/M1B/13/260, No. Petak 260, Tingkat 13, Bangunan M1B for Lot No. 144, Seksyen 44, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan.	A Parcel of Office/ Office	Freehold	28 Years	2,432	1,041,910	29-Jul-2011
2	Eko Bina Sdn Bhd	D-G-1I, Medan Connaught, No I, Jalan 3/l44A, 56000 Kuala Lumpur. Title: HS(D) I20458, PT 15682, Mukim Petaling, Daerah Kuala Lumpur & Negeri Wilayah Persekutuan Kuala Lumpur	A Parcel of Office/ Office	Freehold	4 Year	992	1,050,500	06-Jun-2018
3	Eko Bina Sdn Bhd	D-1-1I, Medan Connaught, No I, Jalan 3/l44A, 56000 Kuala Lumpur. Title: HS(D) I 20458, PT 15682, Mukim Petaling, Daerah Kuala Lumpur & Negeri Wilayah Persekutuan Kuala Lumpur	A Parcel of Office/ Office	Freehold	4 Year	1,194	668,500	06-Jun-2018
4	Ecobuilt Holdings Berhad	PT No. 73952, held under Title No. HSD 153762, Mukim Kapar, District of Klang, State of Selangor	An Industrial Land	Freehold	Nil	57,447	5,629,805	16-Nov-2020

SHAREHOLDING STATISTICS
17 SEPTEMBER 2021

SHARE CAPITAL

Issued and Paid-Up Share Capital: RM59,156,494.87 comprising 344,919,466 Ordinary Shares
Class of Shares : Ordinary Shares
Voting Rights : One Vote per Ordinary Share

ANALYSIS OF SHAREHOLDERS BY RANGE GROUP

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	55	1.976	2,569	0.000
100 – 1,000	213	7.656	99,070	0.028
1,001 – 10,000	1,035	37.203	6,835,561	1.981
10,001 – 100,000	1,254	45.075	46,262,550	13.412
100,001 – 17,245,972 (*)	222	7.979	171,484,500	49.717
17,245,973 And Above (**)	3	0.107	120,235,216	34.858
Total	2,782	100.000	344,919,466	100.000

Remarks : * - Less than 5% of issued shares
** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS
(As per Register of Substantial Shareholders' Shareholdings)

		Direct Interest		Indirect Interest	
No.	Name of Shareholders	No. of Shares	%	No. of Shares	%
1.	Kilau Makmur Sdn Bhd	102,040,816	29.584	0	0.000
2.	Ecobuilt (M) Sdn Bhd	18,194,400	5.275	0	0.000
3.	Tan Chuan Cheong	0	0.000	102,040,816 [(a)]	29.584
4.	Chan Moy	0	0.000	102,040,816 [(a)]	29.584
5.	Datuk Ong Chee Koen	0	0.000	18,194,400 [(b)]	5.275
				14,600,000 [(c)]	4.233
6.	Yap Nam Fee	1,000,000	0.289	18,194,400 [(b)]	5.275
7.	Siow Lee Fah	0	0.000	18,194,400 [(b)]	5.275

DIRECTORS' SHAREHOLDING
(As per the Register of Directors' Shareholdings)

		Direct Interest		Indirect Interest	
No.	Name of Directors	No. of Shares	%	No. of Shares	%
1.	Dato' Noordin Bin Sulaiman	0	0.000	0	0.000
2.	Datuk Ong Chee Koen	0	0.000	18,194,400 [(b)]	5.275
				14,600,000 [(c)]	4.233
3.	Datuk Ng Seing Liong PJN, JP	100,000	0.029	0	0.000
4.	Wong Wen Miin	0	0.000	0	0.000

Notes:
(a) Deemed Interest through the shares held by Kilau Makmur Sdn Bhd pursuant to Section 8 of the Companies Act, 2016
(b) Deemed Interest through the shares held by Ecobuilt (M) Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
(c) Deemed Interest through the shares held by E&J Venture Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

SHAREHOLDING STATISTICS (CONTINUED)

THIRTY LARGEST SHAREHOLDERS

No.	Name of Investors	No. of Shares	%
1.	Kilau Makmur Sdn Bhd	71,428,570	20.708
2.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *UOB Kay Hian Securities (M) Sdn Bhd For Kilau Makmur Sdn Bhd (Ecobuilt)*	30,612,246	8.875
3.	Ecobuilt (M) Sdn Bhd	18,194,400	5.274
4.	Tumpat Delima Sdn Bhd	17,200,000	4.986
5.	Indra Tropika Sdn Bhd	15,094,100	4.376
6.	E&J Venture Sdn Bhd	14,600,000	4.232
7.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yeap Weng Hong*	9,300,000	2.696
8.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ang Lin Chu*	8,050,000	2.333
9.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Yeap Weng Hong*	7,900,000	2.290
10.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Soon Peng*	7,100,000	2.058
11.	AMSEC Nominees (Tempatan) Sdn Bhd *Exempt An For KGI Securities (Singapore) Pte.Ltd (66581 T CL)*	5,353,600	1.552
12.	Lim A Heng @ Lim Kok Cheong	5,010,200	1.452
13.	Hew Yoon Hsia	4,482,600	1.299
14.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kong Kok Choy (8092812)*	3,100,000	0.898
15.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Koh Boon Poh (008)*	3,000,000	0.869
16.	Lee Joo Hai	2,553,800	0.740
17.	Chua Shok Tim @ Chua Siok Hoon	2,430,000	0.704
18.	Tung Wai Fun	2,052,000	0.594
19.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account For Lim Hwei Ling (M01)*	1,980,000	0.574
20.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kong Kok Choy (SRB/PMS)*	1,900,000	0.550
21.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Solomon Tan Yiin Yuh*	1,489,200	0.431
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chan Kok Keong (Bdr Utama-CL)*	1,314,600	0.381
23.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Siau Men (8080599)*	1,275,000	0.369
24.	Maryam @ Muhaini Binti Mohamad Ariff	1,100,000	0.318
25.	Lim Shen Maw	1,000,000	0.289
26.	Maybank Nominees (Tempatan) Sdn Bhd *Wai Chan Kiong*	1,000,000	0.289
27.	Teh An See	1,000,000	0.289
28.	Yap Nam Fee	1,000,000	0.289
29.	Teo Hong Ping	950,000	0.275
30.	Teo Kang Wei	900,000	0.260

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be conducted on a virtual basis through live streaming from the Broadcast Venue at D-G-11 Medan Connaught, Jalan 3/144A, 56000 Kuala Lumpur on Thursday, 11 November 2021 at 10.00 a.m. to transact the following businesses:-

A G E N D A

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 May 2021 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)

2. To approve the payment of Directors' fees of up to RM108,000.00 for the financial year ending 31 May 2022. **(Resolution 1)**

3. To approve the payment of Directors' benefits of up to RM12,000.00 for the period from 12 November 2021 until the next Annual General Meeting of the Company. **(Resolution 2)**

4. To re-appoint Messrs HLB AAC PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 3)**

Special Business

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

5. **ORDINARY RESOLUTION**
   Authority To Allot And Issue Shares **(Resolution 4)**

   "THAT subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

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

By Order of the Board

JOANNE TOH JOO ANN
SSM PC NO. 202008001119 (LS 0008574)

SIA EE CHIN
SSM PC NO. 202008001676 (MAICSA 7062413)

Company Secretaries
Kuala Lumpur
30 September 2021

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING (CONTINUED)

NOTES:-

i) Notes on Appointment of Proxy

1. *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 3 November 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*

2. *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.*

3. *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.*

4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*

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 and submit to 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. In the case of an appointment made via TIIH Online, the proxy form must be deposited at https://tiih.online. Please refer to the Administrative Guide on the procedure for electronic lodgement of proxy form via TIIH Online. All proxy form submitted 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.*

9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at 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 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 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 this proxy form are completed, signed and dated accordingly.*

11. *Last date and time for lodging the proxy form is Tuesday, 9 November 2021 at 10.00 a.m.*

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING (CONTINUED)

ii) Explanatory Notes

Ordinary Business

1. ***Audited Financial Statements For The Financial Year Ended 31 May 2021***

   This item is meant for discussion only as the provision of Section 340(1) of the Act, does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. ***Re-election of Director***

   Madam Wong Wen Miin who is retiring pursuant to Clause 76(3) of the Company's Constitution as Director of the Company at the forthcoming Seventeenth Annual General Meeting, has indicated to the Company she would not be seeking re-election at the Seventeenth Annual General Meeting. Therefore, Wong Wen Miin shall retire as Director at the conclusion of the Seventeenth Annual General Meeting.

3. ***Payment of Directors' Fees and Benefits***

   Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

   The Proposed Resolution 1 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. 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.

   The Directors' benefits proposed under Proposed Resolution 2 are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period commencing from the date immediately after this AGM up to the date of the next AGM. In the event the proposed amount is insufficient (due to enlarged Board size or more meetings), approval will be sought at the next AGM for the shortfall.

Special Business

4. ***Ordinary Resolution: Authority to Allot and Issue Shares***

   The Ordinary Resolution proposed under Resolution 4 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

   The Ordinary Resolution proposed under Resolution 4, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the previous Sixteenth AGM held on 12 November 2020.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

There are no individuals standing for election/appointment as Directors at the Seventeenth AGM.

ECOBUILT

EcoBuilt Holdings Bhd

Registration No. 200301033338 (635759-U)
(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 **ECOBUILT HOLDINGS BERHAD**, hereby appoint:-

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

and / or (delete as appropriate)

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

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be conducted on a virtual basis through live streaming from the Broadcast Venue at D-G-11 Medan Connaught, Jalan 3/144A, 56000 Kuala Lumpur on Thursday, 11 November 2021 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
1.	Payment of Directors' fees for the financial year ending 31 May 2022.	Ordinary		
2.	Payment of Directors' benefits from 12 November 2021 until the next Annual General Meeting of the Company.	Ordinary		
3.	Re-appointment of Messrs HLB AAC PLT as Auditors of the Company and authorise the Directors to fix their remuneration.	Ordinary		
4.	Authority to the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Ordinary		

* *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/she thinks fit.*

____
*Signature of Shareholder/ Common Seal
Contact Details:

Dated this _____ day of ____________ 2021

* 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.*

Fold here for sealing

NOTES:-

1. *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 3 November 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
2. *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.*
3. *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.*
4. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
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.*

Fold along this line (1)

Affix
Stamp
Here

The Company Secretaries

EcoBuilt Holdings Bhd

Registration No. 200301033338 (635759-U)

Unit 32-01, Level 32, Tower A, Vertical
Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Fold along this line (2)

8. *The appointment of a proxy may be made in a hard copy form and submit to 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. In the case of an appointment made via TIIH Online, the proxy form must be deposited at https://tiih.online. Please refer to the Administrative Guide on the procedure for electronic lodgement of proxy form via TIIH Online. All proxy form submitted 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.*
9. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at 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 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 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, 9 November 2021 at 10.00 a.m.*

www.eco-built.com.my

EcoBuilt Holdings Bhd Registration No. 200301033338 (635759-U)

Annual Report 2021

ECOBUILT
EcoBuilt Holdings Bhd
Registration No. 200301033338 (635759-U)
D-G-11 & D-1-11, Medan Connaught
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